

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2025
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission File Number 001-41066

Sono Group N.V.

(Exact name of registrant as specified in its charter)

The Netherlands
(State or other jurisdiction of
incorporation or organization)

98-1828632
(I.R.S. Employer
Identification No.)

Sono Group N.V.
Waldmeisterstraße 93, 80935
Munich, Germany
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: +49 (0)89 4520 5818

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Not Applicable	Not Applicable	Not Applicable

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.** Yes No

** As described in more detail in this quarterly report on Form 10-Q, the registrant was involved in preliminary self-administration proceedings under German insolvency law before the local court of Munich, Germany from mid-May 2023 through January 31, 2024. Since no insolvency plan providing for the distribution of securities was confirmed by the court, the registrant has not checked either of the boxes above.

As of August 1, 2025, there were 1,424,186 ordinary shares, nominal value €0.02 per share, of the registrant outstanding and 40,000 high voting shares, nominal value €0.50 per share of the registrant outstanding.

Sono Group N.V.

FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SONO GROUP N.V.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	June 30, 2025	December 31,
	(unaudited)	2024
	KEUR	KEUR
ASSETS		
Current Assets		
Cash	339	1,354
Inventory	298	304
Prepaid taxes	536	531
Prepaid expenses and other	100	103
Total Current Assets	1,273	2,292
Property, plant and equipment, net of accumulated depreciation	121	129
Right of use lease assets	602	630
Total Assets	1,996	3,051
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	697	575
Lease liability, current portion	167	58
Convertible notes payable at fair value	15,341	24,035
VAT payable	-	487
Other current liabilities	12	5
Total Current Liabilities	16,217	25,160
Long-Term Liabilities		
Lease liability, long term portion	435	572
Total Liabilities	16,652	25,732
Commitments and Contingencies (see Note 13)		
Shareholders' Equity		
Ordinary Shares, par value €0.02 per share, 4,300,000 shares authorized, 1,409,921 and 1,409,885 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively (Note 9)	28	28
High Voting Shares, par value €0.5 per share, 53,400 shares authorized, 40,000 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively (Note 9)	20	20
Additional paid-in capital	298,699	298,699
Accumulated deficit	(313,403)	(321,428)
Total Shareholders' Equity	(14,656)	(22,681)
Total Liabilities and Shareholders' Equity	1,996	3,051

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

SONO GROUP N.V.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Amounts in thousands, except share and per share amounts)
(unaudited)

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR
Revenue	25	-	51	-
Cost of sales	19	-	39	-
Gross margin	6	-	12	-
Operating Expenses and Costs				
Selling and distribution expenses	244	193	474	243
General and administrative expenses	1,137	1,740	2,281	2,874
Research and development	525	336	968	557
Gain Loss on deconsolidation/reconsolidation	-	(756)	-	(63,491)
Other Operating income	(128)	(82)	(132)	(70)
Total Operating Expenses and Costs	1,778	1,431	3,591	(59,887)
(Loss)/Income from Operations	(1,772)	(1,431)	(3,579)	59,887
Other Income (Expenses)				
Income from changes in fair value of convertible note payable carried at fair value	813	847	11,144	21,909
Gain (Loss) on foreign currency transactions	147	(859)	460	(2,357)
Total Other Income (Expense)	960	(12)	11,604	19,552
Net Income (Loss)	(812)	(1,443)	8,025	79,439
Net income loss per share to common shareholders:				
Basic	€ (0.56)	(1.00)	€ 5.53	54.82
Diluted	(0.56)	(1.00)	0.74	4.62
Weighted average number of common shares:				
Basic	1,449,921	1,449,293	1,449,919	1,449,094
Diluted	1,449,921	1,449,293	10,874,054	17,194,420

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

SONO GROUP N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands, except share amounts)
(unaudited)

	Ordinary Shares Outstanding (#)	Ordinary Shares KEUR	High Voting Shares Outstanding (#)	High Voting Shares KEUR	Additional Paid in Capital KEUR	Accumulated Deficit KEUR	Total Shareholder's Deficit KEUR
Balance at December 31, 2023	1,408,895	85	40,000	60	298,621	(386,454)	(87,688)
Income for the period		-		-	-	80,882	80,882
Balance at March 31, 2024	1,408,895	85	40,000	60	298,621	(305,572)	(6,806)
Loss for the period		-		-	-	(1,443)	(1,443)
Balance at June 30, 2024	1,408,895	85	40,000	60	298,621	(307,015)	(8,429)
	Ordinary Shares Outstanding (#)	Ordinary Shares KEUR	High Voting Shares Outstanding (#)	High Voting Shares KEUR	Additional Paid in Capital KEUR	Accumulated Deficit KEUR	Total Shareholder's Deficit KEUR
Balance at December 31, 2024	1,409,885	28	40,000	20	298,699	(321,428)	(22,681)
Issuance of Ordinary Shares in connection with December 2024 reverse share split	36	-	-	-	-	-	-
Income for the period		-		-		8,837	8,837
Balance at March 31, 2025	1,409,921	28	40,000	20	298,699	(312,591)	(13,844)
Loss for the period		-		-		(812)	(812)
Balance at June 30, 2025	1,409,921	28	40,000	20	298,699	(313,403)	(14,656)

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

SONO GROUP N.V.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(unaudited)

	For the six months ended	
	June 30, 2025	June 30, 2024
	KEUR	KEUR
Cash Flows from Operating Activities		
Net income	8,025	79,439
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation of property, plant and equipment	16	23
Gain on reconsolidation	-	(63,491)
Income from changes in fair value of convertible note payable carried at fair value	(11,144)	(21,909)
Changes in operating assets and liabilities:		
Inventory	6	(6)
Prepaid taxes	(5)	453
Prepaid expenses and other	3	166
Right of use lease assets	28	23
Accounts payable and accrued expenses	128	(11,121)
Lease Liability	(28)	(23)
VAT payable	(487)	-
Other current liabilities	7	561
Net cash used in operating activities	(3,451)	(15,885)
Cash Flows from Investing Activities		
Acquisition of equipment	(8)	2
Reconsolidation of the Subsidiary cash balance	-	1,305
Net cash (used in)/provided by investing activities	(8)	1,307
Cash Flows from Financing Activities		
Proceeds from the issuance of convertible notes	2,904	7,000
Net cash provided by financing activities	2,904	7,000
Net decrease in cash	(555)	(7,578)
Effect of currency translation on cash	(460)	2,357
Cash at December 31, 2024 and 2023	1,354	7,412
Cash at June 30, 2025 and 2024	339	2,191
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	-	-
Cash paid during the period for income tax	-	-

See accompanying Notes to the unaudited Condensed Consolidated Financial Statements.

1. Organization and Description of Business

Sono Group N.V. (“Sono N.V.” or the “Company”) is registered in the business register (Netherlands Chamber of Commerce) and its corporate seat is in Amsterdam. In November 2021, the Company successfully completed an initial public offering (IPO) and became listed on The Nasdaq Global Market (“Nasdaq Global Market”). The Company’s ordinary shares commenced trading on the Nasdaq Global Market under the ticker symbol “SEV” on November 17, 2021. On July 12, 2023 and August 28, 2023, the Company received notices from Nasdaq Global Market stating that the staff of the Listing Qualifications Department (the “Staff”) had determined that the Company’s securities will be delisted from Nasdaq in accordance with Nasdaq’s Listing Rules and notifying the Company of the suspension in trading of its ordinary shares as of the opening of business on July 21, 2023. On December 11, 2023, the Company received a decision of the Nasdaq Hearings Panel (the “Panel”) advising the Company that the Panel has determined to delist the Company’s ordinary shares from Nasdaq. On February 15, 2024, Nasdaq filed a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission (the “SEC”) to complete the delisting. On July 2, 2024, the quoting of the Company’s ordinary shares commenced on OTCQB under the ticker symbol “SEVCF”.

The Company has its management in the United States of America since January 31, 2024. Prior to this date, the Company’s management was based in Germany. The business address of the Company is Waldmeisterstraße 93, 80935 Munich, Germany (trade register number: 80683568). Sono N.V.’s sole and wholly-owned subsidiary, Sono Motors GmbH (“Sono Motors” or the “Subsidiary”), is registered in the commercial register (Handelsregister) at the local court (Amtsgericht) of Munich, Germany, under HRB 224131. Sono Motors’ registered headquarters is Waldmeisterstraße 93, 80935 Munich, Germany. Sono N.V. is the ultimate parent of the Group. Hereinafter, Sono N.V. and its consolidated subsidiary collectively are referred to as “Sono Group”, or the “Group”, “Management”, “we” and “us”.

Sono Group intended to develop and manufacture electric vehicles with integrated solar panels (the “Sion passenger car program”). In addition, it planned to license its solar technology to other Original Equipment Manufacturers (“OEMs”). However, on February 24, 2023, Sono Group announced the decision to terminate the Sion passenger car program and to pivot the business model to exclusively retrofitting and integrating Sono Group’s solar technology onto third party vehicles due to lack of available funding. As a consequence, management decided to apply for the opening of the self-administration proceedings with respect to Sono N.V. and Sono Motors (the “Self-Administration Proceedings”) on May 15, 2023. The Subsidiary withdrew its application for Preliminary Self-Administration Proceedings (as defined herein) on January 31, 2024, and the Subsidiary exited its Self-Administration Proceedings on February 29, 2024. See “Note 3 Liquidity and Going concern” for additional information.

These condensed consolidated financial statements reflect all adjustments including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with the accounting principles generally accepted in the United States of America (“US GAAP”).

On a consolidated basis, the Company's operations are comprised of the parent company, Sono N.V. and its subsidiary, Sono Motors. All significant intercompany transactions and balances have been eliminated upon consolidation. In addition, certain amounts in the prior periods consolidated financial statements have been reclassified to conform to the current period presentation.

2. Basis of Presentation, Consolidation and Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the presentation of the accompanying consolidated financial statements follows:

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the SEC for annual financial reporting. All amounts referred to in the notes to the consolidated financial statements are presented in euros (EUR) and have been rounded to the nearest thousand, unless otherwise stated. Substantially all of the Company's operations are conducted in EUR and the current reporting currency is the same as the functional currency.

At the end of the second quarter of 2024, the Company determined that it no longer qualified as a foreign private issuer under the SEC rules. As a result, beginning January 1, 2025, the Company became subject to the reporting requirements applicable to U.S. domestic issuers. Accordingly, these consolidated financial statements have been prepared in accordance with U.S. GAAP, and the transition from International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), has been applied retrospectively to all periods presented.

The unaudited condensed consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary to present a fair statement of the Company's condensed consolidated financial position as of June 30, 2025 and the results of operations for the six month period then ended. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the condensed consolidated financial statements not misleading have been included. All significant intercompany accounts and transactions have been eliminated in consolidation. The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes; actual results could materially differ from those estimates. The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and accordingly do not include all of the disclosures normally made in the Company's annual condensed consolidated financial statements. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended December 31, 2024, included in the Company's Annual Report on Form 10-K for fiscal 2024.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include assumptions about cash flow and fair value assumptions associated with measurements of convertible notes payable carried at fair value, valuation of inventory; valuation allowance for deferred tax assets; and borrowing rate consideration for right-of-use ("ROU") lease assets including related lease liability and useful life of fixed assets.

Cash

For financial statement purposes, the Company considers all highly liquid investments with original maturities of six months or less to be cash and cash equivalents. Accounts maintained in US bank accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Company had \$-0- and \$-0- in US bank cash balances in excess of the FDIC insured limit as of June 30, 2025 and December 31, 2024, respectively.

Leases

The Company accounts for leases pursuant to ASU 2016-02. Accordingly, For new leases, the Company will determine if an arrangement is or contains a lease at inception. Leases are included as ROU assets within other assets and lease liabilities within current liabilities and within other long-term liabilities on the Company's consolidated balance sheets. Additionally, the Company elected the exemption available under ASC 842-20-25-2 for short term lease agreements and recognizes lease payments on a straight line basis.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's leases do not provide an implicit rate. The Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. See Note 6 for more complete details on balances as of the reporting periods presented herein.

Inventory

Inventory consisting of stock used in development, is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Stock counts are taken routinely and obsolete, outdated inventory is directly charged off through cost of goods sold.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to a concentration of credit risk are cash and accounts receivable. Generally, the Company's cash and cash equivalents are in checking accounts.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For consolidated financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 5 to 7 years. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized.

The Company examines the possibility of decreases in the value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Revenue Recognition

Revenue recognition is based on Accounting Standards Codification (ASC) Topic 606 – Revenue from Contracts with Customers. In general, the Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company, where there is evidence of an arrangement, when the selling price is fixed or determinable, and when specific criteria have been met or there are no significant remaining performance obligations for each of the Company's activities as described below. Revenue is recognized at the point in time when control of the goods or services is transferred to the customer. The Company typically recognizes revenue upon formal acceptance by the customer. Control is considered to be transferred when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits of that good. We consider this the point at which the performance obligation is fulfilled, and the customer obtains control of the promised good or service.

- Products: Revenue is recognized upon delivery and successful customer acceptance (i.e., transfer of risks and rewards as well as physical possession).
- Engineering Services: Revenue is also recognized upon acceptance by the customer, as these services are typically customized and do not provide incremental value until completion.

Since control does not transfer over time but rather at a single point (usually project completion or delivery), revenue is recognized at a point in time in accordance with ASC 606-10-25-30 and related guidance. Progress billings on projects where this criteria has not been met are recorded as deferred revenue. Deferred revenue at June 30, 2025 and December 31, 2024 was EUR12k and EUR0.00 respectively.

Additionally, the Company participates in government sponsored collaborations whereby they are awarded participation grants. There is no certainty as to the timing or amounts of grants that will ultimately be received. Accordingly, the company records these grants as other income upon receipt.

Fair Value of Assets and Liabilities

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market in an orderly transaction between market participants. In determining fair value, the accounting standards have established a three-level hierarchy that distinguishes between (i) market data obtained or developed from independent sources (i.e., observable data inputs) and (ii) a reporting entity's own data and assumptions that market participants would use in pricing an asset or liability (i.e., unobservable data inputs). Financial assets and financial liabilities measured and reported at fair value are classified in one of the following categories, in order of priority of observability and objectivity of pricing inputs:

- Level 1 – Fair value based on quoted prices in active markets for identical assets or liabilities;
- Level 2 – Fair value based on significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data;
- Level 3 – Fair value based on prices or valuation techniques that require significant unobservable data inputs. Inputs would normally be a reporting entity's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

The fair value measurement level for an asset or liability is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company utilizes a binomial lattice option pricing model to estimate the fair value of options, warrants and other Level 3 financial assets and liabilities. The Company believes that the binomial lattice model results in the best estimate of fair value because it embodies all of the requisite assumptions (including the underlying price, exercise price, term, volatility, and risk-free interest-rate) necessary to fairly value these instruments and, unlike less sophisticated models like the Black-Scholes model, it also accommodates assumptions regarding investor exercise behavior and other market conditions that market participants would likely consider in negotiating the transfer of such an instrument.

Stock-Based Compensation

The Company accounts for stock-based compensation to employees and nonemployees under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718 "Compensation – Stock Compensation" using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. The Company uses a binomial lattice pricing model to estimate the fair value of options and warrants granted.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. No income tax has been provisioned for the six months ended June 30, 2025 and 2024, since the Company has sustained losses historically and has substantial net operating loss carryforwards for both periods. Due to the uncertainty of the utilization and recoverability of the loss carry-forwards and other deferred tax assets, management has determined a full valuation allowance for the deferred tax assets, since it is more likely than not that the deferred tax assets will not be realizable.

Recurring Fair Value Measurements

The carrying value of the Company's financial assets and financial liabilities is their cost, which may differ from fair value. The carrying value of cash held as demand deposits, accounts payable, and accrued liabilities approximated their fair value.

Net Income / (Loss) per Share

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. For periods the Company reports a net loss, all outstanding stock options and other dilutive securities are excluded from the calculation of diluted net loss per common share because inclusion of these securities would be anti-dilutive.

For the three and six months ending June 30, 2025, and 2024, basic net income/(loss) per share was EUR(0.56), EUR5.53 and EUR (1.00), 54.82 respectively. Weighted average common shares used were 1,449,921 and 1,449,919.

For the six months ending June 30, 2025 and 2024 fully diluted income/(loss) per share was EUR0.74 and EUR4.62 respectively. Weighted average common shares including all outstanding stock options and other dilutive securities were 10,874,054 and 17,194,420 respectively.

Business Segments

The Company uses the “management approach” to identify its reportable segments. The management approach designates the internal organization used by management for making operating decisions and assessing performance as the basis for identifying the Company’s reportable segments. Using the management approach, the Company determined that it has one operating segment, solar retrofitting of vehicles.

Recently Issued Pronouncements

In March 2024, the FASB issued ASU No. 2024-01, “Compensation—Stock Compensation (Topic 718): Scope Applications of Profits Interests and Similar Awards” (“ASU 2024-01”). ASU 2024-01 adds an example to Topic 718 which illustrates how to apply the scope guidance to determine whether profits interests and similar awards should be accounted for as share-based payment arrangements under Topic 718 or under other U.S. GAAP. ASU 2024-01 is effective for annual periods beginning after December 15, 2025, although early adoption is permitted. Upon adoption, ASU 2024-01 is not expected to have an impact on the Company’s consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40).” This standard requires disclosure of specific information about costs and expenses and becomes effective January 1, 2027. We are currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-04, “Debt - Debt with Conversions and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments” (“ASU 2024-04”). ASU 2024-04 clarifies the requirements for determining whether certain settlements of convertible debt instruments, including convertible debt instruments with cash conversion features or convertible debt instruments that are not currently convertible, should be accounted for as an induced conversion. The requirements of ASU 2024-04 are effective for the Company for fiscal years beginning after December 15, 2025, and interim periods within those periods. We are currently evaluating the impact of this standard on our consolidated financial statements and related disclosures.

Recently Adopted Pronouncements

No other new accounting pronouncements were issued or became effective in the period that had, or are expected to have, a material impact on our consolidated Financial Statements.

3. Liquidity and Going Concern Analysis

The Company is required to evaluate whether there is substantial doubt about its ability to continue as a going concern each reporting period, including interim periods. In evaluating the Company's ability to continue as a going concern, management considered the conditions and events that could raise substantial doubt about the Company's ability to continue as a going concern within 12 months after the Company's financial statements were issued (April 16, 2026). Management considered the Company's current financial condition and liquidity sources, including current funds available, forecasted future cash flows and the Company's obligations due before August 31, 2026.

The Company is subject to a number of risks, including uncertainty related to product development and generation of revenues and positive cash flow from its Sono Motors GmbH division and a dependence on outside sources of capital. The attainment of profitable operations is dependent on future events, including obtaining adequate financing to fulfill the Company's growth and operating activities and generating a level of revenues adequate to support the Company's cost structure.

As of June 30, 2025, the Company had cash balances of EUR0.3 million, a working capital deficit of EUR14.9 million and an accumulated deficit of EUR313.4 million. For the six months ended June 30, 2025, the Company had net income of EUR8.0 million. The Company recorded an operating loss of EUR3.6 million and expects to continue to incur small operating losses and have net cash outflows for at least the next 12 months, offset by cash flows from financing and other business activities. There are no assurances that future advances from our financing partners will occur, however we have received six advances to date including EUR.3 Million on August 18, 2025, nor are we certain that our efforts to uplist to a national exchange will be successful even if we are meeting their specific criteria for uplisting.

Management has evaluated the significance of the conditions described above in relation to the Company's ability to meet its obligations and concluded that, if additional funding commitments from YA II PN, Ltd ("Yorkville") are achieved based upon the notification from a national exchange of our uplisting to that national exchange, and if the Company's commitment for a \$5M capital raise upon completion of a current S1 filing and/or other fundraising efforts are successful, all of which cannot be guaranteed, the Company will have sufficient funds to meet its obligations within one year from the date of the consolidated financial statements. Based upon this uncertainty, Management has concluded that there is substantial doubt that the company will continue as a going concern.

4. Deconsolidation Due to Loss of Control

Gain from Deconsolidation and Extinguishment of Debt

At the close of February 2023, Sono Group announced the decision to restructure the business model to focus exclusively on retrofitting and integrating solar technology into third-party vehicles going forward. At the same time, Sono Group discontinued the Sion passenger car program with immediate effect and terminated approximately 250 employees. Management ultimately concluded that Sono Motors was over-indebted and faced impending illiquidity (*drohende Zahlungsunfähigkeit*), with Sono N.V., in turn, becoming over-indebted and also facing impending illiquidity. Consequently, management decided to apply for the opening of self-administration proceedings with respect to Sono N.V. and Sono Motors with the goal of sustainably restructuring the business.

On May 15, 2023, Sono N.V. applied to the insolvency court of Munich, Germany (the "Court"), to permit the opening of a self-administration proceeding (*Eigenverwaltung*) with respect to Sono Group N.V. pursuant to Section 270 (b) of the German Insolvency Code (*Insolvenzordnung*). On the same day, Sono Motors GmbH applied to the same court to permit the opening of self-administration proceeding in the form of a protective shield proceeding (*Schutzschirmverfahren*) with respect to Sono Motors GmbH pursuant Section 270 (d) of the German Insolvency Code. Sono Group N.V. conducts its business through its subsidiary Sono Motors GmbH, and is jointly referred to as "the Company".

Self-administration proceedings are debtor-in-possession type proceedings under German insolvency law, which are available to businesses in financial distress and typically aim to preserve the business and the entity that are the subject of the proceedings. In these proceedings, Management retains control and operation of the subject company's business under the supervision of a custodian, who is initially appointed on a preliminary basis (*vorläufiger Sachwalter*) and is primarily responsible for monitoring the subject company's compliance with German insolvency law.

On May 17 and May 19, 2023, respectively, the Court admitted the opening of Self-Administration Proceedings with respect to the Company and the Subsidiary on a preliminary basis (the "Preliminary Self-Administration Proceedings"). The Court also appointed preliminary custodians for each of the Company and the Subsidiary in their respective Preliminary Self-Administration Proceedings. On September 1, 2023, the Court opened the Self-Administration Proceedings with respect to the Subsidiary (the "Opened GmbH Self-Administration Proceedings").

As a result, considering all facts and conditions, management concluded that Sono N.V. lost control over Sono Motors upon opening of insolvency proceedings in self-administration (protective shield proceedings, May 19, 2023). Sono N.V. therefore deconsolidated Sono Motors as of May 19, 2023 in accordance with ASU 810-10-55.

Upon loss of control, Sono N.V. derecognized the assets and liabilities of Sono Motors from the consolidated statement of financial position, recognized its remaining investment retained in Sono Motors at its fair value and subsequently accounted for the investment under the equity method of accounting pursuant to ASU 810-10-55.

In connection with the deconsolidation, the Company recognized no fair value of the subsidiary at the date of deconsolidation, derecognized the carrying value of assets and liabilities transferred, and recorded a gain for the excess of liabilities extinguished over the carrying value of assets derecognized. Additionally, the Company recognized a provision for potential creditor claims during the Self-Administration Proceedings. The provision was charged against the deconsolidation gain. The net deconsolidation gain and reversal of the parental guarantee provision for the year ended December 31, 2023 resulted in a net loss of EUR21.8 million.

Reconsolidation of Sono Motors GmbH

On February 29, 2024, the Subsidiary exited its Self-Administration Proceedings via its plan under the German Insolvency Code, which set out how the Subsidiary intended to restructure its debt and procure the inflow of new cash, including pursuant to a funding commitment from Yorkville. As a result, all outstanding debts between the Company and the Subsidiary were extinguished, and the Subsidiary was reconsolidated into our consolidated financial statements effective March 1, 2024.

The reconsolidation resulted in a net gain of approximately EUR62.7 million, reflecting the revaluation of the Subsidiary's net assets and the extinguishment of parental guarantees and related liabilities. This gain is recorded in our operating results for the three months ended March 31, 2024 and represents the financial impact of regaining control over the Subsidiary.

On March 1, 2024, the Company was deemed to have regained control of Sono Motors. The Company recorded the fair value of net assets consolidated at March 1, 2024. The following table reflects the March 1, 2024 Balance Sheet of Sono Motors:

	March 1, 2024 KEUR
Cash	1,305
Prepaid taxes	239
Prepaid expenses and other current assets	559
Fixed assets	66
Accounts payable and other liabilities	(191)
Net assets recorded on reconsolidation	1,978

5. Property, Plant, and Equipment

Property, plant and equipment as of June 30, 2025 and December 31, 2024 were as follows:

	June 30, 2025 KEUR	December 31, 2024 KEUR
Machinery & equipment	188	180
Accumulated depreciation	(67)	(51)
	<u>121</u>	<u>129</u>

Depreciation expense for the six months ended June 30, 2025 and 2024 was KEUR16 and KEUR18, respectively.

6. Leases

The Company leases its office and warehouse space. The lease has a remaining life of 5yrs. The Company accounts for its leases according to ASC 842 Leases.

Lease expense was KEUR42 and KEUR42 for the three and six months ended June 30, 2025 and 2024, respectively.

Maturities of operating lease liabilities were as follows as of June 30, 2025:

	KEUR
2025 (remaining)	167
2026	167
2027	167
2028	167
2029 and beyond	309
Total Lease payments	<u>977</u>
Less interest	<u>375</u>
Present value of lease payments	602

Balance Sheet Classification	Liability as of June 30, 2025 KEUR	Liability as of December 31, 2024 KEUR
Current	167	58
Long term	435	572
Total Lease	<u>602</u>	<u>630</u>

The lease was calculated over a 122 month period at a discount rate of 18%.

In addition, for the three and six months ended June 30, 2025 and 2024, the Company recorded KEUR11, KEUR3 and KEUR17, KEUR51 of an operating lease running on a month-to-month basis.

7. Accounts Payable and Accrued Expenses

Amounts related to accounts payable and accrued expenses as of June 30, 2025 and December 31, 2024 were as follows:

	June 30, 2025 KEUR	December 31, 2024 KEUR
Trade accounts payable	582	575
Other accrued liabilities	-	-
Total accounts payable and accrued liabilities	<u>582</u>	<u>575</u>

8. Convertible Notes Payable at Fair Value

As of June 30, 2025 and December 31, 2024, the estimated fair value of our convertible debt is as follows:

	June 30, 2025 KEUR	December 31, 2024 KEUR
Face value convertible notes	15,341	24,035

On December 7, 2022, the Company entered into a share purchase agreement with Yorkville to purchase up to \$31.1 million in convertible debentures (the "2022 Debentures"). On February 5, 2024 and August 30, 2024, Company issued additional convertible debentures in the amounts of \$4.3 million and \$3.3 million, respectively, (the "February 2024 Debenture" and "August 2024 Debenture" respectively, and together, the "2024 Debentures"), pursuant to a funding commitment letter entered into between the Company and Yorkville in connection with Sono Group's restructuring in connection with the Self-Administration Proceedings. On December 30, 2024 the Company and Yorkville entered into a securities purchase agreement (the "Securities Purchase Agreement"). Under the terms of the Securities Purchase Agreement, Yorkville committed to provide limited financing to the Company in the amount of \$5 million, subject to certain conditions and limitations. Following a number of amendments to the Securities Purchase Agreement the Company issued to Yorkville four additional debentures ("2025 Debentures") in the amounts of \$1 million, \$1 million, 0.50 million and 0.75 million on February 12, 2025, March 25, 2025, April 24, 2025 and May 27, 2025 respectively. The following table reflects the outstanding debt and accrued interest for each tranche as of June 30, 2025 and December 31, 2024:

June 30, 2025	Issue Date	Maturity Date	Principal KUSD	Accrued Interest KUSD
Tranch-1 @4% (12% - default rate)	December 7, 2022	July 1, 2025	11,100	3,030
Tranch-2 @4% (12% - default rate)	December 8, 2022	July 1, 2025	8,150	2,142
Tranch-3 @4% (12% - default rate)	December 20, 2022	July 1, 2025	750	197
Tranch-4 @12% (18% - default rate)	February 5, 2024	July 1, 2025	4,318	855
Tranch-5 @12% (18% - default rate)	August 30, 2024	August 30, 2025	3,338	335
Tranch-6a @12% (18% - default rate)	February 12, 2025	February 12, 2026	1,000	46
Tranch-6b @12% (18% - default rate)	March 25, 2025	March 24, 2026	1,000	32
Tranch-6c @12% (18% - default rate)	April 24, 2025	April 23, 2026	500	11
Tranch-6d @12% (18% - default rate)	May 27, 2025	May 26, 2026	750	9
Total			30,906	6,657

December 31, 2024	Issue Date	Principal KUSD	Accrued Interest KUSD
Tranch-1 @4% (12% - default rate)	December 7, 2022	11,100	2,370
Tranch-2 @4% (12% - default rate)	December 8, 2022	8,150	1,657
Tranch-3 @4% (12% - default rate)	December 20, 2022	750	153
Tranch-4 @12% (18% - default rate)	February 5, 2024	4,318	470
Tranch-5 @12% (18% - default rate)	August 30, 2024	3,338	136
Total		27,656	4,785

The 2022 Debentures carry a coupon of 4% and were convertible into common stock at the holder's option at, the lower of (i) \$1.75, or (ii) 96.5% of the lowest daily VWAP of the Ordinary Shares during the (7) consecutive Trading Days immediately preceding the conversion date or other date of determination). As a result of the amendment described below, the 2022 Debentures have a maturity date of the later of July 1, 2025 or 12 months from the issuance date of each such new note. The 2022 Debentures contain default provisions that accelerate the payment of principal and interest calculated at the default rate of 12%. Resulting from the Company's application for its Self-Administration Proceedings, the 2022 Debentures have been in default since the filing with the bankruptcy court.

In November 2023, the contractual terms of the 2022 Debentures were renegotiated and significantly amended resulting in modified convertible debentures. The maturity date was extended until July 1, 2025. The conversion price was changed to the lower of USD 0.25 and 85% of the minimum daily volume-weighted average price on the seven trading days before conversion, provided that the conversion price will not be below the nominal value of EUR 0.06, as translated to USD, and, if and only if the shares of Sono Group are listed and traded on Nasdaq on the relevant conversion date, the conversion price will not be lower than the Floor Price of USD 0.006.

The 2024 Debentures carry a coupon of 12% and are convertible into common stock at the holder’s option at, the lower of (x) a price per Ordinary Share equal to \$18.75 or (y) 85% of the lowest daily volume weighted average price of the Ordinary Shares during the seven consecutive trading days immediately preceding the date of conversion (the “2024 Variable Conversion Price”); provided, that the 2024 Variable Conversion Price may not be lower than (i) a price equal to 20% of the closing price of the ordinary shares on the trading day immediately prior to the issuance date of the debenture and (ii) the nominal value of one ordinary share. The 2024 Debentures contain default provisions that accelerate the payment of principal and interest calculated at the default rate of 18%. The February 2024 Debenture has a maturity date of July 2025, and the August 2024 Debenture has a maturity date of August 2025.

The 2025 Debentures carry a coupon of 12% and are convertible into common stock at the holder’s option at, the lower of (x) a price per Ordinary Share equal to \$1.75 or (y) 85% of the lowest daily volume weighted average price of the Ordinary Shares during the seven consecutive trading days immediately preceding the date of conversion (the “2024 Variable Conversion Price”); provided, that the 2024 Variable Conversion Price may not be lower than (i) a price equal to 20% of the closing price of the ordinary shares on the trading day immediately prior to the issuance date of the debenture and (ii) the nominal value of one ordinary share. The 2024 Debentures contain default provisions that accelerate the payment of principal and interest calculated at the default rate of 18%. The February 2025 Debenture has a maturity date of February 2026, the March 2025 Debenture has a maturity date of March 2026, the April 2025 Debenture has a maturity date of April 2026, and the May 2025 Debenture has a maturity date of May 2026.

The Company has evaluated the terms and conditions of the convertible notes under the guidance of ASC 815. The conversion feature did not meet the definition of “indexed to a company’s own stock” provided for in ASC 815 due to the variable number of shares issuable at conversion. Therefore, the conversion feature requires bifurcation and liability classification. Rather than bifurcating and recording the embedded derivative as a derivative liability, the Company elected to initially and subsequently measure the convertible note in its entirety at fair value, with changes in fair value recognized in earnings in accordance with ASC 815-15-25-4.

The carrying value of the convertible notes, which under ASC 815-15-25-4 is Fair Value, is on the balance sheet, with changes in the carrying value being recorded in earnings. The components of the convertible promissory notes as of June 30, 2025 and December 31, 2024 are as follows:

	June 30, 2025	December 31, 2024
Indexed common shares	9,390,445	18,537,485
Fair value per share	\$ 1.92	\$ 1.24
Total Fair Value of Convertible Notes	EUR15,341	EUR24,035

The Company utilized a binomial lattice option pricing model to estimate the fair value per share of the underlying common equity. The Company believes that the binomial lattice model results in the best estimate of fair value because it embodies all of the requisite assumptions (including the underlying price, exercise price, term, volatility, and risk-free interest-rate) necessary to fairly value these instruments and, unlike less sophisticated models like the Black-Scholes model, it also accommodates assumptions regarding investor exercise behavior and other market conditions that market participants would likely consider in negotiating the transfer of such an instruments.

In January of 2025 the Company entered into an exchange agreement whereby the holder will exchange the debt for 1,200 shares of perpetual preferred stock. Each share has a preestablished value of \$30K for a total value of \$36M. The exchange agreement is contingent upon the Company successfully uplisting its ordinary shares to a national exchange. As part of the commitment, the holder has agreed to a conversion price of \$4.00 for six months. These terms have been embodied into the calculation of fair value at June 30, 2025. The table below reflects the assumptions used as inputs to the binomial lattice option pricing model.

Assumption	June 30, 2025	December 31, 2024
Closing price of underlying common equity	\$ 3.60	\$ 4.18
Exercise price	\$ 4.00	\$ 1.75
Volatility of underlying common equity	150%	150%
Remaining term (in years)	1.	1
Risk Free treasury rates	4.11%	4.18%
Foreign exchange rate at year end USD/EUR	1.1770	1.0389

9. Shareholders’ Equity

As of June 30, 2025, the Company had authorized share capital of 4,300,000 ordinary shares with a nominal value of €0.02 per share and 53,400 high voting shares with a nominal value of €0.50 per share with 1,409,921 ordinary shares and 40,000 high voting shares were issued and outstanding.

On December 23, 2024, the Company amended its articles of association to implement a reverse share split (the “Reverse Share Split”) of both its ordinary shares and high voting shares at a ratio of 1-for-75. The Reverse Share Split had been previously approved by the Company’s shareholders at an extraordinary general meeting held on January 31, 2024 (the “January 2024 EGM”). The Reverse Share Split took market effect on January 6, 2025, following confirmation from the Financial Industry Regulatory Authority (“FINRA”) that it had received and reviewed all necessary documentation to process the Reverse Share Split.

In connection with the Reverse Share Split, every 75 ordinary shares issued and outstanding immediately prior to the Reverse Share Split were converted into one ordinary share, and every 75 high voting shares were converted into one high voting share. Fractional shares resulting from the Reverse Share Split were rounded down to the nearest whole number, with no cash or other compensation paid in lieu of fractional shares. All share and per-share data have been retroactively adjusted throughout this report to account for this share split. In connection with the reverse share split, the Company also decreased the nominal value per share from €0.06 to €0.02 for Ordinary Shares and from €1.50 to €0.5 for High Voting Shares.

As a result of these actions, the presentation of the Company’s ordinary shares and high voting shares in the consolidated financial statements as of June 30, 2025 and December 31, 2024 has been adjusted to reflect the post-split basis for comparative purposes.

Stock Options

In December 2020, against the background of our intention to terminate all relevant benefits under former employee participation programs from 2017 and 2018 (respectively, “VESP 2017” and “VESP 2018”) pursuant to which employees were granted virtual shares, we adopted our conversion stock option program under the LTIP (“CSOP”). Under the CSOP, the Company granted 1,850,100 fully vested stock options, each with an exercise price of €0.06 and which are not subject to any performance criteria, with effect as of the closing date of our IPO on November 19, 2021. The stock options became exercisable one year after the closing of our IPO and are exercisable only in certain windows. The stock options will expire four years after the closing of our IPO.

Certain former supervisory board members received one-time awards of restricted stock units for Ordinary Shares (“RSUs”) under the LTIP in connection with the Company’s IPO and such individual’s appointment as a member of the supervisory board, starting from the date of the Company’s IPO. The awards of a total of 63,868 RSUs were granted on November 21, 2021 and vest in four equal, annual installments on each anniversary of the grant date, with the fourth installment vesting on the earlier of (a) the fourth anniversary of the grant date or (b) the Company’s annual general meeting of shareholders to be held in 2025. Due to termination of the former supervisory board members no further RSUs were vested in the year 2024 or in the six months ended June 30, 2025. Hence, there were 19,724 RSUs fully vested as of June 30, 2025 and December 31, 2024.

For purposes of the table below, all outstanding stock options and exercise prices have been retrospectively adjusted to reflect the Reverse Share Split implemented on December 23, 2024. The following table summarizes stock option activity as of and for the six months ended June 30, 2025:

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price EUR	Weighted Average Remaining Contractual Term (Yrs)	Average Intrinsic Value EUR
Outstanding at December 31, 2024	33,689	4.46	0.9	–
Granted during the period	–			
Exercised during the period	–			
Forfeited during the period	–			
Outstanding at June 30, 2025	33,689	4.46	0.6	–
Exercisable at June 30, 2025	33,689	4.46	0.6	–

10. General and Administrative Expenses

The table below provides details on general and administrative expenses:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR
Professional fees	537	876	1,030	1,743
Personnel costs	385	390	787	556
Building lease expense	53	87	101	135
Insurance	31	47	53	70
Software fees and subscriptions	94	99	188	111
Other expenses	37	241	122	259
Total general and administrative expenses	1,137	1,740	2,281	2,874

11. Research and Development Expenses

The table below provides details on research and development expenses:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR
Development costs	71	-	80	-
Professional fees	57	(9)	70	-
Personnel expenses	348	329	755	530
Other expenses	49	16	63	27
Total research and development expenses	525	336	968	557

12. Selling and Distribution Expenses

The table below provides details on selling and distribution expenses:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	KEUR	KEUR	KEUR	KEUR
Personnel expenses	166	157	379	202
Advertising and marketing	62	36	75	41
Other expenses	16	-	20	-
Total selling and distribution expenses	244	193	474	243

13. Commitments and Contingencies

Service contracts

The Company carries various service contracts on its office buildings and certain copier equipment for repairs, maintenance and inspections. All contracts are short term and can be cancelled on notice.

Litigation

None.

14. Income Tax

Current tax assets and liabilities

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the tax rates and tax laws that are enacted or substantively enacted at the end of the reporting period.

Deferred taxes

Deferred tax is recognized using the liability method on temporary differences as of the end of the reporting period between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences. The only exception is if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination which, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss. Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences and to the extent that it is probable that future taxable income will allow the deferred tax asset to be realized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets may only be recognized up to the amount of the deferred tax liabilities as it is not sufficiently probable that future taxable profit will be available against which they can be utilized.

If transactions and other events are recognized directly in equity, any related taxes on income are also recognized directly in equity. As transaction costs are recognized in the capital reserve, corresponding (deferred) tax effects are recognized partly due to the loss situation of Sono Group and the fact that deferred taxes for losses carried forward were partly recognized at the level of Sono N.V.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same tax jurisdiction. As the net deferred tax asset is not booked in a first step, no valuation allowance is booked. Given the loss history of the Company, deferred tax assets are not recognized on the balance sheet. The amount of deferred tax assets/liabilities as of June 30, 2025 and December 31, 2024 are zero. There are no deferred taxes regarding Outside Basis Differences as those are permanent differences.

15. Fair Value of Financial Instruments

The carrying amounts of certain financial instruments, including cash and cash equivalents, approximate their respective fair values due to the short-term nature of such instruments. The Company measures certain financial instruments at fair value on a recurring basis, including certain convertible notes payable. All financial instruments carried at fair value fall within Level 3 of the fair value hierarchy as their value is based on unobservable inputs. The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. This determination requires significant judgments to be made.

The following table summarizes the conclusions reached regarding fair value measurements as of June 30, 2025 and December 31, 2024:

As of June 30, 2025				
KEUR				
	Level 1	Level 2	Level 3	Total
Liabilities:				
Convertible notes payable at fair value			15,341	15,341
Total Liabilities			15,341	15,341

As of December 31, 2024				
KEUR				
	Level 1	Level 2	Level 3	Total
Liabilities:				
Convertible notes payable at fair value			24,035	24,035
Total Liabilities			24,035	24,035

Convertible notes payable is a Level 3 financial instrument that is measured at fair value on a recurring basis. Gains/(Losses) from the change in fair value of convertible notes payable were KEUR10,331 and KEUR21,062, respectively.

	Convertible Notes Payable at Fair Value KEUR
Balance December 31, 2024	24,035
Proceeds from new Borrowings	1,928
Fair value measurement (gain)/loss	(10,331)
Foreign exchange	(327)
Balance March 31, 2025	<u>15,305</u>
Balance March 31, 2025	15,305
Proceeds from new Borrowings	976
Fair value measurement (gain)/loss	(813)
Foreign exchange	(127)
Balance June 30, 2025	<u>15,341</u>

16. Subsequent Events

On July 6, 2025, the Company and YA II PN, Ltd. (“Yorkville”) entered into a sixth Omnibus Amendment to Transaction Documents, effective as of June 30, 2025 (the “Sixth Omnibus Amendment”), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement, the Exchange Agreement and certain convertible debentures previously issued by the Company.

Pursuant to the Sixth Omnibus Amendment, the parties agreed to extend the maturity date from July 1, 2025 to August 1, 2025 for the four convertible debentures previously issued by the Company, including the (1) Convertible Debenture issued on December 7, 2022 in the original principal amount of \$11.1 million (“Debenture SEV-1”), (2) Convertible Debenture issued on December 8, 2022 in the original principal amount of \$10.0 million (“Debenture SEV-2”), (3) Convertible Debenture issued on December 20, 2022 in the original principal amount of \$10.0 million (“Debenture SEV-3”), and (4) Convertible Debenture issued on February 5, 2024 in the original principal amount of \$4,317,600 (“Debenture SEV-4,” and collectively with Debenture SEV-1, Debenture SEV-2, and Debenture SEV-3, the “Maturing Debentures”).

Pursuant to the Sixth Omnibus Amendment, the parties also agreed to extend the termination dates of the Securities Purchase Agreement and the Exchange Agreement to August 1, 2025.

On August 6, 2025, the Company and Yorkville entered into a seventh Omnibus Amendment to Transaction Documents (the “Seventh Omnibus Amendment”) and an eighth Omnibus Amendment to Transaction Documents (the “Eighth Omnibus Amendment”), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement, the Exchange Agreement and certain convertible debentures previously issued by the Company.

Pursuant to the Seventh Omnibus Amendment, the parties agreed to extend the maturity date from August 1, 2025 to September 1, 2025 for the four convertible debentures previously issued by the Company, including the (1) Convertible Debenture issued on December 7, 2022 in the original principal amount of \$11.1 million (“Debtenture SEV-1”), (2) Convertible Debenture issued on December 8, 2022 in the original principal amount of \$10.0 million (“Debtenture SEV-2”), (3) Convertible Debenture issued on December 20, 2022 in the original principal amount of \$10.0 million (“Debtenture SEV-3”), and (4) Convertible Debenture issued on February 5, 2024 in the original principal amount of \$4,317,600 (“Debtenture SEV-4,” and collectively with Debtenture SEV-1, Debtenture SEV-2, and Debtenture SEV-3, the “Maturing Debtentures”).

Pursuant to the Seventh Omnibus Amendment, the parties also agreed to extend the termination dates of the Securities Purchase Agreement and the Exchange Agreement to September 1, 2025.

Pursuant to the Eighth Omnibus Amendment, the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of \$190,000 in the form of a secured convertible debenture in the aggregate principal amount of \$190,000 (the “Fifth Debtenture”). As previously disclosed, a prior advance of \$1,000,000 was funded on February 12, 2025 in connection with the First Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$1,000,000 (the “First Debtenture”), a second advance was funded on March 25, 2025 in connection with the Third Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$1,000,000 (the “Second Debtenture”), a third advance was funded on April 24, 2025 in connection with the Fourth Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$500,000 (the “Third Debtenture”) and a fourth advance was funded on May 26, 2025 in connection with the Fifth Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$750,000 (the “Fourth Debtenture” and together with the First Debtenture, the Second Debtenture, the Third Debtenture and the Fifth Debtenture, the “Advance Debtentures”). As a result of the issuance of the Advance Debtentures, and pursuant to the Eighth Omnibus Amendment, the Debtenture to be issued to Yorkville, upon the satisfaction of all of the conditions set forth in the Securities Purchase Agreement, will have an aggregate principal amount of \$1,560,000. Under the terms of the Eighth Omnibus Amendment, Debtenture 6 (as defined in the Exchange Agreement), will collectively consist of the Debtenture and the Advance Debtentures for purposes of the transactions contemplated by the Exchange Agreement.

The Fifth Debtenture will mature on August 6, 2026, which maturity date may be extended at the option of Yorkville. Further, interest accrues on the outstanding principal balance of the Fourth Debtenture at an annual rate of 12%, which will increase to an annual rate of 18% upon an Event of Default (as defined in the Fifth Debtenture) for so long as such Event of Default remains uncured. Yorkville will have the right to convert the Fifth Debtenture into Ordinary Shares of the Company at the lower of (i) a price per Ordinary Share equal to \$18.75 or (ii) 85% of the lowest daily volume weighted average price of the Ordinary Shares during the seven consecutive trading days immediately preceding the conversion date or other date of determination (the “Variable Conversion Date”); provided that the Variable Conversion Date may not be lower than the Floor Price (as defined in the Fifth Debtenture) then in effect or the nominal value of one Ordinary Share. Net proceeds to the Company from the Fifth Debtenture were \$190,000.

On August 15, 2025, the Company and Yorkville entered into a ninth Omnibus Amendment to Transaction Documents (the “Ninth Omnibus Amendment”), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement, the Exchange Agreement and certain convertible debentures previously issued by the Company.

Pursuant to the Ninth Omnibus Amendment, the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of EUR300,000 (\$350,540 at conversion rate of 1.1685) in the form of a secured convertible debenture in the aggregate principal amount of \$350,540 (the “Sixth Debtenture”). As a result of the issuance of the Sixth Debtenture and the Advance Debtentures, and pursuant to the Ninth Omnibus Amendment, the Debtenture to be issued to Yorkville, upon the satisfaction of all of the conditions set forth in the Securities Purchase Agreement, will have an aggregate principal amount of \$1,209,460. Under the terms of the Ninth Omnibus Amendment, Debtenture 6 (as defined in the Exchange Agreement), will collectively consist of the Debtenture, the Sixth Debtenture and the Advance Debtentures for purposes of the transactions contemplated by the Exchange Agreement.

The Sixth Debtenture will mature on August 15, 2026, which maturity date may be extended at the option of Yorkville. Further, interest accrues on the outstanding principal balance of the Fourth Debtenture at an annual rate of 12%, which will increase to an annual rate of 18% upon an Event of Default (as defined in the Fifth Debtenture) for so long as such Event of Default remains uncured. Yorkville will have the right to convert the Fifth Debtenture into Ordinary Shares of the Company at the lower of (i) a price per Ordinary Share equal to \$18.75 or (ii) 85% of the lowest daily volume weighted average price of the Ordinary Shares during the seven consecutive trading days immediately preceding the conversion date or other date of determination (the “Variable Conversion Date”); provided that the Variable Conversion Date may not be lower than the Floor Price (as defined in the Fifth Debtenture) then in effect or the nominal value of one Ordinary Share. Net proceeds to the Company from the Fifth Debtenture were \$350,540.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q for the six months ended June 30, 2025 (this “Quarterly Report”) and our audited consolidated financial statements and related notes thereto for the year ended December 31, 2024, included in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on April 17, 2025 (our “2024 Form 10-K”). This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled “Risk Factors” in Part I, Item 1A of our Annual Report on 2024 Form 10-K, as updated from time to time in our other filings with the SEC. You should carefully read the section entitled “Risk Factors” to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see “Cautionary Note Regarding Forward-Looking Statements” below. The events and circumstances reflected in our forward-looking statements may not be achieved or may not occur, and actual results could differ materially from those described in or implied by the forward-looking statements contained in the following discussion and analysis. As a result of these risks, you should not place undue reliance on these forward-looking statements. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

We conduct our business through our subsidiary Sono Motors GmbH, a German limited liability company (Gesellschaft mit beschränkter Haftung) (the “Subsidiary”). Unless otherwise indicated or the context otherwise requires, the terms “Sono Motors,” “Sono,” “the Companies,” “we,” “our,” “ours,” “ourselves,” “us” or similar terms refer to Sono Group N.V. together with the Subsidiary. The “Company” refers to Sono Group N.V. and the “Subsidiary” refers to Sono Motors GmbH.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that relate to our current expectations and views of future events. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors” in Item 1A of Part I of our 2024 Form 10-K, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “believe,” “may,” “will,” “expect,” “estimate,” “could,” “should,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “forecast,” “project,” “target,” “continue,” “is/are likely to,” “will” or other similar or comparable expressions (including the negative of any of the foregoing). These forward-looking statements include all matters that are not historical facts and are statements regarding our intentions, beliefs, or current expectations. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and could cause our actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements about:

- our expectations regarding our ability to access the unfunded portion of the Yorkville Commitment (as defined herein) and implement the Debt Conversion (as defined herein), including our ability to meet the initial listing requirements for admission of our securities to trading on the Nasdaq Capital Market and to satisfy the other conditions precedent set forth in the Securities Purchase Agreement and the Exchange Agreement (each as defined herein);
- the timing of the closing the transactions contemplated by the Securities Purchase Agreement and the Exchange Agreement;
- the impact of the transactions contemplated by the Exchange Agreement and Securities Purchase Agreement on the Company’s operating results;
- our ability to maintain relationships with lenders, suppliers, customers, employees and other third parties, to pursue new customer arrangements and projects, and to attract, retain and motivate key employees in light of the performance and credit risks associated with our constrained liquidity position and capital structure;

- our ability to comply with the continuing standards of OTCQB;
- our strategies, plan, objectives and goals, including, for example:
 - the successful implementation and management of the pivot of our business to exclusively retrofitting and integrating our solar technology onto third party vehicles; and
 - the successful continued development, sale and delivery of our solar solutions for vehicles and similar products, as well as the continuous advancement of our current technologies and development of new technologies;
- our ability to secure a sufficient number of future customer contracts or otherwise raise the additional funding required beyond the Yorkville Commitment to further develop and commercialize our solar technology and business as well as to continue as a going concern;
- our future business and financial performance, including our ability to turn profitable, scale our operations and build a well-recognized and respected brand cost-effectively;
- our ability to achieve customer acceptance of and demand for our products, including by developing and maintaining relationships with key business partners who are crucial for our operations or who directly deal with end users in our target market; and
- our expectations regarding the development of our industry, market size and the regulatory and competitive environment in which we operate.

We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions, many of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are neither promises nor guarantees of future performance. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Quarterly Report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industries in which we operate are consistent with the forward-looking statements contained in this Quarterly Report, those results or developments may not be indicative of results or developments in subsequent periods. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation: the risks, uncertainties, and assumptions described under “*Risk Factors*” in Item 1A of Part I of our 2024 Form 10-K, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in this Quarterly Report and elsewhere in this Quarterly Report.

Any forward-looking statements made herein speak only as of the date of this Quarterly Report, and you should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or achievements reflected in the forward-looking statements will be achieved or will occur. Except as required by applicable law, we undertake no obligation to update any of these forward-looking statements for any reason after the date of this Quarterly Report or to conform these statements to actual results or revised expectations.

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website at <https://ir.sonomotors.com>. We therefore encourage investors and others interested in the Company to review the information that we make available on our website, in addition to following our filings with the U.S. Securities and Exchange Commission (“SEC”), webcasts, press releases and conference calls. Information contained on our website is not part of this Quarterly Report.

Business Overview

We are a technology company focused on the development and commercialization of solar integration solutions for commercial vehicles. Our proprietary solar charge controller (MCU) technology enables the seamless integration of solar energy into high- and low-voltage vehicle architectures, reducing fuel consumption and emissions for diesel-powered vehicles and extending battery life for electric vehicles.

Our product portfolio includes complete solar solutions for refrigerated trailers, electric buses, commercial vans and trucks, as well as standalone components, such as solar charge controllers (MCUs) and solar modules. We also provide engineering services to assist OEMs and fleet operators in integrating solar technology into their vehicle production processes.

Since our pivot to solar-only solutions in early 2023, we have continued to refine and expand our offerings, with an increased focus on OEM partnerships to drive adoption of factory-installed solar solutions. While we have generated limited revenue to date, we believe that our technology has large market potential in addressing the growing demand for cost-saving and emission-reducing energy solutions for commercial fleets.

Historically, we have incurred operating losses since our inception; however, in 2024, we recorded an operating profit due to the impact of revaluation gains following the reconsolidation of our operating subsidiary after the termination of the self-administration proceedings with respect to the Companies (the “Self-Administration Proceedings”) in early 2024. This one-time accounting impact significantly influenced our reported net income for the year ending December 31, 2024. In the first quarter of 2025, we reported net income of €1.5 million, primarily driven by fair value adjustments related to our outstanding convertible debt. Excluding these effects, our core operations remain in an investment and scaling phase, and we expect to continue incurring operating losses going forward as we expand our product offerings, scale production and establish strategic partnerships.

As of June 30, 2025, we had cash and cash equivalents of €0.3 million, and we anticipate that our current funding arrangements, including the Yorkville Commitment and the Debt Conversion, if we are able to successfully satisfy the conditions precedent thereto, as well as anticipated fund raising efforts in Q3 and Q4 of 2025, if successful, will be sufficient to support our business operations through the second quarter of 2026. However, we will have to either secure a sufficient number of future customer contracts or secure additional financing to execute our long-term growth strategy, and our ability to secure such funding will depend on, among other things, market conditions, operational milestones and investor confidence.

We operate as a single business segment, managing our financing, research and development and product commercialization on a consolidated basis. Our financial results reflect a transition from pre-revenue technology development to commercial-scale implementation, and we expect continued volatility as we scale operations.

Recent Developments

On July 6, 2025, the Company and YA II PN, Ltd. (“Yorkville”) entered into a sixth Omnibus Amendment to Transaction Documents, effective as of June 30, 2025 (the “Sixth Omnibus Amendment”), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement, the Exchange Agreement and certain convertible debentures previously issued by the Company.

Pursuant to the Sixth Omnibus Amendment, the parties agreed to extend the maturity date from July 1, 2025 to August 1, 2025 for the four convertible debentures previously issued by the Company, including the (1) Convertible Debenture issued on December 7, 2022 in the original principal amount of \$11.1 million (“Debenture SEV-1”), (2) Convertible Debenture issued on December 8, 2022 in the original principal amount of \$10.0 million (“Debenture SEV-2”), (3) Convertible Debenture issued on December 20, 2022 in the original principal amount of \$10.0 million (“Debenture SEV-3”), and (4) Convertible Debenture issued on February 5, 2024 in the original principal amount of \$4,317,600 (“Debenture SEV-4,” and collectively with Debenture SEV-1, Debenture SEV-2, and Debenture SEV-3, the “Maturing Debentures”).

Pursuant to the Sixth Omnibus Amendment, the parties also agreed to extend the termination dates of the Securities Purchase Agreement and the Exchange Agreement to August 1, 2025.

On August 6, 2025, the Company and Yorkville entered into a seventh Omnibus Amendment to Transaction Documents (the “Seventh Omnibus Amendment”) and an eighth Omnibus Amendment to Transaction Documents (the “Eighth Omnibus Amendment”), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement, the Exchange Agreement and certain convertible debentures previously issued by the Company.

Pursuant to the Seventh Omnibus Amendment, the parties agreed to extend the maturity date from August 1, 2025 to September 1, 2025 for the four convertible debentures previously issued by the Company, including the (1) Convertible Debenture issued on December 7, 2022 in the original principal amount of \$11.1 million (“Debenture SEV-1”), (2) Convertible Debenture issued on December 8, 2022 in the original principal amount of \$10.0 million (“Debenture SEV-2”), (3) Convertible Debenture issued on December 20, 2022 in the original principal amount of \$10.0 million (“Debenture SEV-3”), and (4) Convertible Debenture issued on February 5, 2024 in the original principal amount of \$4,317,600 (“Debenture SEV-4,” and collectively with Debenture SEV-1, Debenture SEV-2, and Debenture SEV-3, the “Maturing Debentures”).

Pursuant to the Seventh Omnibus Amendment, the parties also agreed to extend the termination dates of the Securities Purchase Agreement and the Exchange Agreement to September 1, 2025.

Pursuant to the Eighth Omnibus Amendment, the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of \$190,000 in the form of a secured convertible debenture in the aggregate principal amount of \$190,000 (the “Fifth Debenture”). As previously disclosed, a prior advance of \$1,000,000 was funded on February 12, 2025 in connection with the First Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$1,000,000 (the “First Debenture”), a second advance was funded on March 25, 2025 in connection with the Third Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$1,000,000 (the “Second Debenture”), a third advance was funded on April 24, 2025 in connection with the Fourth Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$500,000 (the “Third Debenture”) and a fourth advance was funded on May 26, 2025 in connection with the Fifth Omnibus Amendment in the form of a secured convertible debenture in the aggregate principal amount of \$750,000 (the “Fourth Debenture” and together with the First Debenture, the Second Debenture, the Third Debenture and the Fifth Debenture, the “Advance Debentures”). As a result of the issuance of the Advance Debentures, and pursuant to the Eighth Omnibus Amendment, the Debenture to be issued to Yorkville, upon the satisfaction of all of the conditions set forth in the Securities Purchase Agreement, will have an aggregate principal amount of \$1,560,000. Under the terms of the Eighth Omnibus Amendment, Debenture 6 (as defined in the Exchange Agreement), will collectively consist of the Debenture and the Advance Debentures for purposes of the transactions contemplated by the Exchange Agreement.

The Fifth Debenture will mature on August 6, 2026, which maturity date may be extended at the option of Yorkville. Further, interest accrues on the outstanding principal balance of the Fourth Debenture at an annual rate of 12%, which will increase to an annual rate of 18% upon an Event of Default (as defined in the Fifth Debenture) for so long as such Event of Default remains uncured. Yorkville will have the right to convert the Fifth Debenture into Ordinary Shares of the Company at the lower of (i) a price per Ordinary Share equal to \$18.75 or (ii) 85% of the lowest daily volume weighted average price of the Ordinary Shares during the seven consecutive trading days immediately preceding the conversion date or other date of determination (the “Variable Conversion Date”); provided that the Variable Conversion Date may not be lower than the Floor Price (as defined in the Fifth Debenture) then in effect or the nominal value of one Ordinary Share. Net proceeds to the Company from the Fifth Debenture were \$190,000.

On August 15, 2025, the Company and Yorkville entered into a ninth Omnibus Amendment to Transaction Documents (the “Ninth Omnibus Amendment”), pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement, the Exchange Agreement and certain convertible debentures previously issued by the Company.

Pursuant to the Ninth Omnibus Amendment, the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance by Yorkville to the Company of EUR300,000 (\$350,540 at conversion rate of 1.1685) in the form of a secured convertible debenture in the aggregate principal amount of \$350,540 (the “Sixth Debenture”). As a result of the issuance of the Sixth Debenture and the Advance Debentures, and pursuant to the Ninth Omnibus Amendment, the Debenture to be issued to Yorkville, upon the satisfaction of all of the conditions set forth in the Securities Purchase Agreement, will have an aggregate principal amount of \$1,209,460. Under the terms of the Ninth Omnibus Amendment, Debenture 6 (as defined in the Exchange Agreement), will collectively consist of the Debenture, the Sixth Debenture and the Advance Debentures for purposes of the transactions contemplated by the Exchange Agreement.

The Sixth Debenture will mature on August 15, 2026, which maturity date may be extended at the option of Yorkville. Further, interest accrues on the outstanding principal balance of the Fourth Debenture at an annual rate of 12%, which will increase to an annual rate of 18% upon an Event of Default (as defined in the Fifth Debenture) for so long as such Event of Default remains uncured. Yorkville will have the right to convert the Fifth Debenture into Ordinary Shares of the Company at the lower of (i) a price per Ordinary Share equal to \$18.75 or (ii) 85% of the lowest daily volume weighted average price of the Ordinary Shares during the seven consecutive trading days immediately preceding the conversion date or other date of determination (the “Variable Conversion Date”); provided that the Variable Conversion Date may not be lower than the Floor Price (as defined in the Fifth Debenture) then in effect or the nominal value of one Ordinary Share. Net proceeds to the Company from the Fifth Debenture were \$350,540.

Components of Our Results of Operations

Revenue

We have not yet generated material revenue from our solar technology solutions. Historically, our revenue has been derived primarily from prototype sales and pilot installations of our solar retrofit solutions, including the Solar Bus Kit. In 2024, we expanded our product offerings to include additional commercial vehicle categories, such as trucks, refrigerated trailers and electric vans. While these developments position us for potential future revenue growth, we expect revenue generation to remain limited in the near term as we focus on finalizing product developments, securing large-scale partnerships with OEMs and fleet operators and ramping up commercial deployments.

Given our continued transition to an asset-light business model in 2024, revenue growth will depend on our ability to successfully scale our solar technology offerings through direct sales and strategic partnerships. Additionally, regulatory approvals and customer adoption rates will play a critical role in the timing and magnitude of revenue recognition in the coming years. We anticipate that revenue fluctuations may occur as we move from initial pilot programs toward broader commercialization.

While we anticipate an increase in revenue as adoption of our solar solutions expands, our future revenue growth is subject to factors including successful commercialization of our technology, scaling production, obtaining additional regulatory approvals and securing long-term contracts with OEMs and fleet operators. Additionally, revenue growth may be affected by macroeconomic conditions, supply chain constraints and shifts in government incentives for renewable energy technologies.

Our expected revenue streams include the sale of complete solar solutions, standalone solar products such as solar modules and solar charge controllers, as well as data services and engineering services that support OEM integration and fleet adoption. Our revenue recognition follows standard contract-based policies, with revenue recognized upon delivery of products or completion of contractual obligations.

Cost of Sales

Historically, our cost of sales has been minimal, reflecting the limited revenue generation from prototype projects and early-stage product deployments. As we scale production and move toward broader commercialization, we expect cost of sales to increase in line with higher manufacturing volumes, supply chain expenditures and product fulfillment costs.

Research and Development Expenses

We did not record research expenses in prior years, as we did not engage in fundamental research activities. Our development expenses primarily consist of (i) personnel expenses for our development team, including salaries, bonuses and related share-based compensation, (ii) costs associated with prototype development and solar integration, (iii) professional services and (iv) other expenses. Development costs are expensed as incurred, as the recognition criteria for capitalization have not been met. In 2024, research and development expenses declined as we shifted from early-stage development to commercialization. We intend to focus future investments on optimizing our solar charge controller technology, enhancing solar integration efficiency and supporting OEM partnerships.

Selling, General and Administrative Expenses

We recognize selling, general and administrative expenses (“SG&A”) on an accrual basis when incurred. These expenses primarily include employee compensation, consultant and professional service fees, legal and compliance costs, marketing and promotional activities, intellectual property-related expenses and general overhead costs. As we continue to scale our operations and expand our market presence, we anticipate SG&A expenses to reflect investments in business development, commercialization efforts and strategic partnerships. Additionally, as a public company, we expect continued costs related to regulatory compliance, financial reporting and investor relations.

Other Operating Income/Expenses

Other operating income primarily includes government grants, reimbursements for personnel expenses and any non-recurring income. Other operating expenses mainly consist of foreign exchange losses from currency conversions and other non-operating costs. These items may vary from period to period depending on external factors such as exchange rate fluctuations and grant allocations.

Gain from Reconsolidation of Subsidiary

On February 29, 2024, the Subsidiary exited its Self-Administration Proceedings via its plan under the German Insolvency Code, which set out how the Subsidiary intended to restructure its debt and procure the inflow of new cash, including pursuant to a funding commitment from Yorkville. As a result, all outstanding debts between the Company and the Subsidiary were extinguished, and the Subsidiary was reconsolidated into our consolidated financial statements effective March 1, 2024.

The reconsolidation resulted in a net gain of approximately €62.7 million, reflecting the revaluation of the Subsidiary’s net assets and the extinguishment of parental guarantees and related liabilities. This gain is recorded in our 2024 operating results and represents the financial impact of regaining control over the Subsidiary.

While this gain had a significant positive effect on our reported 2024 operating results, it does not reflect ongoing business operations or recurring profitability. We expect that our future financial performance will be driven by commercialization of our solar solutions, expansion of OEM partnerships and disciplined cost management.

Interest and Similar Expenses

Interest expenses primarily consist of costs associated with interest-bearing liabilities, including convertible debentures and other financing instruments used to support our operations. These expenses reflect the cost of capital required to fund our business activities and ongoing development efforts.

Results of Operations

Comparison of the three months ended June 30, 2025 and 2024

	Three months ended June 30,		Change
	2025	2024	
	(in € thousands)		
Revenue	25	–	25
Cost of sales	(19)	–	(19)
Gross profit	6	–	6
Operating expenses			
Selling and distribution expenses	(244)	(193)	(51)
General and administrative expenses	(1,137)	(1,740)	603
Research and development	(525)	(336)	(189)
Loss on reconsolidation	–	756	(756)
Other operating income/(loss)	128	82	46
Operating (loss) / income	(1,772)	(1,431)	(341)
Other income / (expense)			
Income from changes in fair value of convertible debt carried at fair value	813	847	(34)
Gain / (Loss) on foreign currency translation	147	(859)	1,006
Loss before tax	(812)	(1,443)	631
Taxes on income and earnings	–	–	
Deferred taxes on expense	–	–	
Loss for the period	(812)	(1,443)	631
Other comprehensive income (loss) that will not be reclassified to profit or loss	–	–	
Total comprehensive income for the period	(812)	(1,443)	631

Revenue

For the three months ended June 30, 2025, we recorded revenue of €25 thousand, while for the three months ended June 30, 2024, we recorded no revenue. Our revenue is generated from the sale of our integrated solar solutions as well as individual components, including solar charge controllers, solar panels, and other assembly materials.

Cost of Sales

For the three months ended June 30, 2025, we recorded cost of sales of €19 thousand. For the three months ended June 30, 2024, we recorded no cost of sales.

Research and Development Expenses

For the three months ended June 30, 2025, cost of development expenses increased to approximately €525 thousand from €336 thousand for the three months ended June 30, 2024. The increase primarily reflects improvements and refinements to our solar technology.

Selling, General, and Administrative Expenses (SG&A)

For the three months ended June 30, 2025, SG&A expenses totaled approximately €1,381 thousand, compared to €1,933 thousand for the three months ended June 30, 2024. The decrease reflects a reduction in professional fees from €876 thousand for the three months ended June 30, 2024 down to €537 thousand for the three months ended June 30, 2025.

Income/(expense) from changes in fair value of convertible notes payable carried at fair value

For the three months ended June 30, 2025, we recognized a gain of approximately €813 thousand from the fair value measurement of financial liabilities. This gain primarily relates to the revaluation of convertible debentures issued in connection with our financing arrangements, which are accounted for at fair value through profit or loss under U.S. GAAP.

For the three months ended June 30, 2024, we recorded a gain of approximately €847 thousand from the revaluation of convertible debentures under the same fair value accounting treatment.

Gain (Loss) on Foreign Currency Translation

For the three months ended June 30, 2025, we recorded a foreign currency translation gain of approximately €147 thousand, primarily resulting from exchange rate movements impacting Euro-denominated balances. We recognized a net loss from foreign currency translation of approximately €859 thousand for the three months ended June 30, 2024.

Net Loss

For the three months ended June 30, 2025, we reported a net loss of €812 thousand, while for the three months ended June 30, 2024, we reported a net loss of €1,443 thousand. This change was primarily driven by the decrease in general and administrative expenses recorded for the three months ended June 30, 2025, as well as by the €147 gain on foreign currency translation recognized for the three months ended June 30, 2025 compared to €859 thousand loss recorded for the three months ended June 30, 2024.

Comparison of the six months ended June 30, 2025 and 2024

The following table summarizes our consolidated results of operations for the periods indicated:

	Six months ended June 30,		Change
	2025	2024	
	(in € thousands)		
Revenue	51	–	51
Cost of sales	(39)	–	(39)
Gross profit	12	–	12
Operating expenses			
Selling and distribution expenses	(474)	(243)	(231)
General and administrative expenses	(2,281)	(2,874)	593
Research and development	(968)	(557)	(411)
Gain on reconsolidation	–	63,491	(63,491)
Other operating income/(loss)	132	70	62
Operating (loss) / income	(3,579)	59,887	(63,466)
Other income / (expense)			
Income from changes in fair value of convertible debt carried at fair value	11,144	21,909	(10,765)
Gain / (Loss) on foreign currency translation	460	(2,357)	2,817
Gain before tax	8,025	79,439	(71,414)
Taxes on income and earnings	–	–	–
Deferred taxes on expense	–	–	–
Gain for the period	8,025	79,439	(71,414)
Other comprehensive income (loss) that will not be reclassified to profit or loss	–	–	–
Total comprehensive income for the period	8,025	79,439	(71,414)

Revenue

For the six months ended June 30, 2025, we recorded revenue of €51 thousand, while for the six months ended June 30, 2024, we recorded no revenue. Our revenue is generated from the sale of our integrated solar solutions as well as individual components, including solar charge controllers, solar panels, and other assembly materials.

Cost of Sales

For the six months ended June 30, 2025, we recorded cost of sales of €39 thousand. For the six months ended June 30, 2024, we recorded no cost of sales.

Research and Development Expenses

For the six months ended June 30, 2025, cost of development expenses increased to approximately €968 thousand from €557 thousand for the six months ended June 30, 2024. The increase primarily reflects improvements and refinements to our solar technology.

Selling, General, and Administrative Expenses (SG&A)

For the six months ended June 30, 2025, SG&A expenses totaled approximately €2,755 thousand, compared to €3,117 thousand for the six months ended June 30, 2024. The decrease reflects a reduction in professional fees from €1,743 thousand for the six months ended June 30, 2024 down to €1,030 thousand for the six months ended June 30, 2025.

The largest components of SG&A expenses in the first half of 2025 were payroll and social contributions, and legal, audit and other advisory services. In comparison, SG&A expenses in the first half of 2024 included expenses related to the restructuring process.

Gain (Loss) on deconsolidation/reconsolidation

For the six months ended June 30, 2024, we recognized a gain of approximately €63,491 thousand in connection with the reconsolidation of the Subsidiary following its exit from its Self-Administration Proceedings. This gain primarily reflects the extinguishment of certain liabilities and the re-recognition of net assets upon regaining control of the Subsidiary.

For the six months ended June 30, 2025, we recorded no gain or loss in connection to reconsolidation of the Subsidiary.

Income/(expense) from changes in fair value of convertible notes payable carried at fair value

For the six months ended June 30, 2025, we recognized a gain of approximately €11,144 thousand from the fair value measurement of financial liabilities. This gain primarily relates to the revaluation of convertible debentures issued in connection with our financing arrangements, which are accounted for at fair value through profit or loss under U.S. GAAP.

For the six months ended June 30, 2024, we recorded a gain of approximately €21,909 thousand from the revaluation of convertible debentures under the same fair value accounting treatment.

Gain (Loss) on Foreign Currency Translation

For the six months ended June 30, 2025, we recorded a foreign currency translation gain of approximately €460 thousand, primarily resulting from exchange rate movements impacting Euro-denominated balances. We recognized a net loss from foreign currency translation of approximately €2,357 thousand for the six months ended June 30, 2024.

Net Income

For the six months ended June 30, 2025, we reported net income of €8,025 thousand, while for the six months ended June 30, 2024, we reported a net income of €79,439 thousand. This change in net income was primarily driven by the €63,491 thousand reconsolidation gain recognized upon regaining control of our Subsidiary after the completion of its Self-Administration Proceedings in the first quarter of 2024.

Looking ahead, we anticipate incurring operating losses in future periods as we continue to scale our operations, invest in research and development and expand our commercial footprint. Our long-term financial performance will depend on successful commercialization of our ViPV solutions, revenue growth from OEM partnerships and standalone product sales and efficient cost management.

Liquidity and Capital Resources

As of June 30, 2025, our cash was €339 thousand, compared to €1,354 thousand as of December 31, 2024. Cash consists of cash in bank accounts.

We do not currently generate material revenue from operations and continue to incur operating expenses related to the commercialization of our solar technology, general and administrative functions and development activities. Our liquidity position is highly dependent on external financing, including equity and equity-linked financings, debt instruments and strategic partnerships.

Sources and Uses of Liquidity

Historically, we have financed our operations through:

- Equity and equity-linked financings, including our initial public offering (“IPO”) in November 2021, a follow-on offering in May 2022 and a committed equity facility entered into in June 2022.
 - On November 17, 2021, the Company consummated its IPO of 10,000,000 Ordinary Shares at a price of \$15.00 per share. In addition, the underwriters in our IPO exercised their greenshoe option to purchase an additional 1,500,000 ordinary shares (“Ordinary Shares”) at a price of \$13.95 per share. In total, the Company raised \$160 million (€142 million) through the IPO, after deducting underwriting discounts and commissions.
 - The Company successfully completed a follow-on offering on May 3, 2022 of 10,930,000 Ordinary Shares at a price of \$4.00 per share, which amount included shares sold pursuant to the partial exercise of the underwriters’ over-allotment option. Pursuant to the offering, the Company received proceeds of \$42 million (€39 million) after deducting underwriting discounts and commissions.
 - On June 13, 2022, the Company entered into an ordinary share purchase agreement with Joh. Berenberg, Gossler & Co. KG (“Berenberg”), which governed a committed equity facility (the “CEF”) for the Company. The CEF provided the Company with the right, but not the obligation, to sell and issue up to \$150 million of its Ordinary Shares over a period of 24 months to Berenberg, subject to certain limitations and conditions. During 2022, the Company sold to Berenberg a total of 8,748,433 Ordinary Shares for total gross proceeds of \$17 million (€17 million).
- The 2022 Convertible Debentures (as defined below) issued to Yorkville pursuant to the securities purchase agreement in December 2022 and subsequent amendment in 2024.
 - On December 7, 2022, the Company entered into a securities purchase agreement with Yorkville under which the Company agreed to sell and issue to Yorkville debentures (the “2022 Convertible Debentures”) in a gross aggregate principal amount of up to \$31.1 million (€29.4 million).
 - In the context of the former Self-Administration Proceedings and in connection with Yorkville’s commitment to provide limited financing (the “First Commitment”) to the Company pursuant to a funding commitment letter (the “Funding Commitment Letter”), the Companies entered into certain investment-related agreements with Yorkville in mid-November 2023, and on April 30, 2024, the Company and Yorkville entered into an amendment to the Funding Commitment Letter pursuant to which Yorkville committed additional financing to the Company (the “Second Commitment” and together with the First Commitment, the “Yorkville Restructuring Investment”).
 - The convertible debenture with respect to the first tranche of the Yorkville Restructuring Investment was issued to Yorkville on February 6, 2024 for approximately \$4.3 million and the convertible debenture with respect to the second tranche was issued to Yorkville on August 30, 2024 for approximately \$3.3 million.
 - On December 30, 2024, the Company and Yorkville entered into a Securities Purchase Agreement (the “Securities Purchase Agreement”), pursuant to which the Company agreed to sell and issue to Yorkville a new convertible debenture (the “New Commitment Debenture”) in the aggregate principal amount of \$5 million (the “Yorkville Commitment”).

- On February 12, 2025, the Company and Yorkville entered into an Omnibus Amendment to Transaction Documents, pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance of \$1,000,000 of the Yorkville Commitment in the form of a \$1,000,000 secured convertible debenture (the “First Advance Debenture”).
 - On March 25, 2025, the Company and Yorkville entered into a third Omnibus Amendment to Transaction Documents, pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance of \$1 million of the Yorkville Commitment in the form of a \$1,000,000 secured convertible debenture (the “Second Advance Debenture”).
 - On April 24, 2025, the Company and Yorkville entered into a fourth Omnibus Amendment, pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance of \$500,000 of the Yorkville Commitment in the form of a \$500,000 secured convertible debenture (the “Third Advance Debenture”).
 - On May 27, 2025, the Company and Yorkville entered into a fifth Omnibus Amendment, pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance of \$750,000 of the Yorkville Commitment in the form of a \$750,000 secured convertible debenture (the “Fourth Advance Debenture”).
 - On August 6, 2025, the Company and Yorkville entered into an eighth Omnibus Amendment, pursuant to which the parties agreed to modify the terms of the Securities Purchase Agreement to, among other things, provide for an immediate advance of \$190,000 of the Yorkville Commitment in the form of a \$190,000 secured convertible debenture (the “Fifth Advance Debenture” and together with the First Advance Debenture, the Second Advance Debenture, the Third Advance Debenture and the Fourth Advance Debenture, the “Advance Debentures”).
 - On December 30, 2024, the Company and Yorkville also entered into the Exchange Agreement (the “Exchange Agreement”), pursuant to which the Company agreed to issue, subject to the satisfaction of certain closing conditions, 1,242 preferred shares to Yorkville solely in exchange for the surrender and cancellation of all of the debentures held by Yorkville, including the 2022 Convertible Debentures, the convertible debentures issued to Yorkville on February 5, 2024 and August 30, 2024, the New Commitment Debenture (if issued) and the Advance Debentures (the “Debt Conversion”).
- Limited grant funding from government and public research institutions, supporting the development of our proprietary solar technology.
 - Limited revenues from sale of prototypes, our solar products and services.

Our cash outflows have primarily been driven by:

- Research and development expenditures, including product testing, solar module validation and MCU development.
- General and administrative costs, such as payroll, legal and advisory services and public company compliance costs.
- Investment in commercialization efforts, including OEM partnerships and vehicle integration projects.

Future Capital Needs and Outlook

While our current funding structure, which is based on the receipt of the unfunded portion of the Yorkville Commitment and implementation of the Debt Conversion, if we are able to successfully satisfy the conditions precedent thereto, as well as our anticipated fund raising efforts in Q3 and Q4 of 2025, if successful, is expected to provide sufficient capital through the end of the second quarter of 2026, we will have to either secure a sufficient number of future customer contracts or secure additional external financing to support our scaling and commercialization efforts.

We are actively evaluating a mix of financing options, including:

- Additional equity or debt financings, subject to market conditions.
- Non-dilutive funding sources, such as government grants and strategic collaborations.
- Revenue generation from sales of our solar solutions and engineering services, which we expect to ramp up over time.

Our future financing requirements will depend on many factors, including, among others:

- the market’s willingness to adopt solar-powered mobility solutions;
- our ability to successfully commercialize our proprietary solar technology in time or at all;
- our ability to meet the initial listing requirements for admission of our Ordinary Shares to trading on the Nasdaq Capital Market;
- our ability to develop installation processes and capabilities within our projected costs and timelines;
- the costs of raw materials or certain products;
- our ability to obtain or agree on acceptable terms and conditions on all or a significant portion of the government grants, loans and other incentives for which we may apply;
- our ability to establish a network for aftersales customer service or otherwise successfully address the service and maintenance requirements of our customers;
- any product liability or other lawsuits related to our products; and
- the costs of operating as a public company.

If we are unable to secure additional funding on acceptable terms, we may be required to adjust our growth strategy, delay development projects or pursue alternative financing solutions.

Going Concern Considerations

We have historically relied on external financing to fund our operations, and as of June 30, 2025, we had cash of €0.3 million. Based on our current operating plan and if we are able to successfully access the unfunded portion of the Yorkville Commitment and implement the Debt Conversion as well as successfully complete the planned fund raising activities, we anticipate that our existing cash resources, together with the remaining unfunded portion of the Yorkville Commitment and proceeds from the planned fund raising activities, will be sufficient to fund our business operations through the end of the second quarter of 2026.

However, our ability to continue as a going concern is dependent on the uplisting of our Ordinary Shares to the Nasdaq Capital Market, which we cannot guarantee will occur, and on our ability to either secure a sufficient number of future customer contracts or secure additional capital. If we are unable to obtain sufficient funding, we may need to modify our operating plans, reduce costs or pursue alternative financing strategies. Management continues to evaluate financing alternatives, and we remain confident in our ability to raise the necessary capital to execute our business plan, especially if we are able to satisfy the initial listing requirements of the Nasdaq Capital Market or another national securities exchange. Based upon this uncertainty, our management has concluded that there is substantial doubt that the company will continue as a going concern.

Cash Flows

The table below summarizes our cash flows (used in) from operating, investing and financing activities for the six months ended June 30, 2025 and 2024.

	Six months ended June 30,	
	2025	2024
	(in € thousands)	
Net cash used in operating activities	(3,451)	(15,885)
Net cash (used in)/provided by investing activities	(8)	1,307
Net cash from financing activities	2,904	7,000
Net decrease in cash	(555)	(7,578)
Effect of currency translation on cash and cash equivalents	(460)	2,357
Cash and cash equivalents at the beginning of the period	1,354	7,412
Cash at end of the period	339	2,191

Net cash used in operating activities

Net cash used in operating activities decreased from €15,885 thousand in the six months ended June 30, 2024 to €3,451 thousand for the six months ended June 30, 2025. The decrease was primarily driven by higher cash outflows for the six months ended June 30, 2024 related to the restructuring process.

Net cash provided by investing activities

We used €8 thousand in investing activities in the six months ended June 30, 2025, with the entire amount related to equipment acquisition. Net cash provided by investing activities in the six months ended June 30, 2024 was €1,307 thousand with the entire amount related to reconsolidation of the Subsidiary cash balance.

Net cash from financing activities

Net cash provided by financing activities was €2,904 thousand in the six months ended June 30, 2025, resulting from proceeds received in connection with the issuance of convertible notes. For the six months ended June 30, 2024, net cash provided by financing activities amounted to €7,000 thousand, resulting from the proceeds received in connection with the issuance of convertible notes.

Critical Accounting Policies and Estimates

Our critical accounting policies are disclosed in Note 2 of the notes to our consolidated financial statements included in Part II, Item 8 of the 2024 Form 10-K. Since the date of such financial statements, there have been no material changes to our significant accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of June 30, 2025, our management team, with the participation of our principal executive officer and principal financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that, due to the unremediated material weakness in our internal control over financial reporting as described below and in Part II, Item 9A. “Controls and Procedures” in our 2024 Form 10-K, our disclosure controls and procedures were not effective as of June 30, 2025.

Material Weakness

A “material weakness” is a deficiency or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In previous years’ audits, the material weaknesses that were identified relate to: (i) a lack of consistent and proper application of processes and procedures; (ii) the design and operating effectiveness of information technology general controls for information systems that are significant to the preparation of our consolidated financial statements; (iii) a lack of review and supervision; (iv) the sufficiency of resources with an appropriate level of technical accounting and SEC reporting experience; and (v) clearly defined control processes, roles and segregation of duties within our finance and accounting functions. In 2023, certain measures that were planned in order to remedy such material weaknesses could not be implemented as planned as a result of the Self-Administration Proceedings.

In light of the Companies’ successful emergence from their respective Self-Administration Proceedings and the restructuring/recapitalization of our businesses, we are currently planning measures to remedy such material weaknesses. Beginning January 1, 2025, the planned remedial measures began with the hiring of additional accounting staff and the appointment of a new chief financial officer who possess the requisite skills to address technical accounting and reporting issues and implement processes that include taking steps to improve our controls and procedures. We continue to devote attention to remediating the aforementioned deficiencies and specifically plan to incorporate automated and software-based accounting tools, engage third parties to support our internal resources related to accounting and internal controls, implement ongoing internal training for our accounting and finance teams and continue to invest in our finance IT systems. However, as of June 30, 2025, we are still in the process of remediating the previously identified material weaknesses.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2025 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Limitations on Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are, from time to time, party to various claims and legal proceedings arising in the ordinary course of our business. See Part I, Item I “Financial Statements (Unaudited) - Note 14, Commitments and Contingencies” in this Quarterly Report, which are incorporated herein by reference.

Item 1A. Risk Factors.

As a smaller reporting company under Rule 12b-2 of the Exchange Act, we are not required to include risk factors in this Quarterly Report. For additional risks relating to our operations, see the section titled “Risk Factors” contained in our 2024 Form 10-K. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. We may disclose changes to such risk factors or disclose additional risk factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

a) None.

b) None.

c) During the quarter ended June 30, 2025, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

Exhibit Number	Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Articles of Association of Sono Group N.V. (translated into English)	6-K	001-41066	3.1	12/30/2024	
3.2	Proposed amendment of the Company's articles of association with Part A (English translation)	6-K	001-41066	99.3	10/23/2024	
3.3	Proposed amendment of the Company's articles of association with Part B (English translation)	6-K	001-41066	99.4	10/23/2024	
3.4	Proposed amendment of the Company's articles of association with Part C (increased authorized capital) (English translation)	6-K	001-41066	99.5	10/23/2024	
3.5	Form of internal rules of the Management Board of Sono Group N.V.	F-1	333-260432	3.2	11/8/2021	
3.6	Form of internal rules of the Supervisory Board of Sono Group N.V.	F-1	333-260432	3.3	11/8/2021	
4.1	Secured Convertible Debenture, dated February 12, 2025, issued by Sono Group N.V. to YA II PN, Ltd.	8-K	001-41066	10.1	2/13/2025	
4.2	Secured Convertible Debenture, dated March 25, 2025, issued by Sono Group N.V. to YA II PN, Ltd.	8-K	001-41066	10.1	3/26/2025	
4.3	Secured Convertible Debenture, dated April 24, 2025, issued by Sono Group N.V. to YA II PN, Ltd.	8-K	001-41066	10.1	4/25/2025	
4.4	Secured Convertible Debenture, dated May 27, 2025, issued by Sono Group N.V. to YA II PN, Ltd.	8-K	001-41066	10.1	5/27/2025	
4.5	Secured Convertible Debenture, dated August 6, 2025, issued by Sono Group N.V. to YA II PN, Ltd.	8-K	001-41066	10.3	8/7/2025	
4.6	Secured Convertible Debenture, dated August 15, 2025, issued by Sono Group N.V. to YA II PN, Ltd.					*
10.1	Omnibus Amendment to Transaction Documents, dated February 12, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.2	2/13/2025	
10.2	Omnibus Amendment to Transaction Documents, dated March 7, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.1	3/7/2025	
10.3	Omnibus Amendment to Transaction Documents, dated March 25, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.2	3/26/2025	

10.4	Omnibus Amendment to Transaction Documents, dated April 24, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.2	4/25/2025	
10.5	Omnibus Amendment to Transaction Documents, dated May 26, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.2	5/27/2025	
10.6	Omnibus Amendment to Transaction Documents, dated July 6, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.1	7/8/2025	
10.7	Omnibus Amendment to Transaction Documents, dated August 6, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.1	8/7/2025	
10.8	Omnibus Amendment to Transaction Documents, dated August 6, 2025, by and between Sono Group N.V. and YA II PN, Ltd.	8-K	001-41066	10.2	8/7/2025	
10.9	Omnibus Amendment to Transaction Documents, dated August 15, 2025, by and between Sono Group N.V. and YA II PN, Ltd.					*
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.					*
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.					*
32.1	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
32.2	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Presentation Linkbase Document					*
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)					*

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SONO GROUP N.V.

Date: August 19, 2025

By: _____
/s/ George O'Leary
George O'Leary
Chief Executive Officer and Managing Director

Date: August 19, 2025

By: _____
/s/ M. Scott Calhoun
M. Scott Calhoun
Chief Financial Officer

NEITHER THIS SECURED DEBENTURE NOR THE SECURITIES INTO WHICH THIS DEBENTURE IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE. THESE SECURITIES HAVE BEEN SOLD IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

SONO GROUP N.V.
SECURED CONVERTIBLE DEBENTURE

Principal Amount: \$350,540
Debenture Issuance Date: August 15, 2025
Debenture Number: SEV-6f

FOR VALUE RECEIVED, SONO GROUP N.V., a Dutch public limited liability company (the “Company”), hereby promises to pay to the order of YA II PN, Ltd., or its registered assigns (the “Holder”), the amount set out above as the principal amount (as reduced or increased pursuant to the terms hereof pursuant to redemption, conversion or otherwise, the “Principal”) when due, whether upon the Maturity Date (as defined below), acceleration, redemption or otherwise (in each case in accordance with the terms hereof) and to pay interest (“Interest”) on any outstanding Principal at the applicable Interest Rate from the date set out above as the Debenture Issuance Date (the “Issuance Date”) until the same becomes due and payable, whether upon the Maturity Date or acceleration, conversion, redemption or otherwise (in each case in accordance with the terms hereof). This Secured Convertible Debenture (including all debentures issued in exchange, transfer or replacement hereof, this “Debenture”) was originally issued pursuant to the Securities Purchase Agreement dated as of December 30, 2024, as it may be amended from time to time (the “Securities Purchase Agreement”) between the Company and the Holder. All Obligations owed by the Company to the Holder under this Debenture and each other Transaction Document are guaranteed by the Guarantors pursuant to the Guaranty and secured by the Company and the Guarantors pursuant to the Security Documents. Certain capitalized terms used herein are defined in Section 14.

(1) GENERAL TERMS

(a) Maturity Date. On the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest, and any other amounts outstanding pursuant to the terms of this Debenture. The “Maturity Date” shall be August 15, 2026, as may be extended at the option of the Holder. Other than as specifically permitted by this Debenture, the Company may not prepay or redeem any portion of the outstanding Principal and accrued and unpaid Interest

(b) Interest Rate and Payment of Interest. Interest shall accrue on the outstanding Principal balance hereof at an annual rate equal to 12% (“Interest Rate”), which Interest Rate shall increase to an annual rate of 18% upon an Event of Default for so long as it remains uncured. Interest shall be calculated based on a 365-day year and the actual number of days elapsed, to the extent permitted by applicable law.

(2) PAYMENTS

(a) RESERVED

(b) Early Redemption. The Company at its option shall have the right, but not the obligation, to redeem (“Optional Redemption”) early a portion or all amounts outstanding under this Debenture as described in this Section; *provided* that (i) the trading price of the Ordinary Shares is less than the Fixed Conversion Price and (ii) the Company provides the Holder with at least five (5) Business Days’ prior written notice (each, a “Redemption Notice”) of its desire to exercise an Optional Redemption. Each Redemption Notice shall be irrevocable and shall specify the outstanding balance of the Secured Convertible Debenture to be redeemed and the applicable Redemption Premium. The “Redemption Amount” shall be equal to the outstanding Principal balance being redeemed by the Company, plus the applicable Redemption Premium, plus all accrued and unpaid interest. After receipt of the Redemption Notice, the Holder shall have five (5) Business Days to elect to convert all or any portion of the Debenture. On the 6th Business Day after the Redemption Notice, the Company shall deliver to the Holder the Redemption Amount with respect to the Principal amount redeemed after giving effect to conversions effected during the five (5) Business Day period.

(3) EVENTS OF DEFAULT.

(a) An “Event of Default”, wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) the Company’s or any Guarantor’s failure to pay to the Holder any amount of Principal, Redemption Premium, Interest, or other amounts when and as due under this Debenture or any other Transaction Document;

(ii) The Company, any Subsidiary of the Company, or any Guarantor shall commence, or there shall be commenced against the Company, any Subsidiary of the Company, or any Guarantor under any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or the Company, any Subsidiary of the Company, or any Guarantor commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company, any Subsidiary of the Company, or any Guarantor and any such bankruptcy, insolvency or other proceeding which remains undismissed for a period of sixty one (61) days; or the Company, any Subsidiary of the Company, or any Guarantor is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Company, any Subsidiary of the Company, or any Guarantor suffers any appointment of any custodian, private or court appointed receiver or the like for it or all or substantially all of its property which continues undischarged or unstayed for a period of sixty one (61) days; or the Company, any Subsidiary of the Company, or any Guarantor makes a general assignment of all or substantially all of its assets for the benefit of creditors; or the Company, any Subsidiary of the Company, or any Guarantor shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or the Company, any Subsidiary of the Company, or any Guarantor shall call a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or the Company, any Subsidiary of the Company, or any Guarantor shall by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Company, any Subsidiary of the Company, or any Guarantor for the purpose of effecting any of the foregoing;

(iii) The Company, any Subsidiary of the Company, or any Guarantor shall default in any of its obligations under any obligation or any promissory note, mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement of the Company, any Subsidiary of the Company, or any Guarantor in an amount exceeding EUR 200,000, whether such indebtedness now exists or shall hereafter be created and such default shall result in such indebtedness becoming or being declared due and payable and such default is not thereafter cured within five (5) Business Days;

(iv) The Company, any Subsidiary of the Company or any Guarantor shall be a party to any Change of Control Transaction (as defined in Section 14) unless in connection with such Change of Control Transaction this Debenture is retired;

(v) The Company’s (A) failure to issue and deliver the required number of Ordinary Shares to the Holder within four (4) Business Days after the applicable Share Delivery Date or (B) notice, written or oral, to any holder of the Debenture, including by way of public announcement, at any time, of its intention not to comply with a request for conversion of the Debenture into Ordinary Shares that is tendered in accordance with the provisions of the Debenture, other than pursuant to Section 4(c);

(vi) The Company shall fail for any reason to deliver the payment in cash pursuant to a Buy-In (as defined in Section 4(b)(ii) herein) within five Business Days after such payment is due;

(vii) The Company's failure to timely file with the Commission any Periodic Report on or before the due date of such filing as established by the Commission, it being understood, for the avoidance of doubt, that due date includes any permitted filing deadline extension under Rule 12b-25 under the Exchange Act. For purposes hereof, "Periodic Reports" means the Company's (i) Annual Report on Form 10-K for the fiscal year ending December 31, 2024, (ii) any current report to be filed on Form 8-K, and (iii) all other reports required to be filed by the Company with the Commission under applicable laws and regulations (including, without limitation, Regulation S-K) for so long as any amounts are outstanding under this Debenture; *provided* that all such Periodic Reports shall include, when filed, all information, financial statements, audit reports (when applicable) and other information required to be included in such Periodic Reports in compliance with all applicable laws and regulations;

(viii) Any representation or warranty made or deemed made by the Company, any Subsidiary of the Company or any Guarantor in any Transaction Document shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(ix) Any material provision of any Transaction Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Company or any other Person contests in writing the validity or enforceability of any provision of any Transaction Document; or the Company or any Guarantor denies in writing that it has any or further liability or obligation under any Transaction Document, or purports in writing to revoke, terminate (other than in line with the relevant termination provisions) or rescind any Transaction Document;

(x) The Company or any Guarantor shall fail to observe or perform any material covenant, agreement or warranty contained in, or otherwise commit any material breach or default of any provision of this Debenture (except as may be covered by Section (3)(a)(i) through (3)(a)(ix) hereof) or any other Transaction Document (as defined in Section 14) which is not cured or remedied within the time prescribed (if any);

(xi) Any Event of Default (as defined in the Other Debentures or in any Transaction Document other than this Debenture) occurs respect to any Other Debentures held by the Holder or any breach of any material term of any other debenture, note, or instrument held by the Holder in the Company or any agreement between or among the Company and the Holder; or

(xii) any Security Document (including this Debenture) covering a material portion of the Collateral shall cease to create a valid and perfected lien, with the priority required by the Security Documents (including this Debenture) on and security interest in any material portion of the Collateral covered thereby.

(b) During the time that any portion of this Debenture is outstanding, if any Event of Default has occurred and has not been cured within the applicable cure period, if any, (other than an event with respect to the Company described in Section 3(a)(ii)) the full unpaid Principal amount of this Debenture, together with interest and other amounts owing in respect thereof and other Obligations accrued hereunder and under any other Transaction Document, to the date of acceleration shall become at the Holder's election given by notice pursuant to Section 7, immediately due and payable in cash; provided that, in case of any event with respect to the Company described in Section 3(a)(ii), the full unpaid Principal amount of this Debenture, together with interest and other amounts owing in respect thereof and other Obligations accrued hereunder and under any other Transaction Document, to the date of acceleration, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company. Furthermore, in addition to any other remedies, the Holder shall have the right (but not the obligation) to convert, at the Conversion Rate, on one or more occasions all or part of the Conversion Amount in accordance with Section 4 hereof (subject to the beneficial ownership limitations set out in Section (4)(c)) at any time after (x) an Event of Default (provided that such Event of Default is continuing) or (y) the Maturity Date. The Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind (other than required notice of conversion) and the Holder may immediately enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such declaration may be rescinded and annulled by the Holder in writing at any time prior to payment hereunder. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

(4) CONVERSION OF DEBENTURE. This Debenture shall be convertible into Ordinary Shares, on the terms and conditions set forth in this Section 4.

(a) Conversion Right. Subject to the limitations of Section (4)(c), at any time or times on or after the Issuance Date, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into fully paid and non-assessable (meaning that the holders of the Ordinary Shares will not by reason of merely being such a holder, be subject to assessment or calls by the Company or its creditors for further payment on such Ordinary Shares) Ordinary Shares in accordance with Section (4)(b), at the Conversion Rate (as defined below). The number of Ordinary Shares issuable upon conversion of any Conversion Amount pursuant to this Section (4)(a) shall be determined by dividing (x) such Conversion Amount by (y) the Conversion Price (the "Conversion Rate"). The Company shall not issue any fraction of an Ordinary Share upon any conversion. If the issuance would result in the issuance of a fraction of an Ordinary Share, the Company shall round such fraction of an Ordinary Share up to the nearest whole share. The Company shall pay any and all issuance tax, stamp duties and similar documentary taxes that may be payable with respect to the issuance and delivery of Ordinary Shares upon conversion of any Conversion Amount.

(i) "Conversion Amount" means the portion of the Principal and/or accrued Interest to be converted, redeemed or otherwise with respect to which this determination is being made.

(ii) "Conversion Price" means, as of any Conversion Date (as defined below) or other date of determination the lower of (i) a price per Ordinary Share equal to USD 18.75 (the "Fixed Conversion Price"), or (ii) 85% of the lowest daily VWAP of the Ordinary Shares during the seven (7) consecutive Trading Days immediately preceding the Conversion Date or other date of determination (the "Variable Conversion Price"), provided that the Variable Conversion Price shall not be lower than the Floor Price then in effect; provided, further, that under no circumstances, will the Conversion Price per Ordinary Share be less than the nominal value of one Ordinary Share (translated into USD on the applicable Share Delivery Date (as defined below)). The Conversion Price shall be adjusted from time to time pursuant to the other terms and conditions of this Debenture.

(b) Mechanics of Conversion.

(i) Optional Conversion. To convert any Conversion Amount into Ordinary Shares on any date (a "Conversion Date"), the Holder shall (A) transmit by email (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York Time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit I (the "Conversion Notice") to the Company and (B) if required by Section (4)(b)(iii), surrender this Debenture to a nationally recognized overnight delivery service for delivery to the Company (or an indemnification undertaking reasonably satisfactory to the Company with respect to this Debenture in the case of its loss, theft or destruction). On or before the third (3rd) Trading Day following the date of receipt of a Conversion Notice (the "Share Delivery Date"), the Company shall (X) if legends are not required to be placed on certificates of Ordinary Shares and provided that the Transfer Agent is participating in the Depository Trust Company's ("DTC") Fast Automated Securities Transfer Program, credit such aggregate number of Ordinary Shares to which the Holder shall be entitled to the Holder's or its designee's balance account with DTC through its Deposit Withdrawal Agent Commission system or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver to the address as specified in the Conversion Notice, a certificate, registered Ordinary Shares in the name of the Holder or its designee, for the number of Ordinary Shares to which the Holder shall be entitled which certificates shall not bear any restrictive legends unless required pursuant to rules and regulations of the Commission. If this Debenture is physically surrendered for conversion and the outstanding Principal of this Debenture is greater than the Principal portion of the Conversion Amount being converted, then the Company shall as soon as practicable and in no event later than three (3) Business Days after receipt of this Debenture and at its own expense, issue and deliver to the holder a new Debenture representing the outstanding Principal not converted. The Person or Persons entitled to receive the Ordinary Shares issuable upon a conversion of this Debenture shall be treated for all purposes as the record holder or holders of such Ordinary Shares upon the transmission of a Conversion Notice. In connection with any conversion of a Conversion Amount into Ordinary Shares on a Conversion Date, the Company shall, on the relevant Share Delivery Date, set off (*verrekenen*) its debt under the relevant Debenture(s) to pay such Conversion Amount against its receivable from the Holder to pay up in full, and satisfy the issue price, for the relevant Ordinary Shares issuable upon such conversion (and, for that purpose, such issue price shall be the same amount as the Conversion Amount).

(ii) Company's Failure to Timely Convert. If within three (3) Trading Days after the Company's receipt of an email copy of a Conversion Notice the Company shall fail to issue and deliver a certificate to the Holder or credit the Holder's balance account with DTC for the number of Ordinary Shares to which the Holder is entitled upon its conversion of any Conversion Amount, and if on or after such Trading Day the Holder purchases (in an open market transaction or otherwise) Ordinary Shares to deliver in satisfaction of a sale by the Holder of Ordinary Shares issuable upon such conversion that the Holder anticipated receiving from the Company (a "Buy-In"), then the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out of pocket expenses, if any) for the Ordinary Shares so purchased (the "Buy-In Price"), at which point the Company's obligation to deliver such certificate (and to issue such Ordinary Shares) shall terminate, or (ii) promptly honor its obligation to deliver to the Holder a certificate or certificates representing such Ordinary Shares and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of Ordinary Shares, times (B) the Closing Price on the Conversion Date.

(iii) Book-Entry. Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Debenture in accordance with the terms hereof, the Holder shall not be required to physically surrender this Debenture to the Company unless (A) the full Conversion Amount represented by this Debenture is being converted or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of this Debenture upon physical surrender of this Debenture. The Holder and the Company shall maintain records showing the Principal and Interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Debenture upon conversion.

(c) Limitations on Conversions.

(i) Beneficial Ownership. The Holder shall not have the right to convert any portion of this Debenture or receive Ordinary Shares hereunder to the extent that after giving effect to such conversion or receipt of such Ordinary Shares, the Holder, together with any affiliate thereof, would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder) in excess of 4.99% of the number of Ordinary Shares outstanding immediately after giving effect to such conversion or receipt of shares as payment of interest. Since the Holder will not be obligated to report to the Company the number of Ordinary Shares it may hold at the time of a conversion hereunder, unless the conversion at issue would result in the issuance of Ordinary Shares in excess of 4.99% of the then outstanding Ordinary Shares without regard to any other shares which may be beneficially owned by the Holder or an affiliate thereof, the Holder shall have the authority and obligation to determine whether the restriction contained in this Section will limit any particular conversion hereunder and to the extent that the Holder determines that the limitation contained in this Section applies, the determination of which portion of the Principal amount of this Debenture is convertible shall be the responsibility and obligation of the Holder. If the Holder has delivered a Conversion Notice for a Principal amount of this Debenture that, without regard to any other shares that the Holder or its affiliates may beneficially own, would result in the issuance in excess of the permitted amount hereunder, the Company shall notify the Holder of this fact and shall honor the conversion for the maximum Principal amount permitted to be converted on such Conversion Date in accordance with Section (4)(a) and, any Principal amount tendered for conversion in excess of the permitted amount hereunder shall remain outstanding under this Debenture. The provisions of this Section may be waived by the Holder upon not less than 65 days prior notice to the Company.

(d) Other Provisions.

(i) All calculations under this Section (4) shall be rounded to the nearest \$0.0001 or whole share.

(ii) The Company covenants that the number of Ordinary Shares comprised in the Company's authorized share capital but unissued and not otherwise reserved for issuance (including (i) in relation to equity or debt securities convertible into or exchangeable or exercisable for or that can be settled in Ordinary Shares (other than the Debenture and the Other Debentures) and (ii) Ordinary Shares remaining available for issuance under the Company's equity incentive plans) shall be not less than the maximum number of Ordinary Shares issuable upon conversion of this Debenture and the Other Debentures (assuming for purposes hereof that (x) each debenture is convertible at the Floor Price stated therein as of the date of determination, (y) any such conversion shall not take into account any limitations on the conversion of each debenture set forth herein, including the Floor Price (the "Required Reserve Amount"), provided that at no time shall the number of Ordinary Shares reserved pursuant to this section 4(d)(ii) be reduced other than proportionally with respect to all Ordinary Shares in connection with any conversion (other than pursuant to the conversion of this Debenture and the Other Debentures in accordance with their terms) and/or cancellation, or reverse stock split. If at any time the number of Ordinary Shares reserved pursuant to this section 4(d)(ii) becomes less than the Required Reserve Amount, the Company will promptly take all corporate action necessary to propose to its general meeting of shareholders an increase of its authorized share capital necessary to meet the Company's obligations pursuant to this Debenture, recommending that shareholders vote in favor of such an increase. The Company covenants that, upon issuance in accordance with conversion of this Debenture in accordance with its terms, the Ordinary Shares, when issued, will be validly issued, fully paid and non-assessable (meaning that the holders of the Ordinary Shares will not by reason of merely being such a holder, be subject to assessment or calls by the Company or its creditors for further payment on such Ordinary Shares).

(iii) Nothing herein shall limit the Holder's right to pursue actual damages or declare an Event of Default pursuant to Section (3) herein for the Company's failure to deliver certificates representing Ordinary Shares upon conversion within the period specified herein and the Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief, in each case without the need to post a bond or provide other security. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(iv) Legal Opinions. The Company is obligated to cause its legal counsel to deliver legal opinions to the Company's transfer agent or registrar, as may be required in connection with any legend removal upon the expiration of any holding period or other requirement for which the Underlying Shares may bear legends restricting the transfer thereof.

(e) Adjustment of Conversion Price upon Subdivision or Combination of Ordinary Shares. If the Company, at any time while this Debenture is outstanding, shall (a) pay a stock dividend or otherwise make a distribution or distributions on its Ordinary Shares or any other equity or equity equivalent securities payable in Ordinary Shares, (b) subdivide outstanding Ordinary Shares into a larger number of shares, (c) combine (including by way of reverse stock split) outstanding Ordinary Shares into a smaller number of shares, or (d) issue by reclassification of shares of the Ordinary Shares any shares of capital stock of the Company, then each of the Fixed Conversion Price and the Floor Price shall be multiplied by a fraction of which the numerator shall be the number of Ordinary Shares (excluding treasury shares, if any) outstanding before such event and of which the denominator shall be the number of Ordinary Shares outstanding after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(f) Other Corporate Events. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of Ordinary Shares are entitled to receive securities or other assets with respect to or in exchange for Ordinary Shares (a "Corporate Event"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon a conversion of this Debenture, at the Holder's option, (i) in addition to the Ordinary Shares receivable upon such conversion, such securities or other assets to which the Holder would have been entitled with respect to such Ordinary Shares had such Ordinary Shares been held by the Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of this Debenture) or (ii) in lieu of the Ordinary Shares otherwise receivable upon such conversion, such securities or other assets received by the holders of Ordinary Shares in connection with the consummation of such Corporate Event in such amounts as the Holder would have been entitled to receive had this Debenture initially been issued with conversion rights for the form of such consideration (as opposed to Ordinary Shares) at a conversion rate for such consideration commensurate with the Conversion Rate. Provision made pursuant to the preceding sentence shall be in a form and substance satisfactory to the Holder. The provisions of this Section shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of this Debenture. Notwithstanding the foregoing, the Company shall have the right to pay in cash the Principal amount of this Debenture, together with interest and other amounts owing in respect thereof, immediately prior to the consummation of the Fundamental Transaction in accordance with the early redemption provisions set forth in Section 2(b).

(g) Whenever the Conversion Price is adjusted pursuant to Section 4 hereof, the Company shall promptly provide the Holder with a written notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(h) In case of any (1) merger or consolidation of the Company or any Subsidiary of the Company with or into another Person, or (2) sale by the Company or any Subsidiary of the Company of more than one-half of the assets of the Company in one or a series of related transactions, the Holder shall have the right to (A) exercise any rights under Section (3)(b), (B) convert the aggregate amount of this Debenture then outstanding into the shares of stock and other securities, cash and property receivable upon or deemed to be held by holders of Ordinary Shares following such merger, consolidation or sale, and the Holder shall be entitled upon such event or series of related events to receive such amount of securities, cash and property as the Ordinary Shares into which such aggregate outstanding amount of this Debenture could have been converted immediately prior to such merger, consolidation or sales, would have been entitled to receive, or (C) in the case of a merger or consolidation, require the surviving entity to issue to the Holder a convertible Debenture with a Principal amount equal to the aggregate Principal amount of this Debenture then held by the Holder, plus all accrued and unpaid interest and other amounts owing thereon, which such newly issued convertible Debenture shall have terms identical (including with respect to conversion) to the terms of this Debenture, and shall be entitled to all of the rights and privileges of the Holder of this Debenture set forth herein and the agreements pursuant to which this Debenture was issued. In the case of clause (C), the conversion price applicable for the newly issued shares of convertible preferred stock or convertible debentures shall be based upon the amount of securities, cash and property that each share of Ordinary Shares would receive in such transaction and the Conversion Price in effect immediately prior to the effectiveness or closing date for such transaction. The terms of any such merger, sale or consolidation shall include such terms so as to continue to give the Holder the right to receive the securities, cash and property set forth in this Section upon any conversion or redemption following such event. This provision shall similarly apply to successive such events.

(5) REISSUANCE OF THIS DEBENTURE.

(a) Transfer. If this Debenture is to be transferred, the Holder shall surrender this Debenture to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Debenture (in accordance with Section (7)(d)), registered in the name of the registered transferee or assignee, representing the outstanding Principal being transferred by the Holder (along with any accrued and unpaid interest thereof) and, if less than the entire outstanding Principal is being transferred, a new Debenture (in accordance with Section (7)(d)) to the Holder representing the outstanding Principal not being transferred. The Holder and any assignee, by acceptance of this Debenture, acknowledge and agree that, by reason of the provisions of Section (4)(b)(iii) following conversion or redemption of any portion of this Debenture, the outstanding Principal represented by this Debenture may be less than the Principal stated on the face of this Debenture.

(b) Lost, Stolen or Mutilated Debenture. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Debenture, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Debenture, the Company shall execute and deliver to the Holder a new Debenture (in accordance with Section (5)(d)) representing the outstanding Principal.

(c) Debenture Exchangeable for Different Denominations. This Debenture is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Debenture or Debentures (in accordance with Section (5)(d)) representing in the aggregate the outstanding Principal of this Debenture, and each such new Debenture will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) Issuance of New Debentures. Whenever the Company is required to issue a new Debenture pursuant to the terms of this Debenture, such new Debenture (i) shall be of like tenor with this Debenture, (ii) shall represent, as indicated on the face of such new Debenture, the Principal remaining outstanding (or in the case of a new Debenture being issued pursuant to Section (5)(a) or Section (5)(c), the Principal designated by the Holder which, when added to the Principal represented by the other new Debentures issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Debenture immediately prior to such issuance of new Debentures), (iii) shall have an issuance date, as indicated on the face of such new Debenture, which is the same as the Issuance Date of this Debenture, (iv) shall have the same rights and conditions as this Debenture, and (v) shall represent accrued and unpaid Interest from the Issuance Date.

(6) NOTICES. Any notices, consents, waivers or other communications required or permitted to be given under the terms hereof must be in writing by letter and email and will be deemed to have been delivered: upon the later of (A) either (i) receipt, when delivered personally or (ii) one (1) Business Day after deposit with an express courier service, in each case, properly addressed to the party to receive the same and (B) receipt, when sent by electronic mail. The addresses and e-mail addresses for such communications shall be:

If to the Company, to: Sono Group N.V.
Waldmeisterstraße 93
80935 Munich
Germany
Attn: Legal Department
Email: legal@sonomotors.com

with a copy (which shall not constitute notice) to: DLA Piper Nederland N.V.
Strawinskyhuis Prinses
Amaliaplein 3 1077 XS Amsterdam
Netherlands
+31 (0)20 541 98 88
Attention: Pabe Suurd
E-Mail: Pabe.Suurd@dlapiper.com

If to the Holder: YA II PN, Ltd
c/o Yorkville Advisors Global, LLC
1012 Springfield Avenue
Mountainside, NJ 07092
Attention: Mark Angelo
Telephone: 201-985-8300
Email: Legal@yorkvilleadvisors.com

or at such other address and/or email and/or to the attention of such other person as the recipient party has specified by written notice given to each other party three (3) Business Days prior to the effectiveness of such change. Written confirmation of receipt (i) given by the recipient of such notice, consent, waiver or other communication, (ii) electronically generated by the sender's email service provider containing the time, date, recipient email address or (iii) provided by a nationally recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by email or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

(7) Except as expressly provided herein, no provision of this Debenture shall alter or impair the obligations of the Company, which are absolute and unconditional, to pay the Principal of, interest and other charges (if any) on, this Debenture at the time, place, and rate, and in the coin or currency, herein prescribed. This Debenture is a direct obligation of the Company. As long as this Debenture is outstanding, the Company shall not and shall cause its Subsidiaries not to, without the consent of the Holder, (i) amend its articles of association so as to materially and adversely affect any rights of the Holder; (ii) repay, repurchase or offer to repay, repurchase or otherwise acquire Ordinary Shares or other equity securities; or (iii) enter into any agreement with respect to any of the foregoing.

(8) This Debenture shall not entitle the Holder to any of the rights of a stockholder of the Company, including without limitation, the right to vote, to receive dividends and other distributions, or to receive any notice of, or to attend, meetings of stockholders or any other proceedings of the Company, unless and to the extent converted into Ordinary Shares in accordance with the terms hereof.

(9) After the Issuance Date, without the Holder's consent, the Company will not and will not permit any of its Subsidiaries to, directly or indirectly, enter into, create, incur, assume or suffer to exist any indebtedness or any security interests or liens of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom.

(10) CHOICE OF LAW; VENUE.

This Debenture shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to conflicts of laws thereof. Each of the parties consents to the jurisdiction of the Supreme Court of the State of New York located in the City of New York, Borough of Manhattan, and the U.S. District Court for the Southern District of New York in connection with any dispute arising under this Debenture and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens to the bringing of any such proceeding in such jurisdictions. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES' ACCEPTANCE OF THIS AGREEMENT.

(11) If the Company or any Guarantor fails to materially comply with the terms of this Debenture and/or any other Transaction Documents, then, to the extent reasonably incurred and documented, the Company shall reimburse the Holder for all fees, costs and expenses, including, without limitation, attorneys' fees and expenses incurred by the Holder in any action in connection with this Debenture and/or any other Transaction Document, including, without limitation, those incurred: (i) during any workout, attempted workout, and/or in connection with the rendering of legal advice as to the Holder's rights, remedies and obligations, (ii) collecting any sums which become due to the Holder, (iii) defending or prosecuting any proceeding or any counterclaim to any proceeding or appeal; or (iv) the protection, preservation or enforcement of any rights or remedies of the Holder.

(12) Any waiver by the Holder of a breach of any provision of this Debenture shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Debenture. The failure of the Holder to insist upon strict adherence to any term of this Debenture on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Debenture. Any waiver must be in writing.

(13) If any provision of this Debenture is invalid, illegal or unenforceable, the balance of this Debenture shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder shall violate applicable laws governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum permitted rate of interest. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the Principal of or interest on this Debenture as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this indenture, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impeded the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

(14) Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(15) CERTAIN DEFINITIONS. For purposes of this Debenture, the following terms shall have the following meanings:

(a) “Bloomberg” means Bloomberg Financial Markets.

(b) “Business Day” means any day except Saturday, Sunday and any day which shall be a federal legal holiday in the United States or a day on which banking institutions are authorized or required by law or other government action to close.

(c) “Change of Control Transaction” means the occurrence of (a) an acquisition after the date hereof by an individual or legal entity or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of fifty percent (50%) of the voting power of the Company (except that the acquisition of voting securities by the Holder or any other current holder of convertible securities of the Company shall not constitute a Change of Control Transaction for purposes hereof), (b) a replacement at one time or over time of more than one-half of the members of the management board or supervisory board of the Company (other than as due to the death or disability of a member of the management board or supervisory board) which is not approved by a majority of those individuals who are members of the management board or supervisory board on the date hereof (or by those individuals who are serving as members of the board of directors on any date whose nomination to the management board or supervisory board was approved by a majority of the members of the management board or supervisory board who are members on the date hereof), (c) the merger, consolidation or sale of fifty percent (50%) or more of the assets of the Company or any Subsidiary of the Company in one or a series of related transactions with or into another entity, or (d) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth above in (a), (b) or (c). No transfer to a wholly-owned Subsidiary shall be deemed a Change of Control Transaction under this provision.

(d) “Closing Price” means the price per share in the last reported trade of the Ordinary Shares on a Primary Market or on the exchange or over-the-counter market on which the Ordinary Shares is then listed as quoted by Bloomberg.

(e) “Collateral” has the meaning given to such term in the Security Agreement and the Pledge Agreement.

(e) “Commission” means the Securities and Exchange Commission.

(f) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(g) “Floor Price” solely with respect to the Variable Conversion Price, shall mean a price per share equal to 20% of the Closing Price on the Trading Day immediately prior to the Issuance Date of this Debenture. Notwithstanding the foregoing, the Company may reduce the Floor Price to any amounts set forth in a written notice to the Holder; provided that such reduction shall be irrevocable and shall not be subject to increase thereafter.

(h) “Fundamental Transaction” means any of the following: (1) the Company effects any merger or consolidation of the Company with or into another Person and the Company is the non-surviving company (other than a merger or consolidation with a wholly owned Subsidiary of the Company for the purpose of redomiciling the Company), (2) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (3) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Ordinary Shares are permitted to tender or exchange their shares for other securities, cash or property, or (4) the Company effects any reclassification of the Ordinary Shares or any compulsory share exchange pursuant to which the Ordinary Shares is effectively converted into or exchanged for other securities, cash or property.

(i) “Guarantors” means each of the guarantors from time to time party to the Guaranty.

(j) “Guaranty” means that certain Guaranty Agreement, dated as of June 20, 2024, made by each of the Guarantors party thereto from time to time in favor of the Holder, as may be amended, restated, supplemented or otherwise modified from time to time.

(k) “Obligations” means all of the Company’s and each Guarantor’s now existing and hereafter created or arising obligations, indebtedness and liabilities of any kind (whether primary or secondary, conditional or unconditional, contingent or noncontingent, joint or several) owed to the Holder, whether existing, created, incurred or arising in the Company’s or such Guarantor’s capacity as a borrower, guarantor, indemnitor, customer, purchaser, lessee, licensee, applicant, counterparty, debtor or other obligor, including (a) any loan amount, principal, interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), fee, charge, indemnification obligation, reimbursement obligation, royalty, premium, cost, expense, price, rent or other amount owed by the Company or such Guarantor to the Holder at any time, including future advances, protective advances and other financial accommodations, (b) any obligations, indebtedness or liabilities of the Company and the Guarantors to the Holder under any Transaction Document at any time, and (c) any of the foregoing that may have been, or that may be, acquired by the Holder from any third party, the Company or any Guarantor at any time.

(l) “Ordinary Shares” means the Ordinary Shares, nominal value €0.06, of the Company and shares of any other class into which such shares may hereafter be changed or reclassified.

(m) “Other Debentures” means (i) the convertible debenture issued on December 7, 2022 in the original principal amount of USD 11,100,000 and designated as “SEV-1,” (ii) the convertible debenture issued on December 8, 2022 in the original principal amount of USD 10,000,000 and designated as “SEV-2,” (iii) the convertible debenture issued on December 20, 2022 in the original principal amount of USD 10,000,000 and designated as “SEV-3,” (iv) the convertible debenture issued on February 5, 2024 in the original principal amount of USD 4,317,600 and designated as “SEV-4,” (v) the convertible debenture issued on August 30, 2024 in the original principal amount of USD 3,338,100 and designated as “SEV-5,” (vi) the convertible debenture issued on February 12, 2025 in the original principal amount of USD 1,000,000 and designated as “SEV-6a,” (vii) the convertible debenture issued on March 25, 2025 in the original principal amount of USD 1,000,000 and designated as “SEV-6b,” (viii) the convertible debenture issued on April 24, 2025 in the original principal amount of USD 500,000 and designated as “SEV-6c,” (ix) the convertible debenture issued on May 27, 2025 in the original principal amount of USD 750,000 and designated as “SEV-6d,” and (x) the convertible debenture issued on August 6, 2025 in the original principal amount of USD 190,000 and designated as “SEV-6e,”

(m) “Person” means a corporation, an association, a partnership, organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

(n) “Pledge Agreement” means that certain Pledge Agreement, dated as of February 5, 2024, by the Company and the Guarantors from time to time party thereto in favor of the Holder, as may be amended, restated, supplemented or otherwise modified from time to time.

(o) “Primary Market” means any of OTCQB, The New York Stock Exchange, the Nasdaq Global Market or the Nasdaq Global Select Market, and any successor to any of the foregoing markets or exchanges.

(p) “Redemption Premium” means four percent (4%) of the Principal amount being redeemed or paid.

(q) “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(r) “Security Agreement” means that certain Security Agreement, dated as of February 5, 2024, by the Company and the Guarantors from time to time party thereto in favor of the Holder, as may be amended, restated, supplemented or otherwise modified from time to time.

(s) “Security Documents” means, collectively, the Security Agreement, the Pledge Agreement, and any other security agreements, pledge agreements or other similar agreements delivered to the Holder, the Guaranty and each of the other agreements, instruments or documents that creates a lien or guaranty in favor of the Holder.

(t) “Subsidiary” means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of capital stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

(u) “Trading Day” means a day on which the Ordinary Shares are quoted or traded on a Primary Market on which the Ordinary Shares are then quoted or listed; provided, that in the event that the Ordinary Shares are not listed or quoted, then Trading Day shall mean a Business Day.

(v) “Transaction Document” means, each of, the Securities Purchase Agreement, the Registration Rights Agreement, the Other Debentures, the Security Documents and any and all documents, agreements, instruments or other items executed or delivered in connection with any of the foregoing.

(w) “Underlying Shares” means the Ordinary Shares issuable upon conversion of this Debenture or as payment of interest in accordance with the terms hereof.

(x) “VWAP” means, for any security as of any date, the daily dollar volume-weighted average price for such security on the Primary Market during regular trading hours as reported by Bloomberg through its “Historical Prices - Px Table with Average Daily Volume” functions.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Secured Convertible Debenture to be duly executed by a duly authorized officer as of the date set forth above.

COMPANY:
SONO GROUP N.V.

By: /s/ George G. O'Leary
Name: George G. O'Leary
Title: CEO and Managing Director

EXHIBIT I
CONVERSION NOTICE

(To be executed by the Holder in order to Convert the Debenture)

TO: SONO GROUP N.V.

Via Email:

The undersigned hereby irrevocably elects to convert a portion of the outstanding and unpaid Conversion Amount of Debenture No. SEV-6f into Ordinary Shares of **SONO GROUP N.V.**, according to the conditions stated therein, as of the Conversion Date written below.

Conversion Date:

Principal Amount to be Converted:

Accrued Interest to be Converted:

Total Conversion Amount to be converted:

Fixed Conversion Price:

Variable Conversion Price:

Applicable Conversion Price:

Number of Ordinary Shares to be issued:

Please issue the Ordinary Shares in the following name and deliver them to the following account:

Issue to:

Broker DTC Participant Code:

Account Number:

Authorized Signature:

Name:

Title:

OMNIBUS AMENDMENT TO TRANSACTION DOCUMENTS

This Omnibus Amendment to Transaction Documents (this "Amendment" or "Agreement") is entered into as of August 15, 2025 by and between Sono Group N.V., a Dutch public limited liability company (the "Company") and YA II PN, LTD., a Cayman Islands exempt limited partnership (the "Investor"), with reference to (1) the Exchange Agreement entered into on December 30, 2024 between the Company to the Investor ("Exchange Agreement"); and (2) the Securities Purchase Agreement entered into on December 30, 2024 between the Company and the Investor (the "Securities Purchase Agreement"), each as previously amended.

WHEREAS, pursuant to the Securities Purchase Agreement, the Investor shall advance to the Company \$5,000,000, which shall be evidenced by a convertible debenture in the form attached thereto (the "Convertible Debenture") in the aggregate principal amount of \$5,000,000, upon the satisfaction of the terms and conditions set forth therein, which conditions have not yet been satisfied;

WHEREAS, on February 12, 2025, the Company requested, and the Investor agreed to, an advance of \$1,000,000 of the \$5,000,000, and, on such date the Investor advanced \$1,000,000 to the Company and the Company issued to the Investor a Convertible Debenture in the principal amount of \$1,000,000 ("Debenture No. SEV-6a");

WHEREAS, on March 25, 2025, the Company requested, and the Investor agreed to, an advance of an additional \$1,000,000 of the \$5,000,000, and, on such date the Investor advanced \$1,000,000 to the Company and the Company issued to the Investor a Convertible Debenture in the principal amount of \$1,000,000 ("Debenture No. SEV-6b"); and

WHEREAS, on April 24, 2025, the Company requested, and the Investor agreed to, an advance of an additional \$500,000 of the \$5,000,000, and, on such date the Investor advanced \$500,000 to the Company and the Company issued to the Investor a Convertible Debenture in the principal amount of \$500,000 ("Debenture No. SEV-6c");

WHEREAS, on May 27, 2025, the Company requested, and the Investor agreed to, an advance of an additional \$750,000 of the \$5,000,000, and, on such date the Investor advanced \$750,000 to the Company and the Company issued to the Investor a Convertible Debenture in the principal amount of \$750,000 ("Debenture No. SEV-6d"); and

WHEREAS, on Aug 6, 2025, the Company requested, and the Investor agreed to, an advance of an additional \$190,000 of the \$5,000,000, and, on such date the Investor advanced \$190,000 to the Company and the Company issued to the Investor a Convertible Debenture in the principal amount of \$190,000 ("Debenture No. SEV-6e"); and

WHEREAS, the Company has requested, and the Investor has agreed to, an additional advance of 300,000 EUR (current conversion of 1.1685 US \$350,540) of the \$5,000,000 on the date hereof, with the remaining \$1,209,460 to be advanced upon the satisfaction of all of the conditions set forth in the Securities Purchase Agreement.

By this Amendment, the Company and Lender have agreed to the following terms:

1. **Modifications to the Securities Purchase Agreement.**
-

- a. Subject to the satisfaction of the conditions set forth in Section 6 and 7 of the Securities Purchase Agreement, as modified by this Agreement, the parties hereby agree that on the date hereof, the Investor shall advance to the Company the principal amount of 300,000 EUR and the Company shall issue and deliver to the Investor a Convertible Debenture, duly executed on behalf of the Company, with an aggregate principal amount of the US Dollar equivalent of 300,000 EUR (the “Sixth Convertible Debenture”).
 - b. Solely in connection with the closing of the issuance of the Sixth Convertible Debenture, the Investor waives the satisfaction of the conditions set forth in Section 7(d) of the Securities Purchase Agreement.
 - c. The remaining terms and conditions with respect to the issuance and sale of the Convertible Debenture set forth in the Securities Purchase Agreement shall remain in full force and effect, except that the principal amount of the Convertible Debenture shall be reduced to \$1,209,460 as a result of the issuance of the Sixth Convertible Debenture, Debenture No. SEV-6a., Debenture No. SEV-6b, Debenture No. SEV-6c, Debenture SEV-6d and Debenture SEV-6e.
 2. **Exchange Agreement.** In connection with the Exchange Agreement, the Convertible Debenture in the principal amount of \$5,000,000 (referred to as “Debenture 6” therein) shall be exchanged for Preferred Shares (as defined in the Exchange Agreement), subject to the satisfaction of the conditions precedent set forth therein. The parties hereby agree that from and after the issuance of the Sixth Convertible Debenture contemplated by this Agreement, for the purposes of the Exchange Agreement, “Debenture 6” shall consist of each of Debenture No. SEV-6a, Debenture No. SEV-6b, Debenture No. SEV-6c, Debenture No. SEV-6d, Debenture No. SEV-6e and the Sixth Convertible Debenture, and the remaining Convertible Debenture to be issued pursuant to the Securities Purchase Agreement in the principal amount of \$1,209,460, each of which shall be part of the exchange of debentures for Preferred Shares as contemplated by the Exchange Agreement.
 3. **Effect; Continuing Validity.** The Securities Purchase Agreement and the Exchange Agreement are amended to the extent necessary to give effect to this Agreement, and the terms of this Agreement shall supersede any contrary terms. Except as specifically set forth herein, the terms and conditions of the Securities Purchase Agreement and the Exchange Agreement shall remain unmodified and are hereby ratified by the parties. This Agreement in no way acts as a release or relinquishment of, and in no way affects, the liens, security interests and rights created by or arising under the Securities Purchase Agreement and the Exchange Agreement.
 4. **This Agreement One of the Transaction Documents.** From and after the date hereof, this Agreement is and shall be deemed a “Transaction Document” as used in the Securities Purchase Agreement.
 5. **Miscellaneous.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York. This Agreement may be executed in counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts, taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by telefacsimile or electronically shall be equally as effective as delivery of a manually executed counterpart of this Agreement.
-

IN WITNESS WHEREOF, the Company and Investor have caused this this Omnibus Amendment to Transaction Documents to be duly executed by a duly authorized officer as of the date first written above.

COMPANY:
SONO GROUP N.V.

By: /s/ George O'Leary
Name: George O'Leary
Title: Chief Executive Officer and Managing Director

**INVESTOR:
YA II PN, LTD.**

By: Yorkville Advisors Global, LP
Its: Investment Manger

By: Yorkville Advisors Global II, LLC
Its: General Partner

By: /s/ Michael Rosselli
Name: Michael Rosselli
Title: Partner

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, George O'Leary, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sono Group N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2025

/s/ George O'Leary
George O'Leary
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Martin Scott Calhoun, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sono Group N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2025

/s/ Martin Scott Calhoun
Martin Scott Calhoun
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sono Group N.V. (the "Company") for the quarterly period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, George O'Leary, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 19, 2025

/s/ George O'Leary

George O'Leary
Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sono Group N.V. (the "Company") for the quarterly period ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Scott Calhoun, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 19, 2025

/s/ Martin Scott Calhoun

Martin Scott Calhoun
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.