

PRESS RELEASE

LION SMART GMBH with significant growth in turnover – EBITDA slightly positive, cumulative quarterly results slightly negative – significant improvement over previous year

- Expected **revenue increase** and **slightly negative EBITDA** in Q3 2020 – high one-off expenses in connection with development project
- **Significant increase in sales** after three quarters at EUR 12,127 million (previous year: EUR 1,053 million)
- **Positive EBITDA** until 30.09.2020 at EUR 0,024 million (previous year: EUR -0,647 million) – positive EBITDA margin at 0.2 % (previous year: -47.38 %)
- **Positive cumulative operating cash flow** of EUR 0,165 million (previous year: EUR -3,061 million) – slightly negative free cash flow expected for the year as a whole
- **Sales forecast** for the 2020 financial year at approx. EUR 17 million; sales postponed by approx. EUR 1-2 million to the first quarter of 2021 and development project delays – also due to Covid-19 impairments

Preliminary figures in EUR m	Q3 2020	Q3 2019	Q1-Q3 2020 cumulative	Q1-Q3 2019 cumulative	Change YoY cumulative
Turnover	5.674	0.344	12.127	1.053	+11.074
Total output	5.437	0.344	11.890	1.365	+10.525
EBITDA	-0.261	-0.420	0.024	-0.647	+0.671
Quarterly result	-0.346	-0.445	-0.121	-0.731	+0.610

Garching near Munich (Germany), December 9, 2020 – LION Smart GmbH, 100 % subsidiary of LION E-Mobility AG, today published its quarterly figures as of September 30, 2020. The business of the innovative supplier of lithium-ion battery systems and integrative battery solutions has continued to develop positively during the first three quarters of 2020. In addition to a significant increase in sales revenues and a broadening of the customer base, the further development of the Light Battery with a tier 1 supplier has had a significant impact on the past quarters.

In the first nine months of the fiscal year, LION Smart GmbH generated revenues of EUR 12,127 million (previous year: EUR 1,053 million). The **EBITDA margin** was 0.2 % (previous year: -47.38 %) against the background of high one-off expenses, particularly in connection with the further development of the Light Battery.

Earnings situation as of 30.09.2020

The business development of LION Smart GmbH in the first nine months was clearly influenced by the Integrated Business segment and the development contract with a Tier 1 supplier. In the period under review, however, revenue increased significantly year-on-year and also compared with the previous quarters.

In the third quarter of 2020, **total revenue** of EUR 5,674 million was realized. No further **development costs** had been capitalized as of 30 September 2020 (previous year: EUR 1,921 million); **work in progress** was recognized as an expense due to the completion of various projects.

Compared with the previous year, **total output** (sales revenues, own work capitalized, changes in inventories) increased significantly by EUR 10,525 million to EUR 11,890 million (previous year: EUR 1,365 million).

Against this background, the cost of **materials** increased to EUR 8,890 million (previous year: EUR 0,296 million). As a result, the cost of materials ratio (calculated from the ratio of cost of materials to sales and changes in inventories) rose to 74.77 % (previous year: 21.67 %). Other purchased services rose – particularly for the development project – by EUR 0,187 million to EUR 0,280 million.

As a result, **gross profit** for the period under review amounted to EUR 3,0 million (previous year: EUR 1,069 million), corresponding to a gross profit margin of 25.23 %. Personnel expenses were higher than in the previous year, particularly in view of the significant increase in business volume. The ratio of personnel expenses to sales revenue was 13.86 %.

Cumulative **earnings before interest and taxes (EBIT)** up to 30 September were reduced to EUR -0,134 million (previous year: EUR -0,729 million) despite the high level of one-off expenses. The EBIT margin is slightly negative at -1.13 % (previous year: -53.41 %). Against the background of the very tense business environment and the corona impairments, this is a very strong performance.

As in previous quarters, the **financial result** of LION Smart GmbH is clearly positive. This is due on the one hand to the loans granted to TÜV Süd Battery Testing GmbH (TSBT) and the related interest income. Interest expenses were reduced by the repayment of loans to Commerzbank AG and the settlement of current liabilities to LION E-Mobility AG.

LION Smart GmbH generated a **cumulative quarterly result** of EUR -0,121 million in the reporting period (previous year: EUR -0,731 million). The decline compared to the 1st and 2nd quarters is due on the one hand to increased one-off expenses in connection with various development projects. Furthermore, **provisions** were recognized for follow-up costs and adequate risk provisions, which had a significant impact on the operating result.

Assets and financial position as of 30.09.2020

Total assets increased by 42.67% to EUR 11,204 million as of 30 September 2020 (31 December 2019: EUR 7,853 million), mainly due to the increase in current **trade receivables**. This is mainly due to the significant increase in sales volume.

Non-current assets rose by 11.09 % to EUR 7,493 million (31 December 2019: EUR 6,745 million). Capital expenditure on property, plant and equipment increased by EUR 0,278 million to EUR 0,469 million (31 December 2019: EUR 0,191 million). Intangible assets rose slightly to EUR 2,012 million (31 December 2019: EUR 2,002 million). Within financial assets, loans to companies in which equity investments are held increased by EUR 0,6 million (31 December 2019: EUR 1,8 million), while the investment in TSBT remained constant (31 December 2019: EUR 2,551 million).

Current assets increased by EUR 0,748 million to EUR 3,603 million (31 December 2019: EUR 1,058 million). Trade receivables increased significantly by EUR 2,505 million to EUR 2,773 million (31 December 2019: EUR 0,268 million), due in particular to the increased volume of business. Against this background, trade payables also increased. Net financial assets are slightly negative, amounting to EUR -0,095 million as at 30 September (31 December 2019: EUR 0,211 million). As at 30 September 2020, cash and cash equivalents due to bank balances amounted to EUR 0,319 million compared with EUR 0,293 million as at 31 December 2019.

Current provisions and liabilities increased significantly compared to 31 December 2019. This is due to the significant increase in the volume of business and the resulting higher purchasing volume. Liabilities to banks were reduced as planned as of 30 September 2020. As of 30 September 2020, there were no longer any bank liabilities (31 December 2019: EUR 0,125 million).

The **equity** of LION Smart GmbH amounted to EUR 6,021 million at the quarterly reporting date (31 December 2019: EUR 5,093 million). The **equity ratio** as of 30 September 2020 decreased to 53.74% compared to the balance sheet date 31 December 2019 (31 December 2019: 64.85%). Due to the significant increase in sales growth and the resulting significant improvement in operating cash flow, LION Smart GmbH was able to conduct its business largely without additional capital measures by LION E-Mobility AG. While capital contributions of EUR 2,05 million were made to LION Smart GmbH in the same period of the previous year, these capital measures were significantly reduced in the same period in 2020. In total, there were only capital injections by the parent company of EUR 1,05 million in the three quarters.



Cash flow and financing as of 30.09.2020

The **cash flow from operating activities** improved in the reporting period to EUR 0,165 million (previous year: EUR -3,061 million). This is mainly due to the expansion of business and the associated inflow of liquidity.

As a result of investments in fixed assets – in particular due to the development project – the **cash flow from investing activities** is negative; as at 30 September it amounted to EUR -0,437 million (previous year: EUR -0,432 million).

The repayment or redemption of financial liabilities amounted to EUR 0,725 million in the reporting period, while cash and cash equivalents increased by EUR 1,05 million due to capital contributions by the sole shareholder. On balance, this results in a positive **cash flow from financing activities** of EUR 0,297 million (previous year: EUR 3,44 million).

Outlook for the 2020 financial year

For the **year**, we expect sales of around EUR 16 million. The decline of approximately EUR 1-2 million compared to our estimate as of 30 June compared to the middle forecast range is mainly due to temporary revenue postponements to the first quarter of 2021. We continue to expect a **negative EBITDA** for the entire fiscal year 2020 depending on the degree of completion of the development project with our TIER 1 supplier and the related revenue recognition.

About LION E-Mobility AG:

LION E-Mobility AG is a listed Swiss holding company founded in 2011 with promising strategic investments in the e-mobility sector, especially in the field of electrical energy storage and lithium-ion battery system technology. The company holds 100% of the German LION Smart GmbH, a developer of battery packs and battery management systems. LION Smart also holds a 30% stake in TÜV SÜD Battery Testing GmbH, a successful joint venture with TÜV SÜD AG. LION E-Mobility AG also holds 100% of the shares in LION E-Mobility North America Inc.

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