



Notes to the financial statements of Lion Smart GmbH as of 31.12.2018

1. General information

The registered office of LION Smart GmbH is at Daimlerstrasse 15, 85748 Garching, Germany. The company is registered in the Commercial Register B at the Munich Local Court under the number HRB 176637. The company is a small corporation within the meaning of § 267 (1) of the German Commercial Code (HGB).

These annual financial statements have been prepared in accordance with §§ 242 et seq. and 264 et seq. HGB. Where it improves the clarity of presentation, individual items of the balance sheet have been combined and broken down and explained separately in the notes.

The annual financial statements have been prepared on the assumption that the company will continue as a going concern (§ 252 (1) No. 2 HGB).

The income statement has been prepared using the nature of expense method.

2. Accounting and valuation principles

2.1 General disclosures

These annual financial statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Limited Liability Companies Act (Limited liability company law).

Economies of scale have been taken into account.

The preparation of the financial statements requires management to make estimates and judgments that could affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. In each case, management decides on the level of write-downs, value adjustments and provisions at its own discretion and taking into account the principle of prudence.

2.2 Property, plant and equipment

Accounting and valuation have been carried out in accordance with the regulations applicable to corporations. The accounting and valuation methods applied are unchanged compared with the previous year, with the following exception.

Intangible assets are generally recognized at cost acquired for consideration and amortized on a straight-line basis pro rata temporis over a maximum of three to ten (3-10) years.

In fiscal year 2018, internally generated **intangible assets** were recognized for the first time. Directly attributable wage and salary costs, cost of materials, externally sourced other services and

proportionate appropriate administrative expenses were recognized. Development costs have been distinguished from research costs.

Property, plant and equipment are stated at cost less scheduled depreciation based on use. Movable assets are depreciated over a maximum period of three to fifteen (3-15) years. Depreciation is calculated using the straight-line method. Low-value assets are expensed at the time of acquisition.

Assets with an acquisition value of between 150 euros and 1,000 euros are grouped together in a collective item and depreciated on a straight-line basis over a period of five (5) years.

2.3 Financial assets

The **investment** in TÜV Süd Battery Testing GmbH is carried at cost. Where necessary, write-downs are made to the lower fair value. In the fiscal year, a total of EUR 600,000.00 was paid into the company's capital reserves.

2.4 Current assets

Unfinished Services at the balance sheet date is recognized at direct cost and appropriate overheads eligible for capitalization. Any necessary value adjustments are taken into account.

Trade accounts receivable and receivables from companies in which an equity investment is held are stated at nominal value less any necessary individual valuation allowances. The allowances take into account the general credit risk and all identifiable individual risks.

Trade receivables have a remaining term of up to one year amounting to EUR 159,443.59 (previous year: EUR 472,674.72). **Receivables from companies in which participations are held** have a remaining term of more than one year amounting to EUR 91,500.00 (previous year: EUR 241,500.00).

Other assets are stated at nominal value less any necessary valuation allowances.

Other assets have a remaining term of more than one year in the amount of EUR 201,896.49 (previous year: EUR 55,680.95).

Cash and cash equivalents, i.e. bank balances, are valued at their nominal amount.

Prepaid expenses are recognized on an accrual basis for all payments already made at the balance sheet date.

2.5 Provisions

Provisions take into account all identifiable risks and uncertain obligations. They are recognized in the amount deemed necessary by prudent business judgment. Where necessary, provisions with a remaining term of more than one year are discounted at the average market interest rate of the past seven (7) financial years corresponding to their remaining term (§ 253 (2) No. 1 HGB) in order to report them at their present value.

2.6 Liabilities and deferred income

Liabilities are stated at the settlement amount. As in the previous year, there are no liabilities with a remaining term of more than five years.

Liabilities to banks have a remaining term of up to one year in the amount of EUR 150,000.00 (previous year: EUR 0) and a remaining term of more than one year in the amount of EUR 125,000.00 (EUR 275,000.00).

Advance payments received on orders amounting to EUR 616,399.92 (previous year: 0) have a remaining term of up to one year.

Trade payables have a remaining term of up to one year in the amount of EUR 45,864.33 (previous year EUR 78,273.52).

Liabilities to affiliated companies and other liabilities have a remaining term of up to one year in the amount of EUR 142,731.41 (previous year: EUR 81,976.49) and a remaining term of more than one year in the amount of EUR 1,399,186.67 (previous year: EUR 1,291,428.92).

Other liabilities relate to taxes in the amount of EUR 92,966.96 (previous year: EUR 49,649.31), social security in the amount of EUR 3,020.74 (previous year: EUR 800.40). Liabilities to shareholders amount to EUR 1,444,430.38 (previous year: EUR 1,322,623.07).

Payments received are recognized as **deferred income** if they represent income for a certain period after the balance sheet date.

3. Notes to the balance sheet

3.1 Explanatory notes on fixed assets

The development of fixed assets is shown in the fixed-asset movement schedule in Annex I.

3.2 Shareholders' equity

The subscribed capital amounts to EUR 129,500.00, which has been paid up in full and entered in the Commercial Register.

3.3 Provisions

Other provisions mainly comprise provisions for personnel obligations such as vacation, overtime and variable income components, as well as contingent liabilities, etc.

4. Other disclosures

4.1 Employment relationships

The average number of employees during the year was 26 (previous year: 27).

4.2 Contingent liabilities

At the balance sheet date, there were no contingent liabilities requiring disclosure pursuant to § 251 HGB.

4.3 Other financial obligations

The company has entered into obligations arising from a rental agreement for business premises until November 30, 2025 Rental agreement in the amount of EUR 76k p.a. (from 01.01.2020: EUR 79k p.a.).

4.4 Management

Mr. Dipl. Ing. Tobias Mayer

Mr. Walter Wimmer

4.5 Information on the shareholder

The sole, 100 % shareholder of LION Smart GmbH is LION E-Mobility AG, Baar, Switzerland.

The management

Garching, October 29, 2019

Garching, October 29, 2019

Tobias Mayer

Walter Wimmer

LION Smart GmbH
Balance sheet as of December 31, 2018

	2018	2017
	Euro	Euro
	<hr/>	<hr/>
Assets		
A. Fixed Assets		
I Intangible assets	1,267,086	80,229
1 Self constructed intangible assets	1,188,543	0
2 Concession, industrial and similar rights and assets and licenses in such rights and assets	78,543	80,229
II Tangible assets	581,346	210,753
1 Technical equipment and machines	34,400	39,942
2 Other equipment, factory and office equipment	546,946	170,811
III Financial assets	2,550,560	1,950,560
1 Shares in affiliated companies	2,550,560	1,950,560
2 Loans to companies in which participation are held		
B. Current assets		
I Inventories	78,521	0
1 Unfinished, finished services	78,272	0
2 Prepayments on inventories	249	0
II Receivables and other assets	616,770	1,113,666
1 Trade Receivables	159,444	472,675
2 Receivables from companies in which participations are held	241,500	392,856
3 Other assets	215,826	248,135
III Cash	341,953	401,043
C. Prepaid expense	29,323	25,340
	<u>5,465,559</u>	<u>3,781,591</u>

LION Smart GmbH**Balance sheet as of December 31, 2018**

	2018	2017
	Euro	Euro
	<hr/>	<hr/>
Equity and liabilities		
A. Equity		
	2,426,157	1,812,899
I. Subscribed capital	129,500	129,500
II. Capital reserve	3,606,550	1,806,550
III. Revenue Reserves		
IV. Accumulated losses brought forward	-123,151	689,222
V. Net loss of the year	-1,186,742	-812,373
B. Accruals	461,907	91,848
1 Tax accruals		
2 Other accruals	461,907	91,848
C. Liabilities	2,375,644	1,876,845
1 Liabilities to banks	275,000	425,849
2 Payment received on account of orders	616,400	0
3 Trade payables	45,865	78,274
4 Liabilities to companies in which an equity investment is held	688,562	674,645
5 Other liabilities	749,818	698,077
D. Deferred Income	201,851	0
	5,465,559	3,781,591
	<hr/> <hr/>	<hr/> <hr/>

LION Smart GmbH
Income statement LION Smart GmbH
1.1.2018 - 31.12.2018

	2018	2017
	Euro	Euro
	<hr/>	<hr/>
1 Sales	966,093	1,307,050
2 Increase in work in process	78,272	0
3 Own work capitalized	1,188,543	0
4 Financial performance	2,232,909	1,307,050
5 Other operating income	129,484	4,000
6 Cost of materials		
a.) cost of raw material	282,540	221,804
b.) Cost of purchased service	70,373	21,044
7 Personnel expenses		
a.) Wages and salaries	2,032,979	1,120,519
b.) social security and pension expense	328,897	237,125
8 Depreciation and amortization		
a.) on intangible fixed assets and tangible fixed assets	101,116	66,859
9 Other operating expense	682,973	468,095
10 Earnings before Interest and Taxes (EBIT)	-1,136,484	-824,396
11 Other interest and similar income	14,069	6,606
12 Interest and similar expenses	64,328	51,325
13 Earnings before tax	-1,186,744	-869,115
14 Taxes on income	-2	-56,742
15 Net loss of the year	<u>-1,186,743</u>	<u>-812,373</u>