



## Notes to the financial statements of LION Smart GmbH as of 31.12.2019

### 1. General information

LION Smart GmbH has its registered office in 85748 Garching, Daimlerstrasse 15. The company is registered with the Commercial Register at the Munich Local Court under the number HRB 176637.

The company is a small corporation within the meaning § 267 Abs. 1 HGB. Shareholder of LION Smart GmbH is LION-E MOBILITY AG, Baar, Switzerland.

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.

### 2. Accounting and valuation principles

#### 2.1. General information

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

Accounting requires management to make estimates and judgments that could affect the reported amounts of assets and liabilities and contingent liabilities at the date of the financial statements, as well as income and expenses during the reporting.

#### 2.2. Intangible assets and property, plant and equipment

Accounting and valuation were carried out in accordance with the regulations applicable to corporations. The accounting and valuation methods applied are unchanged from the previous year.

**Intangible assets** are generally recognized at cost and amortized on a straight-line basis over a maximum of three years.

Internally generated intangible assets in fiscal 2018 and 2019 were recognized on the basis of the directly attributable wage and salary costs, direct material costs, externally sourced other services, appropriate shares of material and production overheads, and administrative overheads. Upon completion, the intangible assets are amortized over their useful lives.

**Property, plant and equipment** are stated at cost less scheduled depreciation based on use. Movable assets are depreciated over a maximum of ten 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 250 euros and 1,000 euros are either 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 recognized at cost. Where necessary, write-downs are made to the carrying amount of the investment in order to recognize the investment at the lower fair value at the balance sheet date.

Loans to **companies in which an equity investment is held** result entirely from two loans granted to TÜV Süd Battery Testing GmbH.

### 2.4. Current assets

The **unfinished services** at the balance sheet date are recognized at direct material and production costs as well as appropriate overheads eligible for capitalization. Any necessary valuation allowances are considered. Advance payments are recognized at their nominal amount.

**Trade accounts receivable** are recognized at nominal value less any necessary specific valuation allowances. The allowances take into account the general credit risk and all identifiable individual risks. Trade receivables amounting to 267,557 euros have a remaining term of up to one year (2018: 159,444 euros).

Receivables from **affiliated companies** are due from LION E-Mobility North America, Inc., USA, for goods and services and have a remaining term of up to one year.

Receivables from **companies in which participations are held** amount to 107,218 euros from TÜV Süd Battery Testing GmbH, Garching, with a remaining term of up to one year, as in the previous year.

**Other assets** are reported at their nominal amount less any necessary valuation allowances. All receivables have a remaining term of up to one year (2018: 13,930 euros). In fiscal year 2018, other assets amounting to 201,896 euros had a term of more than one year.

**Cash and cash equivalents**, i.e. bank balances, are measured at nominal value.

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

The option to capitalize deferred taxes in accordance with § 274 HGB was not exercised.

## 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. Abs. 2 Nr. 1 HGB)

## 2.6. Liabilities and deferred income

Liabilities are recognized at the settlement amount.

**Liabilities to banks** have a remaining term of up to one year (125,000 euros; 2018: 150,000 euros). In fiscal year 2018, liabilities of 125,000 euros had a term of more than one year.

**Advance payments** received on orders have a remaining term of up to one year (569,295 euros; 2018: 616,400 euros).

**Trade payables** have a remaining term of up to one year (138,820 Euro; 2018: 45,865 Euro).

The **liabilities to affiliated companies** are due to the sole shareholder of LION E-Mobility AG, Zug, Switzerland. They have a remaining term of up to one year in the amount of EUR 314,669 (2018: EUR 238,562), a remaining term of more than one year in the amount of EUR 450,000 (2018: EUR 450,000) and a remaining term of more than five years in the amount of EUR 142,343 (2018: EUR 0).

**Other liabilities** amounting to 556,846 euros have a remaining term of up to one year (2018: 749,818 euros). Other liabilities consist of taxes in the amount of 96,986 euros (2018: 89,429 euros) and social security in the amount of 19,083 euros (2018: 3,021 euros).

**Deferred income** 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 statement of changes in fixed assets in **Annex I**.

### 3.2. Subscribed capital

The subscribed capital amounts to 129,500 euros, which has been paid up in full and entered in the commercial register.

### **3.3. Capital reserve**

The capital reserve comprises payments made by the shareholder in accordance with § 272 Abs. 2 Ziffer 4 HGB. In the financial year, a total of EUR 3,610,000 was paid in by the sole shareholder, LION E-Mobility AG.

### **3.3 Provisions**

Other provisions mainly comprise provisions for personnel obligations, as well as uncertain liabilities and obligations.

## **4. Disclosures on the income statement**

Income of 188,500 euros was realized from the sale of a fixed asset machine. Taking into account the carrying amount of 355,144 euros, this transaction resulted in a loss on disposal of fixed assets of 154,103 and therefore a significant contribution to the net loss for fiscal 2019. This loss is reported under other operating expenses.

## **5. Other information**

### **5.1. employment relations**

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

### **5.2. Contingent liabilities**

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

### **5.3. Other financial obligations**

The Company has obligations under a lease agreement for business premises until November 30, 2025 in the amount of EUR 76,000 per year (from January 1, 2020 EUR 79,000)

In addition, there are a total of 3 leasing contracts for company vehicles amounting to EUR 1,698 per month. The leases run until 07/2022 and 02/2023 respectively.

### **5.4. Management**

Mr. Tobias Mayer, Dipl. Ing. (until November 18, 2019)

Mr. Walter Wimmer (until Nov. 18, 2019)

Mr. Christian Kutscher (as of 11/19/2019)

Mr. Thomas Hetmann (from 9.3.2020)

## **5.5. information on the shareholder**

The sole, 100 % shareholder of LION Smart GmbH is LION E-Mobility AG, Baar, Switzerland.  
The company is included in the consolidated financial statements of LION E-Mobility AG, Baar.

### **The management**

Garching, May 22, 2020

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Thomas Hetmann

**LION Smart GmbH**  
**Income statement LION Smart GmbH**  
**1.1.2019 - 31.12.2019**

	<b>2019</b>	<b>2018</b>
	<u>Euro</u>	<u>Euro</u>
1 Sales	1.595.237	966.093
2 Increase in work in process	158.896	78.272
3 Own work capitalized	732.950	1.188.543
<b>4 Financial performance</b>	<b>2.487.083</b>	<b>2.232.909</b>
5 Other operating income	418.365	129.484
6 Cost of materials		
a.) Cost of raw material	435.165	282.540
b.) Cost of purchased service	215.859	70.373
7 Personnel expenses		
a.) Wages and salaries	1.818.512	2.032.979
b.) Social security and pension expense	338.000	328.897
8 Depreciation and amortization		
a.) on intangible fixed assets and tangible fixed assets	88.360	101.116
9 Other operating expense	926.183	682.973
<b>10 Earnings before Interest and Taxes (EBIT)</b>	<b>-916.631</b>	<b>-1.136.484</b>
11 Other interest and similar income	22.858	14.069
12 Interest and similar expenses	49.830	64.328
<b>13 Earnings before tax</b>	<b>-943.603</b>	<b>-1.186.744</b>
14 Taxes on income		-2
15 Net loss of the year	<u><b>-943.603</b></u>	<u><b>-1.186.743</b></u>

**LION Smart GmbH****Balance sheet as of December 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>Euro</b>	<b>Euro</b>
<b>Assets</b>		
<b>A. Fixed Assets</b>		
<b>I Intangible assets</b>	<b>2.001.534</b>	<b>1.267.086</b>
1 Self constructed intangible assets	1.921.493	1.188.543
2 Concession, industrial and similar rights and assets and licenses in such rights and assets	80.041	78.543
<b>II Tangible assets</b>	<b>190.999</b>	<b>581.346</b>
1 Technical equipment and machines	47.183	34.400
2 Other equipment, factory and office equipment	143.816	546.946
<b>III Financial assets</b>	<b>2.550.560</b>	<b>2.550.560</b>
1 Shares in affiliated companies	2.550.560	2.550.560
2 Loans to companies in which participation are held		
<b>B. Current assets</b>		
<b>I Inventories</b>	<b>254.817</b>	<b>78.521</b>
1 Unfinished services	237.169	78.272
2 Prepayments on inventories	17.648	249
<b>II Receivables and other assets</b>	<b>2.511.920</b>	<b>616.770</b>
1 Trade Receivables	267.557	159.444
2 Receivables related parties	41.286	-
3 Receivables from companies in which participations are held	1.907.218	241.500
4 Other assets	295.859	215.826
<b>III Cash</b>	<b>293.206</b>	<b>341.953</b>
<b>C. Prepaid expense</b>	<b>50.358</b>	<b>29.323</b>
	<b><u>7.853.394</u></b>	<b><u>5.465.559</u></b>

	<b>2019</b>	<b>2018</b>
	<b>Euro</b>	<b>Euro</b>
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<b>Equity and liabilities</b>		
<b>A. Equity</b>		
	<b>5.092.554</b>	<b>2.426.157</b>
I. Subscribed Capital	129.500	129.500
II. Capital reserve	7.216.550	3.606.550
III. Revenue Reserves		
IV. Accumulated losses brought forward	-1.309.893	-123.151
V. Net loss of the year	-943.603	-1.186.742
<b>B. Accruals</b>	<b>463.867</b>	<b>461.907</b>
1 Tax accruals		
2 Other accruals	463.867	461.907
<b>C. Liabilities</b>	<b>2.296.973</b>	<b>2.375.644</b>
1 Liabilities to banks	125.000	275.000
2 Payment received on account of orders	569.295	616.400
3 Accounts liabilities	138.820	45.865
4 Trade payables	907.012	688.562
5 Liabilities to companies in which an equity investment is held	556.846	749.818
6 Other liabilities		
<b>D. Deferred Income</b>		<b>201.851</b>
	<b>7.853.394</b>	<b>5.465.559</b>
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