

LION E-MOBILITY AG, BAAR

Financial Statements for the year ended
31 December 2021 and Report of the
Statutory Auditor

Report of the Statutory Auditor

To the General Meeting of
LION E-Mobility AG, Baar

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of LION E-Mobility AG, which comprise the balance sheet as at 31 December 2021, and the profit and loss account and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the Company's articles of incorporation.

Other Matter

The financial statements of the company for the year ended 31 December 2020 were audited by another auditor whose report, dated 28 May 2021, expressed an unqualified opinion on those financial statements.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte AG

Chris Krämer
Licensed Audit Expert
Auditor in Charge

Fabian Hell
Licensed Audit Expert

Zurich, 31 May 2022
CKR/FHE/cbr

Enclosures

- Financial statements (balance sheet, profit and loss account and notes)

BALANCE SHEET

LION E-Mobility AG
Lindenstrasse 16, 6340 Baar

| | Notes | 31.12.2021 CHF | 31.12.2021 EUR | 31.12.2020 CHF | 31.12.2020 EUR |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | | 114,905 | 110,896 | 782,901 | 723,870 |
| Other current receivables | 2.1 | 4,209 | 4,062 | 10,778 | 9,965 |
| CURRENT ASSETS | | 119,114 | 114,958 | 793,679 | 733,835 |
| Financial assets | 2.2 | 911,407 | 879,609 | 931,605 | 861,361 |
| Participations | 2.3 | 10,973,227 | 10,110,766 | 10,582,974 | 9,785,007 |
| Tangible fixed assets | 2.4 | 259 | 250 | 811 | 750 |
| NON-CURRENT ASSETS | | 11,884,893 | 10,990,625 | 11,515,390 | 10,647,118 |
| ASSETS | | 12,004,007 | 11,105,583 | 12,309,069 | 11,380,953 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | | | | |
| Trade payables | | 194,022 | 187,253 | 110,690 | 102,344 |
| <i>towards third parties</i> | | 97,466 | 94,066 | 25,893 | 23,941 |
| <i>towards shareholders</i> | | - | - | 40,213 | 37,180 |
| <i>towards direct participations</i> | | 96,556 | 93,187 | 44,584 | 41,224 |
| Current interest bearing liabilities | 2.5 | 448,344 | 432,703 | - | - |
| Other current liabilities | 2.6 | 9,105 | 8,787 | 8,600 | 7,952 |
| Accrued expenses | | 207,439 | 200,194 | 175,838 | 162,579 |
| CURRENT LIABILITIES | | 858,910 | 828,937 | 295,128 | 272,875 |
| LIABILITIES | | 858,910 | 828,937 | 295,128 | 272,875 |
| Share capital | | 1,304,242 | 1,162,236 | 1,304,242 | 1,162,236 |
| Statutory capital reserves | | 16,429,697 | 14,678,906 | 16,429,697 | 14,678,906 |
| Statutory retained earnings | | 248,159 | 222,564 | 248,159 | 222,564 |
| Voluntary retained earnings | | (6,768,064) | (5,728,260) | (5,899,220) | (4,896,828) |
| <i>Currency translation adjustment</i> | | (434,086) | - | (421,870) | - |
| <i>Loss brought forward</i> | | (5,477,350) | (4,896,828) | (4,989,480) | (4,441,068) |
| <i>Loss for the year</i> | | (856,628) | (831,432) | (487,870) | (455,760) |
| Own shares as negative items | | (68,937) | (58,800) | (68,937) | (58,800) |
| SHAREHOLDERS' EQUITY | | 11,145,097 | 10,276,646 | 12,013,941 | 11,108,078 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | 12,004,007 | 11,105,583 | 12,309,069 | 11,380,953 |

See notes to the financial statements

PROFIT AND LOSS ACCOUNT
LION E-Mobility AG

Lindenstrasse 16, 6340 Baar

| | Notes | 01.01.21- 31.12.2021 CHF | 01.01.21- 31.12.2021 EUR | 01.01.20- 31.12.2020 CHF | 01.01.20 - 31.12.2020 EUR |
|--|-------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
| Income from participations | | - | - | 271,655 | 253,776 |
| GROSS PROFIT I | | - | - | 271,655 | 253,776 |
| Staff costs | | (39,997) | (37,000) | (2,141) | (2,000) |
| GROSS PROFIT II | | (39,997) | (37,000) | (2,141) | (2,000) |
| Rental costs | | (8,827) | (8,166) | (8,932) | (8,344) |
| Property insurances, dues and charges | | (7,014) | (6,489) | (6,250) | (5,839) |
| Administration costs | | (602,667) | (596,503) | (628,086) | (586,753) |
| Other operational costs | | (17,975) | (16,628) | (116,885) | (109,187) |
| Other operational costs | | (636,483) | (627,786) | (760,153) | (710,123) |
| OPERATING RESULT BEFORE INTERESTS, TAXES, DEPRECIATION AND AMORTISATIONS (EBITDA) | | (676,480) | (664,786) | (490,639) | (458,347) |
| Impairment charge on participations | | (188,357) | (174,241) | - | - |
| Depreciation on tangible fixed assets | | (541) | (500) | (535) | (500) |
| Depreciation and valuation adjustments on fixed asset items | | (188,898) | (174,741) | (535) | (500) |
| OPERATING RESULT BEFORE INTERESTS AND TAXES (EBIT) | | (865,378) | (839,527) | (491,174) | (458,847) |
| Financial costs | 2.7 | (10,089) | (9,333) | (13,323) | (12,445) |
| Financial income | 2.8 | 19,726 | 18,248 | 24,635 | 23,013 |
| OPERATING RESULT BEFORE TAXES (EBT) | | (855,741) | (830,612) | (479,862) | (448,279) |
| Direct taxes | | (887) | (820) | (8,512) | (7,952) |
| Loss for the year | | (856,628) | (831,432) | (8,512) | (7,952) |

1 Principles of financial reporting

The accounting principles applied preparing these financial statements are in accordance with the provisions of the Swiss accounting law (chapter 32 of the Code of Obligations), in particular with the articles of the Code of Obligations about accounting and financial reporting (article 957 to 962).

When preparing financial statements, the Board of Directors is required to make estimations and assumptions that could affect the reported amounts of assets, liabilities and contingent liabilities at the balance sheet date, as well as income and costs for the reporting period. We have prepared the statutory financial statements in accordance with the accounting principles as set out in Art. 957 to Art. 963b of the Swiss Code of Obligations ("CO"). Since we have prepared our consolidated financial statements in accordance with the Swiss Code of Obligation, a recognized accounting standard, we have, in accordance with the CO, elected to forego presenting the statement of cash flows, the additional disclosures and the management report otherwise required by the CO. Presentation of certain prior year comparatives have been adjusted as required.

The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows:

Cash and cash equivalents

Cash and cash equivalents include cash holdings and time deposits. They are recorded at their nominal value.

Participations

Participations are valued not higher than the acquisition costs. Upon the existence of specific indicator of an impairment, the carrying values are reassessed and adjusted if necessary.

Foreign-currency translations

All assets and liabilities at year-end, excluding equity balances, are converted to EUR from CHF using the year -end exchange rate of 1 EUR: 1.0362 CHF (2020: 1 EUR: 1.0816 CHF). Equity balances are converted at the historical foreign exchange rate. Transactions in the profit and loss account are converted into the reporting currency using the average exchange rate for the year of 1 EUR: 1.0810 CHF (2020: 1 EUR: 1.0705 CHF). Any translation gains are deferred, whilst translation losses are recorded in the profit and loss account.

| 2 Information, breakdowns and explanations relating to items on the balance sheet and profit and loss account | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2021 | 31.12.2021 | 31.12.2020 | 31.12.2020 |
| | CHF | EUR | CHF | EUR |
| Receivables from direct participations | 1,868 | 1,802 | 8,335 | 7,706 |
| Receivables from tax authorities | 2,341 | 2,260 | 2,443 | 2,259 |
| 2.1 Other current receivables | 4,209 | 4,062 | 10,778 | 9,965 |
| Loans receivable from direct participations | 911,407 | 879,609 | 931,605 | 861,361 |
| 2.2 Financial assets | 911,407 | 879,609 | 931,605 | 861,361 |
| 2.3 Participations | 10,973,227 | 10,110,766 | 10,582,974 | 9,785,007 |
| 2.3.1 Direct Participations | | | | |
| LION Smart GmbH, DE, Garching | | | | |
| Share capital: EUR 129'500.- | | | | |
| Capital share: 100% | | | | |
| Voting share: 100% | | | | |
| Book value: | 10,736,787 | 9,921,217 | 10,189,517 | 9,421,217 |
| Inboard Technology Inc., USA, California | | | | |
| Share capital: 0.- | | | | |
| Capital share: 5.04% | | | | |
| Voting share: 5.04% | | | | |
| Book value: | 1 | 1 | 1 | 1 |
| ParkHere GmbH, DE, München | | | | |
| Share capital: EUR 34'623.- | | | | |
| Capital share: 1.3% | | | | |
| Voting share: 1.3% | | | | |
| Book value: | 1 | 1 | 1 | 1 |
| LION E-Mobility North America, Inc., USA, NY | | | | |
| Share capital: USD 249'373.82 | | | | |
| Capital share: 100% | | | | |
| Voting share: 100% | | | | |
| Book value: | 236,439 | 189,547 | 393,455 | 363,788 |

| | | | | |
|--|-----------------|----------------|-----------------|-----------------|
| 2.3.2 Indirect Participations | N.A. | N.A. | N.A. | N.A. |
| TÜV Süd Battery Testing GmbH, DE Garching | | | | |
| Share capital: 0.- | | | | |
| Capital share: 30% | | | | |
| Voting share: 30% | | | | |
| Book value: | N.A. | N.A. | N.A. | N.A. |
| Office machines and computer systems | 259 | 250 | 811 | 750 |
| 2.4 Tangible fixed assets | 259 | 250 | 811 | 750 |
| Interest bearing liabilities towards shareholders | 448,344 | 432,703 | - | - |
| 2.5 Current interest bearing liabilities | 448,344 | 432,703 | - | - |
| Liabilities towards tax authorities | 9,105 | 8,787 | 8,600 | 7,952 |
| 2.6 Other current liabilities | 9,105 | 8,787 | 8,600 | 7,952 |
| Interest on liabilities towards direct participants | (2,921) | (2,702) | (1,807) | (1,688) |
| Foreign exchange losses | (5,431) | (5,024) | (9,380) | (8,761) |
| Other financial costs | (1,737) | (1,607) | (2,136) | (1,996) |
| 2.7 Financial costs | (10,089) | (9,333) | (13,323) | (12,445) |
| Income from loans receivable from direct participations | 19,726 | 18,248 | 18,751 | 17,516 |
| Foreign exchange profits | - | - | 5,884 | 5,497 |
| 2.8 Financial income | 19,726 | 18,248 | 24,635 | 23,013 |
| 3 Number of full-time positions on annual average | | none | | none |
| 4 Significant events occurring after the balance sheet date | | | | |
| The Company subsequently converted the shareholder bond in the amount of EUR 430.000 to equity in June 2022. | | | | |