

2019 financial statements
of
Etergo B.V.

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Supplementary information

Total number of pages in the annual reporting: 21

Balance sheet as at December 31, 2019

(after treatment of loss)

Assets

	2019		2018	
	€	€	€	€
Non-current assets				
Intangible assets	5,319,795		2,470,667	
Property, plant and equipment	1,283,577		171,148	
Total of non-current assets		6,603,372		2,641,815
Current assets				
Receivables ⁽¹⁾	365,188		461,283	
Cash at bank and in hand	3,433,935		9,850,026	
Total of current assets		3,799,123		10,311,309
Total assets		<u>10,402,495</u>		<u>12,953,124</u>
Equity and liabilities				
Equity				
Share capital paid called up	1,508		1,388	
Share premium	9,944,064		6,138,653	
Other legal and statutory reserves	5,129,770		2,340,419	
Other reserves	(6,572,125)		(7,793,874)	
Total of equity		8,503,217		686,586
Provisions		100,000		-
Non-current liabilities ⁽²⁾		46,579		11,353,382
Current liabilities		1,752,699		913,156
Total of equity and liabilities		<u>10,402,495</u>		<u>12,953,124</u>

Income statement for the year ended December 31, 2019

	2019		2018	
	€	€	€	€
Wages and salaries	2,848,839		1,616,801	
Social security charges	369,134		204,294	
Pension costs	466,314		164,703	
Amortization of intangible assets and depreciation of property, plant and equipment	435,541		196,416	
Other operating expenses	2,936,019		1,339,435	
Total of sum of expenses		7,055,847		3,521,649
Total of operating result		(7,055,847)		(3,521,649)
Interest expenses and related expenses		479,806		92,320
Result before tax		(7,535,653)		(3,613,969)
Income tax expense		-		-
Result after tax		<u>(7,535,653)</u>		<u>(3,613,969)</u>

Accounting policies used in preparing the financial statements

General

The registered office according to the Articles of Association of Etergo B.V. is in Amsterdam. Etergo B.V. is registered in the Commercial Register of the Chamber of Commerce under the file number: 62037285.

The address of Etergo B.V. is Koningin Wilhelminaplein 33, 1062 HJ Amsterdam.

The financial statements for the year ended December 31, 2019 have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The financial statements were prepared on

Ultimate parent company

The legal entity's parent company is Ola Electric Mobility B.V. The Company's ultimate parent entity is OLA Electric Mobility Private Limited.

Company activities

The activities include designing, producing and selling electric vehicles.

Going concern

The company incurred a loss over 2019 of EUR 7.5 Million. Due to these (historical) losses and available working capital per 31 December 2019 a continuance need for financing of growth investments is deemed necessary. The company is hit by pandemic COVID-19 resulting in a delay in expected growth and a larger burden on the cash position. As a result of measures taken by different governments in relation to Covid-19, the company faces increased uncertainty, volatility and risk. Due to above developments there can be doubt about the ability of the company to continue as a going concern.

In 2020 all shares of the company are acquired by Ola Electric Mobility Private Limited. The management of Ola Electric Mobility Private Limited has declared, for an period of twelve months after preparing of this financial statements to enable the Company to continue its operations and to meet its obligations.

Given above, the Management of the Company has prepared its financial statements based on the assumption of a going concern.

Change in accounting policies

The company has re-assessed the accounting policy how a financial instrument or its separate components are classified in the financial statements as liability or as equity. Previously, a financial instrument is classified in accordance with the legal reality. In the 2019 financial statements the company decided to early adopt the accounting policy to account a financial instrument in accordance with the substance of the contractual agreement. Due to a change in conditions of a financial instrument, the company believes that the present value provides a better true and fair view to users of the financial statements and is more aligned with the substance of the contractual agreement underlying the financial instrument. Due this change the equity of the company improves with 11,7 Million Euro. This change in accounting policies has not been recognized retrospectively as it has retrospectively no impact on the comparative figures in the financial statements.

Judgements and estimates

The preparation of financial statements under generally accepted accounting standards in the Netherlands requires the use of estimates and assumptions that affect the reported value of assets and liabilities and of revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates and actual results could differ from the estimates.

Foreign currency

Functional currency

The financial statements are prepared and presented in euros, which is also the functional currency of the company.

Foreign currency translation

Transactions denominated in foreign currencies are initially recorded at the functional currency exchange rates on the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional currency exchange rates on the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling on the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling on the date of valuation.

Foreign currency exchange rate results arising on the settlement or translation of monetary items denominated in foreign currencies are recognized in the income statement.

Exchange differences arising on the translation of non-monetary assets and liabilities denominated in foreign currencies that are carried at current value are recognized directly in the revaluation reserves in equity.

Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously; and
- The firm intention is to settle the assets and liabilities on a net basis or simultaneously.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables, securities and payables, and derivative financial instruments.

For the accounting policies applicable to primary financial instruments, please refer to the treatment of individual balance sheet items.

The company does not have derivatives.

Intangible assets

General

An intangible asset is recognized in the balance sheet if:

- It is probable that the future economic benefits that are attributable to the asset will accrue to the company
- The cost of the asset can be reliably measured

Costs relating to intangible assets not meeting the criteria for capitalization (for example, cost of research, internal developed brands, logos, trademark rights and client databases) are recognized directly in the income statement.

Intangible assets are amortized on a straight-line basis over their expected useful economic lives, subject to a maximum of 20 years. The useful economic life and the amortization method are reviewed at each financial year-end. If the estimated useful economic life exceeds twenty years, an impairment test is carried out at each financial year-end following the date of recognition.

Costs of acquisition of patents, trademarks and other rights

Costs of acquisition of patents, trademarks and other rights are capitalized net of accumulated amortization and if applicable, accumulated impairment losses.

Development costs

Development expenditures on an individual technology are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible fixed asset so it will be available for the use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. A legal reserve equivalent to the carrying amount is formed.

Property, plant and equipment

Property, plant and equipment for own use

Property, plant and equipment for own use are carried at the cost of acquisition or production (less any investment grants) net of accumulated depreciation and, if applicable, accumulated impairment losses.

Property, plant and equipment carried at cost do not include capitalized interest charges.

If the expected depreciation method, useful economic life and/or residual value are subject to changes over time, they are treated as a change in accounting estimate.

Receivables

Current receivables are initially recognized at fair value and subsequently stated at amortized cost based on the effective interest method net of a provision for doubtful debts where necessary.

Cash at bank and in hand

Cash at bank and in hand includes cash in hand, bank balances, notes and checks. It also includes deposits if these are effectively at the group's free disposal, even if interest income may be lost. Cash at bank and in hand not expected to be at the group's free disposal for over twelve months is classified as financial fixed assets.

Classification of equity and liabilities

A financial instrument or its separate components are classified in the financial statements as liability or as equity, in accordance with the substance of the contractual agreement underlying the financial instrument. Interest, dividends, gains and losses relating to a financial instrument, or part of a financial instrument, are included in the financial statements in accordance with the classification of the financial instrument as liability or equity.

Provisions

A provision is recognized if the company has a legal or constructive obligation as on the balance sheet date and if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned as at the balance sheet date. Provisions are carried at present value, unless stated otherwise.

If a third-party reimbursement of expenses to settle a provision is probable, the reimbursement is recognized as a separate asset.

Pension provision

Other pension plans

The other pension plans are administered by an industrial pension fund. Contributions payable to the pension plan administrator are recognized as an expense in the income statement. Contributions payable or prepaid contributions as at year-end are recognized under accruals and deferred income, and prepayments and accrued income, respectively.

Non-current liabilities

On initial recognition, non-current liabilities are carried at fair value less directly attributable transaction costs. After initial recognition, non-current liabilities are carried at amortized cost.

Current liabilities

On initial recognition, current liabilities are carried at fair value less directly attributable transaction costs. After initial recognition, current liabilities are carried at amortized cost. This is usually the face value for current liabilities.

Leasing

The company as lessee

Under finance leases (where all or part of the risks and rewards of ownership of the lease are transferred to the lessee), at the inception of the lease, the lease asset and related liability are carried at the fair value of the leased asset at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between the interest expense and repayment of the remaining balance of the liability calculated on an annuity basis.

The capitalized leased asset is depreciated over the shorter of the term of the lease and the useful economic life of the property, if there is no reasonable certainty as to whether ownership of the property is transferred to the lessee at the end of the term of the lease.

Under operating leases, the lease payments are recognized in the income statement on a straight-line basis over the term of the lease.

Stock Appreciation Rights

The company has granted Stock Appreciation Rights (SARs) to its employees. SARs are recognized at the intrinsic value of the SARs granted. The intrinsic value is based on the positive difference between the fair value of the underlying share and the exercise price.

The costs of the SARs granted are based on the intrinsic value and the companies best estimate of the number of SARs that will ultimately vest. In estimating the number of SARs that will vest, no account is taken of expectations concerning the satisfaction of pricing conditions. The intrinsic value is reassessed at each balance sheet date and at the settlement date. Any changes to the intrinsic value are taken to the profit and loss account with a corresponding increase in a liability in the balance sheet.

The amount taken to profit or loss for a certain period reflects the movement in the accumulated expense recognized for SARs at the beginning and at the end of that period.

Income

Government grants related to income

Government grants related to income are recognized in the income statement in the year in which the subsidized expenditure is incurred, in which the reduction of income is recognized or in which the operating loss is incurred for which the grant was received.

Expenses

General

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Personnel

Wages, salaries and social security charges are recognized in the income statement according to the terms of employment, to the extent they are due to either employees or the tax authorities.

The company recognizes an obligation if it has demonstrably committed to paying a termination benefit or transition payment. If the termination is part of a reorganization, the company includes the costs of a termination benefit or transition payment in a provision for reorganization costs.

Interest

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognized in the income statement, with the amortized (net) cost of the liabilities being recognized in the balance sheet. Period interest expense and similar related expenses are recognized in the year in which they fall due.

Income tax expense

Current taxes

Taxes are calculated on the result as disclosed in the income statement based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part.

Deferred taxes

A deferred tax liability is recognized for all taxable temporary differences between the valuation for tax and financial reporting purposes. A deferred tax asset is recognized for all deductible temporary differences between the valuation for tax and financial reporting purposes and carryforward losses, to the extent that it is probable that future taxable profit will be available for set-off. The non-current and current deferred tax assets are recognized under financial assets under the non-current assets and receivables under the current assets, respectively. The deferred tax liabilities are recognized under the provisions.

Workforce

The average number of staff (in FTE's) employed by the company in 2019 was 68 (2018: 40).

Notes to the balance sheet as at December 31, 2019

Receivables (1)

The receivables have a duration no longer than one year.

Non-current liabilities (2)

The non-current liabilities also include non-current finance lease liabilities. The finance lease bear interest at an average of 5%. The financed assets are pledged. The lease liabilities are expected to be settled between 1 and 5 year.

Arrangements and commitments not shown in the balance sheet

Bank guarantees

At December 31, 2019 bank guarantees have been supplied to a total amount of € 34.969 for office rent.

Operating leases – the company as lessee

The company leases a diverse amount of office equipment and vehicles. The nominal value of the minimum lease payments within the next year is € 53,492.

In December 2018 the company signed a contract for new software which will be implemented in 2019. The contract concerns an amount of € 115,500 and its duration is until December 2020.

Other commitments not shown in the balance sheet

The company has a contractual payment obligation of € 127,400 at December 31, 2017. The obligation has to be fulfilled within 36 months after the company starts delivering scooters.

The company has a frame agreement for the design and manufacturing of parts of the Appscooter. Parties agreed on a 3 year contract, signed on 20 July 2019. The corresponding commitment is estimated on approximately € 1.080.990 (exact amount dependent on fluctuations of raw material prices and currencies).

Office rent

The company entered a rental agreement on October 1, 2017. The contract duration is 5 years and will end on September 30, 2022. Additional space was rented as from December 2018 until November 30, 2020 and as from 1 January 2019 up until September 30, 2022. The nominal value of the total aggregate minimum rent payments within 2020 is approximately € 400,000.

Events after the balance sheet date

In 2020 the company is confronted with the consequences of the COVID-19 pandemic. This has resulted in longer delivery times of goods for development and production purposes as well as uncertainties in the investment climate. However, in view of the recent takeover by OLA Electric Mobility Pvt Ltd., the company does not expect any consequences for the continuation of the activities. For more details on the going concern assumption of the company we refer to the notes to the balance sheet as per 31 December 2019.

Effective as from the acquisition of the company by Ola Electric Mobility B.V., Rosier en Flipse resigned as management board members of Etergo B.V., but remained employed by the company. Rosier and Flipse each received a similar base salary compared to the period before the acquisition and became eligible to participate in Ola's Employee Stock Option Program ("ESOP"). They received a sign-on bonus equal to approximately three-month base salary, which has to be repaid by the relevant individual if his employment agreement is terminated within 12 months following the acquisition. The stock options granted under the ESOP are subject to a 4 year vesting schedule and are conditional on their continued employment in Etergo B.V. Rosier and Flipse may also receive a performance based bonus (partly consisting of employee stock options) conditional on the successful and timely completion of a new scooter development project and subject to their continued employment in Etergo B.V. The timely completion of this new project remains highly uncertain as at the date hereof.

Signatories to the financial statements

Amsterdam,
Management board:

D. Slokarth on behalf of Ola Electric Mobility B.V.

Breakdowns of items in the balance sheet

Intangible assets

	2019		2018	
	€		€	
Development costs	5,099,379		2,311,297	
Website	30,390		35,092	
Intellectual property	190,026		124,278	
	<u>5,319,795</u>		<u>2,470,667</u>	

	Develop- ment costs	Website	Intellectual property	Total
	€	€	€	€
Carrying amount as at January 1, 2019	2,311,297	35,092	124,278	2,470,667
Additions	3,138,235	-	65,748	3,203,983
Amortization	(350,153)	(4,702)	-	(354,855)
Carrying amount as at December 31, 2019	<u>5,099,379</u>	<u>30,390</u>	<u>190,026</u>	<u>5,319,795</u>

Cost	5,710,800	47,165	190,026	5,947,991
Amortizations	(611,421)	(16,775)	-	(628,196)
Carrying amount as at December 31, 2019	<u>5,099,379</u>	<u>30,390</u>	<u>190,026</u>	<u>5,319,795</u>

The development costs contain the internal and external costs for development of the Appscooter.

The percentage of depreciation is between 0 - 10%.

Property, plant and equipment

	2019	2018
	€	€
Machinery	808,473	32,143
Equipment	132,817	94,478
Leasehold improvements	342,287	44,527
	<u>1,283,577</u>	<u>171,148</u>

	Machinery	Equipment	Leasehold improve- ments	Total
	€	€	€	€
Carrying amount as at January 1, 2019	32,143	94,478	44,527	171,148
Additions	795,946	78,878	319,826	1,194,650
Depreciation	(18,081)	(34,939)	(27,666)	(80,686)
Prior year adjustments	(1,535)	-	-	(1,535)
Reclassification	-	(5,600)	5,600	-
Carrying amount as at December 31, 2019	<u>808,473</u>	<u>132,817</u>	<u>342,287</u>	<u>1,283,577</u>
Cost	845,238	191,868	370,511	1,407,617
Prior year adjustments	(1,535)	-	-	(1,535)
Accumulated depreciation and impairments	(35,230)	(59,051)	(28,224)	(122,505)
Carrying amount as at December 31, 2019	<u>808,473</u>	<u>132,817</u>	<u>342,287</u>	<u>1,283,577</u>

Depreciation percentage

Machinery	20
Equipment	20
Leasehold improvements	10

	2019	2018
	€	€
Receivables		
Current receivables from other legal entities and companies with a participating interest in the legal entity or from participating interests of the legal entity	484	175
Current receivables relating to taxes and social security contributions	202,090	214,873
Current other receivables, prepayments and accrued income	162,614	246,235
	<u>365,188</u>	<u>461,283</u>
 <i>Current receivables relating to taxes and social security contributions</i>		
VAT receivable	202,090	116,350
Pension provision	-	98,523
	<u>202,090</u>	<u>214,873</u>
 <i>Current other receivables, prepayments and accrued income</i>		
Deposits	31,667	8,387
Prepayments and accrued income	130,947	237,848
	<u>162,614</u>	<u>246,235</u>
 Cash at bank and in hand		
Current bank account	259,847	28,992
Savings bank account	3,171,966	9,821,953
Payment providers	204	523
Cash in transit	1,918	(1,442)
	<u>3,433,935</u>	<u>9,850,026</u>
 Shareholders' equity		
<i>Share capital paid called up</i>		
150,865,916 ordinary shares with a nominal value of € 0.00001	<u>1,508</u>	<u>1,388</u>
 <i>Share premium</i>		
Share premium	<u>9,944,064</u>	<u>6,138,653</u>

Etergo B.V., Amsterdam

	2019	2018
	€	€
<i>Share premium</i>		
Balance as at January 1	6,138,653	6,138,653
Addition	3,847,213	-
Transactions costs	(41,802)	-
Balance as at December 31	<u>9,944,064</u>	<u>6,138,653</u>

Other reserves

Balance as at January 1	(7,793,874)	(2,702,725)
Profit appropriation	(7,535,653)	(3,613,969)
Addition to legal and reserves	(2,789,350)	(1,477,180)
Conversion of convertible loans	11,546,752	-
Balance as at December 31	<u>(6,572,125)</u>	<u>(7,793,874)</u>

On 1 June 2020 the balance of the (convertible) loan will automatically convert into ordinary shares at the conversion price resulting in a fixed number of shares. In an event of a sale of 50% or more of the outstanding shares in the capital in the company or a sale of substantially all of the assets of the company prior to 1 June 2020, the conversion will be effected immediately prior to such sale or asset transaction.

The converted amount is allocated as movement in other reserves as the share premium reserve belongs specifically to current and no future shareholders.

	2019	2018
	€	€
Provisions		
Provisions for discounts	<u>100,000</u>	<u>-</u>

The provision is accounted for the expected costs to settle rewarded (discounts on) Appscooters, accessories and paints after launching the Appscooter.

	2019	2018
	€	€
Non-current liabilities		
Convertible loans	-	11,286,997
Non-current payables to participants with an interest in the legal entity	-	15,559
Non-current other payables	33,739	33,318
Non-current accruals and deferred income	12,840	17,508
	<u>46,579</u>	<u>11,353,382</u>

The non-current liabilities include a loan to M. Flipse and B. Rosier for deferred net salary. The loans bear interest at 8% and no securities are set. Effective as from the acquisition of the company by Ola Electric Mobility B.V., the outstanding loans have been settled. Therefore the loans are classified as short term liabilities.

Non-current other payables

	2019	2018
	€	€
Balance as at January 1, 2019	48,127	16,599
New financing	30,022	41,310
Repayments	(21,770)	(9,782)
Balance as at December 31	56,379	48,127
Repayment commitment next year	(22,640)	(14,809)
Long-term liabilities as at December 31 exceeding one year	<u>33,739</u>	<u>33,318</u>

Non-current accruals and deferred income

Rent discount	<u>12,840</u>	<u>17,508</u>
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Current liabilities

Repayment obligations of non-current borrowings	22,640	14,809
Current advance payments received on orders not yet deducted for asset items	149,273	99,221
Trade creditors	472,069	486,083
Current payables relating to taxes and social security contributions	295,794	137,247
Other liabilities, accruals and deferred income	812,923	175,796
	<u>1,752,699</u>	<u>913,156</u>

	2019	2018
	€	€
<i>Current payables relating to taxes and social security contributions</i>		
Payroll tax payable	269,821	137,247
Pension payable	25,973	-
	<u>295,794</u>	<u>137,247</u>
<i>Other liabilities, accruals and deferred income</i>		
Current other payables	545,234	-
Current accruals and deferred income	267,689	175,796
	<u>812,923</u>	<u>175,796</u>
Current other payables		
Current other payables	35,441	-
Short term loan suppliers	509,793	-
	<u>545,234</u>	<u>-</u>

The short term loan to suppliers bear interest at 7.5% per annum.

Breakdowns of items in the income statement

	2019	2018
	€	€
<i>Wages and salaries</i>		
Gross income	3,554,741	2,055,802
30%-ruling	569,971	301,194
Temporary staff	-	16,858
Movement in holiday entitlement	49,487	47,592
	4,174,199	2,421,446
Subsidy received	(525,145)	(254,308)
Capitalization development costs	(800,215)	(550,337)
	<u>2,848,839</u>	<u>1,616,801</u>
<i>Social security charges</i>		
Social securities	551,192	302,449
Capitalization development costs	(182,058)	(98,155)
	<u>369,134</u>	<u>204,294</u>
<i>Pension costs</i>		
Pension costs	<u>466,314</u>	<u>164,703</u>
<i>Amortization of intangible fixed assets</i>		
Development costs	350,153	164,652
Website	4,702	4,702
	<u>354,855</u>	<u>169,354</u>
<i>Depreciation of property, plant and equipment</i>		
Machinery	18,081	8,419
Equipment	34,939	13,327
Leasehold improvements	27,666	5,316
	<u>80,686</u>	<u>27,062</u>

	2019	2018
	€	€
Other operating expenses		
Other staff costs	481,343	195,246
Accommodation costs	355,083	183,185
Office expenses	670,181	317,723
Car expenses	17,188	13,192
Selling expenses	803,547	446,746
General expenses	608,677	183,343
	<u>2,936,019</u>	<u>1,339,435</u>

Interest expenses and related expenses

Interest- and bank expenses	3,290	2,075
Interest on long term liabilities	4,028	1,842
Interest on convertible loans	457,536	86,998
Transaction costs deferred revenue	2,771	1,405
Interest on loan suppliers	9,793	-
Interest on other amounts payables	2,388	-
	<u>479,806</u>	<u>92,320</u>