

Zeus Electric Chassis, Inc.

Financial Statements Together with Independent Accountants' Review Report

December 31, 2020

ZEUS ELECTRIC CHASSIS, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors and Management
Zeus Electric Chassis, Inc.
St. Paul, Minnesota

We have reviewed the accompanying financial statements of Zeus Electric Chassis, Inc. (a Delaware corporation), which comprise the balance sheet as of December 31, 2020, and the related statements of operations, stockholders' equity and cash flows from inception (November 1, 2020) to December 31, 2020, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6, the Company has suffered a loss from operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Olson Thielens & Co., LLP

Eden Prairie, Minnesota
April 30, 2021

ZEUS ELECTRIC CHASSIS, INC.

BALANCE SHEET DECEMBER 31, 2020

(See Independent Accountants' Review Report)

ASSETS	
CURRENT ASSETS:	
Cash	\$ 6,536
Due from Stockholder	110,973
Total Current Assets	<u>117,509</u>
EQUIPMENT:	
Equipment and Tooling	179,150
Less Accumulated Depreciation	4,265
Net Equipment	<u>174,885</u>
PRODUCT DESIGNS, NET OF ACCUMULATED AMORTIZATION	<u>152,312</u>
 TOTAL ASSETS	 <u>\$ 444,706</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Stockholder Loan	\$ 77,504
Total Current Liabilities	<u>77,504</u>
STOCKHOLDERS' EQUITY:	
Common Stock, \$.0001 Par, 10,000,000 Shares Authorized, 8,567,641 Shares Issued and Outstanding	857
Additional Paid-in Capital	475,678
Accumulated Deficit	<u>(109,333)</u>
Total Stockholders' Equity	<u>367,202</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u>\$ 444,706</u>

The accompanying notes are an integral part of the financial statements.

ZEUS ELECTRIC CHASSIS, INC.

STATEMENT OF OPERATIONS
FROM INCEPTION (NOVEMBER 1, 2020) TO DECEMBER 31, 2020
(See Independent Accountants' Review Report)

REVENUE	\$ <u> </u> –
OPERATING EXPENSES:	
Research and Development	52,634
Professional Fees	10,058
Depreciation and Amortization	6,847
Contract Labor	8,000
Advertising and Marketing	3,406
Occupancy	3,368
General and Administrative	1,189
Total Operating Expenses	<u>85,502</u>
LOSS FROM OPERATIONS	<u>(85,502)</u>
OTHER INCOME (EXPENSE):	
Impairment of Equipment	<u>(23,831)</u>
Total Other Income (Expense)	<u>(23,831)</u>
LOSS BEFORE INCOME TAXES	(109,333)
INCOME TAX EXPENSE	<u> </u> –
NET LOSS	<u>\$ (109,333)</u>

The accompanying notes are an integral part of the financial statements.

ZEUS ELECTRIC CHASSIS, INC.

**STATEMENT OF STOCKHOLDERS' EQUITY
FROM INCEPTION (NOVEMBER 1, 2020) TO DECEMBER 31, 2020**
(See Independent Accountants' Review Report)

	Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
BALANCE as of November 1, 2020	–	\$ –	\$ –	\$ –	\$ –
Issuance of Common Stock in Exchange of Net Assets	8,444,641	845	425,690	–	426,535
Issuance of Common Stock	123,000	12	49,988	–	50,000
Net Loss	–	–	–	(109,333)	(109,333)
BALANCE as of December 31, 2020	8,567,641	\$ 857	\$ 475,678	\$ (109,333)	\$ 367,202

The accompanying notes are an integral part of the financial statements.

ZEUS ELECTRIC CHASSIS, INC.

STATEMENT OF CASH FLOWS FROM INCEPTION (NOVEMBER 1, 2020) TO DECEMBER 31, 2020 *(See Independent Accountants' Review Report)*

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	\$ (109,333)
Adjustments to Reconcile Net Loss to Net Cash	
Flows From Operating Activities:	
Depreciation	4,265
Amortization	2,582
Impairment of Equipment	23,831
Changes in Assets and Liabilities:	
Accounts Payable	<u>(62,343)</u>
Net Cash Flows From Operating Activities	<u>(140,998)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property and Equipment	<u>(179,150)</u>
Net Cash Flows From Investing Activities	<u>(179,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Cash Contributed upon Inception of the Company	8,603
Proceeds from Issuance of Common Stock	50,000
Due from Stockholder	240,577
Stockholder Loan	<u>27,504</u>
Net Cash Flows From Financing Activities	<u>326,684</u>
NET CHANGE IN CASH	6,536
CASH at Beginning of Period	<u>—</u>
CASH at End of Year	<u>\$ 6,536</u>

The accompanying notes are an integral part of the financial statements.

ZEUS ELECTRIC CHASSIS, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountants' Review Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Zeus Electric Chassis, Inc. (Zeus or Company) a Delaware corporation was formed in October 2020 by the reorganization and transfer of assets from Zeus Electric Chassis, LLC. Zeus has developed a fully configurable, full-electric work truck chassis solution to address the vocation and service truck industry to displace the fossil fuel power industry. The Zeus platform is designed to meet the unique needs of any industry segment, including utility, telecom, waste collection, shuttle and school bus, fire and rescue, landscaping, and construction.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Company has evaluated for recognition or disclosure the events or transactions that occurred through April 30, 2021, the date the financial statements were available to be issued. Except as discussed below in Notes 2 and 9, there were no subsequent events that required recognition or disclosure in the financial statements.

Due from Stockholder

This is a short-term advance to a stockholder. It is non-interest bearing and is classified as current in the accompanying balance sheet.

Equipment and Depreciation

Equipment is recorded at original cost. Additions, improvements, or major renewals are capitalized. Any gains or losses on property and equipment retirements are reflected in the current year operations.

Equipment and tooling depreciation is computed using the straight-line methods with an estimated useful life of seven years.

Product Designs

Product designs are amortized on a straight-line basis over ten years. The Company's investment in product designs consist of the following on December 31, 2020:

Product Designs	\$ 154,894
Less Accumulated Amortization	<u>(2,582)</u>
	<u>\$ 152,312</u>

Amortization expense was \$2,582 in 2020. Estimated amortization expense for each of the succeeding five years is \$15,500.

ZEUS ELECTRIC CHASSIS, INC.

NOTES TO FINANCIAL STATEMENTS (See *Independent Accountants' Review Report*)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized.

The Company reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Company has identified no significant income tax uncertainties.

Advertising

Advertising costs are expensed as incurred.

Research and Development

Research and development costs are charged to operations as incurred.

Recently Issued Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for fiscal periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. It is to be adopted using the modified retrospective approach. The Company is currently evaluating this guidance to determine the impact it may have on its financial statements.

NOTE 2 - STOCKHOLDER LOAN

The Company has a loan from a stockholder of \$77,504. During 2021, this loan was converted to a Simple Agreement for Future Equity (SAFE). This conversion released the Company from its obligation to repay this debt, which is classified as current in the accompanying balance sheet.

ZEUS ELECTRIC CHASSIS, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountants' Review Report)

NOTE 3 - INCOME TAXES

Income tax expense, for 2020, consists of the following:

Deferred Income Tax	\$ 33,000
Change in Valuation Allowance	<u>(33,000)</u>
Total Income Tax Expense	<u>\$ —</u>

The effective income tax rate differs from the federal statutory rate due to the valuation allowance.

Federal and state income tax return operating loss carryovers as of December 31, 2020 were approximately \$111,000 and \$92,000 and will expire in 2040, with a portion of the federal having no expiration date. The Company has a credit carryover of approximately \$3,000.

The components of deferred income taxes at December 31, 2020 are as follows:

Deferred Tax Assets:	
Net Operating Loss	\$ 30,000
Business Credits	<u>3,000</u>
Total Deferred Tax Assets	33,000
Less Valuation Allowance	<u>(33,000)</u>
Net Deferred Tax Assets	<u>\$ —</u>

The valuation allowance has been recorded due to the uncertainty of realization of the benefits associated with profitability. Future events and changes in circumstances could cause this valuation allowance to change.

NOTE 4 - LEASE COMMITMENTS

The Company leased its office from a related party on a month-to-month basis for \$1,500 per month until March 31, 2021.

Effective April 1, 2021, the Company started a new lease, extends to October 31, 2023. The lease includes two options to extend the initial terms for a total of four years. In addition to rent, the Company also pays real estate taxes and other costs on the leased property.

Lease expense and future minimum commitments for these leases are as follows:

Expense:	
2020	\$ 3,368
Commitment:	
2021	\$ 58,100
2022	77,500
2023	<u>64,600</u>
Total Commitment	<u>\$ 200,200</u>

ZEUS ELECTRIC CHASSIS, INC.

NOTES TO FINANCIAL STATEMENTS (See Independent Accountants' Review Report)

NOTE 5 - PURCHASE COMMITMENTS

The Company has committed to purchase inventory for pending sales of approximately \$720,000 as of December 31, 2020.

NOTE 6 - GOING CONCERN

As shown in the financial statements the Company incurred a net loss of \$109,333 in 2020 and has an accumulated deficit on December 31, 2020 of \$109,333. Those factors create an uncertainty about the Company's ability to continue as a going concern. Management of the Company is developing a plan to obtain additional equity and develop sales. The ability of the Company to continue as a going concern is dependent on achieving these objectives. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 7- SUPPLEMENTAL CASH FLOW INFORMATION

The assets acquired and liabilities assumed upon formation of the Company as of November 1, 2020, are as follows:

Due from Stockholder	\$ 351,550
Equipment	23,831
Product Designs	154,894
Accounts Payable	(62,343)
Stockholder Loan	(50,000)
Equity	<u>(426,535)</u>
Net Cash Received	<u>\$ 8,603</u>

NOTE 8 - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact our operations and financial statements.

ZEUS ELECTRIC CHASSIS, INC.

NOTES TO FINANCIAL STATEMENTS *(See Independent Accountants' Review Report)*

NOTE 9 - SUBSEQUENT EVENTS

Stock Grant Plan

In February 2021, the Company initiated a stock grant plan and designated 17,500 shares. In addition, 2,000 shares were granted to employees. These shares vest over five years or upon change of control of the Company.

Consulting Agreement

During February 2021, the Company entered into an agreement for consulting services with an individual. This agreement is for \$4,500 per month. In addition, the consultant will be granted 50,000 shares of Company stock. These shares are subject to cliff vesting based upon certain manufacturing or private placement targets. This agreement can be terminated with a 30 day notice by either party.

Private Placement Offerings

In November 2020, the company authorized a capital raise using exemption 504 and March 2021, closed on \$760,000 of funding in a SAFE round. The terms of the SAFE include conversion to equity at a discount in the future during a priced round. The discount is set at 20%, and the equity capitalization is at \$100,000,000. The \$760,000 SAFE includes the \$77,504 loan from a related party converted into the SAFE Agreement (Note 2). In February 2021, the Board authorized a concurrent capital raise using regulation crowdfunding (CF) and a 506(c) exemption in another SAFE round. The SAFE will have a discount set at 10% with a capitalization at \$200,000,000. The CF has a maximum limit of \$5,000,000, and the 506(c) has a maximum of \$50,000,000. The Company has been authorized to raise the maximum of \$55,000,000. Management is targeting \$5,000,000. Management intends to use the proceeds for: inventory, expansion into sales and marketing, intellectual property protection investment and licensing agreements.