OPTIMIZING POWER

EXRO TECHNOLOGIES INC.

ANNUAL INFORMATION FORM

Fiscal year ended December 31, 2024

March 31, 2025

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EXRO TECHNOLOGIES INC.

ANNUAL INFORMATION FORM

INTRODUCTION

In this annual information form (the "**Annual Information Form**"), unless the context requires otherwise, references to the "Company", "Exro", "we", "us", "our" and similar words refer to Exro Technologies Inc. or any predecessor thereto, as the context requires. The information in this Annual Information Form is presented as of December 31, 2024, unless otherwise indicated. All dollar amounts in this Annual Information Form are in Canadian dollars, except where otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology.

Forward-looking statements are necessarily based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors that management believe are appropriate. Forward-looking statements in this Annual Information Form include, but are not limited to:

- The volatility of stock price and market conditions;
- technology risks and risks associated with the commercialization of the technology;
- regulatory risks;
- difficulty to forecast;
- key personnel;
- limited operating history and limited or no revenues;
- competition;
- investment capital and market share;
- market uncertainty;
- additional capital requirements;
- management of growth;
- litigation;
- protection of patents and intellectual property; and
- no dividend history.

These forward-looking statements are based on the beliefs of the management of Exro as well as on assumptions which such management believes to be reasonable, based on information currently available at the time such statements were made. However, there can be no assurance that forward- looking statements will prove to be accurate. Such assumptions and factors include, among other things: demand for the technology of the Company; ability to maintain existing partners and attract new partners; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; the ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest and market competition; the ability to commercialize the Company's technology; and operating in an environment that is subject to regulation.

The preceding list is not exhaustive of all possible factors. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the

Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors that are discussed elsewhere in this Annual Information Form, including but not limited to:

- demand for the technology of the Issuer;
- the ability to maintain existing partners and attract new partners;
- the impact of competition;
- the ability to retain skilled management and staff;
- currency, exchange and interest rates;
- the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest and market competition;
- the ability to commercialize the Issuer's technology;
- the ability to manage supply chain issues; and
- operating in an environment that is subject to regulation.
- the impact of tariffs, changes in trade policies and other regulatory measures
- changes in the regulatory landscape within the EV industry
- changes in global economic trends

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this Annual Information Form, see "*Risk Factors*".

Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking statements will materialize. The Company does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company's full corporate name is "Exro Technologies Inc.". The Company's head office is at 12–21 Highfield Circle S.E., Calgary, Alberta, T2G 5N6, and its registered and records office is at 1700 – 666 Burrard Street, Vancouver, BC V6C 2X8.

The Company was incorporated under the ***Business Corporation Act*** **(British Columbia)** on **February 11, 2014** under the name "BioDE Ventures Ltd." ("**BioDE**") as a wholly-owned subsidiary of Carrus Capital Corporation ("**Carrus**"). The Company entered into an arrangement agreement with Carrus on February 12, 2014, pursuant to which, common shares of the Company ("**Common Shares**") were distributed to the shareholders of Carrus. Following completion of the arrangement, the Company became a reporting Company in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Quebec.

On July 26, 2017, BioDE and its wholly owned subsidiary 10889001 BC Ltd. completed a transaction with Exro Technologies Inc. (a predecessor entity to the Company) whereby, pursuant to an amalgamation agreement, 10889001 BC Ltd. amalgamated with Exro Technologies Inc. and became the legal subsidiary of BioDE with holders of Exro Technologies Inc. holding approximately 86% of BioDE immediately after the amalgamation. The transaction was accounted for as an acquisition of BioDE by Exro. In completion of the transaction, the Company changed its name to Exro Technologies Inc.

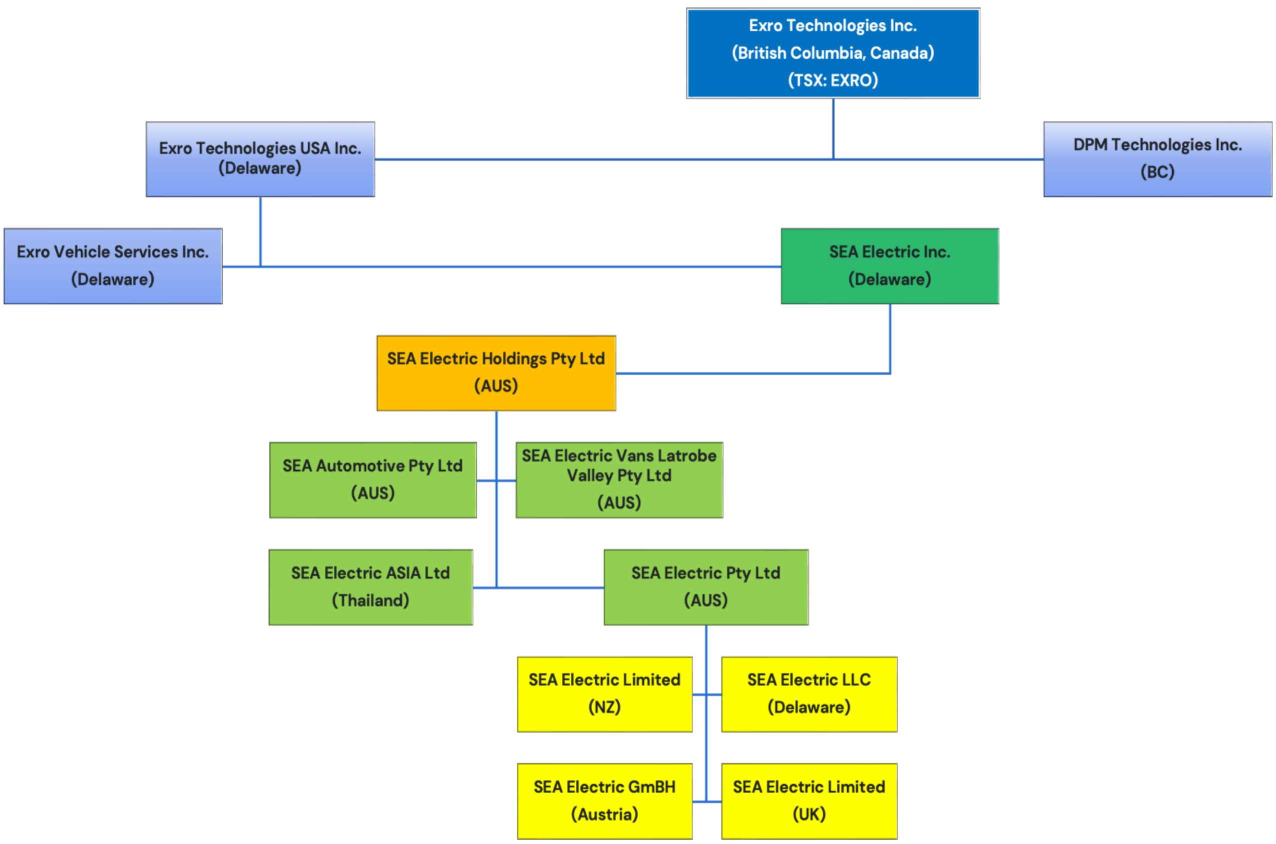
On April 5, 2024, the Company completed a business combination through a merger with Sea Electric Inc (Sea

Electric), pursuant to which it acquired all of the issued and outstanding stock of Sea Electric it did not already own, and Sea Electric became an indirect wholly owned subsidiary of Exro.

The Company's shares are listed on the TSX Exchange ("TSX") and trades under the symbol "EXRO", and the OTCQB under the symbol "EXROF".

Intercorporate Relationships

The following diagram illustrates the organizational structure of the Company. Other than as indicated below, each subsidiary is wholly owned by the Company.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The following is a summary of events that have shaped the development of the Company's business in the last three years.

Year ended December 31, 2024

On January 30, 2024, Exro announced a proposed merger with Sea Electric Inc, "Sea Electric", in a move directed at strengthening its technology offerings and accelerating revenue growth and path to profitability. Following completion of the transaction, the combined company will continue to operate under the name Exro Technologies with the aim to modernize electrification with a patented, blue chip validated technology platform.

On February 16, 2024, the Company closed a bought deal private placement offering of 31,600,000 subscription receipts at an offering price of $0.95 per subscription receipt for gross proceeds of approximately $30 million.

On April 5, 2024, the Company closed the plan of arrangement and merger deal with Sea Electric Inc, pursuant to which Exro acquired all of the issued and outstanding common shares of Sea stock that it did not already own. The merger with Sea creates significant revenue and cost synergies and will bring Exro's next generation technology to the full spectrum of e-mobility platforms.

In Q2 2024, the Company discontinued its engineering services division through the sale of assets and the related workforce as the division became redundant given the duplication of engineering skills sets acquired with the merger. The disposition of the business unit served to reduce operating costs and focus on the Company's delivery of its core products including the Coil Driver® and SEA Drive®.

On September 16, 2024, Exro announced the closing of a bought deal public offering. Pursuant to the offering, Exro sold a total of 71,429,000 units at a price of $0.35 per unit for gross proceeds of approximately $25 million. Each Unit consists of one (1) common share of the Company (a "Share") and one-half of one (1/2) Share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable to acquire one (1) additional Share (a "Warrant Share") at a price of $0.42 per Warrant Share for 36 months.

During 2024, the Company completed the installation of its first Cell Driver Battery Energy Storage System at Red Deer Polytechnic, highlighting future opportunities as the Company continues to move forward with commercialization efforts. This was achieved after successfully obtaining the ETL Certification to UL standards for its Cell Driver™ stationary battery energy storage system for commercial and industrial applications in the second quarter.

Year ended December 31, 2023

In Q1 2023, Exro signed a strategic partnership with Wolong Electric Group, the world's third-largest motor manufacturer. An initial batch of low voltage motors for pairing with Exro Coil Driver™ was received and testing initiated in Q4 2023. Discussions are underway on commercialization collaboration as well as the potential to explore high voltage applications.

Exro partnered with global European-based tier-1 OEM automotive motor supplier, Stellantis under a non-disclosure agreement (NDA) to integrate its Coil Driver into Stellantis' next generation electric powertrains. The innovation program demonstrated the capabilities of Exro's Coil Driver® technology for potential applications within Stellantis' passenger. The NDA was lifted in Q3 2024 and commercial discussions for units and systems are underway.

In Q2 2023, Exro and Linamar announced a definitive commercial agreement whereby Exro would supply high voltage Coil Drivers to Linamar over a 5-year period. The agreement contemplated a demonstration vehicle to be completed in early 2024 to be used as a joint marketing tool for potential customers and initial volumes planned for late 2024 and ramping over a 5-year period.

In Q3 2023, Exro was awarded an innovation program with Global Automaker, Stellantis N.V., to mutually explore powertrain innovations using Exro's advanced power electronics technology. The collaboration's goal was to design a proof-of-concept Coil Driver™ plus optimized motor system that demonstrated improved continuous torque and performance. In Q4 2023, Exro announced that the project had passed the major design stage gate, and the company was approved to advance to stage two, the manufacturing and supply of functional prototypes to be integrated into a passenger vehicle.

In Q4 2023, Exro lifted the NDA and announced a partnership with Giaffone Electric, further expanding its strategic collaborations into South America. In Q1 2023, Exro and Giaffone integrated Coil DriverTM systems within commercial delivery vehicles for a global leading food and beverage company. Additional systems were ordered and deliveries continued through Q1 2024 for this same beverage company.

Year ended December 31, 2022

On February 4, 2022, Exro announced the closing of a bought deal public offering. Pursuant to the offering, Exro sold 12,722,450 units at a price of $1.60 per unit for aggregate gross proceeds of $20,355,920. The total number of units sold in the offering included 1,659,450 units issued pursuant to the exercise of an overallotment option granted to the underwriters, which was fully exercised by the underwriters. Each unit consists of one common share in the capital of the Company, and one half of one common share purchase warrant. Each whole warrant is exercisable for one common share at a price of $2.00 per common share until February 4, 2025. The offering was completed through a syndicate of underwriters led by Eight Capital and Raymond James Ltd., as co-lead underwriters and joint bookrunners and including Haywood Securities Inc., ATB Capital Markets Inc. and Laurentian Bank Securities Inc. In connection with the offering, the underwriters were issued 750,847 broker's warrants each entitling their holder to acquire one common share of the Company at $1.60 per share for 36 months following the closing of the offering.

On May 11, 2022 Exro Signed Multiyear Agreement with evTS. The agreement was for a Coil Driver™ controller and an optimized electric motor.

On August 16, 2022 Exro Technologies Signed Multiyear Agreement with SEA Electric to Supply Coil Drive Systems for Next-Generation Commercial Electric Vehicles. Exro will supply development partner SEA Electric with high-voltage Coil Drive Systems, comprised of a high-voltage Coil Driver™ and an electric motor.

On September 1, 2022, Exro announced the closing of its brokered public offering. Pursuant to the offering, Exro sold 7,920,000 units at a price of $1.05 per unit for aggregate gross proceeds of $8,316,000. Each unit consists of one common share of the Company and one share purchase warrant of the Company entitling the holder thereof to acquire, subject to adjustment in certain circumstances, an additional Common Share at an exercise price of $1.36 for a period of 48 months following the closing of the offering, provided that if at any time after the closing date the closing price of the common shares on the Toronto Stock Exchange, or such other stock exchange where the majority of the trading volume occurs, exceeds or is equal to $2.72 per common share (on a volume-weighted adjusted basis) for a period of twenty (20) consecutive trading days, the Company may, at its sole discretion, elect to accelerate the expiry date of the warrants to the date that is 30 calendar days after the Company issues a press release announcing that it has exercised such acceleration right.

On September 20, 2022 Exro announced closing of announced non-brokered private placement. Exro sold 1,403,756 units at a price of $1.05 per Unit for aggregate gross proceeds of $1,473,945. Each Unit consists of one common share of the Company and one share purchase warrant of the Company entitling the holder to acquire an additional Common Share at an exercise price of $1.36 for a period of 48 months following the closing of the Offering provided that if at any time after the Closing Date the closing price of the Common Shares on the Toronto Stock Exchange exceeds or is equal to $2.72 per Common Share for a period of twenty (20) consecutive trading days, the Company may, at its sole discretion, elect to accelerate the expiry date of the Warrants to the date that is 30 calendar days after the Company issues a news release announcing that it has exercised such acceleration right.

On October 5, 2022 Exro announced signing of a product development agreement with the European partner to develop a new product offering incorporating Exro's Coil-Driver™ and the partner's diesel engine to introduce a hybrid diesel-electric powertrain with applications across a platform of products in the partner's line-up. Exro has received a purchase order for product development that includes the supply of multiple initial sample units to be delivered to the customer by the end of Q1 2023.

On November 30, 2022 Exro announced Major Milestone with Linamar e-Axle Phase One Project Completion. Exro successfully completed phase one of its integrated e-axle co-development program with strategic partner, and major tier-1 OEM supplier, Linamar Corporation.

On December 30, 2022 Exro announced closing of a bought deal convertible debenture financing for gross proceeds of $15 Million. Pursuant to the offering, Exro sold 15,000 units of the Company at a price of $1,000 per unit, for aggregate gross proceeds of $15,000,000. Each unit consists of one senior secured convertible debenture in the principal amount of $1,000 and 416 common share purchase warrants of the Company. The Offering was completed pursuant to an underwriting agreement dated December 30, 2022, among the Company and Eight Capital acting as co-lead underwriter and sole book runner, National Bank Financial Inc., acting as co-lead underwriter, ATB Capital Markets Inc. and Stifel Nicolaus Canada Inc. The underwriters were paid a commission of 5% in respect of units sold by them in the offering. The Company intends to use the net proceeds from the Offering for working capital and general corporate purposes.

THE BUSINESS

General

Exro Technologies Inc. is a clean-technology company developing new generation power-control electronics that expand the capabilities of electric motors and batteries. The Company's innovative motor control and electric propulsion technologies, Coil Driver® and SEA Drive® are designed to bridge the performance-cost gap in e-mobility, while its patented battery control technology, Cell Driver supports stationary energy storage for commercial and industrial applications. Together, these accelerate the transition to a circular electrified economy by delivering maximum results with minimal energy consumption.

- **Business Performance and Market Position**
  The merger with SEA played a key role in securing multi-year OEM contracts, providing a stable revenue foundation and accelerating commercialization efforts. In the nine months following merger close up to the end of 2024, Exro delivered 153 e-propulsion systems to blue-chip OEMs, reinforcing the success of its integration strategy and supporting record annual revenue of approximately $23.1 million.

  In Q4, Exro completed the installation of its Cell Driver Battery Energy Storage System at Red Deer Polytechnic, highlighting promising future opportunities as the Company continues to move forward with commercialization efforts. This was achieved after successfully obtaining the ETL Certification to UL standards for its Cell Driver™ stationary battery energy storage system for commercial and industrial applications in the second quarter.

  At the same time as commercialization efforts moved forward, cost management was a priority. Exro successfully reduced operational expenses from April 5th through facility closures, headcount optimization, and streamlined expenditures. These actions contributed to material cost savings while ensuring that resources were allocated effectively to support core business objectives. In addition, rigorous cash management initiatives led to a 10% reduction in discretionary spending across IT, marketing, and travel.

- **Operational Efficiency and Supply Chain Optimization**
  Exro realized significant operational efficiencies, including negotiating improved supply chain payment structures. Payment terms were optimized from requiring 100% upfront to more favorable staged payments, strengthening cash flow management. Strategic facility closures, including the divestiture of Detroit services, were completed to optimize operational footprint. The Company also addressed outstanding merger-related accounts payable, achieving substantial cost savings through vendor negotiations and structured payment plans.

- **Workforce Optimization and Organizational Streamlining**

  Following the acquisition of SEA Electric, Exro implemented a structured workforce realignment to ensure the right expertise and resources were in place to support long-term growth. At year-end, total headcount was reduced from 266 at April 5th to approximately 160, following a smooth transition that strengthened operational efficiency. Additional headcount reductions were completed in Q1 2025. These changes were carefully managed to align with business objectives while maintaining a strong foundation for future expansion. The Company remains focused on driving productivity and innovation, ensuring that its team is positioned to support evolving market opportunities.

2025 strategic priorities

Looking ahead, Exro is focused on continuing to improve operational efficiency, while enhancing financial performance.

- **Operational Efficiencies**
  A disciplined approach to cost management and profitability remains a priority. Supply chain relationships will continue to be strengthened to secure favorable pricing and mitigate risks, ensuring a resilient and scalable supply network.

- **Sustainable Growth**
  The Company is focused on expanding collaborations with existing OEM partners and securing at least two new major partnerships. In addition, the energy storage and renewables segment will see continued investment, leveraging proprietary technology to optimize battery performance in commercial industrial BESS systems.

- **Financial Performance**
  Sustainable year-over-year revenue growth remains a key objective, driven by advanced powertrain electrification technologies and expanding partnerships across both the electric vehicle (EV) and energy sectors. The Company is entering 2025 with an optimized cost structure, having successfully reduced annual payroll expenses by more than 50% post-merger with projected bill of material savings to be realized in 2025.

2025 Funding Strategy

Exro is actively exploring financing alternatives to support its business plan. As of March 31, 2025, the Company has received financial support from an existing investor and is continuing to evaluate other potential funding options with the assistance of third-party financial advisors. There is no guarantee that support from the existing shareholder will continue, nor that the Company will secure an alternative source of funding. Exro will keep stakeholders informed of any developments as they arise.

Market considerations and Macro outlook

Near-Term Volatility and Long-Term Growth Potential
While Exro's technology continues to perform, uncertainty surrounding incentives under the new U.S. administration has introduced market volatility. Changes in regulatory policies, tariffs, and supply chain dependencies have contributed to short-term investment hesitations across the industry. Many dealers and fleet operators are delaying purchasing decisions, impacting near-term demand for electric vehicles.

Regulatory and Market Trends
Despite this volatility, the regulatory landscape remains a key driver of future growth. Advanced Clean Trucks ("ACT") regulations continue to mandate increasing zero-emission vehicle production. Federal funding programs such as the Inflation Reduction Act ("IRA") and the Bipartisan Infrastructure Act are expected to provide long-term incentives, though clarity on execution is still required. California's emission standards and the Advanced Clean Fleets ("ACF") regulation also remain significant factors in shaping the industry's trajectory. However, despite the prospects there is some degree of uncertainty around the structure of these programs in light of recent actions by current US administration, which will necessitate proactive monitoring and response to changes as they unfold.

Long-Term Market Opportunities
OEMs such as Mack, Isuzu, and Mazda are investing in new U.S. manufacturing facilities to accelerate commercial EV adoption. Emerging markets, particularly in Texas and Florida—despite the absence of state-level incentives—are demonstrating strong growth potential due to increasing corporate investments in electrification. Companies are taking a future-proofing approach, positioning themselves for stability and expansion over the next 24 months, with acceleration forecasted for 2027.

Employees

As of December 31, 2024, the Company had 160 employees.

Foreign Operations

The Company's operations are located in Canada, United States of America (US) and the Asia and Pacific Regions.

RISK FACTORS

AN INVESTMENT IN SECURITIES OF THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE ALL OR PART OF THEIR INVESTMENT.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this AIF, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of Exro consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of Exro. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with Exro's business actually occur, our business, financial condition, results of operations and prospects for growth are likely to be adversely affected. In such circumstances, the price of Exro's securities could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may materially and adversely affect our business, financial condition and results of operations. See also "Cautionary Statement Regarding Forward-Looking Statements."

Risks Related to Our Business

We are subject to many risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, a history of losses, and a lack of revenues or profits

We are an early-stage business venture focused on electric motor power electronics and battery control technology. We are subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, a history of losses, and lack of revenues or profits. There is no assurance that we will be successful in achieving a return on your investment, and the likelihood of success must be considered in light of our early stage of operations.

Since inception, we have not been profitable, and we have accumulated net losses. We incurred net losses as follows:

Fiscal Year	Net Loss ($'s)
December 31, 2024	(288,933,200)
December 31, 2023	(50,623,170)
December 31, 2022	(40,024,912)
December 31, 2021	(24,578,962)
December 31, 2020	(10,969,454)

Management expects to continue to incur substantial operating losses unless and until such time as product sales generate sufficient revenues to fund continuing operations.

Operating results for future periods are subject to numerous uncertainties, and it cannot be assured that we will achieve or sustain profitability. Our prospects must be considered in light of the risks encountered by companies in the early stage of development, particularly companies in new and rapidly evolving markets.

We operate in a capital-intensive industry and will require a significant amount of capital to continue operations

If the future revenue from sales of our SEA Drive®, Coil Driver®, power electronic, and battery control products (or licensing thereof), if any, is not sufficient to cover our cash requirements, we will need to raise additional funds through the sale of equity or other securities, or the issuance of debt. Financing may not be available at terms that are acceptable to us, if at all.

Our ability to obtain the necessary financing for our business is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities, or substantially change our current operations and plans in order to reduce our cost structure.

We may be unable to realize anticipated benefits of acquisitions and business combinations

We recently underwent a business combination to expand our market presence and accelerate our growth. Business combinations require the successful integration of operations, technologies and personnel and while we have achieved progress and seen positive results so far, there is no assurance that we will be able to fully realize all the anticipated synergies, operational efficiencies or strategic advantages as expected.

Uncertainty surrounding global economic trends and economic instability may have an adverse impact on our business

Our business is subject to risks associated with global economic conditions such as inflationary pressures, interest rate fluctuations, financial markets volatility and general macroeconomic uncertainty. Consequently, we may experience increasing operating costs, lower than expected revenues, reduced margins and operational challenges. We may be unable to offset the impact of adverse economic conditions which may strain our financial performance and future growth prospects.

Our assets, operations and employees are subject to various risks for which we may not have or be able to carry sufficient insurance coverage

We currently carry insurance to protect our assets, operations and employees. While we believe insurance coverage can adequately address many of the material risks to which our business may be exposed and is adequate and customary in our current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all risks and hazards to which we may become exposed. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, results of operations and financial condition could be materially adversely affected.

Product liability lawsuits against us could cause us to incur substantial liabilities, and we may be subject to product recalls for product defects that are self-imposed or imposed by regulators

In the event of a failure of a future product incorporating our technology, such as a recreational vehicle or truck, we may be subject to potential product liability lawsuits. Under certain circumstances, our customers may be required to recall or withdraw the products incorporating our technology. Even if a situation does not necessitate a recall or market withdrawal, product liability claims may be asserted against us. Even if a product liability claim is unsuccessful, the negative publicity surrounding any assertion that the products caused illness or physical harm could adversely affect our reputation and brand equity.

Unfavorable global economic conditions and/or supply chain disruptions could adversely affect our business, financial condition or results of operations

Our business prospects and results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. A severe or prolonged economic downturn, such as the recent global financial crisis, could result in a variety of risks to our business, including weaker demand for our product candidates and impairment of our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Any of the foregoing could harm our business, and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Changes in tariffs, trade regulations may impact our operations and financial performance

Our operations and performance could face adverse effect from impacts of unfavorable changes to tariffs and trade policies imposed by domestic and foreign governments. The uncertainty surrounding recent trade tariffs imposed by the United States government and change in trade policies could significantly impact global supply chain dynamics, increase the cost of materials and induce volatility in markets. This could severely affect our business by increasing input costs for the business, reducing our margins or making our products less competitive and there can be no assurance that future developments or shifts in trade policies will not adversely impact our operating results and financial performance.

Changes in legislation and regulations may affect our revenue and profitability

Existing and proposed changes in the laws and regulations affecting public companies may cause us to incur increased costs as we evaluate the implications of new rules and respond to new requirements. Failure to comply with new rules and regulations could result in enforcement actions or the assessment of other penalties. New laws and regulations could make it more difficult to obtain certain types of insurance, including director's and officer's liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage, to the extent that such coverage remains available. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. We may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause our general and administrative costs to increase beyond what we currently have planned. Although we evaluate and monitor developments with respect to new rules and laws, we cannot predict or estimate the amount of the additional costs we may incur or the timing of such costs with respect to such evaluations and/or compliance and cannot provide assurances that such additional costs will render us compliant with such new rules and laws.

The technology industry is very competitive, and we may be unable to compete with companies with greater financial or technical resources than us, which could negatively affect our operations

The technology industry is characterized by rapid technological developments and a high degree of competition. Access to patents and other protection for technology and products, the ability to commercialize technological developments, access to necessary capital, access to market channels and the ability to obtain necessary approvals for testing, manufacturing and commercialization will impact our potential success.

We will be competing with other technology firms in the clean technology space or with other companies with similar technologies. These companies, as well as academic institutions, government agencies and private research organizations, also compete with us in research and development, product development, and market and brand development. Additionally, these companies all compete for highly qualified scientific personnel and consultants, and capital from investors.

Developments in alternative technologies or improvements in engine technologies may materially adversely affect the demand for electric vehicles and, as a consequence, the demand for our products

Significant developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, fuel which is abundant and relatively inexpensive in North America, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum-based propulsion. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could result in the loss of competitiveness of our products, decreased revenue and a loss of market share to competitors.

We are dependent on our suppliers, some of which are single-source suppliers, and the inability of these suppliers to deliver necessary components of our products according to our schedule and at prices, quality levels and volumes acceptable to us, or our inability to efficiently manage these components, could have a material adverse effect on our financial condition and operating results

Our products contain numerous purchased parts which we source globally directly from suppliers, many of which are single-source suppliers, although we attempt to qualify and obtain components from multiple sources whenever feasible. Any significant increases in our production may require us to procure additional components in a short amount of time, and in the past, we have also replaced certain suppliers because of their failure to provide components that met our quality control standards or our timing requirements. If we encounter unexpected difficulties with key suppliers, and if we are unable to fill these needs from other suppliers, we could experience production delays and potential loss of access to important technology and parts for producing, servicing and supporting our products.

This limited, and in many cases single source, supply chain exposes us to multiple potential sources of delivery failure or component shortages for production of our products. Furthermore, unexpected changes in business conditions, materials pricing, labor issues, wars, governmental changes, and natural disasters could also affect our suppliers' ability to deliver components to us on a timely basis. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to product design changes and delays in product deliveries to our customers, which could hurt our relationships with our customers and result in negative publicity, damage to our brand and a material and adverse effect on our business, prospects, financial condition and operating results.

Changes in our supply chain may lead to an increased cost for our products. We have also experienced cost increases from certain of our suppliers in order to meet our quality targets and timelines as well as due to our design changes, and we may experience similar cost increases in the future. Certain suppliers have sought to renegotiate the terms of supply arrangements. Additionally, we are negotiating with existing suppliers for cost reductions and are seeking new and less expensive suppliers for certain parts. If we are unsuccessful in our efforts to control and reduce supplier costs, our operating results will suffer.

There is no assurance that our suppliers will be able to sustainably and timely meet our cost, quality and volume needs. Furthermore, if the scale of our vehicle production increases, we will need to accurately forecast, purchase, warehouse and transport to our manufacturing facilities components at much higher volumes. If we are unable to accurately match the timing and quantities of component purchases to our actual needs or successfully manage our inventory to accommodate the increased complexity in our supply chain, we may incur unexpected production disruption, storage, transportation and write-off costs, which could have a material adverse effect on our financial condition and operating results.

If we are unable to forecast and respond to advances in electric vehicle technology and battery technology, we may suffer a decline in our competitive position

We may be unable to forecast and respond to advances in electric powertrain and battery technologies and, as a result, may suffer a decline in our competitive position. Any failure to forecast and respond to advances in electric power train technology would result in a decline in our competitive position which would materially and adversely affect our business, prospects, operating results and financial condition. Our research and development efforts may not be sufficient to adapt to changes in electric power train technology. As technologies change, we plan to upgrade or adapt our technology to continue to provide our customers with the latest in electric power train technology. However, our Sea driver, Coil driver and related power electronics technology may not compete effectively with alternatives if we are not able to source and integrate the latest technology into our customer products at a competitive price.

Climate Change Issues or Natural Disasters May Impact Our Operations

Climate change or natural disasters may exacerbate certain of the risks inherent in our manufacturing operations and supply chain. Climate change could result in increasing frequency and severity of weather-related events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages and changing temperatures that may result in physical damage to our manufacturing facility or those of our suppliers and customers.

Such damage may result in disrupted operations, and it may be difficult for us to continue business for a substantial period of time, which could materially adversely impact our business, financial condition or operating results and could cause the market value of our Common Shares to decline. Furthermore, severe weather incidences may cause us to incur substantial extraordinary costs, including costs to respond during the event, to recover from the event and to possibly modify existing or future infrastructure requirements to prevent recurrence. Climate changes could also disrupt our operations by impacting the availability and costs of materials needed for production and could increase insurance and other operating costs.

The demand for commercial electric vehicles depends, in part, on the continuation of current trends resulting from historical dependence on fossil fuels. Extended periods of low diesel or other petroleum-based fuel prices could adversely affect demand for electric vehicles, which could adversely affect our business, prospects, financial condition and operating results

We believe that much of the present and projected demand for commercial zero-emission electric vehicles results from concerns about volatility in the cost of petroleum-based fuel, the dependency of the United States on oil from unstable or hostile countries, government regulations and economic incentives promoting fuel efficiency and alternative forms of energy, as well as the belief that poor air quality and climate change results in part from the burning of fossil fuels. If the cost of petroleum-based fuel decreased significantly, or the long-term supply of oil in the United States improved, the government may eliminate or modify its regulations or economic incentives related to fuel efficiency and alternative forms of energy. If there is a change in the perception that the burning of fossil fuels does not negatively impact the environment, the demand for commercial zero-emission electric vehicles could be reduced, and our business and revenue may be harmed. Diesel and other petroleum-based fuel prices have been extremely volatile, and we believe this continuing volatility will persist. Lower diesel or other petroleum- based fuel prices over extended periods of time may lower the current perception in government and the private sector that cheaper, more readily available energy alternatives should be developed and produced. If diesel or other petroleum-based fuel prices remain at deflated levels for extended periods of time, the demand for commercial electric vehicles may decrease, which could have an adverse effect on our business, prospects, financial condition and operating results.

Cyber security breaches and other disruptions to our information technology networks and systems could substantially interfere with our operations and could compromise the confidentiality of our proprietary information, notwithstanding the fact that no such breaches or disruptions have materially impacted us to date

We rely upon information technology systems and networks, some of which are managed by third-parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including supply chain management, manufacturing, invoicing and collection of payments from our customers. Additionally, we collect and store sensitive data, including intellectual property, proprietary business information, the proprietary business information of our suppliers, as well as personally identifiable information of our employees, in data centers and on information technology systems. The secure operation of these information technology systems, and the processing and maintenance of this information, is critical to our business operations and strategy. Despite security measures and business continuity plans, our information technology systems and networks may be vulnerable to damage, disruptions or shutdowns due to attacks by hackers or breaches due to errors or malfeasance by employees, contractors and others who have access to our networks and systems, or other disruptions during the process of upgrading or replacing computer software or hardware, hardware failures, software errors, third-party service provider outages, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise our systems and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations and reduce the competitive advantage we hope to derive from our investment in technology. Our insurance coverage may not be available or adequate to cover all the costs related to significant security attacks or disruptions resulting from such attacks.

A failure of our technology may result in product recalls for our customers

Any product recall by our customers using our SEA Drive®, Coil Driver® or Cell Driver battery control technology in the future may result in adverse publicity, damage to our brand and may adversely affect our business, prospects, operating results and financial condition. We may at various times, voluntarily or involuntarily, initiate a recall if any of our electric vehicle components prove to be defective. Such recalls, voluntary or involuntary, involve significant expense and diversion of management attention and other resources, which would adversely affect our brand image in our target markets and could adversely affect our business, prospects, financial condition and results of operations.

We may not succeed in establishing, maintaining and strengthening the Exro brand, which would materially and adversely affect customer acceptance of our coil driver and battery control products and in turn have a materially adverse effect on our business, revenues and prospects

Our business and prospects heavily depend on our ability to develop, maintain and strengthen the Exro brand. Any failure to develop, maintain and strengthen our brand may materially and adversely affect our ability to sell our planned products and technology. If we are not able to establish, maintain and strengthen our brand, we may lose the opportunity to expand our customer base. Promoting and positioning our brand will depend significantly on the ability of our technology and products to meet or exceed partner and customer expectations. In addition, we expect that our ability to develop, maintain and strengthen the Exro brand will also depend heavily on the success of our marketing efforts. To further promote our brand, we may be required to change our marketing practices, which could result in substantially increased advertising expenses. We operate in a competitive industry, and we may not be successful in building, maintaining and strengthening our brand. Many potential competitors, particularly automobile motor and/ or manufacturers headquartered in the United States, Japan and the European Union have greater name recognition, broader customer relationships and substantially greater marketing resources than we do. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

Our business may be adversely affected by labor and union activities

While Exro does not have a unionized workforce, we directly and indirectly depend upon other companies with unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. If a work stoppage occurs within our business, or in one of our key suppliers, it could delay the manufacture and sale of our coil driver and battery control products and have a material adverse effect on our business, prospects, operating results and financial condition.

Our products are subject to motor vehicle standards and the failure to satisfy such mandated safety standards would have a material adverse effect on our business and operating results

All SEA Drive®, Coil Driver®, battery and power electronics products sold must comply with federal, state and provincial motor vehicle safety standards. In both Canada and the United States vehicles that meet or exceed all federally mandated safety standards are certified under the federal regulations. In this regard, Canadian and U.S. motor vehicle safety standards are substantially the same. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Failure by us to have our current or future products satisfy motor vehicle standards would have a material adverse effect on our business and operating results.

If our technologies fail to perform as expected, our ability to continue to develop, market and sell our power electronics products could be harmed

Products derived from our technology may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. For example, our coil driver products use technologically complex software algorithms to operate. Given the inherent complexity of this software, it may contain defects and errors which would adversely impact the operation of customers' vehicles and related mobility products. While we have performed extensive testing of our coil driver technology, we currently have a limited frame of reference to evaluate the performance of vehicles in the hands of our customers under a range of operating conditions.

We are highly dependent on our management team and other key employees, consultants and advisers, and our business will be adversely affected if we are unable to attract and retain qualified personnel

Our performance will be largely dependent on the talents and efforts of highly skilled individuals. The loss of one or more members of our management team or other key employees or consultants could materially harm our business, financial condition, results of operations and prospects. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization. We face competition for personnel and consultants from other companies, universities, public and private research institutions, government entities and other organizations. If we do not succeed in attracting excellent personnel or in retaining or motivating them, we may be unable to grow effectively. In addition, our future success will depend in large part on our ability to retain key consultants and advisors. We cannot assure that any skilled individuals will agree to become an employee, consultant, or independent contractor of our company. Our inability to retain their services could negatively impact our business and our ability to execute our business strategy.

Ex*ro is exposed to fluctuations in currency exchange rates that could negatively impact Exro's business and financial result*.

Exro faces exposure to adverse movements in foreign currency exchange rates in regions and locations where it conducts business outside of Canada. These exposures may change over time as business practices evolve, which could adversely affect Exro's business and financial results.

We may not be able to successfully develop, maintain and protect our proprietary products and technologies

Our success will depend in part on our ability and that of our corporate collaborators to obtain, enforce and protect patents and maintain trade secrets in Canada, the United States and in other countries. There is a risk that we may not be able to obtain and enforce patents and maintain our trade secrets.

Patent law relating to the scope and enforceability of claims in the fields in which we operate is still evolving. There can be no assurance that patents will issue from any of the pending patent applications. In addition, there may be issued patents and pending applications owned by others directed to technologies relevant to our or our corporate collaborators' research, development and commercialization efforts. There can be no assurance that our or any corporate collaborators' technology can be developed and commercialized without a license to such patents or that such patent applications will not be granted priority over patent applications filed by us or one of our corporate collaborators.

Our commercial success depends significantly on our ability to operate without infringing the patents and proprietary rights of third parties, and there can be no assurance that our and our corporate collaborators' technologies and products do not or will not infringe the patents or proprietary rights of others.

There can be no assurance that third parties will not independently develop similar or alternative technologies to ours, duplicate any of our technologies or the technologies of our corporate collaborators or our licensors, or design around the patented technologies developed by us, our corporate collaborators or our licensors. The occurrence of any of these events would have a material adverse effect on our business, financial condition and results of operations.

Litigation may also be necessary to enforce patents issued or licensed to us or our corporate collaborators or to determine the scope and validity of a third party's proprietary rights. We could incur substantial costs if litigation is required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our corporate collaborators or if we initiate such suits, and there can be no assurance that funds or resources would be available in the event of any such litigation. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from other parties or require us or our corporate collaborators to cease using certain technology or products, any of which may have a material adverse effect on our business, financial condition and results of operations.

We may become subject to product liability or warranty claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims

We may become subject to product liability or warranty claims, which could harm our business, prospects, operating results and financial condition. For example, the automobile industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our coil driver and other power electronic products do not perform as expected or malfunction resulting in personal injury or death. Our risks in this area are particularly pronounced as our coil driver products use technologically complex software algorithms to operate. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our vehicles and business which would have a material adverse effect on our brand, business, prospects and operating results.

We may need to defend ourselves against intellectual property infringement claims, which may be time-consuming and could cause us to incur substantial costs

Others, including our competitors, may hold or obtain patents, copyrights, trademarks or other proprietary rights that could prevent, limit or interfere with our ability to make, use, develop, sell or market our products and services, which could make it more difficult for us to operate our business. From time to time, the holders of such intellectual property rights may assert their rights and urge us to take licenses, and/or may bring suits alleging infringement or misappropriation of such rights. We may consider the entering into licensing agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur, and such licenses could significantly increase our operating expenses. In addition, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to cease making, selling or incorporating certain components or intellectual property into the goods and services we offer, to pay substantial damages and/or license royalties, to redesign our products and services, and/or to establish and maintain alternative branding for our products and services. In the event that we were required to take one or more such actions, our business, prospects, operating results and financial condition could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

We are subject to a number of government laws and regulations, and our failure to remain in compliance with such laws and regulations could negatively impact our business and our ability to carry out our business plan

We are subject to various federal, provincial and local laws and regulations affecting corporations and the trading of our securities including, but not limited to: Business Corporations Act (British Columbia), Securities Act (British Columbia) and the Income Tax Act (Canada), Income Tax Act (British Columbia), as well as various regulatory bodies such as the BC Securities Commission, the Toronto Stock Exchange, and the OTCQB operated by OTC Markets Group. In the event we are unable to remain in compliance with all of the regulations applicable to our company and operations it could negatively impact our business and our ability to execute our business strategy.

Further, as our technology is commercialized, vehicles and other products using our technology may be subject to a variety of laws and regulations both domestic and international. In the event we are unable to comply with any laws and regulations affecting such products, it may have a negative material impact on our business, operations, and financial performance.

We are subject to numerous environmental, health and safety laws and any breach of such laws may have a material adverse effect on our business and operating results

We are subject to numerous environmental and health and safety laws, including statutes, regulations, bylaws and other legal requirements. These laws relate to the generation, use, handling, storage, transportation and disposal of regulated substances, including hazardous substances (such as batteries), dangerous goods and waste, emissions or discharges into soil, water and air, including noise and odors (which could result in remediation obligations), and occupational health and safety matters, including indoor air quality. These legal requirements vary by location and can arise under federal, provincial, state or municipal laws. Any breach of such laws, regulations or requirements would have a material adverse effect on our company and its operating results.

Risks Related to Our Common Shares

The market price of our common shares may be volatile and may fluctuate in a way that is disproportionate to our operating performance

Our common shares are quoted on the OTCQB operated by OTC Markets Group and listed on the TSX Exchange ("TSX"). Trading of shares on the OTCQB or TSX is often characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects.

The volume of trading in our common shares has been high and the share price has fluctuated significantly. This volatility could depress the market price of our common shares for reasons unrelated to operating performance. The market price of our common shares could decline due to the impact of any of the following factors upon the market price of our common shares:

- sales or potential sales of substantial amounts of our common shares;
- announcements about us or about our competitors;
- litigation and other developments relating to our company or those of our suppliers or our competitors;
- conditions in the automobile industry;
- governmental regulation and legislation;
- variations in our anticipated or actual operating results;
- change in securities analysts' estimates of our performance, or our failure to meet analysts' expectations;
- change in general economic conditions or trends;
- changes in capital market conditions or in the level of interest rates; and
- investor perception of our industry or our prospects.

Many of these factors are beyond our control. The stock markets in general, and the market price of common shares of companies operating within the electric mobility sector in particular, have historically experienced extreme price and volume fluctuations. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. These broad market and industry factors could reduce the market price of our common shares, regardless of our actual operating performance.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they adversely change their recommendations or publish negative reports regarding our business or our shares, our share price and trading volume could decline

The trading market for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. We currently have research coverage from two securities analysts in Canada. We do not have any control over these analysts, and we cannot provide any assurance that analysts will cover us or provide favorable coverage. If any of the analysts who may cover us adversely change their recommendation regarding our shares, or provide more favorable relative recommendations about our competitors, the market value of our securities would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the price of our common shares and warrants and our trading volume to decline.

Sales of a substantial number of our common shares in the public market by our existing shareholders could cause our share price to fall

Sales of a substantial number of shares of our common shares in the public markets, or the perception that these sales might occur, could depress the market price of our common shares and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common shares. Sales of shares by these shareholders could have a material adverse effect on the trading price of our common shares. We intend to register the offering, issuance, and sale of all common shares that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements.

A prolonged and substantial decline in the price of our common shares could affect our ability to raise further working capital, thereby adversely impacting our ability to continue operations

A prolonged and substantial decline in the price of our common shares could result in a reduction in the liquidity of our common shares and a reduction in our ability to raise capital. Because we plan to acquire a significant portion of the funds we need in order to conduct our planned operations through the sale of equity securities, a decline in the price of our common shares could be detrimental to our liquidity and our operations because the decline may cause investors not to choose to invest in our shares. If we are unable to raise the funds we require for all our planned operations and to meet our existing and future financial obligations, we may be forced to reallocate funds from other planned uses and may suffer a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. This could cause our business to suffer and could jeopardize our ability to continue operations.

Volatility in our common share price may subject us to securities litigation

The market for our common shares may have, when compared to seasoned issuers, significant price volatility, and we expect that our share price may continue to be more volatile than that of a seasoned issuer for the foreseeable future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We are currently involved in a proposed class action suit filed by select investors alleging damages or losses as a result of their investment in Exro securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources away from the day-to-day business operations.

Because we do not intend to pay any cash dividends on our common shares in the near future, our shareholders will not be able to receive a return on their shares unless they sell them

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common shares in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of our board of directors and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors that the board of directors considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless we pay dividends, our shareholders will not be able to receive a return on their shares unless they sell them.

DIVIDEND POLICY

There are no restrictions on Exro's ability to pay dividends. The declaration of dividends on our Common Shares is within the discretion of the board of directors and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company.

At the present time, Exro does not intend to declare or pay cash dividends on its common shares within the foreseeable future. See "*Risk Factors – Risks Related to Our Securities – Dividends*".

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the Company's authorized share capital. This summary is qualified by reference to, and is subject to, and the detailed provisions of our articles available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Common Shares

The authorized share capital of the Company is an unlimited number of Common Shares without par value. As at December 31, 2024, the Company had 540,802,464 Common Shares issued and outstanding. As of the date of this Annual Information Form, the Company had 549,513,254 Common Shares issued and outstanding. All of the Common Shares are of the same class and, once issued, rank equally. The holders of Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per Common Share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. There are no pre-emptive or conversion rights.

Preferred Shares

The Company is authorized to issue preferred shares ("Preferred Shares"), without a maximum authorized number, issuable in series, with special rights or restrictions attached to the class which permit the Board to create series and to attach special rights and restrictions to the Preferred Shares of each series if, as and when created. As at December 31, 2024, the Company had 57,746,424 Preferred Shares issued and outstanding. As of the date of this Annual Information Form, the Company had 51,882,782 Preferred Shares issued and outstanding.

Stock Options

The Company's Omnibus Long-Term Incentive Plan (the "**Exro Omnibus Long-Term Incentive Plan**" or the "**Plan**") is a 10% rolling plan and under the plan, the maximum number of common shares that may be granted in favor of any single individual will not exceed 10% of the issued and outstanding common shares at the date of grant. The maximum number of common shares that may be granted in favor of directors and senior officers under the long-term incentive is 10% of the issued and outstanding common shares at the date of grant. Officers, employees, and consultants of, or to, the Corporation or a Subsidiary providing ongoing services to the

Corporation and/or its Subsidiaries shall be eligible to receive options, RSUs and PSUs, and non-employee directors of the Corporation shall be entitled to receive DSUs and Options (such officers, employees, consultants, and directors collectively, “Eligible Persons”).

The number of Shares that are (i) issued to Insiders within any one-year period, or (ii) issuable to Insiders at any time, in each case, under this Plan alone or when combined with all other Share Compensation Arrangements, shall not exceed 10% of the total number of Shares issued and outstanding from time to time.

Options will expire 90 days after the holder ceases to provide services to the Company or an affiliate, except in the case of death or dismissal for cause. In the case of death, an holders vested options will remain exercisable by the holders estate until the earlier of one year after the holders death and the original expiry date of the option. Where an optionee is dismissed for cause, all options, vested and un- vested, will terminate immediately on the date of dismissal without any right of exercise.

Unless as otherwise provided in a participant’s employment agreement or stock option certificate or as otherwise determined by the Board, in its sole discretion, all options granted under this plan will vest over a four-year period following the date of the grant, with twenty percent (20%) of the total number of options forming part of any grant to vest on the date of grant and thereafter on each anniversary date after the date of the grant. Options may be subject to additional vesting conditions as may be determined by the Board at the time of grant, including performance vesting conditions.

As at December 31, 2024, there were Options exercisable for 11,430,990 Common Shares outstanding. As of the date of this Annual Information Form, there were Options exercisable for 52,084,318 Common Shares outstanding.

Warrants

On April 5, 2024, 2024 the Company issued 13,192,842 warrants at an exercise price of $0.81 in conjunction with the acquisition of SEA Electric.

On September 13, 2024, Exro issued a total of 37,500,225 warrants in connection with the public offering, at an exercise price of $0.42. An additional 2,857,160 broker warrants, equal to 4% of the shares issued in the offering were issued with an exercise price of $0.35.

As at December 31, 2024, the Company had 69,905,010 warrants issued and outstanding with a weighted average exercise price of $0.31. As of the date of this Annual Information Form, the Company had 63,622,874 warrants issued and outstanding with a weighted average exercise price of $0.31.

Restricted Shares Units and Performance Share Units

The Company's' RSUs, PSUs and DSUs are governed under the Company's Long-Term Incentive Plan. The participant shall be entitled to receive, and the Corporation will issue shares or pay the cash equivalent or combination thereof, in accordance with the applicable award agreement, in satisfaction of any vested and unsettled RSUs, PSUs and or DSUs held by the Participant on the termination date. Each unvested award held by the participant will automatically terminate and become void on the termination date.
The Board shall, at its sole discretion determine the relevant conditions and vesting provisions (including, in the case of PSUs, the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such RSUs and/or PSUs, in each case to the terms and conditions prescribed in this Plan and in any RSU Agreement or PSU Agreement, as applicable.

The Company did not grant any RSUs or PSUs during the year December 31, 2024. As at December 31, 2024, 4,856,351 RSUs remained unvested, and 397,875 PSUs. As of the date of this Annual Information Form, 2,109,203 RSUs and 343,124 PSUs were outstanding.

MARKET FOR SECURITIES

Trading Price and Volume

The following table sets out the high and low sale prices and the volume of trading of the Company's Common Shares on the Toronto Stock Exchange on a monthly basis for the Company's fiscal year ended December 31, 2024, and subsequent periods to the date of this document. As of March 31, 2025, the closing price of the Company's Common Shares was $0.09 per Common Share on the TSX Venture exchange.

	High	Low	Volume
January 2024	$1.34	$0.88	4,805,000
February 2024	$0.96	$0.76	3,891,500
March 2024	$0.93	$0.70	5,527,100
April 2024	$0.94	$0.61	3,886,170
May 2024	$0.77	$0.63	2,363,600
June 2024	$0.77	$0.46	4,775,700
July 2024	$0.68	$0.49	2,790,800
August 2024	$0.56	$0.23	7,612,300
September 2024	$0.42	$0.26	5,645,000
October 2024	$0.29	$0.12	14,750,500
November 2024	$0.31	$0.11	18,334,000
December 2024	$0.18	$0.12	6,512,900
January 2025	$0.16	$0.11	7,458,600
February 2025	$0.12	$0.08	7,708,900
March 2025	$0.13	$0.09	3,884,000

Prior Sales

The following table summarizes the issuance of Options, Warrants and RSUs for the Company's fiscal year ended December 31, 2024.

Date of Issuance	Security Type	Issuance Price/ Exercise Price	Number of Securities
April 5, 2024	Options	$0.83	4,085,873
April 5, 2024	RSU	n/a	15,457,723
April 5, 2024	Warrants	$0.81	13,192,842
September 13, 2024	Warrants	$0.35	2,857,160
September 13, 2024	Warrants	$0.42	37,500,225

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table provides the names, province or state and country of residence, position, and principal occupations of each executive officer and director of the Company. The term of each director expires on the date of our next annual meeting.

Name, City and Province of Residence	Positions Held with the Company	Principal Occupation or Employment During the Past Five Years	Director/ Officer Since
Sue Ozdemir Gilbert, Arizona, USA	Chief Executive Officer and Director	CEO of the Company, Business Executive, General Electric	September 9, 2019
Rod Copes Sanibel, Florida, USA	Chairman and Director (independent)	Corporate Director; Executive Chair at Slate Motors, LLC since 2022; Director of Volumetric Building Companies since 2021; Former COO of Rivian from 2020 to 2021; Former Division President at Royal Enfield North America from 2014 to 2019.	May 19, 2022
Darrell Bishop, Gilbert, Arizona, USA	Chief Financial Officer	Appointed Chief Financial Officer of the Company April 5, 2024. Former President, Finance and Investor Relations of Exro as of February 17, 2022; Former Corporate Finance Principal at Peters & Co. Ltd. from 2021 to 2022; Managing Director of Investment Banking and Director at Haywood Securities Inc. from 2014 to 2021.	February 17, 2022
Frank Simpkins(1)(3) Export, Pennsylvania, USA	Director (independent)	Director of Power Solutions International, Inc. since 2017; Advisory Board member of Anovion Technologies since 2022.	June 30, 2023
Aleksandra Miziolek(1)(2)(3) Detroit, Michigan, USA	Director (independent)	Director of American Axle & Manufacturing Holdings Inc since March 2023; Director of Solid Power Inc. since Feb 2022;former Director of Tenneco from 2020 to2022; Operator Advisor to Assembly Ventures since 2021; Advisor to OurOffice since 2021; Former SVP, Chief Transformation Officer and General Counsel of Cooper-Standard Holdings Inc. from 2014 to 2019.	June 30, 2023
John MacLeod(1), Santa Monica, California, USA	Director (independent)	Director of SEA since 2022; CEO of Rivet360 since 2013; Director of Rivet360 since 2023.	April 5, 2024
Nancy Gioia(2), Detroit, Michigan, USA	Director (independent)	Director of Power Integrations (POWI); Former Director Brady Corporation, Exelon Corporation, Meggitt PLC, Lucid Group Inc and Former Executive Chair of Blue Current; Former Director of Global Electrical Connectivity and User Experience for Ford Motor Company, retired in 2014	June 28, 2024
Eric Hustedt Calgary, Alberta, Canada	Chief Technology Officer	Chief Technology Officer of the Company. Former Chief Engineering Officer of the Company. Former senior engineer at KSR International Inc.	November 16, 2020

Notes:
(1) Member of the Audit Committee
(2) Member of the Talent and Compensation Committee
(3) Member of the Governance and Nominating Committee

As of March 31, 2025, the executive officers and directors of the Company owned, directly or indirectly, or exercised control or direction over 1,306,686 of the Common Shares of the Company.

During the year ended December 31, 2024, Terence Johnsson and Anita Ganti vacated their positions as directors of the Company. Mr. Terence and Ms. Ganti resigned from their positions on April 4, 2024.

Subsequent to December 31, 2024, on February 3,2025, Mr. Anthony Fairweather resigned from his position as a member of the board.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed herein, no director or executive officer of Exro is, as of the date of the Annual Information Form, or has been, within the 10 years preceding the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company, including Exro, that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of Exro, or to the best of Exro's knowledge, a shareholder holding a sufficient number of securities of Exro to affect materially the control of Exro:

(a) is, as of the date of the Annual Information Form, or has been within 10 years preceding this date, a director or executive officer of any company, including Exro, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of the Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of Exro, or to the best of Exro's knowledge, a shareholder holding a sufficient number of securities of Exro to materially affect the control of Exro, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Company, there are no known material existing or potential conflicts of interest among the Company's directors, officers or other members of management as a result of their outside business interests except that certain of the Company's directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See "*Directors and Officers – Name, Occupation and Security Holding*" and *"Interest of Management and Others in Material Transactions*".

AUDIT COMMITTEE

<u>Audit Committee Charter</u>

The Company's audit committee charter is attached as Schedule "A" to this Annual Information Form.

<u>Composition of the Audit Committee</u>

The following are the current members of the Audit Committee: Frank Simpkins, Aleksandra Miziolek, and John MacLeod. All the members are financially literate and independent as those terms are used in Multilateral Instrument 52-110 – *Audit Committees* ("**NI 51-110**").

<u>Audit Committee Member Education and Experience</u>

Frank Simpkins

Mr. Simpkins has over 25 years of executive management and financial experience. From June 2016 to December 2016, he served as Chief Financial Officer of Emerson Network Power, part of Emerson Electric Co. (NYSE: EMR). From 2006 to 2015, Mr. Simpkins served as Vice President and Chief Financial Officer of Kennametal Inc. (NYSE: KMT), a global leader in the design and manufacture of engineered components, advanced materials and cutting tools. Prior to that role, Mr. Simpkins held various positions within Kennametal since 1995. Prior to Kennametal, he worked as a Manager for PricewaterhouseCoopers from 1986 to 1995.

Aleksandra Miziolek

Aleksandra concluded an approximately six-year tenure in 2019 with Cooper-Standard Holdings Inc. (NYSE: CPS), a leading global supplier of systems and components for the automotive industry, most recently serving as Chief Transformation Officer. In this role, Ms. Miziolek led crucial transformation initiatives aimed at increasing profitability and was actively involved in the development of the Company's growth strategy for its nonautomotive material science business. She also served as Cooper-Standard Holdings' Senior Vice President, General Counsel, Secretary and Chief Compliance Officer beginning in 2014. Prior to joining Cooper-Standard Holdings, Ms. Miziolek spent 32 years with the law firm of Dykema Gossett, where she held several key leadership positions, such as Director of the Automotive Industry Group, and built a successful M&A and infrastructure practice spanning multiple industries. Since June 2023, Ms. Miziolek has served as a director of Exro. From March 2020 until November 2022, Ms. Miziolek served as a director and member of each of the compensation committee and nominating and governance committee of Tenneco Inc. (formerly NYSE: TEN), a Fortune 500 global industrial supplier for automotive original equipment manufacturers. Ms. Miziolek also serves as a director of Solid Power since February 2022 till date and a director of American Axle & Manufacturing since March 2024 till date. She is also a NACD Board Leadership Fellow and serves as an Operator Advisor to Assembly Ventures, a global mobility and infrastructure venture fund, and Advisor to OurOffice, Inc. Ms. Miziolek holds a B.A in Political Science and Spanish and a J.D., each from Wayne State University.

John MacLeod

John is a global executive with a wealth of experience in technology, automotive, entertainment, and retail sectors. As the founder of Rivet360, he pioneered innovative digital media solutions, leveraging AI and location technologies to produce award-winning content. His leadership at NAVTEQ was instrumental in its growth and eventual sale to NOKIA for $8.1 billion. John's extensive background also includes pivotal roles at The Walt Disney Company and Sony Corporation. He holds a BA from Harvard and an MBA from Stanford, with four patents in location technologies and content.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as part of its audit charter. The pre-approval requirement for such engagement is waived if (i) the aggregate amount of all non-audit services provided to the Company amounts to five percent or under of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided and (ii) the services were not recognized by the Company at the time of the engagement to be non-audit services and (iii) the services are promptly brought to the attention of the Audit Committee by the Company and approved by the Audit Committee (or one or more members of the Audit Committee to whom that authority to approve has been delegated by the Audit Committee, subject to the pre-approval being presented to the first scheduled meeting of the Audit Committee after the approval) prior to the completion of the audit.

External Auditor Services Fees

Fees paid or payable to the Company's current auditors, PricewaterhouseCoopers LLP, in 2024 are as follows:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2024	Fees Paid to Auditor in Year Ended December 31, 2023
Audit Fees	$817,500	$291,000
Audit-Related Fees	$473,050	$105,000
Tax Fees	$60,700	$58,800
All Other Fees	$Nil	$9,000
Total	$1,351,250	$463,800

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include aggregate fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements.

(2) "Audit-Related Fees" include fees for services that are traditionally performed by the auditor. These audit-related services include aggregate fees for employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation. Audit-Related Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes aggregate fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services, in the aggregate.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal, administrative, regulatory and other proceedings, actions, claims and inquiries relating to our business.

Exro's CEO and the chair of Exro's board of directors have been named as defendants in a proposed class action lawsuit filed on behalf of select investors who purchased the securities of Exro in the secondary market or the primary market between January 30 and November 13, 2024. The plaintiffs allege damages or losses were incurred on their investments as a result of a result of misrepresentations contained in a material change report filed by Exro on January 30, 2024. Exro disputes the allegations contained in the statement of claim, and intends to defend the claim vigorously.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Directors and officers of the Company hold Common Shares and may be granted Options in the future. Other than as described elsewhere in this Annual Information Form, none of our directors, executive officers or shareholders, owning or exercising control or direction over more 10% of the Common Shares, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this Annual Information Form that has materially affected us or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Common Shares is Odyssey Trust Company at its office in Calgary, Stock Exchange Tower, 1230 300 5 Avenue SW, Calgary, AB T2P 3C4.

The transfer agent and the registrar of the listed Warrants issued September 13, 2024, is Computershare, 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9.

MATERIAL CONTRACTS

The following are the material contracts of Exro as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* entered into within the last financial year or before the last financial year if that material contract is still in effect:

1. Assignment and Assumption Agreement between the Company and BioHEP Ventures Ltd. ("**BioHEP**") dated April 21, 2017 has been approved by BioHEP and BioDE. This agreement describes the terms of the transfer of the biotechnology assets from the Company to BioHEP.

2. Memorandum of Agreement between Exro and Northwest UAV effective as of February 15, 2016 and its Amendment No. 01 dated June 2, 2017. This agreement summarizes the essential terms of cooperation between Exro and Northwest UAV in developing and engineering of proof- of-concept prototype generator and separate regulator (the Generator Control Unit assembly), resulting in an electrical power system package enabled with Exro's DCM (Dynamic Current Management) technology for a NWUAV selected aerial vehicle propulsion system.

Copies of all material agreements referred to in this Annual Information Form may be inspected at the head office of the Company located at 12 - 21 Highfield Circle S.E., Calgary, Alberta T2G 5N6 during normal business hours, as well as on the SEDAR+ website at www.sedarplus.ca.

INTERESTS OF EXPERTS

The auditor of the Company is PricewaterhouseCoopers LLP, who have prepared an independent auditor's report dated March 31, 2025 in respect to the consolidated financial statements of the Company for the year ended December 31, 2024. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our Company's securities and securities authorized for issuance under equity compensation plans, will be contained in the Company's management information circular for the 2025 annual meeting of shareholders. Additional financial information is provided in the Company's audited annual consolidated financial statements and management's discussion and analysis of our financial condition and results of operations for our most recently completed fiscal year ended December 31, 2024. Such documentation, as well as additional information relating to the Company, may be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

ADDENDA

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements
- Review and appraise the performance of the Company's external auditors
- Provide an open avenue of communication among the Company's auditors, financial and senior
- management and the Board of Directors

Composition

- The Committee shall be comprised of three directors as determined by the Board of Directors, each of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee including being "independent" in accordance with all applicable laws including Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules and regulations of the United States Securities and Exchange Commission and the listing standards of the Nasdaq.

- At least one member of the Committee shall have accounting or related financial management expertise sufficient to be considered a "financial expert" under Item 407(d)(5) of Regulation S-K under the Exchange Act and "financially sophisticated" under the listing standards of the Nasdaq. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

- The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership

Meetings

- The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the CFO and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review

a) Review and update this Charter annually.
b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

2. External Auditors

a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard
c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
e) The selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval and be directly responsible for the compensation, retention and oversight of the external auditors.
f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
    i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
    ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
    iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the
j) Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.
k) Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

3. Financial Reporting Processes

a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters and handle the retention and treatment of such complaints and concerns.
i) Review certification process.
j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Risk Management

a. To review, at least annually, and more frequently, if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
b. To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
c. To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
d. To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

5. The Committee, when it considers it necessary or advisable, may retain, at the Company's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. Prior to any engagement, the Committee shall take into account the independence of such consultants or advisors.

6. The Committee shall set the compensation and oversee the work of its outside counsel, consultants and any other advisors it engages. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to any consultants, outside counsel and any other advisors it engages.

7. Review any related-party transactions.

Approved by the Board: December 16, 2021