



**Condensed Consolidated Interim Financial Statements**  
**As at and for the three months ended March 31, 2024**

*(Expressed in Canadian dollars)*

**Exro Technologies Inc.**  
**Condensed Consolidated Interim Statements of Financial Position**  
*(Expressed in Canadian dollars - Unaudited)*

| As at   | Note      | March 31, 2024    | December 31, 2023    |
|---|-----------|-------------------|----------------------|
| <b>ASSETS</b>                                     |           |                   |                      |
| <b>CURRENT ASSETS</b>                             |           |                   |                      |
| Cash and cash equivalents                         | \$        | 1,057,574         | \$ 6,241,176         |
| Cash held in escrow                               | 11        | 27,847,580        | —                    |
| Accounts receivable                               | 14        | 1,487,583         | 4,233,672            |
| Prepaid expense                                   |           | 756,260           | 1,348,321            |
| Inventory   | 8         | 6,742,602         | 6,665,963            |
|   |           | <b>37,891,599</b> | <b>18,489,132</b>    |
| Investment  | 6         | 7,629,355         | 8,357,423            |
| Property, plant, and equipment                    | 7         | 31,898,234        | 32,079,698           |
| Derivative asset                                  | 10        | 1,759,310         | 1,217,346            |
| <b>TOTAL ASSETS</b>                               | <b>\$</b> | <b>79,178,498</b> | <b>\$ 60,143,599</b> |
| <b>LIABILITIES</b>                                |           |                   |                      |
| <b>CURRENT LIABILITIES</b>                        |           |                   |                      |
| Accounts payable and accrued liabilities          | \$        | 12,704,792        | \$ 8,629,951         |
| Unearned revenue                                  | 5         | 254,985           | —                    |
| Lease liability – current portion                 | 9         | 1,510,272         | 1,555,270            |
| Other current liabilities                         | 11        | 27,847,580        | —                    |
|   |           | <b>42,317,629</b> | <b>10,185,221</b>    |
| Long-term debt                                    |           | —                 | 50,000               |
| Lease liability – long-term portion               | 9         | 5,015,246         | 5,248,178            |
| Convertible debentures                            | 10        | 12,250,635        | 12,089,076           |
| <b>TOTAL LIABILITIES</b>                          |           | <b>59,583,510</b> | <b>27,572,475</b>    |
| <b>SHAREHOLDERS' EQUITY</b>                       |           |                   |                      |
| Share capital                                     | 11        | 154,351,148       | 154,354,940          |
| Contributed surplus                               |           | 29,081,014        | 28,768,802           |
| Equity component of convertible debentures        | 10        | 991,295           | 991,295              |
| Deficit   |           | (164,331,996)     | (151,464,762)        |
| Accumulated other comprehensive loss              |           | (496,473)         | (79,151)             |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |           | <b>19,594,988</b> | <b>32,571,124</b>    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>\$</b> | <b>79,178,498</b> | <b>\$ 60,143,599</b> |

**Going concern** (note 1)

**Subsequent events** (note 16)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 15, 2024. They are signed on the Company's behalf by:

“Rod Copes”

Director

“Frank Simpkins”

Director

See accompanying notes to the condensed consolidated interim financial statements

**Exro Technologies Inc.**  
**Condensed Consolidated Interim Statements of Comprehensive Loss**  
*(Expressed in Canadian dollars - Unaudited)*

|  |      | For the three months ended March 31, |                       |
|--|------|--------------------------------------|-----------------------|
|  | Note | 2024                                 | 2023                  |
| Revenue  | 5    | 1,263,211                            | 324,769               |
| Cost of Sales  |      | 915,533                              | 257,464               |
| <b>GROSS PROFIT</b>                                      |      | <b>\$ 347,678</b>                    | <b>\$ 67,305</b>      |
| <b>EXPENSES</b>  |      |                                      |                       |
| Payroll and consulting                                   |      | 3,754,701                            | 3,649,496             |
| Research and development                                 | 15   | 3,610,703                            | 1,909,664             |
| Selling, general and administration                      |      | 2,253,485                            | 1,442,110             |
| Transaction Costs  | 16   | 2,077,145                            | —                     |
| Depreciation expense                                     | 7    | 969,765                              | 682,416               |
| Interest expense   | 10   | 726,184                              | 732,277               |
| Share-based payments                                     | 11   | 343,502                              | 265,494               |
| Loss on disposal of assets                               |      | —                                    | 96,844                |
| <b>TOTAL EXPENSES</b>                                    |      | <b>\$ (13,735,485)</b>               | <b>\$ (8,778,301)</b> |
| Loss on investment                                       | 6    | (903,238)                            | —                     |
| Change in fair value of derivative asset                 | 10   | 541,964                              | 586,788               |
| Foreign exchange gain (loss)                             |      | 645,826                              | (71,933)              |
| Other income   |      | 236,021                              | 32,737                |
| <b>NET LOSS</b>  |      | <b>\$ (12,867,234)</b>               | <b>\$ (8,163,404)</b> |
| Items that may be subsequently reclassified to earnings: |      |                                      |                       |
| Gain (loss) on translation of foreign currency           |      | (417,322)                            | 51,443                |
| <b>OTHER COMPREHENSIVE LOSS</b>                          |      | <b>\$ (13,284,556)</b>               | <b>\$ (8,111,961)</b> |
| Loss per share - basic and diluted                       | 11   | \$ (0.08)                            | \$ (0.05)             |
| Weighted average number of common shares outstanding     |      | 170,077,862                          | 149,820,687           |

See accompanying notes to the condensed consolidated interim financial statements

**Exro Technologies Inc.**  
**Condensed Consolidated Interim Statements of Shareholders' Equity**  
*(Expressed in Canadian dollars - Unaudited)*

|                                       | Note | Number of<br>outstanding<br>shares | Share<br>capital      | Contributed<br>surplus | Equity<br>component of<br>convertible<br>debentures | Deficit                | Accumulated<br>other<br>comprehensive<br>income | Total<br>shareholders'<br>equity |
|---------------------------------------|------|------------------------------------|-----------------------|------------------------|---|------------------------|---|----------------------------------|
| <b>Balance, December 31, 2022</b>     |      | <b>146,834,230</b>                 | <b>\$ 109,544,685</b> | <b>\$ 26,278,530</b>   | <b>\$ 994,610</b>                                   | <b>\$(100,841,592)</b> | <b>\$(559,123)</b>                              | <b>\$ 35,417,110</b>             |
| Shares issued on exercise of options  | 11   | 226,550                            | 409,601               | (178,316)              | —   | —                      | —   | 231,285                          |
| Shares issued on exercise of warrants | 11   | 4,733,397                          | 7,790,630             | (1,135,301)            | —   | —                      | —   | 6,655,329                        |
| Share-based payments                  | 11   | —                                  | —                     | 314,189                | —   | —                      | —   | 314,189                          |
| Net loss                              |      | —                                  | —                     | —                      | —   | (8,163,404)            | —   | (8,163,404)                      |
| Other comprehensive loss              |      | —                                  | —                     | —                      | —   | —                      | 51,443  | 51,443                           |
| <b>Balance, March 31, 2023</b>        |      | <b>151,794,177</b>                 | <b>\$ 117,744,916</b> | <b>\$ 25,279,102</b>   | <b>\$ 994,610</b>                                   | <b>\$(109,004,996)</b> | <b>\$(507,680)</b>                              | <b>\$ 34,505,952</b>             |
| <b>Balance, December 31, 2023</b>     |      | <b>170,021,818</b>                 | <b>\$ 154,354,940</b> | <b>\$ 28,768,802</b>   | <b>\$ 991,295</b>                                   | <b>\$(151,464,762)</b> | <b>\$(79,151)</b>                               | <b>\$ 32,571,124</b>             |
| Share issuance costs                  | 11   | —                                  | (76,082)              | —                      | —   | —                      | —   | (76,082)                         |
| Shares issued on exercise of options  | 11   | 100,000                            | 72,290                | (31,290)               | —   | —                      | —   | 41,000                           |
| Share-based payments                  | 11   | —                                  | —                     | 343,502                | —   | —                      | —   | 343,502                          |
| Net loss                              |      | —                                  | —                     | —                      | —   | (12,867,234)           | —   | (12,867,234)                     |
| Other comprehensive loss              |      | —                                  | —                     | —                      | —   | —                      | (417,322)                                       | (417,322)                        |
| <b>Balance, March 31, 2024</b>        |      | <b>170,121,818</b>                 | <b>\$ 154,351,148</b> | <b>\$ 29,081,014</b>   | <b>\$ 991,295</b>                                   | <b>\$(164,331,996)</b> | <b>\$(496,473)</b>                              | <b>\$ 19,594,988</b>             |

See accompanying notes to the condensed consolidated interim financial statements

**Exro Technologies Inc.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
*(Expressed in Canadian dollars - Unaudited)*

|  |             | <b>For the three months ended March 31,</b> |                    |
|--|-------------|---|--------------------|
|  | <b>Note</b> | <b>2024</b>                                 | <b>2023</b>        |
| <b>OPERATING ACTIVITIES</b>                            |             |   |                    |
| Net loss for the period                                |             | \$ (12,867,234) \$                          | (8,163,404)        |
| Items not involving cash:                              |             |   |                    |
| Depreciation   | 7           | 1,006,231                                   | 725,890            |
| Share-based payments                                   | 11          | 343,502                                     | 314,189            |
| Non-cash interest                                      |             | 600,059                                     | 604,066            |
| Loss on disposal of assets                             |             | —   | 96,844             |
| Unrealized loss on investment                          | 6           | 903,238                                     | —                  |
| Unrealized foreign exchange (gain) loss                |             | (175,170)                                   | 34,906             |
| Change in fair value of derivative asset               | 10          | (541,964)                                   | (586,788)          |
| Changes in non-cash working capital items:             |             |   |                    |
| Accounts receivable                                    | 14          | 2,810,844                                   | 528,822            |
| Prepaid expenses                                       |             | 596,728                                     | (54,668)           |
| Accounts payable and accrued liabilities               |             | 3,797,676                                   | (1,752,792)        |
| Inventory  | 8           | (70,939)                                    | (918,195)          |
| Unearned revenue                                       | 5           | 254,842                                     | 886,711            |
| <b>Cash used in operating activities</b>               |             | <b>(3,342,187)</b>                          | <b>(8,284,419)</b> |
| <b>INVESTING ACTIVITIES</b>                            |             |   |                    |
| Purchase of equipment                                  | 7           | (758,331)                                   | (2,192,237)        |
| Change in non-cash working capital                     |             | (29,147)                                    | (1,322,919)        |
| <b>Cash used in investing activities</b>               |             | <b>(787,478)</b>                            | <b>(3,515,156)</b> |
| <b>FINANCING ACTIVITIES</b>                            |             |   |                    |
| Share issue costs                                      | 11          | (76,082)                                    | —                  |
| Proceeds from exercise of options                      | 11          | 41,000                                      | 231,285            |
| Proceeds from exercise of warrants                     |             | —   | 6,655,329          |
| Principal repayment of lease liability                 | 9           | (263,407)                                   | (214,781)          |
| Repayment of debt                                      |             | (40,000)                                    | —                  |
| Change in non-cash working capital                     |             | (168,543)                                   | (291,273)          |
| <b>Cash (used in) provided by financing activities</b> |             | <b>(507,032)</b>                            | <b>6,380,560</b>   |
| Impact of foreign currency translation                 |             | (546,905)                                   | 66,028             |
| Decrease in cash and cash equivalents                  |             | (5,183,602)                                 | (5,352,987)        |
| Cash and cash equivalents, beginning of the period     |             | 6,241,176                                   | 17,443,971         |
| <b>Cash and cash equivalents, end of the period</b>    | <b>\$</b>   | <b>1,057,574 \$</b>                         | <b>12,090,984</b>  |

See accompanying notes to the condensed consolidated interim financial statements

## **1. NATURE OF OPERATIONS**

Exro Technologies Inc. (“Exro” or the “Company”) is incorporated under the British Columbia Business Company Act. The Company’s shares are listed on the TSX Exchange (“TSX”) and trades under the symbol “EXRO”. The Company’s head office is located at 12–21 Highfield Circle S.E., Calgary, Alberta, T2G 5N6. The Company is working towards commercialization and series production of its patented Coil Driver™ technology and proprietary system architecture for power electronics, as well as its Cell Driver™ technology for stationary energy storage.

### **Going Concern Assumption**

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not generated substantial revenues and has incurred substantial losses to date. The ability for the Company to continue as a going concern is dependent on the Company’s ability raise capital for research and development activities and to achieve product commercialization and series production.

The Company is largely dependent upon external financings to fund its activities. In order to carry out planned development and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed through, but not limited to, accessing capital markets, lease financing and debt agreements. There is no guarantee these plans will be successful.

On January 30, 2024 the Company announced a plan of arrangement and merger with SEA Electric Inc., an automotive technology company, and concurrent capital raise of \$30,020,000 through the issuance of 31,600,000 subscription receipts. The financing was closed on February 16, 2024, with funds held in escrow, and subsequently released on April 5, 2024 concurrent with the close of the plan of arrangement and merger (note 16). The acquisition of SEA Electric is expected to enhance Exro’s technology offerings, accelerate revenue growth, and contribute to the path to profitability.

As a result of the factors noted above, there are material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern. These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

## **2. BASIS OF PREPARATION**

### **(a) Statement of compliance**

These condensed consolidated interim financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited annual financial statements of Exro for the fiscal year ended December 31, 2023, which have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual financial statements of Exro for the year ended December 31, 2023, except for those disclosed in note 3 to the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, DPM Technologies Inc., Exro Technologies USA Inc. and Exro Vehicle Systems Inc. All inter-company balances and transactions have been eliminated on consolidation.

**Exro Technologies Inc.**  
**Notes to the Consolidated Financial Statements**  
**As at and for the three months ended March 31, 2024**  
*(Expressed in Canadian dollars)*

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**(b) Basis of preparation**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

**(c) Functional currency and presentation**

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and its Canadian based subsidiaries.

**(d) Basis of consolidation**

The Company controls an investee if the Company has power over the entity; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in loss and comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

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| <b>Subsidiaries</b>         | <b>Location of Operations</b> | <b>Percent Ownership</b> | <b>Functional Currency</b> |
|-----------------------------|-------------------------------|--------------------------|----------------------------|
| DPM Technologies Inc.       | Vancouver, Canada             | 100%                     | Canadian Dollar            |
| Exro Technologies USA, Inc. | Arizona, USA                  | 100%                     | US Dollar                  |
| Exro Vehicle Systems Inc.   | Michigan, USA                 | 100%                     | US Dollar                  |

**3. MATERIAL ACCOUNTING POLICIES**

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited annual financial statements for the fiscal year-ended December 31, 2023, except for those described below.

**(a) Subscription Receipts**

Exro accounts for subscription receipts as a financial liability in other liabilities, including when there may be a requirement for the Company to deliver cash or another financial asset in the event of the occurrence or non-occurrence of uncertain future events that are beyond the control of both the Company and the holder of the subscription receipts. Transaction costs are recorded as deferred financing costs, reducing the financial liability. Subscription receipts are accounted for as an equity instrument only when (a) the subscription receipt does not include a contractual obligation to deliver cash or another financial asset to another entity, or does not include a contractual obligation to exchange financial assets or liabilities with another entity under conditions that are potentially unfavorable to the Company; and (b) the subscription receipt does not include a contract obligation for the Company to deliver a variable number of its own equity instruments, or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

#### 4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

##### New interpretations and amended standards adopted by the Company

The Company adopted the following amendments during the period in accordance with applicable transitional provisions.

*IAS 1 – Presentation of Financial Statements*, has been amended to clarify how to classify debt and other liabilities as either current or non-current and how the entity has the right to defer settlement of a liability arising from a loan arrangement, which contains covenants, for at least twelve months after reporting period. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2024. There was no impact on the Company's consolidated financial statements at the adoption date.

##### Accounting standards issued but not adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted as follows. The Company is reviewing the new standards but does not expect their future adoption to have a material impact on Exro in the current or future reporting periods.

*IFRS 18 – Presentation and Disclosure in Financial Statements ("IFRS 18")*, has been issued to achieve comparability of the financial performance of similar entities. The Standard, which replaces IAS 1, impacts the presentation of primary financial statements and notes, mainly the income statement where companies will be required to present separate categories of income and expense for operating, investing and financing activities with prescribed subtotals for each new category. IFRS 18 will require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The Standard is effective for financial statements beginning on January 1, 2027, including interim financial statements and requires retrospective application. The Company is currently assessing the impact of this standard.

#### 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                              | March 31, 2024   | March 31, 2023 |
|------------------------------|------------------|----------------|
| Engineering services revenue | 1,175,383        | 324,769        |
| Product revenue              | 87,828           | —              |
| <b>Balance end of period</b> | <b>1,263,211</b> | <b>324,769</b> |

The Engineering services revenue during the period ended March 31, 2024 is driven by the engineering consulting expertise provided on contracts with customers.

Product revenue relates to sales of the Company's Coil Driver™ in the period.

##### Unearned revenue

|  | March 31, 2024 | December 31, 2023 |
|--|----------------|-------------------|
| Beginning of period                      | —              | 1,111,091         |
| Amounts billed amounts during the period | 1,518,196      | 4,625,049         |
| Recognized revenue during the period     | (1,263,211)    | (5,736,140)       |
| <b>Balance end of period</b>             | <b>254,985</b> | <b>—</b>          |

#### 6. INVESTMENT

On February 9, 2021, the Company announced a collaboration agreement with SEA Electric Holdings Pty Ltd. ("SEA Electric"). As part of the agreement, Exro invested US\$5,000,000 in SEA Electric by subscribing for 124,380 Series A Preferred Shares at a price of US\$40.1995 per share. The shares are convertible into



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common shares of SEA at the option of Exro and automatically convert to common shares under certain conditions, including SEA completing a going public transaction.

As at March 31, 2024, the fair value of the Company's investments in SEA Electric was estimated to be \$7,629,355 (US\$5,634,054) compared to \$8,357,423 at December 31, 2023 (US\$6,301,069). On January 30, 2024 the Company announced a Plan of Arrangement and Merger with SEA Electric with an implied value of US\$248 million, and subsequently completed the transaction on April 5, 2024. The fair value of the investment has been revalued based on the Exro share price as at March 31, 2024 adjusted for the agreed upon exchange ratio, resulting in a loss on the investment of \$903,238 (US\$667,015) for the period ended March 31, 2024. The implied share price of US\$45.30 was determined based on the Exro share price of \$0.93 and the exchange ratio of 65.96 share per 1.00 SEA Electric share.

## 7. PROPERTY PLANT AND EQUIPMENT

|                                 | Right-of-use asset  | Machinery and equipment | Furniture and office equipment | Assets under construction | Total                |
|---------------------------------|---------------------|-------------------------|--------------------------------|---------------------------|----------------------|
| <b>Cost</b>                     |                     |                         |                                |                           |                      |
| Balance, December 31, 2023      | \$ 7,858,829        | \$ 15,976,283           | \$ 8,903,544                   | \$ 5,495,670              | \$ 38,234,326        |
| Additions                       | (56,614)            | 118,921                 | 1,025                          | 638,385                   | 701,717              |
| Transfers                       | —                   | —                       | —                              | —                         | —                    |
| Dispositions                    | —                   | —                       | —                              | —                         | —                    |
| Impact of foreign exchange      | 55,874              | 42,519                  | 47,317                         | 20,799                    | 166,509              |
| <b>Balance, March 31, 2024</b>  | <b>\$ 7,858,089</b> | <b>\$ 16,137,723</b>    | <b>\$ 8,951,886</b>            | <b>\$ 6,154,854</b>       | <b>\$ 39,102,552</b> |
| <b>Accumulated Depreciation</b> |                     |                         |                                |                           |                      |
| Balance, December 31, 2023      | \$ 2,429,768        | \$ 1,628,038            | \$ 2,096,822                   | \$ —                      | \$ 6,154,628         |
| Depreciation                    | 275,349             | 399,249                 | 331,633                        | —                         | 1,006,231            |
| Dispositions                    | —                   | —                       | —                              | —                         | —                    |
| Impact of foreign exchange      | 18,363              | 14,217                  | 10,879                         | —                         | 43,459               |
| <b>Balance, March 31, 2024</b>  | <b>\$ 2,723,480</b> | <b>\$ 2,041,504</b>     | <b>\$ 2,439,334</b>            | <b>\$ —</b>               | <b>\$ 7,204,318</b>  |
| <b>Carrying amounts</b>         |                     |                         |                                |                           |                      |
| At December 31, 2023            | \$ 5,429,061        | \$ 14,348,245           | \$ 6,806,722                   | \$ 5,495,670              | \$ 32,079,698        |
| <b>At March 31, 2024</b>        | <b>\$ 5,134,609</b> | <b>\$ 14,096,219</b>    | <b>\$ 6,512,552</b>            | <b>\$ 6,154,854</b>       | <b>\$ 31,898,234</b> |

The Company recorded leased assets under machinery and equipment with a cost of \$639,875 and accumulated depreciation of \$146,638.

## 8. INVENTORY

The components of inventory are as follows:

|                               | March 31, 2024   | December 31, 2023 |
|-------------------------------|------------------|-------------------|
| Raw materials                 | 6,689,595        | 6,665,963         |
| Work in progress              | 53,007           | —                 |
| <b>Balance March 31, 2024</b> | <b>6,742,602</b> | <b>6,665,963</b>  |

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Inventory is held at the lower of cost and net realizable value. The Company assesses its inventory valuation each period. For the period ended March 31, 2024 the Company recorded no write-downs related to raw materials based. Inventories recognized as an expense and included in 'cost of sales' in the consolidated statements of comprehensive loss during the period ended March 31, 2024 amounted to \$915,533.

**9. LEASE LIABILITY**

|                               |           | <b>March 31, 2024</b> |           | <b>December 31, 2023</b> |
|-------------------------------|-----------|-----------------------|-----------|--------------------------|
| Balance, beginning of period  | \$        | 6,803,448             | \$        | 7,291,037                |
| Additions                     |           | —                     |           | 556,057                  |
| Lease modification            |           | (56,614)              |           | —                        |
| Lease payments                |           | (394,346)             |           | (1,591,523)              |
| Interest                      |           | 130,939               |           | 604,800                  |
| Impact of foreign exchange    |           | 42,091                |           | (56,923)                 |
| <b>Balance, end of period</b> | <b>\$</b> | <b>6,525,518</b>      | <b>\$</b> | <b>6,803,448</b>         |
| Consists of:                  |           |                       |           |                          |
| Current lease liability       | \$        | 1,510,272             | \$        | 1,555,270                |
| Non-current lease liability   |           | 5,015,246             |           | 5,248,178                |
| <b>Balance, end of period</b> | <b>\$</b> | <b>6,525,518</b>      | <b>\$</b> | <b>6,803,448</b>         |

The Company's lease liabilities relate primarily to leased facilities in which the Company conducts its business, including facilities for research and development activities, product manufacturing, and office space.

**10. CONVERTIBLE DEBENTURES**

During the period ended March 31, 2024 the Company recognized a change in the derivative asset of \$541,964, based on changes to valuation inputs, including changes to; in time to maturity, share price, and the risk free rate compared to December 31, 2023. The below table summarizes the change in number of convertible debentures outstanding and the liability component of convertible debentures.

|  | <b>Number of convertible debentures</b> | <b>Liability component</b> | <b>Equity component</b> | <b>Equity warrant</b> | <b>Derivative asset</b> |
|--|---|----------------------------|-------------------------|-----------------------|-------------------------|
| <b>Balance at December 31, 2023</b>      | <b>14,950</b>                           | <b>\$ 12,089,076</b>       | <b>\$ 991,295</b>       | <b>\$ 3,477,569</b>   | <b>\$ (1,217,346)</b>   |
| Accretion                                |   | 161,559                    | —                       | —                     | —                       |
| Change in fair value of derivative asset |   | —                          | —                       | —                     | (541,964)               |
| <b>Balance at March 31, 2024</b>         | <b>14,950</b>                           | <b>12,250,635</b>          | <b>991,295</b>          | <b>3,477,569</b>      | <b>(1,759,310)</b>      |

The Company recognized accrued interest of \$448,500 on the outstanding convertible debentures for the period ended March 31, 2024.

## 11. SHARE CAPITAL

### (a) Authorized common shares

There are an unlimited number of common shares without par value authorized for issue.

### (b) Preferred shares

There are an unlimited number of preferred shares authorized for issue.

### (c) Issued and outstanding

At March 31, 2024, the Company had 170,121,818 common shares issued and outstanding.

During the period ended March 31, 2024, the Company:

- Issued 100,000 shares on the exercise of options for total proceeds of \$41,000.
- Issuance costs of \$76,082 were incurred and offset against share capital.

During the period ended March 31, 2023, the Company:

- Issued 4,733,397 shares on the exercise of warrants for total proceeds of \$6,655,329
- Issued 226,550 shares on the exercise of options for total proceeds of \$231,285

The Company's long-term incentive plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX requirements, grant to directors, officers, employees and consultants of the Company, Restricted Share Units ("RSU"), Performance Share Units ("PSU"), Director Share Units ("DSU"), or Stock Options. The long-term incentive plan is a 10% rolling plan.

Under the long-term incentive 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.

During the periods ended March 31, 2024 and 2023 the Company recorded share-based payments of \$343,502 and \$314,189, respectively. For the period ended March 31, 2024, nil of share-based payment expense was allocated to research and development (2023 - \$48,695).

### (d) Stock options

The fair values of share options granted were estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

|                                 | March 31, 2024 | March 31, 2023 |
|---------------------------------|----------------|----------------|
| Risk-free interest rate         | n/a            | 3.16%          |
| Estimated annualized volatility | n/a            | 97.13%         |
| Expected life                   | n/a            | 5 years        |
| Expected dividend yield         | n/a            | 0%             |
| Exercise price                  | n/a            | \$2.51         |
| Share price                     | n/a            | \$2.51         |
| Fair value                      | n/a            | \$1.87         |

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During the period ended March 31, 2024 the Company issued nil stock options.

Stock option transactions and the number of stock options outstanding are summarized below:

|                                   | Number            | Weighted Average<br>Exercise Price |
|-----------------------------------|-------------------|------------------------------------|
| <b>Balance, December 31, 2023</b> | 10,543,607        | \$2.14                             |
| Exercised                         | (100,000)         | \$0.41                             |
| Forfeited                         | (164,380)         | \$2.75                             |
| <b>Balance, March 31, 2024</b>    | <b>10,279,227</b> | <b>\$2.15</b>                      |

The weighted average share price (at the date of exercise) of options exercised during the period ended March 31, 2024 was \$0.89.

The following table summarizes information about the Company's share options outstanding as at March 31, 2024:

| Date of Expiry     | Exercise Price | Number of Options<br>Outstanding | Number of Options<br>Exercisable |
|--------------------|----------------|----------------------------------|----------------------------------|
| September 13, 2024 | \$ 0.25        | 1,900,000                        | 1,900,000                        |
| March 9, 2025      | \$ 0.38        | 201,667                          | 201,667                          |
| August 31, 2025    | \$ 1.00        | 941,050                          | 941,050                          |
| October 13, 2025   | \$ 3.15        | 1,400,000                        | 1,400,000                        |
| January 13, 2026   | \$ 3.93        | 326,500                          | 326,500                          |
| April 6, 2026      | \$ 4.77        | 1,010,000                        | 1,010,000                        |
| June 28, 2026      | \$ 3.93        | 320,000                          | 320,000                          |
| September 20, 2026 | \$ 2.96        | 505,000                          | 505,000                          |
| November 22, 2026  | \$ 3.75        | 50,000                           | 50,000                           |
| April 12, 2027     | \$ 1.47        | 592,100                          | 592,100                          |
| September 2, 2027  | \$ 1.05        | 190,550                          | 190,550                          |
| November 17, 2027  | \$ 1.44        | 200,000                          | 200,000                          |
| March 10, 2028     | \$ 2.51        | 381,160                          | 251,790                          |
| May 31, 2028       | \$ 2.12        | 1,446,700                        | 995,775                          |
| July 4, 2028       | \$ 2.15        | 814,500                          | 722,900                          |
| <b>Total</b>       |                | <b>10,279,227</b>                | <b>9,607,332</b>                 |

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**(e) Warrants**

During the period ended March 31, 2024 the Company issued nil warrants.

The following table summarizes information about the Company's warrants outstanding as at March 31, 2024 and December 31, 2023:

| <b>Date of Expiry</b> | <b>Exercise Price</b> | <b>March 31, 2024</b> | <b>December 31, 2023</b> |
|-----------------------|-----------------------|-----------------------|--------------------------|
| February 4, 2025      | \$2.00                | 6,191,225             | 6,191,225                |
| February 4, 2025      | \$1.60                | 90,911                | 90,911                   |
| September 1, 2026     | \$1.36                | 3,029,390             | 3,029,390                |
| September 20, 2026    | \$1.36                | 803,757               | 803,757                  |
| December 30, 2027     | \$2.40                | 6,240,000             | 6,240,000                |
| <b>Total</b>          |                       | <b>16,355,283</b>     | <b>16,355,283</b>        |

**(f) Performance share units**

PSU transactions and the number of units outstanding are summarized below:

|                                | <b>Number of Units</b> |
|--------------------------------|------------------------|
| Balance, December 31, 2023     | <b>754,375</b>         |
| Forfeited                      | <b>(91,250)</b>        |
| <b>Balance, March 31, 2024</b> | <b>663,125</b>         |

The Company issued nil PSU's during the period ended March 31, 2024. The outstanding units vest subject to the Company meeting certain revenue targets. The Company, at its discretion, may settle the award value of vested PSU's in common shares or cash.

The following table summarizes information about the Company's PSU's outstanding as at March 31, 2024:

| <b>Date of Expiry</b> | <b>Number of Units Outstanding</b> | <b>Number of Units Exercisable</b> |
|-----------------------|------------------------------------|------------------------------------|
| December 31, 2024     | 265,250                            | —                                  |
| December 31, 2026     | 397,875                            | —                                  |
| <b>Total</b>          | <b>663,125</b>                     | <b>—</b>                           |

**(g) Restricted share units**

The Company issued nil RSUs during the period ended March 31, 2024. The Company, at its discretion, may settle the award value of vested RSU's in common shares or cash.

| <b>Grant Date</b> | <b>Number of Units Outstanding</b> | <b>Number of Units Exercisable</b> |
|-------------------|------------------------------------|------------------------------------|
| May 31, 2023      | 94,810                             | 46,698                             |
| October 17, 2023  | 150,000                            | —                                  |

**(h) Subscription receipts**

On February 16, 2024, the Company issued 31,600,000 subscription receipts at a price of \$0.95 per subscription receipt for gross proceeds of \$30,020,000. The offering was launched in connection with the Company's merger agreement signed with SEA Electric on January 30, 2024. Upon satisfaction of certain conditions, including the close of the merger agreement before June 30, 2024, each subscription receipt will entitle the holder to receive one common share per subscription receipt. If the transaction does not close prior to June 30, 2024, the proceeds from the sale of the subscription receipts will be returned to the holders of the subscription receipts. The Subscription receipts have been classified as a current liability in other current liabilities as at March 31, 2024 and the proceeds recorded as cash held in escrow. As at March 31, 2024, subscription receipts recorded of \$27,847,580 are net of gross proceeds of \$30,020,000 less deferred issuance costs of \$2,311,380 and include accrued interest on funds held in escrow of \$138,960.

The merger between Exro and SEA Electric closed on April 5, 2024 (note 16), and funds of \$27,847,580 were subsequently released and reclassified from cash held in escrow to cash and cash equivalents, and from other current liabilities to share capital.

**(i) Loss per share**

For the period ended March 31, 2024, 9,607,332 options, 16,355,283 warrants, and 46,698 RSU's were exercisable and excluded from the calculation of diluted loss per share as the impact was anti-dilutive (March 31, 2023 - 7,614,041 options and 17,072,322 warrants were exercisable and excluded from the calculation). An additional 6,229,217 of shares issuable on the conversion of the debentures were excluded from the calculation of diluted loss per share for the period ended March 31, 2024, and 31,600,000 subscription receipts on the basis they are exchangeable for common shares on a contingency basis.

Semi-annual interest payments on the convertible debentures (note 10) may be settled through the issuance of common shares at the Company's option. Such share issuance that may occur in future periods have been excluded from the calculation of diluted loss as the impact was anti-dilutive.

**12. FINANCIAL INSTRUMENTS**

**(a) Fair value**

At March 31, 2024 and December 31, 2023, the carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. The Company measures its investment at fair value.

The Company uses a fair value hierarchy to reflect the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

The fair value of the investments in private companies changed from a level 3 to a level 2 instrument based on the index to the Company's share price during the period from January 30, 2023 through to March 31, 2024 (note 6).

**(b) Financial risk management**

The Company's activities potentially expose it to a variety of financial risks, including credit risk, liquidity risk, and market risk.

### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at March 31, 2024, the Company's exposure to credit risk is the carrying value of cash and balances on trades receivable. The maximum amount of the Company's credit risk exposure is the carrying amounts of cash and cash equivalents, accounts receivable and long-term investments. The Company attempts to mitigate such exposure to its cash by investing only in financial institutions with investment grade credit ratings or secured investments.

The Company's credit risk from its outstanding trade receivables is mitigated by dealing with credit-worthy counterparties in accordance with established credit approval practices. The carrying amount of the Company's receivables represents the maximum counterparty credit exposure.

The Company applies the simplified approach under IFRS 9 and has calculated expected credit losses ("ECLs") based on lifetime expected credit losses, taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company has a limited number of counterparties in the period, as such no credit loss provision has been recorded.

### ***Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments, including risks associated with reaching commercialization and achieving revenue. To secure the additional capital necessary to pursue its plans, the Company intends to raise additional funds through equity or debt financing (note 1).

As at March 31, 2024, the Company had cash of \$1,057,574 and accounts payable and accrued liabilities of \$12,704,792. As at March 31, 2024, the Company had \$3,007,992 in accounts payable and accrued liabilities over 90 days.

The Company holds debentures, with a face value of \$14,950,000 due on December 31, 2027. The debentures carry a coupon rate of 12% annually, resulting in interest payments due of \$897,000 payable semi-annually. The Company has the option to settle the interest payments through share issuances in-lieu of cash. Subsequent to the close of the acquisition of SEA Electric on April 5, 2024 (note 16), no change of control event occurred. The debentures have a maturity date of December 31, 2027.

On April 5, 2024 the Company assumed all liabilities of SEA Electric (note 16).

### ***Market risk***

Market risk consists of currency risk, interest rate risk and other price risk. These are discussed further below.

### ***Foreign exchange risk***

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets and financial liabilities denoted in US dollars, and Euros and is therefore exposed to exchange rate fluctuations. At March 31, 2024, the Company had the equivalent of \$2,363,538 of net financial assets denominated in US dollars, \$1,366,984 of net financial liabilities denominated in Euros, \$65,206 of net financial liabilities denominated in Australian Dollars, and \$12,820 of net financial liabilities denominated in Great Britain Pounds.

***Interest rate risk***

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

***Other price risk***

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or currency risk.

The Company has exposure to other price risk through its investment in SEA Electric. Changes in the expected share price will impact the fair value of the investment in the Company. A US\$1.00 change in the share price would result in a gain/loss of US\$124,380.

**13. CAPITAL DISCLOSURES**

The Company's objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue the acquisition and development technology. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is largely dependent upon external financings to fund activities. In order to carry out planned development and pay for administrative costs, the Company will spend its existing working and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes to the Company's approach to capital management during the period ended March 31, 2024. The Company is not subject to externally imposed capital restrictions.

**14. ACCOUNTS RECEIVABLE**

The following table summarizes the Company's components of accounts receivable:

|                   | <b>March 31, 2024</b> | <b>December 31, 2023</b> |
|-------------------|-----------------------|--------------------------|
| Trade receivable  | \$ 1,242,842          | \$ 4,233,672             |
| Other receivables | 244,741               | —                        |
|                   | <b>\$ 1,487,583</b>   | <b>\$ 4,233,672</b>      |

**15. RESEARCH AND DEVELOPMENT**

Costs incurred for research and development activities include materials, supplies and software expenses in order to complete testing over the Company's products. Additionally, the Company allocates payroll and



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consulting fees, and share-based payment expenses to research and development based on the time attributable to related activities.

The following table summarizes the Company's components of research and development expense:

|                             | <b>March 31, 2024</b> | <b>March 31, 2023</b> |
|-----------------------------|-----------------------|-----------------------|
| Research and development    | \$ 1,926,200          | \$ 464,226            |
| Payroll and consulting fees | 1,684,503             | 1,396,743             |
| Share-based payments        | —                     | 48,695                |
|                             | <b>\$ 3,610,703</b>   | <b>\$ 1,909,664</b>   |

## 16. SUBSEQUENT EVENTS

### *Merger Agreement with SEA Electric Inc.*

On April 5, 2024, Exro completed the acquisition of SEA Electric through the plan of arrangement and merger for a estimated purchase price of \$258.98 million, through the issuance of 146,453,200 common shares and 160,589,446 preferred shares, and the exchange of 15,457,723 RSUs and 4,085,873 Options. In addition, the Company held an investment in SEA Electric valued at \$6.65 million as of April 5, 2024, based on the trading price of Exro securities on the date. The Company acquired all assets, and assumed all liabilities related to SEA Electric and its subsidiary through the transaction.

Exro will account for the acquisition of SEA Electric using the acquisition method as prescribed by International Financial Reporting Standards (IFRS). The Company has assessed the preliminary fair values of SEA Electric as at April 5, 2024, including the estimated intangible assets acquired of \$101.74 million, working capital deficit of \$6.38 million, property, plant and equipment of \$3.34 million, senior secured convertible debt assumed of \$72.48 million, other liabilities of \$27.88 million and estimated goodwill of \$267.29 million. The estimated fair value amounts included are preliminary and subject to final valuation adjustments which may cause some amounts ultimately recorded as goodwill to differ. The Company expects to finalize the amounts no later than one year from the acquisition date.

The Company has assumed various legal and administrative proceedings and litigation from the acquisition of SEA Electric and legacy issues acquired. The outcome of these matters is not predictable at this time; however, the Company believes that the ultimate resolution of these matters will not have a material adverse effect on our financial condition, results of operations or cash flows in future periods. The Company continues to evaluate the fair value of any claims and coverage by any indemnities and the final PPA may be adjusted in relation to those items once our analysis is complete.

In connection with the transaction, the Company completed an offering of 31,600,000 subscription receipts for gross proceeds of \$30.02 million. On April 5, 2024 the subscription receipts were converted into common shares on close of the transaction (note 11).