

Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

Exro Technologies Inc. (the "**Company**" or "**Exro**")
12 - 21 Highfield Circle SW
Calgary, Alberta
T2G 5N6

Item 2. Date of Material Change

December 30, 2022

Item 3. News Release

News releases were disseminated on December 5, 2022, December 7, 2022 and December 30, 2022, and filed on SEDAR on December 7, 2022 and December 30, 2022.

Item 4. Summary of Material Change

On December 30, 2022, the Company closed its previously announced bought deal private placement (the "**Offering**"). Pursuant to the Offering, Exro sold 15,000 units of the Company (the "**Units**") at a price of \$1000.00 per Unit (the "**Issue Price**") for aggregate gross proceeds of \$15,000,000.00.

Item 5.1 Full Description of Material Change

On December 30, 2022, the Company closed the Offering of 15,000 Units at the Issue Price for aggregate gross proceeds of \$15,000,000.00. The Offering was made pursuant to an underwriting agreement dated December 30, 2022 among Eight Capital, National Bank Financial Inc., ATB Capital Markets Inc. and Stifel Nicolaus Canada Inc. (collectively, the "**Underwriters**"). Each Unit consists of one 12% senior secured convertible debenture in the principal amount of \$1,000.00 (each, a "**Convertible Debenture**"), and 416 common share purchase warrants of the Company (each, a "**Warrant**"). Each Convertible Debenture will mature on December 31, 2027 and will accrue interest at the rate of 12.0% per annum, payable semi-annually in arrears beginning on June 30, 2023. Each Warrant is exercisable to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a "**Warrant Share**") at an exercise price of \$2.40 per Warrant Share for a period of 60 months following the closing of the Offering (the "**Closing Date**"), provided that if at any time following the date that is 4 months and one day following the Closing Date, the volume-weighted average trading price of the common shares of the Company on the Toronto Stock Exchange, or such other stock exchange where the majority of the trading volume in the Company's common shares occurs, exceeds or is equal to \$4.80 per 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 press release announcing that it has exercised such acceleration right.

The Convertible Debentures are governed by the terms of an indenture dated December 30, 2022 between the Company and Odyssey Trust Company as trustee. The Warrants are governed by the terms of a warrant indenture dated December 30, 2022 between the Company and Odyssey Trust Company, as warrant agent. All securities issued pursuant to the Offering are subject to a four month hold period under applicable securities laws commencing on the Closing Date and expiring on May 1, 2023.

Pursuant to the Underwriting Agreement and in connection with the Offering, the Underwriters were paid a cash commission of \$750,000, equal to 5.0% of the gross proceeds of the Offering.

The Company intends to use the net proceeds from the Offering to fund the commercialization of the Company's power electronic technology, and for working capital and general corporate purposes.

The securities described in this material change report have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This material change report shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

John Meekison, Chief Financial Officer of the Company, is knowledgeable about the material change described above. His business telephone number is 604-649-8778.

Item 9. Date of Report

December 30, 2022