SEA Electric Inc.

Consolidated Financial Statements
Years Ended June 30, 2023 and 2022

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

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Independent Auditor's Report

Board of Directors
SEA Electric Inc.
Torrance, California

Opinion

We have audited the consolidated financial statements of SEA Electric Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of operations and comprehensive loss, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations, has a net capital deficiency, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

January 24, 2024

SEA Electric Inc.

Consolidated Balance Sheets
(in U.S. dollars)

June 30,	**2023**	2022
Assets		
Current Assets		
Cash	**$ 1,432,326**	$ 10,011,935
Trade receivables, net	**1,854,196**	768,072
Inventory	**11,902,065**	10,794,824
Prepaid expenses and other current assets	**2,512,127**	6,346,890
Total Current Assets	**17,700,714**	27,921,721
Non-Current Assets		
Property and equipment, net	**1,143,005**	1,550,279
Operating lease right-of-use assets, net	**1,954,597**	2,317,276
Total Non-Current Assets	**3,097,602**	3,867,555
Total Assets	**$ 20,798,316**	$ 31,789,276
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payables	**$ 8,003,440**	$ 12,340,081
Accrued liabilities and other	**8,216,140**	4,387,076
Convertible notes	**17,000,000**	9,912,779
Current portion of lease liability	**243,983**	232,278
Contract liabilities	**2,029,245**	746,744
Total Current Liabilities	**35,492,808**	27,618,958
Non-Current Liabilities		
Loans payable	**20,111,075**	131,034
Lease liability, net of current portion	**1,877,631**	2,253,136
Warranty provision	**869,096**	269,450
Total Non-Current Liabilities	**22,857,802**	2,653,620
Total Liabilities	**58,350,610**	30,272,578
Stockholders' Equity (Deficit)		
Series A Preferred Shares ($0.01 par value, 1,500,000 shares authorized; 1,376,118 issued and outstanding)	**59,427,502**	59,427,502
Common shares ($0.01 par value, 12,500,000 shares authorized; 2,968,202 shares issued and outstanding)	**28,741**	28,741
Additional paid-in capital	**13,245,230**	13,245,230
Accumulated deficit	**(108,044,423)**	(68,410,078)
Accumulated other comprehensive loss	**(2,209,344)**	(2,774,697)
Total Stockholders' Equity (Deficit)	**(37,552,294)**	1,516,698
Total Liabilities and Stockholders' Equity (Deficit)	**$ 20,798,316**	$ 31,789,276

See accompanying notes to consolidated financial statements.

SEA Electric Inc.

Consolidated Statements of Operations and Comprehensive Loss
(in U.S. dollars)

Year ended June 30,	**2023**	2022
Revenue	**$ 17,085,346**	$ 6,881,324
Operating Expenses		
Cost of sales	**(22,076,648)**	(13,920,668)
Selling, general, and administrative	**(32,564,314)**	(25,250,478)
Research and development	**(1,134,062)**	(1,266,886)
Total Operating Expenses	**(55,775,024)**	(40,438,032)
Loss from Operations	**(38,689,678)**	(33,556,708)
Other Income	**1,554,202**	102,962
Interest Expense	**(2,498,869)**	(2,725)
Net Loss	**(39,634,345)**	(33,456,471)
Other Comprehensive Income (Loss)		
Foreign currency translation adjustments	**565,353**	(1,063,692)
Total Comprehensive Loss	**$ (39,068,992)**	$ (34,520,163)

See accompanying notes to consolidated financial statements.

SEA Electric Inc.

Consolidated Statements of Stockholders' Equity (Deficit)
(in U.S. dollars)

	Series A Preferred Shares		Common Stock			Accumulated		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance, June 30, 2021	1,102,784	$ 39,701,442	2,874,139	$ 28,741	$ 13,245,230	$ (1,711,005)	$ (34,953,607)	$ 16,310,801
Net loss	-	-	-	-	-	-	(33,456,471)	(33,456,471)
Foreign currency translation adjustment	-	-	-	-	-	(1,063,692)	-	(1,063,692)
Total Comprehensive Loss	-	-	-	-	-	(1,063,692)	(33,456,471)	(34,520,163)
Series A Preferred Shares, net of issuance costs	273,334	19,726,060	-	-	-	-	-	19,726,060
Common stock forfeiture upon Re-Domiciliation (Note 11)	-	-	(9,081)	-	-	-	-	-
Stock options, settled in common shares upon Re-Domiciliation (Note 11)	-	-	103,144	-	-	-	-	-
Balance, June 30, 2022	1,376,118	59,427,502	2,968,202	28,741	13,245,230	(2,774,697)	(68,410,078)	1,516,698
Net loss	-	-	-	-	-	-	(39,634,345)	(39,634,345)
Foreign currency translation adjustment	-	-	-	-	-	565,353	-	565,353
Total Comprehensive Income (Loss)	-	-	-	-	-	565,353	(39,634,345)	(39,068,992)
Balance, June 30, 2023	1,376,118	$ 59,427,502	2,968,202	$ 28,741	$ 13,245,230	$ (2,209,344)	$ (108,044,423)	$ (37,552,294)

See accompanying notes to consolidated financial statements.

SEA Electric Inc.

Consolidated Statements of Cash Flows
(in U.S. dollars)

Year ended June 30,	2023	2022
Cash Flows from Operating Activities		
Net loss	**$ (39,634,345)**	$ (33,456,471)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	**522,378**	535,947
Loss on sale of assets	**109,737**	9,221
Gain from PPP loans forgiveness	**-**	(102,962)
Debt issuance cost amortization	**87,221**	-
Changes in operating assets and liabilities:		
Trade receivables, net	**(1,090,772)**	(14,646)
Inventory	**(1,322,062)**	(5,653,654)
Prepaid expenses and other current assets	**3,806,858**	(489,889)
Accounts payable	**(1,808,533)**	11,753,495
Accrued liabilities and other	**2,760,837**	608,682
Warranty provision	**607,760**	122,757
Other assets and liabilities	**177,358**	66,268
Net Cash Used in Operating Activities	**(35,783,563)**	(26,621,252)
Cash Flows from Investing Activities		
Additions to property and equipment	**(437,653)**	(533,416)
Net Cash Used in Investing Activities	**(437,653)**	(533,416)
Cash Flows from Financing Activities		
Repayments of loans payable	**(18,467)**	(305,925)
Proceeds from issuance of Series A Preferred Shares, net of issuance costs	**-**	19,726,060
Proceeds from preferred notes and convertible notes, net of issuance costs	**27,000,000**	9,912,779
Net Cash Provided by Financing Activities	**26,981,533**	29,332,914
Effect of Exchange Rate on Cash	**660,074**	(845,172)
Change in Cash During the Year	**(8,579,609)**	1,333,074
Cash, beginning of year	**10,011,935**	8,678,861
Cash, end of year	**$ 1,432,326**	$ 10,011,935

See accompanying notes to consolidated financial statements.

1. Description of Business and Summary

SEA Electric Inc. (the Company) is a corporation formed on May 31, 2022 under the laws of Delaware in the United States of America. The Company is the parent entity of a number of subsidiaries, including the previous parent entity SEA Electric Holdings Pty Ltd. (Holdings). Holdings was founded in 2012 and is an Australian proprietary limited company incorporated in Australia under the Corporations Act 2001. Its registered office is located at 1/13 Advantage Dr, Dandenong South VIC 3175, Australia.

On May 31, 2022, Holdings executed its plan to re-domicile from Australia to the United States of America (the Re-Domiciliation). Holdings implemented a plan whereby SEA Electric Inc., a newly formed incorporated company for the purpose of effecting the Re-Domiciliation, acquired all the outstanding shares of Holdings. Holdings' shareholders received one SEA Electric Inc. share for every one share of Holdings in the Re-Domiciliation. Option holders of Holdings also received new options in SEA Electric Inc. in the same proportion to their existing holdings. The term "Company" refers to (i) prior to the Re-Domiciliation, Holdings (an Australian corporation) and its subsidiaries and (ii) following the Re-Domiciliation, SEA Electric Inc. (a Delaware corporation) and its subsidiaries. The re-domicile was accounted for as an internal reorganization of entities under common control and did not result in a change in shareholders or their respective ownership percentages.

The Company is an automotive technology company that has created proprietary 100%-electric commercial vehicle drivetrain system technology (known as SEA-Drive) for the world's urban delivery and distribution fleets. The Company now has deployed product in five countries (United States, Austria, Thailand, New Zealand, and Australia).

The Company's fiscal year-end is June 30. References to a particular "fiscal year" are to the Company's fiscal year ended June 30 of that calendar year.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America as determined by Financial Accounting Standards Board (FASB) within its Accounting Standards Codification (ASC). The following represents the more significant of those policies and practices.

Going Concern

The Company's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. For the fiscal years ended June 30, 2023 and 2022, the Company reported a consolidated net loss of $39,634,345 and $33,456,471, respectively, and had cash flows used in operating activities of $35,783,563 and $26,621,252, respectively.

The Company does not have sufficient cash and cash equivalents on hand or available liquidity to meet its obligations as they become due 12 months from date of issuance of these consolidated financial statements. These conditions raise substantial doubt about the Company's ability to continue as a going concern. In response to these conditions, the Company is in the process of attempting to raise additional funding. There can be no assurance that the Company will be able to raise additional funding, including what the terms, restrictions, and covenants of any new funding will contain. These plans have not been finalized and are not within the Company's control, and therefore cannot be deemed probable. As a result, the Company has concluded that management's plans do not alleviate substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

(in U.S. dollars)

These consolidated financial statements reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

These consolidated financial statements include the accounts of the following entities, wholly owned by the Company as of June 30, 2023:

Name of Entity	Place of Incorporation
SEA Electric Holdings Pty Ltd.	Melbourne, AUS
SEA Automotive Pty Ltd.	Melbourne, AUS
SEA Electric Pty Ltd.	Melbourne, AUS
SEA Electric Vans Latrobe Valley Pty Ltd.	Melbourne, AUS
SEA Electric Asia	Bangkok, TH
SEA Electric Ltd.	Auckland, NZ
SEA Electric LLC	Delaware, USA
SEA Electric Inc.	Delaware, USA
SEA Electric GMBH	Vienna, AT

The entities listed above have been formed or acquired to support the intended operations of the Company.

New Accounting Pronouncements Recently Adopted

In August 2020, the FASB issued Accounting Standards Update (ASU) 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging Contracts in Entity's Own Equity (Subtopic 815-40),* changes that simplified the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The Company adopted the standard on July 1, 2021. There was no impact upon adoption.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740),* which is intended to simply the accounting for income taxes by eliminating certain exceptions and simplifying certain requirements under Topic 740. Updates are related to intra-period tax allocation, deferred tax liabilities for equity-method investments, interim-period tax calculations, tax laws or rate changes in interim periods, and income taxes related to employee stock ownership plans. For public business entities, the amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. An entity that elects to early-adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period. The Company adopted the change in fiscal year (FY) 2023 with no financial impact to the Company.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires the measurement of current expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Adoption of ASU 2016-13 will require financial institutions and other organizations to use forward-looking information to better formulate their credit loss estimates. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. This update is effective for the Company for fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of these changes on the consolidated financial statements.

Use of Estimates and Significant Judgments

The preparation of the Company's consolidated financial statements requires management to make estimates, assumptions, and judgments that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures, and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information that could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Estimates and judgments are assessed on an ongoing basis. Revisions to estimates are recognized prospectively.

Examples of key estimates in these consolidated financial statements include the allowance for doubtful accounts receivable and trade receivables; inventory valuation adjustments that contemplate the market value of, and demand for, inventory, estimated useful lives of property and equipment, and intangible assets; valuation allowance on deferred income tax assets; determining the fair value of financial instruments; estimated variable consideration on contracts with customers; sales return estimates; and incremental borrowing rates and lease terms applicable to lease contracts.

Consolidated financial statement areas that require significant judgments are as follows:

Leases – The Company applies judgment in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease. The Company determines the lease term as the non-cancelable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether the Company can benefit from the right-of-use (ROU) asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another ROU asset.

Foreign Currency

These consolidated financial statements are presented in United States dollars (USD), which is the Company's reporting currency. The functional currency of all of the Company's foreign subsidiaries, as determined by management, is the local currency of each entity. All assets and liabilities of the foreign subsidiaries are translated to USD at the rates in effect at the consolidated balance sheet date. All amounts in the consolidated statements of operations and comprehensive loss are translated using the average exchange rates in effect during the year. Resulting translation adjustments are reflected in the accumulated other comprehensive loss component of stockholders' equity. Settlement of receivables and payables in a foreign currency that is not in the functional currency results in foreign currency gains and losses. Foreign currency transaction gains and losses are included in other income in the consolidated statements of operations and comprehensive loss.

Cash and Cash Equivalents

Cash includes cash on hand, deposits with banks, and cash equivalents that are highly liquid investments that are readily convertible to cash. A cash equivalent is a highly liquid investment that at the time of acquisition has a maturity of three months or less. The Company did not have any cash equivalents on June 30, 2023 or 2022. On June 30, 2023 and 2022, the Company held cash balances in excess of insured limits of $1,182,326 and $9,761,935, respectively.

Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement (ASC 820)*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a transaction measurement date. The ASC 820 three-tier fair value hierarchy prioritizes the inputs used in the valuation methodologies, as follows:

Level 1 – This level consists of valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - This level consists of valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs observable or that can be corroborated by observable market data.

Level 3 - This level consists of valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The Company evaluates its financial instruments to determine if those instruments or any embedded components of those instruments potentially qualify as derivatives required to be separately accounted for in accordance with FASB ASC Topic 815, *Derivatives and Hedging (ASC 815)*.

The carrying value of the Company's accounts receivable, accounts payable, accrued expenses, and other current liabilities approximates their fair value due to their short-term nature, and the carrying value of long-term loans and convertible debt approximates fair value as they bear a market rate of interest.

Inventory

Inventory consists of raw materials, work-in-process, and finished goods and is stated at the lower of cost or net realizable value. Manufactured inventories are valued at standard cost, which approximates actual costs on a first-in, first-out basis. The Company records inventory reserves for excess or obsolete inventories based upon assumptions about current and future demand forecasts. If inventory costs exceed net realizable value, the Company will record reserve for the difference between the cost and the net realizable value. The net realizable value is determined based on the estimated selling price, in the ordinary course of business, less estimated costs to complete or dispose.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation. Major renewals and improvements are capitalized while replacements, maintenance, and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. When property and equipment is retired or otherwise disposed of, a gain or loss is realized for the difference between the net book value of the asset and the proceeds realized thereon. Depreciation is calculated using the declining balance method.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group. The Company has not taken any impairment charges in fiscal years ending 2023 or 2022.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and lease liability (current and non-current) in the consolidated balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

For operating leases, the lease expenses are generally recognized on a straight-line basis over the lease term and recorded to selling, general, and administrative expenses in the consolidated statements of operations and comprehensive loss.

The Company has elected to apply the practical expedient, for each class of underlying asset, except real estate leases, to not separate non-lease components from the associated lease components of the lessee's contract and account for both components as a single lease component.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Short-term leases include real estate and vehicles and are not significant in comparison to the Company's overall lease portfolio. The Company continues to recognize the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Convertible Notes

The Company evaluates its convertible notes to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with ASC 815, *Derivatives and Hedging (ASC 815)*, paragraph 815-10-05-4 and paragraph 815-40-25. The result of this accounting treatment is that (if applicable) the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statements of operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. In respect of the convertible notes issued to date by the Company, there were no embedded features under ASC 815 that were required to be bifurcated from the convertible notes.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound-derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the consolidated balance sheets as current or non-current to correspond with their host instrument.

Revenue Recognition

ASC 606 provides a five-step framework through which revenue is recognized when control of promised goods or services is transferred to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine revenue recognition for arrangements that the Company concludes are within the scope of ASC 606, management performs the following five steps: (i) identifies the contract(s) with a customer; (ii) identifies the performance obligations in the contract(s); (iii) determines the transaction price, including whether there are any constraints on variable consideration; (iv) allocates the transaction price to the performance obligations; and (v) recognizes revenue when (or as) the Company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services, through performance obligations by the Company, is transferred to the customer in an amount that reflects the consideration it expects to be entitled to in exchange for the performance obligation.

The Company generates the majority of its revenues from the sale of the SEA-Drive electric power systems. SEA-Drive electric power systems are sold directly from the Company. Revenue is recognized when the control of the goods is transferred to the customer, which occurs at a point in time, upon delivery to the customer. The Company also installs the SEA-Drive electric power systems into customer-owned chassis. The Company does not have material contracts where the Company utilizes a customer-owned chassis.

Sales taxes collected from customers are remitted to the appropriate taxing jurisdictions and are excluded from sales revenue, as the Company considers itself a pass-through conduit for collecting and remitting sales taxes. Excise duties that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are included in revenue. The Company has elected to account for shipping and handling as activities to fulfill the promise to transfer products to customs. Accordingly, freight revenues on all product sales, when applicable, are also recognized on a consistent manner at a point in time. The term between invoicing and when payment is due is not significant and the period between when the entity transfers the promised good or service to the customer and when the customer pays for that good or service is one year or less.

The Company considers whether there are other promises in the contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration and the existence of significant financing components (if any).

(i) *Variable Consideration*

Some contracts for the sale of goods may provide customers with a volume discount, bonuses for volume/quality achievement, or sales allowance. In addition, the Company may provide, in certain circumstances, a retrospective price reduction to a customer based primarily on inventory movement. These items give rise to variable consideration. The Company uses the expected value method to estimate the variable consideration because this method best predicts the amount of variable consideration to which the Company will be entitled. The Company uses historical evidence, current information, and forecasts to estimate the variable consideration. The requirements in ASC 606 on constraining estimates of variable consideration are applied to determine the amount of variable consideration that can be included in the transaction price. The Company reduces revenue and recognizes a contract liability equal to the amount expected to be refunded to the customer in the form of a future rebate or credit for a retrospective price reduction, representing its obligation to return the customer’s consideration. The estimate is updated at each reporting period. The Company does not have any variable consideration for the years ended June 30, 2023 or 2022.

(ii) *Significant Financing Component*

The Company may receive short-term advances from its customers. Using the practical expedient in ASC 606, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good to a customer and when the customer pays for that good or service will be one year or less. The Company has not received long-term advances from customers in FY 2023 or FY 2022. For FY 2024, a major customer has agreed to advanced payments for batteries and motors, which will be deducted from the purchase price invoiced to the customer.

Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration.

Accounts Receivable

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration). The Company monitors collections and payments from customers, and generally does not require collateral. Accounts receivable are generally due within 30 to 90 days. The Company provides for the possible inability to collect accounts receivable by recording an allowance for doubtful accounts. The Company reserves for an account when it is considered potentially uncollectible. The Company estimates its allowance for doubtful accounts based on historical experience, aging of accounts receivable, and information regarding the creditworthiness of its customers. To date, losses have been within the range of management's expectations. The Company writes off accounts receivable if it determines that the account is uncollectible. The allowance for doubtful accounts was $350,424 and $28,000 at June 30, 2023 and 2022, respectively.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract. The Company had contract liabilities of $2,029,245 and $746,744 at June 30, 2023 and 2022, respectively.

Income Taxes

The Company uses the asset-and-liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Management assesses the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Changes in recognition or measurement are reflected in the period in which judgment occurs. The Company has reserved a full valuation allowance against its deferred tax assets.

(in U.S. dollars)

Warranty

The Company generally offers warranty coverage for its products. The Company accrues warranty-related costs under standard warranty terms and for certain claims outside the contractual obligation period that it chooses to pay as accommodations to its customers.

Provisions for estimated assurance warranties are recorded at the time of sale and are periodically adjusted to reflect actual experience. The amount of warranty liability accrued reflects management's best estimate of the expected future cost of honoring Company obligations under the warranty plans. Historically, the cost of fulfilling the Company's warranty obligations has principally involved replacement parts, towing and transportation costs, labor, and sometimes travel for any field retrofit campaigns. The Company's estimates are based on historical experience.

Research and Development Costs

The Company expenses research and development costs as they are incurred. Research and development costs consist primarily of personnel costs for engineering and research, prototyping costs, and contract and professional services. For the years ended June 30, 2023 and 2022, the Company incurred $1,134,062 and $1,266,886, respectively, of research and development costs.

3. Inventory

Inventory consists of the following:

June 30,		**2023**		2022
Raw materials	**$**	**9,610,539**	$	9,224,160
Work-in-process		**2,291,526**		1,570,664
Total Inventory	**$**	**11,902,065**	$	10,794,824

4. Prepaid Expenses and Other Current Assets

Prepaid expense and other current assets are comprised of the following items:

June 30,		**2023**		2022
Prepaid expenses	**$**	**2,180,117**	$	5,549,372
Deposits		**332,010**		185,795
Other		**-**		611,723
Total Prepaid Expenses and Other Current Assets	**$**	**2,512,127**	$	6,346,890

Included in other current assets are amounts refundable from the Internal Revenue Service in the amount of $0 and $346,037 as of June 30, 2023 and 2022, respectively. At June 30, 2023, deposits consist primarily of advance payments made to suppliers of batteries and other components in both FY 2023 and 2022, as further described in Note 15.

(in U.S. dollars)

5. Property and Equipment, Net

Property and equipment, net is comprised of the following items:

June 30,		**2023**		2022
Capital work in progress	**$**	**-**	$	55,358
Leaseholds and equipment		**909,264**		889,932
Furniture and equipment		**507,044**		452,637
Motor vehicles		**761,968**		810,181
Computer equipment		**292,213**		293,147
Computer software		**225,796**		233,339
Total Property and Equipment		**2,696,285**		2,734,594
Less: accumulated depreciation and amortization		**(1,553,280)**		(1,184,315)
Property and Equipment, Net	**$**	**1,143,005**	$	1,550,279

For the years ended June 30, 2023, and 2022, total depreciation and amortization on property and equipment was $522,378 and $535,947, respectively.

6. Leases

The Company maintained five leases in FY 2023 and FY 2022 for facilities located in Australia, the United States, and New Zealand, which are under long-term operating leases. One of the Company's leases is controlled by a related party at June 30, 2023 (see Note 16).

The table below presents certain information related to the Company's lease costs:

June 30,		**2023**		2022
Operating lease expense	**$**	**1,635,637**	$	475,877
Short-term lease expense		**-**		-
Total Lease Expense	**$**	**1,635,637**	$	475,877

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(in U.S. dollars)

ROU assets and lease liabilities for operating leases were recorded in the consolidated balance sheets as follows:

June 30,		2023		2022
Assets				
Operating lease right-of-use assets, net	$	**1,954,597**	$	2,317,276
Total Lease Assets	**$**	**1,954,597**	$	2,317,276
Liabilities				
Current Liabilities				
Current portion of lease liability	**$**	**243,983**	$	232,278
Non-Current Liabilities				
Lease liability, net of current portion		**1,877,631**		2,253,136
Total Lease Liability	**$**	**2,121,614**	$	2,485,414

The Company's lease agreements do not state an implicit borrowing rate; therefore, an internal incremental borrowing rate was determined based on information available at the lease commencement date for the purposes of determining the present value of lease payments. The incremental borrowing rate reflects the cost to borrow on a securitized basis in each market. The weighted-average remaining lease term and incremental borrowing rate is as follows:

June 30, 2022	2023	2022
Weighted-average remaining lease term - operating leases (in years)	**4.1**	4.30
Weighted-average discount rate - operating leases (%)	**5.5**	4.90

Future minimum lease payments (principal and interest) on the leases are as follows:

Year ending June 30,		Operating Leases		
		2023		2022
2023	**$**	**-**	$	597,065
2024		**626,997**		610,433
2025		**599,902**		574,939
2026		**510,041**		475,231
2027		**327,889**		261,416
2028		**324,835**		-
		2,389,664		2,519,084
Less:				
Imputed interest		**(129,057)**		(256,949)
Foreign currency adjustment		**(40,133)**		(45,979)
Present Value of Future Minimum Lease Payments	**$**	**2,220,474**	$	2,216,156

(in U.S. dollars)

7. Accrued Liabilities and Other

Accrued liabilities and other are comprised of the following items:

June 30,		**2023**		2022
Accruals	$	**6,244,183**	$	2,336,796
Taxes and social security payments		**1,456,996**		1,568,819
Annual and long-service leave payable		**514,961**		481,461
Total	**$**	**8,216,140**	$	4,387,076

8. Convertible Notes

Convertible notes are comprised of the following items:

June 30, 2022		**2023**		2022
Convertible notes	**$**	**17,000,000**	$	10,000,000
Issuance costs		**-**		(87,221)
Total	**$**	**17,000,000**	$	9,912,779

On June 29, 2022, the Company offered and issued $10 million of convertible notes to four different noteholders. Upon the issuance of the notes, the Company also became obligated to pay a success fee to each noteholder equal to 10% of the principal amount of the notes. The fee shall be paid-in-kind and added to the principal amount of the notes. The notes accrue simple interest at a rate of 1% per month on the original face value of the notes, excluding the principal balance increase resulting from the addition of the fee. The fee will be amortized through interest expense through November 30, 2023, the date at which unpaid principal and interest was due and payable. Additional costs incurred to obtain the debt will also be amortized through interest expense under the effective interest method.

The notes also include conversion features. In the event the Company issues a new class of preferred stock to bona fide third-party investors on or before the maturity date in a transaction resulting in gross proceeds of at least $50 million, then 50% of the outstanding principal balance of the notes, plus any accrued but unpaid interest, shall automatically convert into shares of the new class of preferred shares at a conversion price equal to the per share price paid by investors for such equity securities without any further action by noteholders. The remaining 50% and any accrued but unpaid interest thereon may be converted into shares of the new class of preferred shares at the noteholder's option. The total number of shares that a holder shall be entitled to receive upon conversion shall be equal to (x) the amount of principal and accrued but unpaid interest on such note called for conversion, divided by (y) the purchase price.

On July 27, 2022, the Company issued a convertible note to Meritor (a Series A investor) for $2 million with the same terms and conditions as the other convertible notes.

On November 10, 2022, the Company issued $5 million convertible note to four investors under the same terms and conditions as the original convertible notes for $10 million.

(in U.S. dollars)

9. Loans Payable

Loans payable consisted of the following:

June 30,		**2023**		2022
SBA loan	**$**	**109,797**	$	129,490
Promissory notes		**20,000,000**		-
Miscellaneous		**1,278**		1,544
Total Loans Payable	**$**	**20,111,075**	$	131,034

On February 23, 2023, the Company received a long-term promissory note from a Series A investor (Vestcor) for $20 million. As of June 30, 2023, $20 million had been provided to the Company. An additional promissory note for $10 million was approved on July 19, 2023. Total promissory notes as of December 31, 2023 were $30 million with an interest rate of 12% accruing to the principle and repayment due on February 28, 2025, for the first $20 million, and the additional $10 million is due if Company raises $50 million of equity or July 31, 2024. The notes can be paid off prior to this date at the Company's option.

Loans payable for FY 2022 consisted primarily of a U.S. 30-year long-term bank loan. The 30-year long-term bank loan was entered into on June 30, 2020, and matures in June 2050. The interest rate charged on the loan is 3.75% with minimum repayment amounts of $502 per month. The balance on the U.S. long-term bank loan was $109,797 and $129,490 at June 30, 2023 and 2022, respectively.

The U.S. government issued Paycheck Protection Program (PPP) loans in response to the COVID-19 pandemic. All loans are guaranteed by the U.S. Small Business Administration (SBA), have a maturity of five years, and require no collateral or personal guarantees. The Company signed the loan agreement in April 2020. The PPP loan of approximately $103,000 was forgiven in full in October 2021.

10. Warranty Provision

Balance, July 1, 2021	$	162,315
Warranty expense incurred		107,135
Balance, June 30, 2022		269,450
Warranty expense incurred		599,646
Balance, June 30, 2023	$	869,096

The Company provides warranties on its SEA-Drive, propriety electric power system, conversion chassis, components, and workmanship for three years or 100,000 kilometers, whichever occurs first. Cost of sales within the consolidated statement of operations and comprehensive loss includes an amount equal to 1.5% of the sales price of the vehicle.

11. Stockholders' Equity

Common Shares

The Company's certificate of incorporation authorized the Company to issue 12,500,000 shares of common stock with a par value of $0.01. Holders of common stock are entitled to one vote in respect of each share held. All common shares rank equally as to dividend and liquidation rights.

During the year ended June 30, 2019, the Company signed an option deed with a consultant. The options were issued for $6,944 (AUD$10,000) consideration. The deed is effective from July 1, 2018, and provides three tranches of options, as follows: Tranche 1: 38,938 options effective July 1, 2018, Tranche 2: 38,938 options effective July 1, 2019, and Tranche 3: 38,937 options effective July 1, 2020. All options have a strike price of $11.81 (AUD$17.12) and expire on June 30, 2028. On March 6, 2019, the consultant exercised their rights and were issued 5,840 shares of common stock for total proceeds of $78,669 (AUD$99,989). In connection with the Re-Domiciliation discussed in Note 1, the 110,973 options were exchanged for 94,063 common shares of the Company.

In February 2021, the Company engaged VIII Capital to support the efforts to close the Series A funding. Under the agreement with VIII Capital, a fee of 6% of the gross proceeds was to be settled 50% through issuing shares in the Company and 50% to be settled through cash. Any shares issued would be on the same terms and conditions of the Series A funding. In addition, the Company issued stock options equal to 6% of the number of securities issued during the Series A funding. Each option is exercisable into one share of the Company at a price of $40.20 (being the same price used in the Series A funding) and is valid for a period of six months following completion of a go-public transaction. In the event the market capitalization of the Company resulting from the go-public transaction exceeds $650.0 million, the Company shall have the right to accelerate the expiry date of the options by giving 30 days' notice. The options expire in June 2026. In June 2021,14,926 shares and 61,942 options were issued to VIII Capital. In connection with the Re-Domiciliation discussed in Note 1, the options were exchanged for 61,942 options in the Company at the same exercise price of $40.20 with the same maturity date of June 2026.

Series A Preferred Shares

On July 9, 2021, the Company signed a Share Subscription Agreement to receive $4,999,980 from Meritor Electric Vehicles LLC (MEV), a wholly owned subsidiary of Meritor Inc., a leading global supplier of drivetrain, mobility, braking, aftermarket, and electric powertrain solutions for commercial vehicle and industrial markets located in Troy, Michigan. The agreement provided for MEV, which owns 83,333 shares of Series A Preferred Shares valued at $60.00 per share, to have observer rights for the Company's board meetings. Invested funds were received in full on the date of signing the agreement.

On November 15, 2021, Robert Neitzke (owner of GATR) invested $5,000,000 into the Company and signed a Share Subscription Agreement dated November 29, 2021. The Company issued 62,500 Series A Preferred Shares at a price of $80.00 per share in respect of this agreement.

On February 17, 2022, the Company raised $10,200,000 through a Series A Funding round. The Company issued 127,500 Series A Preferred Shares at a price of $80.00 per share.

Series A Preferred Shares entitle the holder to same rights and privileges as the ordinary shares of the Company except as follows:

- To the extent the Company declares or pays dividends on any of the ordinary shares, the Company will declare and pay at a minimum the same dividend on each of the Series A Preferred Shares on an "as-converted basis."
- The Company may also, but is not required to, declare and pay a dividend on the Series A Preferred Shares without declaring or paying the same or any dividend on ordinary shares.
- Each holder of a Series A Preferred share has one vote in a show of hands or in the instance of a poll, equal to the number of votes as ordinary shares on an "as-converted basis."
- Series A Preferred Shares holds a priority right in the case of a liquidation event.
- Each Series A Preferred Share may be converted into ordinary shares equal to the amount of divided by the Conversion price as at the conversion date. All Series A Preferred Shares will automatically convert into ordinary shares at the then-effective conversion rate, immediately before a "Realization Event." A Realization Event is defined as:
    1. A business sale.
    2. A share sale of 75% or more of the issued shares of the Company.
    3. An Initial Public Offering (IPO) of not less than $75 million.
    4. Any other realization, including a merger, consolidation, acquisition, or sale of the Company, as a result of which the shareholders of the Company immediately before completion of the transaction do not, immediately after completion, hold a majority of the shares of the Company or the acquiring entity or surviving corporation.

These Series A Preferred Shares are treated as permanent equity under ASC 480, *Distinguishing Liabilities from Equity*.

Series B Preferred Shares

The Company is also authorized to issue 2,500,000 shares of Class B Preferred Shares with a par value of $0.01. As of June 30, 2023, there were no shares of Class B Preferred Shares issued and outstanding.

12. Commitments and Contingencies

Legal Proceedings

In the normal course of business, the Company may become involved in legal disputes regarding various litigation matters. In the opinion of management, any potential liabilities resulting from such claims would not have a material effect on the consolidated financial statements.

Lease Commitments

The Company leases various facilities and vehicles under non-cancelable operating leases, which expire at various dates through June 2028.

(in U.S. dollars)

13. Revenue

Revenue Recognition

Net sales include products and shipping and handling charges, net of estimates for customer allowances. Revenue is measured as the amount of consideration the Company is expected to receive in exchange for transferring products or providing a service to customers. All revenue is recognized when the Company satisfies the performance obligations under the contract. The Company recognizes revenue by transferring the promised products to the customer, with the majority of revenue recognized when the products are delivered to the customer. The majority of the Company's contracts have a single performance obligation and are short-term in nature.

Disaggregation of Revenue

Revenues related to the following types of business and geographic regions were as follows:

Year ended June 30,	**2023**	2022
Products/services:		
SEA-Drive	**$ 16,632,537**	$ 5,778,725
Aftersales products and services	**452,809**	1,102,599
Total Revenues	**$ 17,085,346**	$ 6,881,324

Year ended June 30,	**2023**	2022
Primary geographic markets:		
Australia	**$ 6,934,521**	$ 4,614,945
New Zealand	**128,999**	198,431
United States	**10,021,826**	2,067,948
Total Revenues	**$ 17,085,346**	$ 6,881,324

SEA-Drive – This consists of sales of SEA-Drive electric power systems. The Company recognizes revenue when delivered to the customer.

The Company also installs the SEA-Drive electric power systems into customer-owned chassis. The Company does not have material contracts related to customer-owned chassis.
Aftersales Products and Services – These consist of add-on services and products occurring after the sale of the SEA-Drive electric power systems. The Company recognizes revenue after the service has been provided to the customer.

The Company had contract liability balances of $2,029,245 for FY 2023 and $746,744 for FY 2022, as detailed below:

Year ended June 30,	**2023**	2022
Contract liabilities:		
Balance, July 1	**$ 746,744**	$ 1,519,400
Customer deposits received	**2,029,245**	160,819
Released to revenue	**(746,744)**	(933,475)
Total Contract Liabilities	**$ 2,029,245**	$ 746,744

(in U.S. dollars)

14. Income Taxes

For the years ended June 30, 2023 and 2022, the Company has net losses and $0 of current state tax expense recorded. The Company has recorded a full valuation allowance on its deferred tax assets for the years ended June 30, 2023 and 2022 and no deferred tax expense was recorded.

The reconciliation of the Company's effective taxes to the statutory federal income taxes is as follows:

June 30,		**2023**		2022
Statutory U.S. federal income tax rate of 21%	**$**	**(8,323,212)**	$	(6,894,811)
Foreign rate differential		**(560,972)**		(869,218)
State tax benefit, net of federal benefit		**(946,311)**		(689,111)
Permanent items		**(124,799)**		1,918,370
Valuation allowance		**9,849,242**		6,464,657
Other		**106,052**		70,113
Income Tax Expense	**$**	**-**	$	-

The following table summarizes the components of deferred tax:

Year ended June 30,		**2023**		2022
Deferred tax assets:				
Net operating loss	**$**	**20,576,311**	$	12,213,707
Non-deductible accrued expenses		**1,412,737**		456,883
Lease liability		**174,707**		231,077
Unrealized gain		**350,123**		345,912
Disallowed interest expense		**524,638**		-
Capitalized research costs/other		**-**		70
Total Deferred Tax Assets		**23,038,516**		13,247,649
Deferred tax liabilities:				
Depreciation		**(172,892)**		(177,642)
Right-of-use asset		**(162,407)**		(215,841)
Total Deferred Tax Liabilities		**(335,299)**		(393,483)
Valuation allowance		**(22,703,217)**		(12,854,166)
Net Deferred Tax Balance	**$**	**-**	$	-

At June 30, 2023 and 2022, the Company had a federal net operating loss carryforward of $56.2 million and $29.5 million, respectively, which has an indefinite carryforward period, and a state net operating loss carryforward of $29.8 million and $13.7 million, respectively, which will begin to expire in 2040. In addition, at June 30, 2023 and 2022, the Company has foreign net operating loss carryforwards of $22.9 million and $16.3 million, respectively, primarily related to Australia, which has an indefinite carryforward period. The Company believes that it is more likely than not that the benefit from the net operating loss carryforwards and other deferred tax assets will not be realized. In recognition of this risk, the Company has recorded a full valuation allowance as of June 30, 2023 and 2022.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax in various states and foreign jurisdictions. The Company is generally subject to examination by taxing authorities for years ended June 30, 2020.

The Company includes interest and penalties related to tax contingencies in the provision for income taxes in the consolidated statements of operations and comprehensive loss. No interest or penalties have been accrued on the consolidated balance sheets at June 30, 2023 or 2022.

15. Concentrations of Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. A small portion of cash is held on hand, from which management believes the risk of loss is remote. Receivables relate primarily to wholesale sales. The Company does not have significant credit risk with respect to customers. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

16. Related Party Transactions

On July 10, 2018, the Company entered into a ten-year lease agreement with the Bellstar Family Trust and Far Superannuation Fund (the lessors) for Unit 1, 13 Advantage Dr, Dandenong South VIC 3175, Australia. The Company pays to the lessors monthly rent of AUD$25,000, escalating annually by 3%. The Company's Chief Executive Officer and a founding shareholder are Trustees of the Bellstar Family Trust and Far Superannuation Fund, respectively. Total rent paid under this lease was approximately $250,000 and $241,000 for the years ended June 30, 2023 and 2022, respectively.

The Company makes monthly payments of AUD$25,000 to AST Global for engineering consultancy services provided by a shareholder of the Company. AST Global is wholly owned and controlled by a founding shareholder of the Company.

Consulting Fees with John Pratt

The Company entered into a consulting agreement with John Pratt, effective July 1, 2020 to May 31, 2021, to provide strategic and financial advice. During fiscal 2021, the Company incurred consulting costs under this arrangement of $838,250, all of which was accrued at June 30, 2022 and is included in accrued liabilities and other in the consolidated balance sheets. During 2022, John Pratt was appointed as a director of the Company.

17. Subsequent Events

On July 19, 2023, The Company obtained $10 million in promissory notes from several different noteholders. Upon the issuance of the notes, the Company also became obligated to pay a success fee to each noteholder equal to 10% of the principal amount of the notes. The fee shall be paid-in-kind and added to the principal amount of the notes. The notes accrue simple interest at a rate of 1% per month on the original face value of the notes, excluding the principal balance increase resulting from the addition of the fee. The fee will be amortized through interest expense through November 30, 2023, the date on which unpaid principal and interest was due and payable.

In January 2024, the Company entered into a debt restructuring agreement with the holders of the Company's promissory notes and its convertible promissory notes. Pursuant to the terms of the debt restructuring agreement, the principal amount of all outstanding promissory notes and certain of the convertible promissory notes were consolidated into a series of senior secured promissory notes with a face amount of approximately $47.0 million. The senior secured promissory notes mature in 2027 and bear interest at 12.0% per year. As security for the senior secured promissory notes, the holders were granted a first priority security interest over any and all Company assets. The debt restructuring agreement, among other things, also extended the maturity date for the remaining portion of the Company's existing convertible promissory notes until December 2024. Pursuant to the terms of the debt restructuring agreement, the remaining portion of the convertible promissory notes convert into (i) shares of the Company's common stock, in the event of certain merger transactions or (ii) equity securities of the Company issued in certain qualified financing transactions. If the remaining balance of the convertible promissory notes has not converted pursuant to (i) or (ii) in the preceding sentence on or before December 31, 2024, then such remaining portion of the convertible promissory notes will be exchanged for senior secured promissory notes on the same terms as the new senior secured promissory notes issued in January 2024.

No other matter or circumstance has arisen since June 30, 2023 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future fiscal years.

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Independent Auditor's Report

Shareholders and Board of Directors
Sea Electric Holdings Pty Ltd
Dandenong South, Victoria

Opinion

We have audited the consolidated financial statements of Sea Electric Holdings Pty Ltd and its subsidiaries (the Company), which comprise the consolidated balance sheets as of June 30, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity/ deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 23 to the consolidated financial statements, the Company has elected to change its method of accounting for refundable R&D tax incentives in 2020.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO Audit Pty Ltd

BDO

Tim Aman
Director
Sydney, NSW Australia
10 December 2021

SEA ELECTRIC HOLDINGS
CONSOLIDATED BALANCE SHEETS
(In U.S. Dollars)

	June 30, 2021	June 30, 2020 (Restated)
Assets		
Current Assets:		
Cash	$ 8,678,861	$ 466,208
Trade and Other Receivables	263,882	606,071
Inventory	5,418,643	1,562,939
Prepayments and Other	6,399,774	595,378
Total Current Assets	20,761,160	3,230,596
Non-Current Assets:		
Property, Plant & Equipment	1,525,093	754,524
Right-of-Use Assets	2,761,017	2,585,737
Intangibles	107,109	58,747
Total Non-Current Assets	4,393,219	3,399,008
Total Assets	$ 25,154,379	$ 6,629,604
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Trade and Other Payables	520,787	1,198,797
Accrued Liabilities and Other	3,297,657	1,677,453
Current Portion of Loans Payable	385,664	4,873,104
Convertible Notes	—	4,920,699
Current Portion of Lease Liability	445,952	354,348
Contract Liabilities	1,519,400	1,568,049
Total Current Liabilities	6,169,460	14,592,450
Non-Current Liabilities:		
Loans Payable Net of Current Portion	108,391	108,900
Lease Liability	2,403,412	2,326,758
Warranty Provision	162,315	138,544
Total Non-Current Liabilities	2,674,118	2,574,202
Total Liabilities	$ 8,843,578	$ 17,166,652
Commitments and Contingencies (Refer to Note 15)		
Stockholders' Equity Surplus:		
Ordinary Shares (AUD$1 par value, unlimited shares authorized; 2,874,139 shares issued and outstanding at June 30, 2021, and 2,508,169 shares issued and outstanding at June 30, 2020)	1,995,576	1,721,244
Series A Preference Shares (No par value, 1,243,796 shares authorized; 1,102,784 issued and outstanding at June 30, 2021)	39,701,442	—
Additional Paid In Capital	11,278,395	7,246,640
Accumulated Deficit	(34,953,607)	(18,153,057)
Accumulated Other Comprehensive Loss	(1,711,005)	(1,351,875)
Total Shareholders' Equity Surplus / Deficit	16,310,801	(10,537,048)
Total Liabilities and Stockholders' Equity Surplus	$ 25,154,379	$ 6,629,604

See accompanying notes to the consolidated financial statements

SEA ELECTRIC HOLDINGS
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In U.S. Dollars)

	For the Years Ended June 30,	
	2021	2020 (Restated)
Revenue	$ 1,545,028	$ 3,177,376
Cost of Sales	(3,342,548)	(4,088,657)
Gross Loss	(1,797,520)	(911,281)
Operating Expenses:		
Selling, General and Administrative	(11,514,982)	(7,971,959)
Research and Development	(2,047,264)	(1,851,968)
Total Operating Expenses	(13,562,246)	(9,823,927)
Loss from Operations	(15,359,766)	(10,735,208)
Other Income	679,068	2,132,457
Interest Expense	(629,534)	(555,480)
Foreign Currency Gain (Loss)	(1,490,318)	67,964
Total Other Income/Expense	(1,440,784)	1,644,941
Net Loss Before Income Taxes	(16,800,550)	(9,090,267)
Current Income Taxes	—	—
Deferred Income Taxes	—	—
Loss After Income Tax Expense	(16,800,550)	(9,090,267)
Other Comprehensive Loss		
Foreign Currency Translation Adjustment	(359,130)	(52,627)
Total Comprehensive Loss	$ (17,159,680)	$ (9,142,894)

See accompanying notes to the consolidated financial statements

SEA ELECTRIC HOLDINGS
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/DEFICIT
(In U.S. Dollars)

	Common Stock			Series A Preference Shares				
	Number of Shares	Amount	Additional Paid-in Capital	Number of Shares	Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity / Deficit
Balance as of June 30, 2019 (restated)	2,342,100	$ 1,614,878	$ 5,566,575	—	$ —	$ (9,062,790)	$ (1,299,248)	$ (3,180,585)
Net loss (restated)	—	—	—	—	—	(9,090,267)	—	(9,090,267)
Foreign Translation Adjustment (restated)	—	—	—	—	—	—	(52,627)	(52,627)
Total comprehensive loss (restated)	—	—	—	—	—	(9,090,267)	(52,627)	(9,142,894)
Issuance of Common Stock	117,105	72,605	1,231,630	—	—	—	—	1,304,235
Conversion of Debt to Equity	48,964	33,761	448,435	—	—	—	—	482,196
Balance as of June 30, 2020 (restated)	2,508,169	$ 1,721,244	$ 7,246,640	—	$ —	$ (18,153,057)	$ (1,351,875)	$ (10,537,048)
Net Loss	—	—	—	—	—	(16,800,550)	—	(16,800,550)
Foreign Translation Adjustment	—	—	—	—	—	—	(359,130)	(359,130)
Total comprehensive loss	—	—	—	—	—	(16,800,550)	(359,130)	(17,159,680)
Series A Preference shares	—	—	—	1,086,552	42,664,053	—	—	42,664,053
Costs of raising investors funds	—	—	—	—	(3,533,631)	—	—	(3,533,631)
Preferred convertible notes converted into Series A Preference Shares	—	—	—	16,232	571,020	—	—	571,020
Convertible notes converted into equity	365,970	274,332	4,031,755	—	—	—	—	4,306,087
Balance as of June 30, 2021	2,874,139	$ 1,995,576	$ 11,278,395	1,102,784	$ 39,701,442	$ (34,953,607)	$ (1,711,005)	$ 16,310,801

See accompanying notes to the consolidated financial statements

SEA ELECTRIC HOLDINGS
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. Dollars)

	For the Years Ended June 30,			
		2021		2020 (restated)
Cash Flows from Operating Activities:				
Net Loss	$	(16,800,550)	$	(9,090,267)
Adjustments to Reconcile Net Loss to Net Cash Used In				
Depreciation		258,303		235,044
Amortization of right-of-use assets		464,500		374,632
Interest on convertible notes		174,126		-
Change in Operating Assets and Liabilities:				
Account receivables		393,716		1,032,297
Inventory		(3,707,487)		983,652
Prepayments and other		(5,733,905)		69,203
Accounts payable		(779,221)		(844,465)
Accrued liabilities		1,471,895		168,681
Lease liabilities		(491,551)		(314,126)
Warranty provision		11,661		86,930
Contract liabilities		(48,649)		(202,637)
Net Cash Used in Operating Activities		(24,787,162)		(7,501,056)
Cash Flows from Investing Activities:				
Purchase of Intangible Assets		(43,104)		(32,339)
Additions to Property, Plant & Equipment		(960,852)		(230,392)
Net Cash Used in Investing Activities	$	(1,003,956)	$	(262,731)
Cash Flows from Financing Activities:				
Proceeds from issuance of shares		-		1,304,235
Borrowings under Trade Facility		-		1,672,311
Proceeds from loans payable		261,675		207,236
Repayment of Trade Finance debt facility		(5,167,781)		-
Repayment of convertible notes		(1,494,348)		-
Proceeds from issuance of Series A Preference Shares		42,664,053		-
Proceeds from Preference Convertible Notes		571,020		-
Costs of Series A Preference Shares		(3,533,631)		-
Issuance of Convertible Notes (convertible into ordinary shares)		336,232		4,788,140
Net Cash Provided by Financing Activities		33,637,220		7,971,922
Effect of exchange rate on cash	$	366,551	$	53,611
Change in cash during the year		7,846,102		208,135
Cash, Beginning of the Year		466,208		204,462
Cash and Cash Equivalents, End of Year		8,678,861		466,208
SUPPLEMENTAL INFORMATION				
Non-cash operating and financing activities				
Right-of-Use Asset and Lease Liability Additions	$	489,248	$	787,875
Non-cash financing activities				
Ordinary Shares issued on conversion of convertible notes	$	4,306,087	$	—
Preference convertible notes converted into Series A Preference Shares	$	571,020		—
Shares issued to settle loans payable	$	—	$	482,196

See accompanying notes to the consolidated financial statements

1. Description of Business and Summary

Sea Electric Holdings Pty Ltd. ("Sea Electric" or the "Company") was founded in 2012 and is an Australian proprietary limited company incorporated in Australia under the Corporation Act 2001. Its registered office is located at 13 Advantage Dr, Dandenong South VIC 3175, Australia. SEA Electric is an automotive technology company that has created proprietary 100% electric commercial vehicle drivetrain system technology (known as SEA-Drive) for the world's urban delivery and distribution fleets. The Company now has deployed product in five countries (United States, Austria, Thailand, New Zealand, and Australia).

2. Summary of Significant Accounting Policies

Basis of presentation and liquidity

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America as determined by Financial Accounting Standards Board (the "FASB") within its Accounting Standards Codification ("ASC"). The following represents the more significant of those policies and practices.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

For the fiscal year ended June 30, 2021, the Company reported a consolidated net loss of $15,962,300 and a net loss (restated) of $9,090,267 for the year ended June 30, 2020.

For the years ended June 30, 2021 and 2020, the Company had cash flows used in operating activities of $24,787,162 and $7,501,056, respectively.

As of June 30, 2021 and 2020, the Company had positive working capital of $14,591,700 and negative working capital of $11,361,854 (restated) respectively.

The Company believes that its existing resources will be sufficient to fund its planned operations and expenditures for at least the next 12 months from the issuance of these consolidated financial statements. However, if sufficient additional capital is not available as and when needed, the Company may have to delay, scale back operations, curtail its commercialization activities, significantly reduce expenses or raise additional funding.

These consolidated financial statements reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations.

Coronavirus Pandemic

On January 30, 2020, the World Health Organization ("**WHO**") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "**COVID-19 Outbreak**") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 Outbreak as a pandemic, based on the rapid increase in exposure globally.

(In U.S. Dollars)

The Company is subject to the risks arising from the COVID-19 Outbreak's social and economic impacts on their industry in the United States, Australia, New Zealand, Austria and Thailand. Management believes that these social and economic impacts, which to date have included but not been limited to the following, could have a significant impact on the Company's future financial condition, liquidity, and the results of operations: (i) restrictions on in-person activities associated with capital financing transactions arising from shelter-in-place or similar isolation orders; ii) deteriorating economic conditions, such as increased unemployment rates, recessionary conditions, lower yields on individual investment portfolios, and more stringent economic conditions, such as increased unemployment rates, recessionary conditions, lower yields on individual investment portfolios.

To date, the Company has realized an operational impact form COVID-19 from a number of areas: (i) potential customers have not been able to visit to see and be shown the electrification of a chassis; ii) current customers have not been able to be fully serviced for issues with their EV vehicles and rectification of the issues; iii) supply of major and minor components from overseas and local suppliers has impacted on production timetables / delivery to customers and caused cash flow constraints; iv) full employment of staff in productive work has not always been possible because of COVID safe program, lack of parts and orders. This operational impact has also seriously impacted the Company's ability to re-finance.

The full impact of the COVID-19 Outbreak continues to evolve as of the date of this report. As such, the Company cannot estimate the full magnitude that the pandemic will have on the Company's business. If the COVID-19 Outbreak continues, it may have a material adverse effect on the Company's financial condition, liquidity, and future results of operations for the year ended June 30, 2022, and beyond. Management is actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, industry, and workforce. Given the daily evolution of the COVID-19 Outbreak and the global response to curb its spread, the Company is not able to estimate the effects of the COVID-19 Outbreak on its results of operations, financial condition, or liquidity for the year ended June 30, 2022 and beyond.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

These financial statements include the accounts of the following entities wholly owned by the Company as of June 30, 2021:

Name of entity	Place of incorporation
SEA Electric Holdings Pty Ltd.	Melbourne, AUS
SEA Automotive Pty Ltd.	Melbourne, AUS
SEA Electric Pty Ltd.	Melbourne, AUS
SEA Electric Vans Latrobe Valley Pty Ltd.	Melbourne, AUS
SEA Electric Asia	Bangkok, TH
SEA Electric Ltd.	Auckland, NZ
SEA Electric LLC	Delaware, USA
SEA Electric GMBH	Vienna, Austria

The entities listed above are wholly owned by the Company and have been formed or acquired to support the intended operations of the Company and all intercompany transactions and balances have been eliminated in the financial statements of the Company.

Comparative Figures

Comparatives have been reclassified so as to be consistent with the presentation in the current year.

New accounting pronouncements recently adopted

Financial instruments

On July 1, 2019, the Company adopted FASB ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("**ASU 2016-01**"), which updates certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. Most prominent among the changes in the standard is the requirement for changes in the fair value of equity investments, with certain exceptions, to be recognized through net income rather than other comprehensive income. The Company adopted the standard effective July 1, 2019. There was no impact on adoption.

Leases

ASC 842 requires leases to be accounted for using a right-of-use model, which recognizes that, at the date of commencement, a lessee has a financial obligation to make lease payments to the lessor for the right to use the underlying asset during the lease term. The lessee recognizes a corresponding right-of-use asset related to this right. Effective July 1, 2018, the Company early adopted ASC 842 using the modified retrospective approach, which provides a method for recording existing leases at adoption using the effective date as its date of initial application. The Company also applied the practical expedient which provides an additional transition method which allows entities to elect not to recast comparative periods presented. The Company has elected this practical expedient in the adoption of the ASC 842. Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected remaining lease term.

The Company elected the package of practical expedients provided by ASC 842, which allowed the Company to forgo reassessing the following upon adoption of the new standard: (1) whether contracts contain leases for any expired or existing contracts, (2) the lease classification for any expired or existing leases, and (3) initial direct costs for any existing or expired leases. In addition, the Company elected an accounting policy to exclude from the balance sheet the right-of-use assets and lease liabilities related to short-term leases, which are those leases with a lease term of twelve months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise.

New accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires the measurement of current expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. Adoption of ASU 2016-13 will require financial institutions and other organizations to use forward-looking information to better formulate their credit loss estimates. In addition, the ASU amends the accounting for credit losses on available for sale debt securities and purchased financial assets with credit deterioration.

This update will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. This update is effective for smaller reporting entities as defined by the SEC, for fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of these changes on the Consolidated Financial Statements.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740) which is intended to simply the accounting for income taxes by eliminating certain exceptions and simplifying certain requirements under Topic 740. Updates are related to intraperiod tax allocation, deferred tax liabilities for equity method investments interim period tax calculations, tax laws or rate changes in interim periods, and income taxes related to employee stock ownership plans. For public business entities, the amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period.

In August 2020, the FASB issued ASU 2020-06, Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging Contracts in Entity's Own Equity (Subtopic 815-40) changes which simplified the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The changes can be adopted no later than January 1, 2022, with early adoption permitted but only if adopted in the first quarter of the fiscal year in which adoption is implemented. Management is currently evaluating the impact of these changes on the Consolidated Financial Statements.

In March 2021, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848), that provide companies with optional guidance to ease the potential accounting burden associated with transitioning from reference rates that are expected to be discontinued. In response to the concerns about risks of IBORs and, particularly, the risk of cessation of LIBOR, regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. The changes provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In January 2021, the FASB issued additional clarification changes. The changes can be adopted no later than December 31, 2022 with early adoption permitted. Management is currently evaluating the impact of these changes on the Consolidated Financial Statements.

Use of estimates and significant judgments

The preparation of the Company's consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, assets, liabilities, accompanying disclosures and the disclosure of contingent liabilities. These estimates and judgments are subject to change based on experience and new information which could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Estimates and judgments are assessed on an ongoing basis. Revisions to estimates are recognized prospectively.

Examples of key estimates in these consolidated financial statements include the allowance for doubtful accounts receivable and trade receivables, inventory valuation adjustments that contemplate the market value of, and demand for inventory, estimated useful lives of property and equipment and intangible assets, valuation allowance on deferred income tax assets, determining the fair value of financial instruments, estimated variable consideration on contracts with customers, sales return estimates, and incremental borrowing rates and lease terms applicable to lease contracts.

Financial statement areas that require significant judgments are as follows:

Leases – The Company applies judgment in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease. The Company determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether the Company can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

Foreign Currency

These consolidated financial statements are presented in the United States dollar (“USD”), which is the Company’s reporting currency. The functional currency of the Company and its subsidiaries, as determined by management, is the local currency of the entity. These consolidated financial statements are presented in United States dollars.

Cash and cash equivalents

Cash includes cash on hand, deposits with banks, and cash equivalents which are highly liquid investments that are readily convertible to cash. A cash equivalent is a highly liquid investment that at the time of acquisition has a maturity of three months or less. The Company did not have any cash equivalents at June 30, 2021 or 2020. At June 30, 2021 and 2020, the Company held cash balances in excess of insured limits of $8,134,705 and $nil, respectively.

Fair value measurements

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurement, (ASC 820) defines fair value as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a transaction measurement date. The ASC 820 three-tier fair value hierarchy prioritizes the inputs used in the valuation methodologies, as follows:

Level 1 Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets which are not active, or other inputs observable or can be corroborated by observable market data.

Level 3 Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The Company evaluates its financial instruments to determine if those instruments or any embedded components of those instruments potentially qualify as derivatives required to be separately accounted for in accordance with FASB ASC Topic 815, Derivatives and Hedging (ASC 815).

The carrying value of the Company's accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their fair value due to their short-term nature, and the carrying value of long term loans and convertible debt approximates fair value as they bear a market rate of interest.

Inventory

Inventory consists of raw materials, work-in-process, and finished goods and is stated at the lower of cost or net realizable value. Manufactured inventories are valued at standard cost, which approximates actual costs on a first-in, first-out basis. The Company records inventory reserves for excess or obsolete inventories based upon assumptions about our current and future demand forecasts. If inventory costs exceed net realizable value, the Company will record reserve for the difference between the cost and the net realizable value. The net realizable value is determined based on the estimated selling price, in the ordinary course of business, less estimated costs to complete or dispose.

Property, plant and equipment, net

Property and equipment, net is stated at cost less accumulated depreciation. Major renewals and improvements are capitalized while replacements, maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. When property, plant and equipment is retired or otherwise disposed of, a gain or loss is realized for the difference between the net book value of the asset and the proceeds realized thereon. Depreciation is calculated using the declining balance method.

Impairment of long-lived assets

Long-lived assets, such as property, plant, and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset or asset group exceeds the fair value of the asset or asset group.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and right-of-use liabilities (current and non-current) in the balance sheets. Finance lease ROU assets are included in property and equipment, net and ROU liabilities (current and non-current) in the balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are classified as a finance lease or an operating lease. The Company classifies a lease as an operating lease when it does not meet any one of these criteria.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

For operating leases, the lease expenses are generally recognized on a straight-line basis over the lease term and recorded to general and administrative expenses in the statements of net loss and comprehensive loss.

The Company has elected to apply the practical expedient, for each class of underlying asset, except real estate leases, to not separate non-lease components from the associated lease components of the lessee's contract and account for both components as a single lease component.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Short-term leases include real estate and vehicles and are not significant in comparison to the Company's overall lease portfolio. The Company continues to recognize the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Convertible Notes

The Company evaluates its convertible notes to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with Paragraph 815-10-05-4 of ASC and Paragraph 815-40-25 of the Codification. The result of this accounting treatment is that (if applicable) the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statements of operations as other income or expense. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. In respect of the convertible notes issued to date by the Company, there were no embedded features under ASC 815 that were required to be bifurcated from the convertible notes.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity. Derivative instrument liabilities are classified in the balance sheet as current or non-current to correspond with its host instrument.

Revenue recognition

ASC 606 provides a five-step framework through which revenue is recognized when control of promised goods or services is transferred to a customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine revenue recognition for arrangements that the Company concludes are within the scope of ASC 606, management performs the following five steps: (i) identifies the contract(s) with a customer; (ii) identifies the performance obligations in the contract (s); (iii) determines the transaction price, including whether there are any constraints on variable consideration; (iv) allocates the transaction price to the performance obligations; and (v) recognizes revenue when (or as) the Company satisfies a performance obligation.

Revenue is recognized when control of the promised goods or services, through performance obligations by the Company, is transferred to the customer in an amount that reflects the consideration it expects to be entitled to in exchange for the performance obligation.

The Company generates more than half of its revenues from the sale of the Sea Drive electric power systems. Sea Drive electric power systems are sold directly from the Company. Revenue is recognized when the control of the goods is transferred to the customer, which occurs at a point in time, upon delivery to the customer. The Company also installs the Sea Drive electric power systems into customer owned chassis. Revenue is recognized over time, as the asset has no alternative use to the Company and the Company has an enforceable right to payment for work completed to date.

Sales taxes collected from customers are remitted to the appropriate taxing jurisdictions and are excluded from sales revenue as the Company considers itself a pass-through conduit for collecting and remitting sales taxes. Excise duties that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer are included in revenue. Freight revenues on all product sales, when applicable, are also recognized, on a consistent manner, at a point in time. The term between invoicing and when payment is due is not significant and the period between when the entity transfers the promised good or service to the customer and when the customer pays for that good or service is one year or less.

The Company considers whether there are other promises in the contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration and the existence of significant financing components (if any).

(i) Variable Consideration

Some contracts for the sale of goods may provide customers with a volume discount, bonuses for volume/quality achievement, or sales allowance. In addition, the Company may provide in certain circumstances, a retrospective price reduction to a customer based primarily on inventory movement. These items give rise to variable consideration. The Company uses the expected value method to estimate the variable consideration because this method best predicts the amount of variable consideration to which the Company will be entitled. The Company uses historical evidence, current information, and forecasts to estimate the variable consideration. The requirements in ASC 606 on constraining estimates of variable consideration are applied to determine the amount of variable consideration that can be included in the transaction price. The Company reduces revenue and recognizes a contract liability equal to the amount expected to be refunded to the customer in the form of a future rebate or credit for a retrospective price reduction, representing its obligation to return the customer's consideration. The estimate is updated at each reporting period. The Company does not have any variable considerations for the financial years ended June 30, 2021 and June 30, 2020.

(ii) Significant financing component

The Company may receive short-term advances from its customers. Using the practical expedient in ASC 606, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good to a customer and when the customer pays for that good or service will be one year or less. The Company has not, nor expects to receive long-term advances from customers.

(iii) Contract balance

Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration.

Accounts receivable

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration). The Company monitors collections and payments from customers, and generally does not require collateral. Accounts receivable are generally due within 30 to 90 days. The Company provides for the possible inability to collect accounts receivable by recording an allowance for doubtful accounts. The Company reserves for an account when it is considered potentially uncollectible. The Company estimates its allowance for doubtful accounts based on historical experience, aging of accounts receivable and information regarding the creditworthiness of its customers. To date, losses have been within the range of management's expectations. The Company writes off accounts receivable if it determines that the account is uncollectible.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract.

Government incentives

On March 30, 2020, the Australian government enacted the JobKeeper subsidy, which among other things, help employers offset a portion of their employee wages for a limited period of time.

The Company elected to treat qualified government incentives from the Australian government as other income, which is disclosed in Note 17.

(In U.S. Dollars)

Research and development tax rebate

The R&D Tax Incentive is recognized when payment is received because the Company believes this to be the appropriate time for the Company to determine with reasonable certainty the value of the incentive. These amounts are presented as other income, which is disclosed in Note 17.

Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Management assesses the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Changes in recognition or measurement are reflected in the period in which judgment occurs.

Loss per Share

In accordance with the provisions of ASC 260, “Earnings Per Share” and ASC 480, “Distinguishing Liabilities from Equity”, net loss per permanent equity comprising common shares and Series A Preference Shares is computed by dividing net loss by the weighted-average shares of permanent equity outstanding during the period. During a loss period, the effect of the potential exercise of stock options and convertible debt are not considered in the diluted loss per common share calculation since the effect would be anti-dilutive. The results of operations were a net loss for the years ended June 30, 2021 and 2020 and resulted in a loss per share of $5.60 and $3.71 (restated), respectively, based on weighted average number of shares of 3,063,355 and 2,450,013 respectively for the years ended June 30, 2021 and 2020.

The anti-dilutive shares of common stock outstanding for the years ended June 30, 2021 and 2020 were as follows:

	June 30,	
	2021	**2020**
Potentially dilutive securities:		
Stock options – Lepford Pty Ltd and VIII Capital G.P.	113,993	73,056
Convertible Promissory Notes – Aus-Care Holding	—	322,074
Convertible Loan Agreement – DJTR	—	125,471
	113,993	520,601

(In U.S. Dollars)

Segment Information

The Company has determined that it operates and reports in one segment, which focuses on developing proprietary electric commercial vehicle drivetrain system technology for its customers. The Company's operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The Company's CODM has been identified as its Chief Executive Officer

Warranty

The Company generally offers warranty coverage for its products. The Company accrues warranty related costs under standard warranty terms and for certain claims outside the contractual obligation period that we choose to pay as accommodations to its customers.

Provisions for estimated assurance warranties are recorded at the time of sale and are periodically adjusted to reflect actual experience. The amount of warranty liability accrued reflects management's best estimate of the expected future cost of honoring Company obligations under the warranty plans. Historically, the cost of fulfilling the Company's warranty obligations has principally involved replacement parts, towing and transportation costs, labor and sometimes travel for any field retrofit campaigns. The Company's estimates are based on historical experience.

Research and development costs

The Company expenses research and development costs as they are incurred. Research and development costs consist primarily of personnel costs for engineering and research, prototyping costs, and contract and professional services. For the years ended June 30, 2021 and 2020, the Company incurred $2,047,264 and $1,851,968 of research and development costs respectively.

3. Trade and Other Receivables

Trade and other receivable are comprised of the following items:

	June 30, 2021	June 30, 2020 (Restated)
Trade Receivables	$ 231,323	$ 434,046
Government Incentives	—	145,833
Other Receivables	32,559	26,192
Total	$ 263,882	$ 606,071

Included in the trade receivables, net balance at June 30, 2021 and 2020 is an allowance for doubtful accounts of $197,193 and $98,602. Included in other receivables is a loan with the CEO amounting to $14,963 and $21,504 at June 30, 2021 and June 30, 2020, respectively and is further described in Note 21.

Government Incentives consist of the "JobKeeper" payment scheme, a program established by the Australian government to support businesses significantly affected by COVID-19. The balance receivable amounted to $0 and $145,833 for the years ended June 30, 2021 and June 30, 2020, respectively.

(In U.S. Dollars)

4. Inventory

Inventory, net consists of the following:

	June 30,	
	2021	**2020**
Raw Materials	$ 2,764,109	$ 907,473
Work-In-Process	2,711,510	551,433
Finished Goods	—	128,361
	5,475,619	1,587,267
Less: Inventory Provision	(56,976)	(24,328)
Total Inventory, Net	$ 5,418,643	$ 1,562,939

During the years ended June 30, 2021, the Company recorded an increase in its inventory reserve of approximately $32,648.

5. Prepayments and Other

Prepayment and Other are comprised of the following items:

	June 30,	
	2021	**2020**
Prepayments	$ 799,387	$ 360,277
Deposits	5,391,871	124,188
Other	108,091	18,538
Unpaid share capital	100,425	92,375
Total	$ 6,399,774	$ 595,378

Pursuant to the share subscription agreement dated June 22, 2017, 44,500 of ordinary class shares were issued to Nitrobury Pty Ltd. and Winvi Pty Ltd. in exchange for cash of $453,386 (AUD$600,000) and for legal services to be paid on behalf of the Company amounting to $277,760 (AUD$400,000). At June 30, 2021 and 2020, the unpaid capital relating to legal services yet to be incurred amounted to $100,425 and $92,376, respectively. Jason Warat (shareholder) is the trustee of both Nitrobury Pty Ltd, and Winvi Pty Ltd.

During the year ended June 30, 2021 to secure supply of batteries the company placed an order for 1,000 units at a cost of $24,791,500 with a deposit of $4,958,300 required, this is the main reason for the increase in deposits in 2021.

(In U.S. Dollars)

6. Property, Plant and Equipment, net

Property and equipment, net is comprised of the following items:

	June 30,	
	2021	**2020**
Capital Work in Progress	$ 10,222	$ —
Plant and equipment	690,774	412,410
Furniture and equipment	337,742	289,367
Motor vehicles	744,525	226,906
Computer equipment	271,534	152,527
Computer software	248,975	165,000
Total Property and Equipment	2,303,772	1,246,210
Less accumulated depreciation and amortization	(778,679)	(491,686)
Property and Equipment, net	$ 1,525,093	$ 754,524

For the years ended June 30, 2021 and 2020, total depreciation and amortization on property and equipment of $258,303 and $235,044, respectively.

7. Leases

During the year ended June 30, 2021, the Company maintained five leases of facilities located in Australia, the United States, and New Zealand under operating leases.

The table below presents certain information related to the Company's lease costs:

	June 30,	
	2021	**2020**
Operating lease expense	511,079	384,656
Short-term lease expense	—	—
Total	$ 511,079	$ 384,656

(In U.S. Dollars)

Right-of-use assets and lease liabilities for operating leases were recorded in the consolidated balance sheet as follows:

	June 30,	
	2021	**2020**
Assets:		
Right-of-use assets, net	2,761,017	2,585,737
Total lease assets	$ 2,761,017	$ 2,585,737
Liabilities:		
Current liabilities:		
Operating lease liabilities, current	445,952	354,348
Non-current liabilities:		
Operating lease liabilities, net of current portion	2,403,412	2,326,758
Total lease liability	$ 2,849,364	$ 2,681,106

The Company's lease agreements do not state an implicit borrowing rate; therefore, an internal incremental borrowing rate was determined based on information available at the lease commencement date for the purposes of determining the present value of lease payments. The incremental borrowing rate reflects the cost to borrow on a securitized basis in each market. The weighted-average remaining lease term and incremental borrowing rate for June 30, 2021 and 2020 is as follows:

	June 30,	
	2021	**2020**
Weighted-average remaining lease term (years) – operating leases	5.3	6.9
Weighted-average discount rate – operating leases	4.90%	4.99%

Future minimum lease payments (principal and interest) on the leases are as follows:

	Operating Leases June 30, 2021
2022	$ 587,968
2023	626,380
2024	642,115
2025	602,587
2026	498,003
2027	284,871
Thereafter	293,417
Total minimum lease payments	$ 3,535,341
Deferred rent	(127,368)
Less imputed interest	(486,359)
Foreign currency adjustment	$ (72,250)
Present value of future minimum lease payments	$ 2,849,364

(In U.S. Dollars)

During the years ended June 30, 2021 and 2020, the Company entered into two leasing agreements (operating lease):

- On January 15, 2020, the Company entered into an operating lease agreement to lease property in Torrance, CA, for a period of 6 years and 1.5 months. Payments are due on the 15th of each month, with the final payment due on the last day of February 2026. Payments increase each February by 3% through the lease term. Variable payments separate from the base rent (Common Area Maintenance – CAM charges and designated payments) are due on the same day as base rent payments. Present value payment amounts were calculated using an incremental borrowing rate of 5% annually. The criteria for finance lease treatment were considered, with none of the criteria being met for this lease. As such, the property is classified as an operating lease.

- On March 16, 2021, the Company entered into an operating lease agreement to lease property in Grimes, Iowa, USA for a period of 5 years and 2 months. Payments are due on the 7th business day of each month, with the final payment due on the 7th June 2026. Present value payment amounts were calculated using an incremental borrowing rate of 5% annually. The criteria for finance lease treatment were considered, with none of the criteria being met for this lease. As such, the property is classified as an operating lease.

8. Intangible Assets

Intangible assets are comprised of the following items:

	June 30,	
	2021	2020
Patents and trademarks	$ 117,671	$ 58,747
Less: accumulated amortization	(10,562)	—
Total	$ 107,109	$ 58,747

The Patents and Trademarks are fixed lived intangible assets. Accordingly, the Company has recorded $10,562 and $0 of amortization expense for the years ended June 30, 2021 and 2020, respectively. The Company capitalized $58,924 of costs and legal fees related to the registration of Patents and Trademarks for the year ended June 30, 2021.

9. Trade and Other Payables

Accounts payable are comprised of the following items:

	June 30,	
	2021	2020
Accounts payable – trade	$ 520,787	$ 953,659
Other payables	—	245,138
Total	$ 520,787	$ 1,198,797

(In U.S. Dollars)

10. Accrued Liabilities and Other

Accrued liabilities and other comprised of the following items:

	June 30,	
	2021	**2020**
Accruals	$ 1,377,711	$ 389,351
Taxes and social security payments	1,413,801	865,204
Annual and long service leave payable	442,280	321,432
Other	63,865	101,466
Total	$ 3,297,657	$ 1,677,453

11. Convertible Notes

Convertible notes are comprised of the following items:

	June 30,	
	2021	**2020**
Convertible Promissory Notes – Aus-Care Holdings	$ —	$ 3,541,656
Convertible Loan Agreement – DJTR	—	1,379,043
Total	$ —	$ 4,920,699

On March 23, 2020, the Company entered into a convertible note with Aus-Care Holdings Pty Ltd and Bell-Allen Holdings Pty Ltd ("Lenders") in the amount of up to $3,792,250 (AUD$5,500,000). The note has a term of three years and bears an interest rate of 13 % per annum with interest payments required on a monthly basis. The lenders have the option to convert the outstanding loan balance into shares of common stock of the Company at any time prior to the end of the loan term. The Company deemed the conversion feature to be reset to the actual fair value of the Company's shares and therefore no beneficial conversion feature would be recorded separately. On November 30, 2020, the note converted into equity of the Company. The principal and interest outstanding amounted to $4,306,087 (AUD$5,836,447) and converted into 365,970 ordinary shares at AUD$15.90 a share.

(In U.S. Dollars)

On October 29, 2018, the Company entered into a grant agreement with the State of Victoria Department of Development, Jobs, Transport and Resources (DJTR). The grant provides the Company payments in installments of varying amounts from January 1, 2019 through November 2023 for total proceeds of up to $7,500,000 (AUD$10,500,000). The Company identified that as a result of the orders it had received and to facilitate its ability to achieve the milestones in the grant agreement, it required further funds. Without those funds, the ability of the Company to achieve those milestones may be delayed and consequently the pace at which it employees people in the Latrobe Valley will be slower. On December 12, 2019, the Company entered into a convertible loan agreement (DJTR loan) with the State of Victoria drawn from the previous grant agreement and received $1,379,043 (AUD$2,000,000). The loan is repayable by March 2021 (being 5 years after the project site possession date) and bears interest at a rate equal to the rate on the Westpac trade finance facility less 1%. The lenders have the option to convert the outstanding loan balance into shares of common stock of the Company at any time prior to the end of the loan term. The conversion price would be determined by an independent expert prior to conversion. The Company deemed the conversion feature to be reset to the actual fair value of the Company's shares and therefore no beneficial conversion feature would be recorded separately. The loan is subject to compliance with the Westpac Trade Financing Loan covenants and any breach would be considered an event of default with DJTR. As described in Note 12, the Westpac facility was breached in May 2020 and the DJTR lender has declared all amounts owing be immediately due and payable. The Loan was paid off on February 28, 2021.

12. Loans Payable

Loans payable consists of the following:

	June 30,	
	2021	**2020**
Westpac Trade facility	$ —	$ 4,769,031
Other loans	494,055	212,973
Total loans payable	494,055	4,982,004
Long-term portion	(108,391)	(108,900)
Short-term loans payable	385,664	4,873,104

On September 26, 2018, the Company established a trade finance loan with Westpac for AUD$2,000,000. The loan has a maximum term of 120 days per trade parcel and bears interest at a rate of 6.29% with interest payments required on a monthly basis. As of June 30, 2021 and 2020, the balance on the trade finance loan was $0 and $4,769,031, respectively.

In May 2020, the Company breached the conditions of its bank covenants with Westpac trade financing loan. Subsequently, on May 26, 2020, Westpac and the Company agreed to a "standstill" agreement. This agreement stated that Westpac would not take any actions related to the breaches or outstanding balance. The Company in exchange for entering into the standstill agreement was to procure additional funding as soon as possible and pay $1,172,187 towards the loan facility outstanding balance. The standstill letter expired on August 31, 2020 and funds were raised by VIII Capital in the amount of $42 million. The Company and Westpac entered into a new "standstill" agreement in September 2020. Westpac again agreed not to take any actions related to the breaches or outstanding balance until 2021. The Company has paid off the Westpac facility on February 25, 2021 for the outstanding balance of $5,167,781.

Other Loans consist of a USD Paycheck Protection Program ("PPP") COVID loan and a US 30 year long term bank loan. The US Government issued PPP loans in response to the COVID Pandemic. All loans are guaranteed by the U.S.

(In U.S. Dollars)

Small Business Administration, have a maturity of 5 years, and no collateral or personal guarantees are required. Additionally, the principal of the loan balance will either be partially or fully forgiven under certain circumstances. The Company signed the loan agreement in April 2020. The 30 year long term loan was entered into in June 30, 2020. The interest rate charged on the loan was 3.75% with minimum repayment amounts of $502 per month. As of June 30, 2021, the outstanding balances of the PPP loan and US 30 years long term bank loan were $108,391 and $108,900, respectively.

On June 30, 2021, the Company entered into an Insurance Premium Funding agreement with QPR Limited to fund insurance premiums totaling AUD$434,021 over an eight month period. The total cost being AUD446,174 repayable over 10 instalments, at a flat interest rate of 2.8%.

13. Warranty Provision

	June 30,	
	2021	**2020**
Opening Balance July 1	$ 138,544	$ 49,554
Warranty expense incurred	22,587	86,924
Cumulative translation adjustment	1,184	2,066
Closing Balance June 30	$ 162,315	$ 138,544

The Company provides warranties on its SEA-Drive, propriety electric power system, conversion chassis, components and workmanship for 3 years or 100,000 kilometers whichever occurs first.

14. Stockholders' Equity

Ordinary Shares

The Company's certificate of incorporation authorized the Company to issue an unlimited number of ordinary shares with a par value of AUD$1. Holders of ordinary shares are entitled to one vote in respect of each share held. All ordinary shares rank equally as to dividend and liquidation rights.

During the year ended June 30, 2019, the Company signed an option deed with Lepford Pty Ltd. The options were issued for $6,944 (AUD$10,000) consideration. The deed is effective from July 1, 2018 and provides 3 tranches of options as follows: Tranche 1: 38,938 options effective July 1, 2018, Tranche 2: 38,938 options effective July 1, 2019, and Tranche 3: 38,937 options effective July 1, 2020. All options have a strike price of $11.81 (AUD$17.12) and expire on June 30, 2028, On March 6, 2019, Lepford Pty Ltd exercised their rights under the stock-based compensation plan and were issued 5,840 shares of common stock for total proceeds of $78,669 (AUD$99,989). No options were exercised during the year ended June 30, 2020 or 2021.

On November 30, 2020, the Company issued 365,970 shares to Aus-Care Holdings Pty Ltd on the conversion of $4,306,087 (AUD$5,836,447) worth of certain convertible notes as described in Note 11.

On April 30, 2020, the Company issued 48,964 shares to investors in connection with the conversion of outstanding promissory notes payable of $482,196 as described in Note 21.

During the year ended June 30, 2020 the Company issued 117,105 total of common stock in exchange for total proceeds of $1,304,235 (AUD$2,002,688).

In February 2021, the Company engaged VIII Capital to support the efforts to close the Series A funding. Under the agreement with VIII Capital, a fee of 6% of the gross proceeds was to be settled 50% through issuing shares in the Company and 50% to be settled through cash or shares (at the option of VIII Capital). Any shares issues would be on the same terms and conditions of the Series A funding. In addition, the Company issued stock options equal to 6% of the number of securities issued during the Series A funding. Each option is exercisable into 1 share of the Company at a price of USD$40.20 (being the same price used in the Series A funding) and are valid for a period of 6 months following completion of a Go-Public transaction. In the event the market capitalization of the Company resulting from the Go-Public transaction exceeds USD650.0 million, the Company shall have the right to accelerate the expiry date of the options by giving 30 days' notice. The options expire in June 2026. In June 2021, 14,926 shares and 61,942 options were issued to VIII Capital. The Company paid $3,533,631 to VIII Capital and other advisors as part of the capital raise efforts during the financial year.

Series A Preference Shares

In November 2020, the Company issued non-redeemable unsecured preferred convertible notes amounting to $571,020. Each note is valued at USD$1. The capital of the note is not repayable, other than on winding up or capital reduction of the Company in accordance with applicable law. The notes do not bear interest and are automatically converted upon a Triggering Event defined as the conversion date (being the date Series A Preference Shares are first issued or May 31, 2021, whichever is earlier), a change of control or an exit, but are not otherwise convertible. The number of conversion shares to be issued is equal to the amount of capital divided by the price of Series A Preference shares (USD$40.20) multiplied by a discount of 90.2%.

In February and March 2021, the Company raised $42,664,053 through a Series A funding round. The outstanding preferred convertible notes were immediately converted into Series A shares (16,232 Series A Preference Shares) and the Company issued 1,061,302 Series A Preference Shares to new and existing shareholders.

Series A Preference shares entitle the holder to same rights and privileges as the ordinary shares of the company except as follows:

- To the extent the Company declares or pays dividends on any of the ordinary shares, the Company will declare and pay at a minimum the same dividend on each of the Series A Preferences shares on an 'as converted basis'.
- The Company may also, but is not required to declare and pay a dividend on the Series A Preference Shares without declaring or paying the same or any dividend on ordinary shares.
- Each holder of a Series A Preference share has one vote in a show of hands or in the instance of a poll, equal to the number of votes as ordinary shares on an 'as converted basis'.
- Series A Preference Shares holds a priority right in the case of a liquidation event.

Each Series A Preference Share may be converted into ordinary shares equal to the amount of divided by the Conversion price as at the conversion date. All Series A Preference Shares will automatically convert into ordinary shares at the then effective conversion rate, immediately before a 'Realization Event'. A Realization Event is defined as:

1. a business sale,
2. a share sale of 75% or more of the issued shares of the company,
3. an IPO of not less than USD$75 million, and/or
4. any other realization, including a merger, consolidation, acquisition or sale of the Company, as a result of which the shareholders of the Company immediately before completion of the transaction, do not immediately after completion, hold a majority of the shares of the Company or the acquiring entity or surviving corporation.

These Series A Preference shares are treated as permanent equity under ASC 480,"Distinguishing Liabilities from Equity".

15. Commitments and Contingencies

Legal proceedings

In the normal course of business, the Company may become involved in legal disputes regarding various litigation matters. In the opinion of management, any potential liabilities resulting from such claims would not have a material effect on the consolidated financial statements.

Lease commitments

The Company leases various facilities and vehicles under non-cancelable operating leases, which expire at various dates through June 2028.

16. Revenue

Revenue Recognition

Net sales include products and shipping and handling charges, net of estimates for customer allowances. Revenue is measured as the amount of consideration the Company is expected to receive in exchange for transferring products or providing a service to customers. All revenue is recognized when the Company satisfy the performance obligations under the contract. The Company recognizes revenue by transferring the promised products to the customer, with the majority of revenue recognized when the products is delivered to the customer. The majority of our contracts have a single performance obligation and are short term in nature.

(In U.S. Dollars)

Disaggregation of Revenue

Our revenues related to the following types of business and geographic regions were as follows:

	June 30,	
Products/Services	**2021**	**2020**
SEA Drive	$ 1,378,089	$ 2,348,942
Product Adaptation and Licensing	11,789	309,462
Aftersales Products and Services	133,903	141,232
Other	21,247	377,740
Total Revenues	$ 1,545,028	$ 3,177,376

	June 30,	
Primary Geographic Markets	**2021**	**2020**
Australia	$ 989,218	$ 1,833,241
New Zealand	315,673	983,065
United States	240,137	361,070
Total Revenues	$ 1,545,028	$ 3,177,376

Revenues

SEA-Drive – consists of sales of SEA-Drive electric power-systems. The Company recognizes revenue when delivered to the customer.

The Company also installs the Sea Drive electric power systems into customer owned chassis. The Company recognizes revenue over time, as the asset has no alternative use to the Company and the Company has an enforceable right to payment for work completed to date.

Revenues of Sea-Drive electric power systems amounting to $964,013 were recognized at a point in time for the year ended June 30, 2021 and $1,865,629 for the year ended June 30, 2020. The Company also does installations of Sea-Drive electric systems in customer owned chassis and recognized $414,028 over time for the year end June 30, 2021, and $483,313 for the year ended June 30, 2020.

Licensing – consists of licensing and royalties fees associated with the Company providing license partners with the ability to use the patented technology.

Product adaptation – consists of the adaptation of customer vehicles to SEA Drive electric power-system. The Company recognizes revenue once the adaption has been approved by the customer.

Aftersales products and services – consist of add-on services and products occurring after the sale of the SEA Drive electric power-systems. The Company recognizes revenue after the service has been provided to the customer.

Other – miscellaneous revenue consisting of engineering and labor charges, rebates, and sales of parts.

(In U.S. Dollars)

The Company had contract liability balances of $1,519,400 and $1,568,049 as of the year ended June 30, 2021 and June 30, 2020, respectively.

	June 30,	
Contract Liabilities	**2021**	**2020**
Opening Balance	$ 1,568,049	$ 1,788,780
Customer Deposits received	543,665	3,743,252
Released to Revenue	(822,531)	(3,917,955)
Foreign currency adjustment	230,217	(46,028)
Closing Balance	$ 1,519,400	$ 1,568,049

17. Other Income

	June 30,	
	2021	**2020 (Restated)**
Government Support	$ 678,832	$ 458,858
R&D Incentives	—	1,673,599
Other	236	—
Total	$ 679,068	$ 2,132,457

The Company participates in the JobKeeper payment scheme, a program established by the Australian government to support businesses significantly affected by COVID-19. The purpose of this scheme is to assist employers by subsidizing employee wages during the COVID-19 pandemic. Employers pass on the amounts received from this scheme to eligible employees. The Company received $678,832 and $458,858 of subsidized employee payments related to this scheme for the financial years ended June 30, 2021 and June 30, 2020, respectively.

The Company availed of the R&D Tax incentive, a business assistance program administered by the Australian Government to encourage and support business to undertake R&D activities. In return for conducting qualified research and development activities, the Company is eligible to claim an R&D tax offset that can be applied against tax liabilities. If the R&D tax offset exceeds the Company's tax liability, the balance is paid to the Company in cash.

The Company recognizes R&D income on a cash received basis.

The Company received $0 and $1,673,599 (restated) of income related to approved R&D activity during the year ended June 30, 2021 and June 30, 2020, respectively.

(In U.S. Dollars)

18. Selling, General and Administrative Expenses

Selling, general and administrative expenses are comprised of the following items:

	June 30, 2021	June 30, 2020
Salaries and benefits	$ 5,727,508	$ 4,255,495
Depreciation and amortization	258,303	235,044
Professional fees	1,875,065	428,375
Legal expenses	768,925	238,383
Rents	502,971	427,220
Other expenses	2,382,210	2,387,442
Total	$ 11,514,982	$ 7,971,959

19. Income Taxes

For the years ended June 30, 2021 and 2020, the Company has net losses, and no current tax expense was recorded. The Company has recorded a full valuation allowance on its deferred tax assets for the years ended June 30, 2021 and 2020 and no deferred tax expense was recorded.

Numerical reconciliation of income tax expense and tax at the statutory rate:

	June 30, 2021	June 30, 2020
Loss before income taxes:	$ (16,800,550)	$ (9,090,267)
Prima facie income tax benefit calculated at 28%	(4,704,154)	(2,545,275)
Deferred tax assets not recognized	4,704,154	2,545,275
Income tax benefit (expense)	$ —	$ —

(In U.S. Dollars)

The following table summarizes the components of deferred tax:

	June 30, 2021	June 30, 2020
Deferred tax assets		
Operating loss carryforwards	$ 9,683,011	$ 4,554,911
Allowance for doubtful accounts	55,214	27,608
Inventory reserve	15,953	6,812
Financing leases	60,400	50,173
Provision for warranties	45,448	38,792
Employee entitlements	153,567	158,472
Total deferred tax assets	$ 10,013,593	$ 4,836,768
Net deferred tax assets	10,013,593	4,836,768
Valuation allowance	(10,013,593)	(4,836,768)
Net amount recorded	—	—

The Company had net operating loss carryforwards of approximately $34.6 million for the financial year ended June 30, 2021 and $16.3 million for the financial year ended June 30, 2020. The Company believes that it is more likely than not that the benefit from the net operating losses carried forward will not be realized. In recognition of this risk, the Company has recorded a full valuation allowance on the deferred tax assets.

20. Financial Instruments

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. A small portion of cash is held on hand, from which management believes the risk of loss is remote. Receivables relate primarily to wholesale sales. The Company does not have significant credit risk with respect to customers. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. The Company is dependent on its relationship with Soundon New Energy Technology Co., Ltd ("Soundon") for the supply of battery systems. Of the inventory purchases made during the year, 7% (June 30, 2020: 37%) related to Soundon. Included in prepayments and other assets are $5,561,811 and $164,825 paid to Soundon at June 30, 2021 and 2020, respectively.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company is not exposed to currency risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of June 30, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities, debt, and lease liabilities. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. Historically, the Company's main source of funding has been additional funding from shareholders. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing.

21. Related Party Transactions

On July 18, 2020, the Company entered into a 10-year lease agreement with the Bellstar Family Trust and Far Superannuation Fund ("the lessors") for Unit 1, 13 Advantage Drive, Dandenong South, Melbourne Victoria Australia. The Company pays to the lessors, monthly rent of AUD$25,000, escalating annually by 3%. The Company's Chief Executive Officer and a founding shareholder are Trustees of the Bellstar Family Trust and Far Superannuation Fund, respectively.

During the year ended June 30, 2021, the Company had made payments of $224,152 (AUD$300,000) to AST Global for engineering consultancy services provided by a shareholder of the Company. During the year ended June 30, 2020, the Company had made payments of $201,405 (AUD$300,000) to AST Global for similar engineering consultancy services. AST Global is wholly-owned and controlled by a founding shareholder of the Company.

As of June 30, 2019, the Company had outstanding loans due to Bellatron Pty Ltd, of $288,470 and Margfair Pty Ltd of $272,373. The Chief Executive Officer and a shareholder have controlling equity ownership in Bellatron Pty Ltd. and Margfair Pty Ltd., respectively. On March 31, 2020, these loans converted into ordinary shares in the Company (see Note 14).

During, the financial year ended June 30, 2019, the Company entered into promissory note arrangements with Margfair Pty Ltd. and Bellatron Pty Ltd. The trustees of these two entities are the Chief Executive Officer and a founding shareholder of the Company. No formal written loan documentation of the original loans were executed. Accordingly, no interest or conversion details were noted, and the outstanding balances were deemed unsecured. On March 31, 2020, the Company entered into a debt to equity conversion arrangement and the outstanding notes were converted into ordinary shares of the Company. On conversion, Bellatron Pty Ltd, and Margfair Pty Ltd, each received 24,482 ordinary shares.

During the year ended June 30, 2019, the Company signed an option deed with Lepford Pty Ltd, which is controlled by a director The options were issued for $6,944 (AUD$10,000) consideration. The deed is effective from July 1, 2018 and provides 3 tranches of options as follows: Tranche 1: 38,938 options effective July 1, 2018, Tranche 2: 38,938 options effective July 1, 2019, and Tranche 3: 38,937 options effective July 1, 2020. All options have a strike price of $11.81 (AUD$17.12) and expire on June 30, 2028, On March 6, 2019, Lepford Pty Ltd exercised their rights under the stock-based compensation plan and were issued 5,840 shares of common stock for total proceeds of $78,669 (AUD$99,989). No options were exercised during the year ended June 30, 2020 or 2021.

During the year ended June 30, 2021 and 2020, the Company made payments of $75,971 and $39,454, respectively, to a consultant employed by Patico Pty Ltd. Patico is wholly owned by the Company's Chief Executive Officer.

(In U.S. Dollars)

In November 2020, the Company issued the following non-redeemable unsecured preferred convertible notes to related parties:

Related Party		Amount	Number of Notes
Bellatron Pty Ltd (an entity controlled by Tony Fairweather)	$	35,430	35,430
Margfair Pty Ltd (an entity controlled by Tony Fairweather)	$	35,430	35,430
Lepford Pty Ltd (an entity controlled by Chris Leptos)	$	78,860	78,860
Aus-Care Holdings Pty Ltd (and entity controlled by John Bell-Allen)	$	177,150	177,150
David Wisnieski	$	75,000	75,000

- ***Loans with David Wisnieski***
  In November 2020, David Wisnieski made a direct transfer from his bank account to the payroll processing company for $68,484 to cover the direct payroll for the month of November for the Company and it was recorded as a loan. In February 2021, when the initial $10 million of the A-series funded was received by the Company, the loan was repaid.

- ***Loans with Bee Shiraz***
  In October and November 2020, Bee Shiraz made two loans for AUD$20,000 and AUD$25,000, respectively, to help cover the payroll costs and other payables owed by the Company which were recorded as loans. In February 2021, when the initial $10,000,000 from the A-series funded was received by the Company, the loans were repaid.

- ***Loan receivable from Tony Fairweather***
  Tony Fairweather's employment agreement dated March 16, 2020 included a compensation package which was paid partially in USD and partially paid in AUD as well as a car allowance and other incentives. In February 2021, the Board of Directors verbally agreed to increase Tony's total compensation to USD$500,000 per year and started paying a USD$4,000 per month car allowance. However, there were no adjustments to the salary component paid in AUD and resulted in an over payment of USD$132,584, which is reflected in Note 3 as other receivable. The board approved unpaid leave accruals and any refunds on payroll tax paid will be used to offset this loan. The loan is unsecured and non-interest bearing. The Board expects repayment in full by December 2021.

- ***Personal expenses paid on behalf of Tony Fairweather***
  In 2020, the Company agreed to pay certain personal legal expenses, which amounted $23,303 and was reflected as a loan within Note 3 as other receivable. In 2021, the Company agreed to pay waive repayment on the legal fees paid in 2020 and also paid additional personal legal, travel and other costs, which amounted to $69,046 for the year ended June 30, 2021.

- ***Consulting fees with Bee Shiraz***
  Bee Shiraz left the Company in April 2021. Subsequently, the Company entered into a consulting arrangement, effective May 1, 2021 to support miscellaneous activities. The Company incurred consulting costs under this arrangement of $35,834 and outstanding payables of $17,917 at June 30, 2021.

- ***Consulting fees with John Pratt***
  The Company entered into a consulting agreement with John Pratt, effective July 1, 2020 to May 31, 2021 to provide strategic and financial advice. The Company incurred consulting costs under this arrangement of $838,250 and outstanding accruals of $838,250 at June 30, 2021. Subsequent to June 30, 2021, John Pratt was appointed as a director of the Company.

22. Subsequent Events

On July 9, 2021 the Company signed a Share Subscription Agreement to receive $4,999,980 from Meritor Electric Vehicles (”MEV”) LLC, a wholly owned subsidiary of Meritor Inc., a leading global supplier of drivetrain, mobility, braking, aftermarket and electric powertrain solutions for commercial vehicle and industrial markets located in Troy, Michigan. The agreement provides for MEV, which owns 83,333 shares of Series A Preference Shares valued at USD$60.00 per share, to have observer rights for the Company board meetings. Invested funds were received in full on the date of signing the agreement.

With the transition of the SEA Electric global headquarters to the US, completion of the Series A funding round, addition of two directors in North America in July 2021 (John Pratt and Tony Loria), Chris Leptos submitted his resignation to the Board effective August 9, 2021. The Board now consists of John Bell Allen, Tony Fairweather, Tony Loria and John Pratt. There presently is no chairperson of the Board.

On October 15, 2021, the Company received a purchase order from GATR Truck Center (“GATR”), which has been servicing Minnesota and Iowa, with its five locations offering full support to the medium and heavy market segments, including leasing and rental options amounting to $104,000,000 to purchase 1,150 zero-emission SEA M5 electric vehicles for its customers across Minnesota and Iowa. On November 15, 2021, Robert Neitzke (owner of GATR) invested $5,000,000 into the Company and signed a Share Subscription Agreement dated November 29, 2021. The Company plans to issue 62,500 Series A Preference Shares at a price of US$80.00 per share in respect of this agreement.

On October 29, 2018, the Company entered into a grant agreement with the State of Victoria Department of Development, Jobs, Transport and Resources (DJTR). The grant provides the Company payments in installments of varying amounts from January 1, 2019 through November 2023 for total proceeds of up to $7,500,000 (AUD$10,500,000). During the year ended 2019, the Company received $793,954 (AUD$1,100,000), representing the first milestone payment. The State Government issued a breach letter dated June 29, 2021 in relation to this grant to terminate the grant and enforce the State’s rights, including a right to require a refund of grants funds with penalty interest. On November 16, 2021 the parties signed a Deed of Termination of Grant Agreement which released the Company from any repayment and released the State of Victoria from providing any further funding pursuant to the Grant Agreement.

On November 12, 2021, MEV signed a Further Subscription Agreement to receive 28,571 Series A Preference Shares at a price of USD$70.00 per share amounting to $1,990,970. Investor funds are expected to be received in full by 31 December 2021.

No other matter or circumstance has arisen since June 30, 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

(In U.S. Dollars)

23. Restatement of prior year comparatives

The Company previously accounted for refundable R&D tax incentives whereby, the Company considered it was reasonably certain they would receive the incentive given the success of historical claims and recorded the income on an accruals basis. The Company has determined it is no longer reasonably certain that it can reliably quantify, at the time of preparing its consolidated financial statements, the value of the R&D incentives it is entitled to. This difficulty has been highlighted by the complexities and timing of preparing the 2020 claim coupled with an Australian Tax Office (" ATO") review of the 2019 claim which resulted in the repayment of approximately AUD$400,000 due to the ATO. The Company has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now being accounted for on a cash basis because the Company believes that this to be a more appropriate time for the Company to determine with reasonable certainty the value of the incentive. The directors consider this policy to provide more relevant information to meet the economic decision-making needs of users and makes the financial statements more reliable. The effect of the restatement is as follows:

Schedule of Summary of Changes	Year Ended June 30, 2020	Effect of Restatement:	Year Ended June 30, 2020
	As Stated	Increase (Decrease)	Restated
Other Income	1,211,477	920,980	2,132,457
Net Loss	(10,011,248)	920,980	(9,090,267)
Foreign currency translation adjustment	(90,211)	37,584	(52,627)
Total comprehensive loss	(10,101,459)	958,565	(9,142,894)

Schedule of Summary of Changes	Year Ended June 30, 2020	Effect of Restatement:	Year Ended June 30, 2020
	As Stated	Increase (Decrease)	Restated
ASSETS			
Trade and Other Receivables	1,379,527	(773,456)	606,071
SHAREHOLDERS' DEFICIT			
Total Shareholders' Deficit	(9,763,592)	(773,456)	(10,537,048)

	Year Ended June 30, 2019	Effect:	Year Ended July 1, 2019
	As Stated	Increase (Decrease)	Restated
SHAREHOLDERS' DEFICIT			
Total Shareholders' Deficit	(1,448,566)	(1,732,019)	(3,180,585)