

Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

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

Item 2. Date of Material Change

April 5, 2024

Item 3. News Release

A news release with respect to the material change referred to in this report was issued by the Company on April 5, 2024 through the facilities of a recognized newswire service and a copy was filed under the Company’s profile on the System of Electronic Document Analysis and Retrieval+ (SEDAR+).

Item 4. Summary of Material Change

On April 5, 2024, the Company announced the closing of the previously announced merger (the “**Transaction**”) with SEA Electric Inc. (“**SEA Electric**”), pursuant to which the Company acquired all of the issued and outstanding shares of common stock (the “**SEA Common Stock**”) and shares of preferred stock (the “**SEA Preferred Stock**”, together with the SEA Common Stock, the “**SEA Stock**”) of SEA Electric that it did not already own.

Item 5.1 Full Description of Material Change

On April 5, 2024, the Company announced the closing of the Transaction, pursuant to which the Company acquired all of the issued and outstanding shares of SEA Stock that it did not already own in consideration for the Company issuing to holders of SEA Stock a combination of common shares (each, a “**Common Share**”) and Preferred Shares, Series 1 (each, a “**Convertible Preferred Share**”) of the Company, all in accordance with the agreement and plan of merger dated January 29, 2024 (the “**Merger Agreement**”) between the Company, SEA Electric and eTruck VCU Acquisition Inc., a wholly owned indirect subsidiary of the Company.

Pursuant to the Merger Agreement, at the Effective Time (as defined in the Merger Agreement):

- (a) each share of SEA Stock was converted into (i) the number of Common Shares equal to the product of (A) 65.9629 (the “**Exchange Ratio**”) and (B) 0.47698, and (ii) the number of Convertible Preferred Shares equal to the product of (A) the Exchange Ratio and (B) 0.52302;
- (b) each outstanding restricted stock unit representing an interest in shares of SEA Common Stock granted under SEA’s 2022 Stock Incentive Plan, whether vested or unvested, ceased to represent an interest in shares of SEA Common Stock and was converted into a restricted share interest in Common Shares and Convertible Preferred Shares (each, an “**Exro RSU**”);
- (c) each outstanding option to purchase shares of SEA Stock, whether vested or unvested, ceased to represent a right to acquire shares of SEA Stock and was converted into an option to purchase 0.47698 of a Common Share and 0.52302 of a Convertible Preferred Share (each, an “**Exro Option**”), with each Exro Option having an exercise price of US\$0.61; and

- (d) each outstanding warrant entitling the holder to purchase one share of SEA Stock was converted into a warrant to purchase Common Shares at an exercise price of \$0.81 per Common Share (each, a **"Replacement Warrant"**).

In addition, on January 18, 2024, the Company entered into a restructuring agreement (as amended, the **"Restructuring Agreement"**) with SEA and the parties set out in Schedule 1 thereto (the **"Lenders"**), pursuant to which SEA restructured certain of its existing outstanding debt. In connection therewith, among other things, SEA issued to the Lenders new senior secured promissory notes (collectively, the **"New SEA Notes"**) replacing its previously issued promissory notes. Pursuant to the terms of the Restructuring Agreement, at the Effective Time, Exro issued to the applicable Lenders replacement senior secured convertible promissory notes (each, a **"Convertible Promissory Note"**) in the aggregate principal amount equal to the outstanding principal amount and all accrued and unpaid interest under the New SEA Notes as of the Effective Time, resulting in the issuance of four Convertible Promissory Notes in the aggregate principal amount of US\$53,446,960.69.

Beginning on the first anniversary of the date of the Effective Time, a holder of a Convertible Promissory Note, at any time or from time to time following thirty (30) days' prior written notice delivered to the Company, may elect to convert up to ten percent (10%) of the then outstanding principal amount of the Convertible Promissory Note into Common Shares at a conversion price equal to US\$0.89 per Common Share.

As a result of the Transaction, Exro issued an aggregate of 146,453,200 Common Shares and 160,589,446 Convertible Preferred Shares and SEA Electric became an indirect wholly-owned subsidiary of Exro. In addition, an aggregate of 82,567,505 Common Shares and 10,221,697 Convertible Preferred Shares were made issuable pursuant to the unvested Exro RSUs, the Exro Options, the Replacement Warrants and the Convertible Promissory Notes.

Following closing of the Transaction, the combined company (the **"Combined Company"**) will continue to operate under the name Exro Technologies Inc. and continue to be listed and trade on the Toronto Stock Exchange under the ticker symbol "EXRO". Concurrent with the closing of the Transaction, Tony Fairweather, CEO of SEA Electric, and John MacLeod, a director of SEA Electric, joined the board of directors of the Combined Company and Terence Johnsson and Anita Ganti resigned from the board of directors.

In addition, concurrently with the closing of the Transaction, 31,600,000 subscription receipts of Exro issued pursuant to the previously announced bought deal private placement of subscription receipts (the **"Offering"**) were automatically converted into 31,600,000 Common Shares and the net proceeds of the Offering of approximately \$27.85 million were released to Exro in accordance with the subscription receipt agreement dated February 16, 2024 between Exro, Canaccord Genuity Corp. and Odyssey Trust Company. Exro intends to use the net proceeds from the Offering to support the business plan of the Combined Company, including but not limited to production, capital expenditures, working capital requirements, and normal course corporate and operating needs.

For further information concerning the Transaction, see the management information circular of the Company dated March 6, 2024 and the other documents related to the Transaction, copies of which have been filed under the Company's profile on SEDAR+ at www.sedarplus.com.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

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

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

John Meekison, Chief Corporate Development Officer of the Company, is knowledgeable about the material change described above. His business telephone number is +1-520-705-7827.

Item 9. Date of Report

April 15, 2024.