

## FORM 51-102F4

### BUSINESS ACQUISITION REPORT

#### ITEM 1. - IDENTITY OF COMPANY

##### 1.1 Name and Address of Company

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

##### 1.2 Executive Officer

The executive officer of the Company who is knowledgeable about the Transaction (as defined herein) and this report is Sue Ozdemir, Chief Executive Officer of the Company, whose business telephone number is 1 (587) 600-7456.

#### ITEM 2. - DETAILS OF ACQUISITION

##### 2.1 Nature of Business Acquired

On April 5, 2024, the Company completed its previously announced merger with SEA Electric Inc. ("**SEA Electric**"), pursuant to a merger agreement ("**Merger Agreement**") dated January 29, 2024, as amended, between Exro, SEA Electric and eTruck VCU Acquisition Inc., an indirect wholly-owned subsidiary of Exro (the "**Transaction**"). Pursuant to the Transaction, the Company acquired all of the issued and outstanding shares of common stock and preferred stock of SEA Electric ("**SEA Stock**") that it did not already own. A copy of the Merger Agreement is available under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

SEA Electric is a global e-Mobility technology company that was founded in Australia in 2012 and since 2022 has been incorporated in Delaware, USA, and is headquartered in Torrance, California. SEA Electric's principal business is the sale of its proprietary all-electric SEA-Drive® power-system technology that has been developed to provide zero-emission power to urban delivery and commercial transport fleets. SEA Electric has a worldwide presence, deploying products in the USA, Canada, Australia, New Zealand, Thailand, Indonesia, India, and South Africa, collectively achieving more than three million miles of service via independent OEM-testing and real-world operation.

For more information on the Transaction, see the Company's management information circular dated April 6, 2024 (the "**Circular**") and news releases dated April 5, 2024, April 4, 2024, March 13, 2024, and March 6, 2024, each filed under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

##### 2.2 Acquisition Date

The closing date of the Transaction was April 5, 2024.

##### 2.3 Consideration

Pursuant to the Transaction, former SEA Electric stockholders received 31.463 common shares of Exro ("**Common Shares**") and 34.4999 convertible preferred shares of Exro ("**Preferred Shares**") for each share of SEA Stock, as well as a replacement restricted share

units ("**RSUs**") and replacement stock option awards at a ratio of 65.9629 for each SEA award. As a result of the Transaction, Exro issued an aggregate of 146,453,200 Common Shares and 160,589,446 Preferred Shares, 15,457,723 RSUs and 4,085,873 stock options, and SEA Electric became an indirect wholly-owned subsidiary of Exro.

## 2.4 Effect on Financial Position

The effect of the Transaction on the Company's financial position is outlined in the unaudited management prepared *pro forma* financial statements included in the Circular (the "**Pro Forma Financial Statements**"), which is available under the Company's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

At the date of close of the acquisition the estimated purchase price and purchase price allocation has changed from the amounts previously included in the Pro Forma Financial Statements. The estimated purchase price on April 5, 2024, was \$258.98 million, calculated through the issuance of 146,453,200 Common Shares and 160,589,446 Preferred Shares, and the exchange of 15,457,723 RSUs and 4,085,873 stock options. In addition, the Company held an investment in SEA Electric valued at \$6.65 million as of April 5, 2024, based on the trading price of Exro securities on the date. The Company acquired all assets, and assumed all liabilities related to SEA Electric and its subsidiary through the Transaction.

Exro will account for the acquisition of SEA Electric using the acquisition method as prescribed by International Financial Reporting Standards (IFRS). The Company has assessed the preliminary fair values of SEA Electric as at April 5, 2024, including the estimated intangible assets acquired of \$101.74 million, working capital deficit of \$1.23 million, property, plant and equipment of \$3.34 million, senior secured convertible debt assumed of \$72.48 million, other liabilities of \$27.88 million and estimated goodwill of \$262.14 million. The estimated fair value amounts included are preliminary and subject to final valuation adjustments which may cause some amounts ultimately recorded as goodwill to differ. The Company expects to finalize the amounts no later than one year from the acquisition date.

Exro formerly expected to make an offer to repay convertible debentures in the principal amount of \$14,950,000 issued pursuant to a December 30, 2022 indenture (the "Indenture") from the proceed of its offering of subscription receipts which closed on February 16, 2024 (the "**Offering**"). Following completion of the SEA Electric acquisition, the Company and its legal counsel reassessed its obligations under the Indenture, and it was determined that the acquisition is not a "change of control" (as such term is defined in the Indenture) requiring Exro to offer to repay the debentures. In addition, the Company assessed its available resources and needs and determined that for sound business reasons, the Offering proceeds which it had intended to use to repay the debentures, should be reallocated to the Company's working capital requirements and to fund transaction-related costs of the Company relating to the SEA Electric acquisition, and that such reallocation is both prudent and necessary. The debentures have a maturity date of December 31, 2027.

Except as disclosed in this Business Acquisition Report or as otherwise publicly disclosed, there are presently no plans or proposals for material changes in Exro's business affairs which may have a significant effect on the financial performance and financial position of the Company.

## 2.5 Prior Valuations

To the knowledge of the Company, no valuation opinion was obtained within the last 12 months by either the Company or SEA Electric required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company for the SEA Stock.

## 2.6 Parties to Transaction

The Transaction was not with an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations*), associate or affiliate of the Company.

## 2.7 Date of Report

May 14, 2024.

### ITEM 3. - FINANCIAL STATEMENTS AND OTHER INFORMATION

The following financial statements of SEA are contained in Schedule "A" to the Circular and are incorporated by reference in this Business Acquisition Report:

- (i) the unaudited consolidated interim financial statements of SEA for the three and six months ended December 31, 2023 and 2022;
- (ii) the unaudited consolidated interim financial statements of SEA for the three months ended September 30, 2023 and 2022;
- (iii) the audited consolidated financial statements of SEA for the years ended June 30, 2023 and 2022; and
- (iv) the audited consolidated financial statements of SEA Electric Holdings Pty Ltd for the years ended June 30, 2021 and 2020.

The Pro Forma Financial Statements giving effect to the Transaction as if it had closed on September 30, 2023 which are contained in Schedule "F" to the Circular are also incorporated by reference in this Business Acquisition Report.

#### Forward-Looking Statements

Certain statements contained within this Business Acquisition Report constitute forward-looking statements within the meaning of applicable Canadian securities legislation. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. Forward-looking statements are necessarily based on estimates and assumptions made by management in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as factors management believe are appropriate. Forward-looking statements may include but are not limited to statements respecting: the realization of the benefits of the Transaction by the combined company following completion of the Transaction (the "Combined Company"); the use of net proceeds of the Offering; and the Combined Company's ability to commercialize its technology. These forward-looking statements are based on the beliefs of the management of Exro and on assumptions which such management believes to be reasonable, based on information available at the time such statements were made. However, there can be no assurance that forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things: demand for the technology of the Combined Company; the Combined Company's ability to maintain existing partners and attract new partners; the impact of competition; the Combined Company's ability to obtain and maintain existing financing on acceptable terms; the Combined Company's ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management; volatility of stock price and market conditions; technology risks and risks associated with the commercialization of the Combined Company's technology; the Combined Company's reliance on key personnel;

the Combined Company's limited operating history; market uncertainties; the protection of patents and intellectual property; conflicts of interest; market competition; and operating in an environment subject to regulation. The preceding list is not exhaustive of all possible factors. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors. Please refer to the Circular, the Company's annual information form and other public continuous disclosure documents filed with the Canadian securities regulators under its profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) for additional disclosure respecting the risks affecting the Company and its business. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. The Company does not undertake to update any forward-looking information, except as, and to the extent required by applicable securities laws.