EXRO TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2024

The following is a discussion of the financial condition and results of operations of Exro Technologies Inc. ("**Exro**", the "**Company**", "**we**", "**our**") during the three months ended March 31, 2024, and to the date of this report. The following management discussion and analysis ("**MD&A**") should be read in conjunction with the Company's condensed consolidated interim financial statements for the period ended March 31, 2024 and the December 31, 2023 audited consolidated financial statements and MD&A, prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). This MD&A complements and supplements but does not form part of the Company's consolidated financial statements.

This MD&A contains forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on page 10. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated. This MD&A has been prepared as of May 15, 2024.

BUSINESS OVERVIEW

Exro Technologies Inc. is a leading clean-technology company focused on developing new generation power-control electronics that expand the capabilities of electric motors and batteries. The Company's innovative technologies serve to bridge the performance-cost gap in e-mobility (Coil Driver™) and stationary energy storage (Cell Driver™), and act to accelerate adoption towards a circular electrified economy by delivering more with less – minimum energy for maximum results.

Utilizing our technology to make the brains of electrification smarter, our patented motor control technology enables cost-effective and efficient systems for e-mobility and energy storage. This results in commercial trucks and passenger vehicles that are affordable, perform to real-world requirements, and are easy to scale. Transitioning to electric propulsion means we don't do it how its always been done, we embrace a giant leap forward.

Exro has de-risked its disruptive technology through multiple years of research and development ("R&D"), automotive certification and manufacturing experience, and on-road validations with multiple partnerships.

Exro Coil Driver™ – Elevating e-Mobility Through Enhanced Power Control

Electric motors fundamentally operate based on the orchestration of their coils. Traditionally, these coils operate in a fixed configuration, limiting the motor's operational versatility. The Coil Driver™ is Exro's innovative traction inverter solution that introduces dynamic power control to the equation.

At its essence, the Coil Driver™ offers individual coil-level control within an electric motor. This ability allows the motor to switch between different operational profiles in real-time, akin to having multiple gears in a traditional vehicle, but accomplished electronically. By doing so, it broadens the motor's operating range, allowing for enhanced performance and increased efficiency based on the demands of the application.

For manufacturers, the implications are substantial. The Coil Driver™ enables either a significant boost in performance for a minor cost increment, or the option to design systems that are more streamlined and cost-efficient without any compromise on their output capabilities. Additionally, the Coil Driver™ simplifies the electrical infrastructure within electric vehicles. It merges the functionalities of multiple components, optimizing the system for reduced energy loss and offering design flexibility. This results in cost efficiencies and paves the way for a more accelerated transition towards electric mobility.

On September 20, 2023 Exro announced the official start of low-volume production of Coil Driver™ from the company's world-class manufacturing center in Calgary, Alberta. The center is a state-of-the-art power electronics production line with a capacity of 100,000 Coil Driver™ units per year (per eight hour shift). The start of production allowed the company to launch low-volume supply to initial customers for pilots and initial orders, and ready the line for series production in 2024 following automotive certification (achieved post 12 months of production).

Exro's Cell Driver™ – Setting a New Paradigm in Energy Storage Solutions

The modern world's energy demands are rapidly evolving, with batteries playing a pivotal role in addressing these needs. As the reliance on batteries grows, especially in sectors like electric vehicles and telecommunications, the question of battery lifespan and reuse becomes paramount.

Exro's Cell Driver™ is designed to address this very challenge. Beyond its applications for new batteries, a distinctive feature of the Cell Driver™ is on 'second-life' battery applications. By rejuvenating and repurposing used batteries, the Cell Driver™ offers a sustainable and economically attractive alternative to discarding or recycling them.

The Cell Driver™ isn't merely a repurposing tool. It's a cutting-edge solution that dynamically monitors and controls batteries at the individual cell level. This granular control maximizes the storage and discharge efficiency of these batteries. Businesses and consumers can store excess energy when availability is high and draw from it during peak times, ensuring optimal cost efficiency and energy utilization.

The advent of the Cell Driver™ signifies a strategic shift in how we perceive and utilize energy storage. It presents an approach that is both environmentally conscious and strategically sound for meeting the ever-evolving energy demands.

Acquisition of SEA Electric Inc.

On April 5, 2024 the Company closed the acquisition of SEA Electric Inc. ("SEA Electric") through a plan of arrangement previously announced on January 30, 2024. The acquisition aims to enhance Exro's technology offerings, accelerate revenue growth, and contribute to its path to profitability.

The acquisition is expected to provide meaningful benefits to Exro, including but not limited to:

Strategic Synergy: The acquisition combines Exro's Coil Driver™ motor control technology with SEA Electric's SEA-Drive vehicle control unit (VCU) software technology. This integration is anticipated to deliver superior performance, efficiency, and total cost of ownership advantages, embedded in a complete package electric propulsion system for the commercial vehicle space. Exro and SEA Electric have been testing the technology in partnership over the prior 3 years.

Revenue Acceleration: With the acquisition now closed, the company is forecasting delivery of its proprietary propulsion systems in 2024 to blue-chip original equipment manufacturers (OEMs). This strategic move is expected to drive substantial revenue growth.

Multi-Year Commitments: Leading commercial vehicle OEMs have made multi-year commitments to the combined company. These commitments underscore the confidence in the merged entity's capabilities and potential.

The total implied value issued to SEA Electric stockholders is an estimated US$190.97 million ($258.98 million), excluding existing SEA Electric shares held by Exro. Additionally, Exro will assume approximately US$53.45 million ($72.48 million) in debt as part of the acquisition. In connection with the close of the transaction the Company received net proceeds of $27,847,580, released from escrow, on the conversion of 31,600,000 subscription receipts to 31,600,000 common shares.

Through Q1 2024, Exro began to reposition its business and operations in preparation for the acquisition of SEA Electric in Q2 2024, while continuing to deliver low-volume orders of its Coil Driver™ in the period. The Company continues to progress through the development of its current technologies, while delivering against the outstanding order book of propulsion systems to blue-chip OEM's through the acquisition of SEA Electric.

INTELLECTUAL PROPERTY

Exro's technology and intellectual property are wholly owned in 15 patent families providing or seeking global protection in strategically important countries. Today there are 34 issued patents, 2 allowed patent application that will be issued shortly, 27 pending applications, and 4 applications in preparation.

PRODUCT SEGMENTS

To integrate its technology into different electric vehicle platforms, Exro has engaged multiple partners, some of which are defined and explained in the next section. This approach enables Exro to build the product portfolio that can serve as many product segments as possible. The table below outlines the Company's product segments, and addressable markets.

Product Segments	**Addressable Markets**
Coil Driver™- Low-Voltage (LV) - 48 to 100V	Recreational vehicles; light electric cars; and motorcycles
Coil Driver™ - High-Voltage (HV) - 400 to 800V	Fleet Vans; electric buses; passenger vehicles; long-haul trucks; and industrial vehicles
Cell Driver™- Stationary Energy Storage	Commercial & Industrial energy storage applications

COMMERCIALIZATION STRATEGY

The market sentiment toward EV's has slowed over the last 12 months. This slow down can be due in part to tempered expectations in the growth of EV sales. While sales have been lower than initial projections, EV sales continue to trend higher year-over-year. It is Exro's belief that electrification of 20-30% of the transportation industry is a matter of when, not if.

Exro's business model has been to develop partnerships with companies that are established in their respective markets, specifically those that welcome disruptive innovation in their product lines and have adequate internal engineering capacity, growing sales, and an existing customer base. Exro continues to work closely with development partners and customers to integrate its technology into their products. As the Company continues to grow and evolve, so do its valued partnerships.

Over the last three years, Exro has advanced its proprietary Coil Driver™ technology from IP on-paper through to production, with the technology deployed with partners in multiple countries, and technology innovation programs with some of the largest automotive companies in the world.

Programs in production. Exro has advanced several core technology partnerships from development, to initial vehicle integrations, through to commercial production. Publicly disclosed programs include low-voltage Coil Driver™ technology with Italian-based HB4, and high-voltage Coil Driver™ with commercial vehicle companies Vicinity Motors, and Giaffone Electric. As Exro looks to advance to series production with customers in 2024, including contracts with blue-chip OEM customers post closing of the acquisition of SEA Electric, the company will be continuously reviewing programs for profitability at scale.

Programs in development. Exro continues in partnership with Linamar Corporation to co-develop an e-Axle for commercial vehicle applications. Linamar is a leading Tier-1 manufacturer of advanced mobility solutions for the automotive industry with customers that include top automotive manufacturers, commercial vehicle manufacturers and multinational delivery services companies. The partners are expected to launch this technology offering at the Advanced Clean Transportation (ACT) Expo in Las Vegas May 20-23, 2024 where the technology will be on display within the Linamar booth. Additional customers developing the technology under NDA continue to progress with technology milestones being successfully met and commercial timelines and profitability being evaluated.

Motor partners. Motor Partners are an integral part of accelerating the delivery of our Coil Driver™ to market by enabling system solutions for each segment of our product line. These partners will work with us to develop an optimized motor to integrate with our Coil Driver™ and provide a packaged motor and inverter system solution we can deliver to specific applications or market segments. Today Exro has multiple motor partners including Wolong Electric, TSA, HB4, and two leading global partners that remain under NDA. In all partnerships, our technology has been tested and demonstrated to perform and exceed expectations. As Exro focuses on applications and market segments, the company will look to streamline motor partners to deliver in volume to customers.

Global leading automotive OEM NDA program. Exro continues to progress through phase two of the program which includes delivery of Coil Driver™ prototypes designed for the automotive OEMs reduced rare-earth metals optimized motor design for Coil Driver™. The ability of Exro's Coil Driver™ technology to reduce (or eliminate) rare-earth metals, while maintaining the performance of a permanent magnet motor, continues to gain momentum with industry. The company has advanced discussions ongoing with three additional major automotive OEMs.

Cell Driver™ Stationary Energy Storage. UL certification is anticipated to be received in Q2 2024. Certification will be followed by the start of series production for Cell Driver™ beginning with in-field pilots and initial customer deliveries. In parallel with the UL testing and certification process, Exro continues commercialization and marketing efforts in alignment with system certification.

Exro has built a foundation of intellectual property in power electronics and intends to protect and commercialize new innovations in this space. It is Exro's intent to manufacture its inverters at its low-volume manufacturing facility in Calgary and to license its technology where applicable for high-volume manufacturing.

KEY Q1 2024 HIGHLIGHTS

Exro achieved a number of strategic objectives in the first quarter of 2024. A summary of select key objectives is included below:

- On January 30, 2024 the Company announced a plan of arrangement and merger agreement with SEA Electric. The acquisition was subsequently closed on April 5, 2024 marking a significant leap forward in Exro's mission to drive the global transition of commercial vehicles to electric mobility. With the acquisition, Exro will deliver proprietary e-propulsion system technology to blue-chip OEMs, which are anticipated to generate transformational revenue in 2024 and 2025.
- The Company continues to progress through its e-Axle program with Linamar on schedule with collaborative efforts focused on completing and marketing a medium-duty commercial truck e-Axle demonstration vehicle. As mentioned above, this technology will be on display in the Linamar booth at the ACT Expo later this month.
- Coil Driver™ start of production was launched in Q3 2023 with low-volume production and was followed by initial deliveries of sample units in Q4 2023 and into Q1 2024. Low volume launch was an important first step to high quality yield and the ability to support the automotive market. The launch allowed Exro to begin commissioning the SMT line and secure supply chain for series production in H2 2024.
- In Q4 2023, Exro lifted the NDA and announced a partnership with Giaffone Electric, further expanding its strategic collaborations into South America. The Company completed initial deliveries of the Coil Driver™ to Giaffone in Q1 2024 under the purchase order agreement. The commitment calls for additional volumes to be supplied through 2024 as Giaffone works to convert its large fleet of gasoline and diesel delivery vehicles to all-electric.
- In Q1 2024 the Company completed the testing program required to receive UL certification for its Cell Driver™ stationary every storage system. The test results are being reviewed by approved UL certifier Intertek Laboratories and will be followed by an audit of Exro's contract manufacture for the Cell Driver™, Re:Build Manufacturing. The Company expects certification in Q2 2024. Exro has onboarded 40+ distribution and installation partners across North America and the Caribbean.

RESULTS OF OPERATIONS AND SELECTED FINANCIAL DATA

Selected quarterly financial data

	Quarter Ended	Revenue ($'s)	Net Loss ($'s)	Basic and diluted loss per common shares ($'s)	Weighted average number of common shares
Q1	March 31, 2024	1,263,211	(12,867,234)	(0.08)	170,077,862
Q4	December 31, 2023	935,410	(18,769,546)	(0.11)	169,405,378
Q3	September 30, 2023	2,032,669	(10,694,314)	(0.06)	168,731,203
Q2	June 30, 2023	2,443,292	(12,995,906)	(0.05)	158,685,036
Q1	March 31, 2023	324,769	(8,163,404)	(0.08)	149,820,687
Q4	December 31, 2022	1,807,859	(22,995,921)	(0.06)	146,217,420
Q3	September 30, 2022	131,251	(8,134,896)	(0.07)	139,112,088
Q2	June 30, 2022	142,078	(8,894,095)	(0.08)	133,950,067

The Company continues to incur expenses in the progression to series production, development and validation of its Coil Driver™ and Cell Driver™ in order to reach commercialization, offset by revenues earned. While the Company incurred a net loss of $12,867,234 in Q1 2024, the loss was down from $18,769,546 and in-line with Q2 2023. Included in the Q1 2024 operating loss is $2,077,145 of transaction costs directly related to the acquisition of SEA Electric, and non-cash loss on the revaluation of the Company's previously held investment in SEA Electric of $903,238. These items did not exist in the comparative period, which would have otherwise equated to a loss more in-line with Q1 2023. The Company saw additional increases in research and development expenses and selling, general and administrative expenses as the Company pushes towards commercialization and has increased the material consumption in the development of sample drives.

For the three months ended March 31, 2024, compared to the three months ended March 31, 2023

The Company incurred a net loss of $12,867,234 for the three months ended March 31, 2024 compared to $8,163,404 for the three months ended March 31, 2023. The change in net loss for the period is primarily related to higher research and development activities as compared to the prior period, and transaction related costs incurred in the period related to the acquisition of SEA electric.

Revenue

	For the three months ended			
	March 31, 2024	March 31, 2023	$ Change	% Change
Revenue	1,263,211	324,769	938,442	289 %
Cost of Sales	915,533	257,464	658,069	256 %
Gross margin	347,678	67,305	280,373	417 %

Revenue of $1,263,211 was materially higher than the quarter ending March 31, 2023 ($324,769) due to Coil Driver™ sales and engineering services agreements completed during the quarter. Coil Driver sales included first runs for our high-voltage products to HB4, Giaffone, and Vicinity Motors providing valuable on-road time which allows Exro to now accelerate utilization with top OEMs acquired through the transaction with SEA Electric. Our low-voltage Coil Driver product saw first deliveries released against a larger purchase order for 2024.

Revenue recognized relates to agreements which have been fully delivered during the period. Amounts collected prior to the delivery on the Company's agreements are recorded as unearned revenue until such time all performance obligations have been completed.

Cost of sales increased from $257,464 to $915,533 for the three months ended March 31, 2024, directly related to the increase in sales in the period compared to the three months ended March 31, 2023. Cost of sales are recognized in conjunction with revenue. Cost of sales consists of labour, materials, and direct and indirect overhead amounts allocated based on direct labour hours required to complete customer deliverables.

Selling, general and administration

	For the three months ended			
	March 31, 2024	March 31, 2023	$ Change	% Change
Selling, general and administration	2,253,485	1,442,110	811,375	56 %

Selling, general and administration expense increased during the three months ended March 31, 2024 by $811,375 to $2,253,485 (March 31, 2023 – $1,442,110). The increase is primarily attributable to:

- Higher professional fees incurred in the period, including costs directly related to certifications such as ISO standards and UL certification for the Company's Cell Driver™;
- Increase in costs related to regulatory and filing fees, directly linked to the increase in shares outstanding during the period; and
- An increase in office and general costs due to the increase in headcount compared to the prior period, resulting in higher spend such as increased software and license costs.

Payroll and consulting

	For the three months ended			
	March 31, 2024	**March 31, 2023**	**$ Change**	**% Change**
Payroll and consulting fees	3,754,701	3,649,496	105,205	3 %

Payroll and consulting fees increased slightly during the three months ended March 31, 2024 by $105,205 to $3,754,701 (March 31, 2023 – $3,649,496). The amount is consistent with the prior period, as the Company moved to refocus the business on its core technology offerings in anticipation of the close of the acquisition of SEA Electric in early Q2 2024.

The Company allocates labour directly attributable to engineering services based on hours incurred on each project to work in progress inventory, or capital assets based on the nature of the project. Additionally the Company expenses labour incurred for the development and validation of Exro's products to research and development.

Research and development

	For the three months ended			
	March 31, 2024	**March 31, 2023**	**$ Change**	**% Change**
Research and development	1,926,200	464,226	1,461,974	315 %
Payroll and consulting fees (related to R&D)	1,684,503	1,396,743	287,760	21 %
Share-based payments	—	48,695	(48,695)	(100)%
Research and development	3,610,703	1,909,664	1,701,039	89 %

Research and development costs increased by $1,701,039 to $3,610,703 (March 31, 2023 – $1,909,664) for the three months ended March 31, 2024. These costs primarily consist of engineering resources, consulting, and materials to commercialize the Company's technologies to product. Changes to the research and development amounts are as follows:

- Payroll and consulting fees are directly related to engineering resources required for the development and validation of Exro's products. The increase in expense related to payroll and consulting fees is a result of higher headcount in March 31, 2024 in order to deliver on the Company's projects and partnerships in order to reach commercialization.
- Increase in direct research and development costs related to higher material costs allocated to research and development in the period as the Company continues to deliver sample units; and
- The Company incurred one-time costs in the period of $182,000 related to UL Certification for the Company's Cell Driver™ development.

OUTSTANDING SHARE DATA

As of May 15, 2024, there were 348,175,019 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	Number outstanding as of May 15, 2024	**Number outstanding as of March 31, 2024**
Common shares issued and outstanding	348,175,019	170,121,818
Preferred shares issued and outstanding	160,589,446	—
Options	13,993,990	10,279,227
Warrants	29,548,125	16,355,283
RSUs	15,702,533	244,810
PSUs	663,125	663,125

The Company issued 146,453,200 common shares, 160,589,446 convertible preferred shares, 15,457,723 RSUs, 4,085,873 options, and 13,192,842 warrants in connection with the close of the acquisition of SEA Electric on April 5, 2024. The Company issued an additional

31,600,000 shares for gross proceeds of $30,020,000, on the conversion of Subscription receipts issued February 16, 2024 to common shares on close of the transaction.

SOURCES AND USES OF CASH

	For the three months ended	
	March 31, 2024	**March 31, 2023**
Cash used in operating activities	(3,342,187)	(8,284,419)
Cash used in investing activities	(787,478)	(3,515,156)
Cash (used in) provided by financing activities	(507,032)	6,380,560
Impact of foreign currency translation	(546,905)	66,028
Net decrease in cash and cash equivalents	(5,183,602)	(5,352,987)
Ending cash balance	1,057,574	(5,352,987)

Cash used in operating activities decreased to $3,342,187 for the three months ended March 31, 2024 compared to $8,284,419 during the same period in 2023. The decrease in cash used in operating activities was driven by the increase in accounts payable as the Company managed cash through the close of its acquisition of SEA Electric.

Cash used in investing activities of $787,478 for the three months ended March 31, 2024 was related to the purchase of capital equipment related to the Company's testing capacity and production facility.

Cash used in financing activities for the three months ended March 31, 2024 decreased to $507,032 compared to cash provided from financing actives of $6,380,560 during the same period in 2023. The Company received proceeds from the exercise of warrants and stock options of $6,655,329 and $231,285 respectively for the period ended March 31, 2023 compared to $41,000.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company had cash and cash equivalents of $1,057,574 and accounts receivable of $1,487,583. The Company had accounts payable and accrued liabilities of $12,704,792 as the Company managed capital while completing the acquisition of SEA Electric.

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

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

On January 30, 2024 the Company announced a plan of arrangement and merger with SEA Electric Inc., an automotive technology company. The acquisition of SEA Electric is expected to enhance Exro's technology offerings, accelerate revenue growth, and contribute to the path to profitability.

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

On February 16, 2024 the Company closed a private placement of 31,600,000 subscription receipts for gross proceeds of $30,020,000 (the "Placement"). The proceeds of this financing were held in escrow until close of the acquisition of SEA Electric on April 5, 2024, when the funds were released to the Company and subscription receipts were converted into common shares of the Company.

On March 5, 2024, the Company filed a supplement to its amended and restated base shelf prospectus dated January 15, 2024 (the "Supplement") in which it disclosed its intention to offer to repay $14,950,000 face value of the Company's convertible debentures issued December 30, 2022 from the proceeds of the Placement. The Supplement further disclosed that notwithstanding this intention, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth in the Supplement. 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.

INVESTMENT

On February 9, 2021, the Company announced a collaboration agreement with SEA Electric Holdings Pty Ltd. ("SEA Electric"). As part of the agreement, Exro invested US$5,000,000 in SEA Electric by subscribing for 124,380 Series A Preferred Shares at a price of US$40.1995 per share. The shares are convertible into common shares of SEA at the option of Exro and automatically convert to common shares under certain conditions, including SEA completing a going public transaction.

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements for the three months ended March 31, 2024.

CRITICAL JUDGMENTS

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

i. Management is required to assess the functional currency of the Company and its subsidiaries. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

ii. Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as current working capital balance and future commitments of the Company.

iii. Where the fair value of financial assets and liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. Where the fair value cannot be derived from transactions in active markets, they are determined using appropriate valuation techniques for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

iv. Convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and equity components. The debentures consist of a financial liability which represents the obligation to pay coupon interest on the convertible debentures in the future, a freestanding equity classified share purchase warrant, and an equity component related to the ability to convert the debenture to common shares at the option of the holder.

   The identification of the components of convertible notes is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability and equity components may also be based on various assumptions including contractual future cash flows, discount rates, volatility, credit spread, and the presence of any derivative financial instruments.

   Management applied judgment in assessing the accounting treatment for the individual components of the senior secured convertible debentures and whether the warrants and conversion option qualify as an equity instrument, including whether the terms meet the fixed for fixed requirement.

ESTIMATION UNCERTAINTY

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

iii. Property, plant and equipment is carried at cost less any accumulated depreciation and accumulated impairment losses. Depreciation is calculated using management' best estimate on the useful life of the assets. Determination of impairment loss is subject to management's assessment if there is any indication of a possible write-down; and if so, the determination of recoverable value based on discounted future cash flows of the intangible assets. The carrying amount of nil for intangible assets does not necessarily reflect present or future value and the ultimate amount recoverable will be dependent upon the successful commercialization of products based on these underlying technologies.

PROPOSED TRANSACTIONS

The Company closed its acquisition of SEA Electric on April 5, 2024. There are no other proposed transactions.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

APPROVAL

The Company's Board of Directors has approved the Company's consolidated financial statements for the three months ended March 31, 2024. The Company's Board of Directors has also approved the disclosures contained in this MD&A.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing and controlling the activities of the Company. For the three months ended March 31, 2024 and March 31, 2023, the following expenses were incurred to the Company's key management:

	For the three months ended	
	March 31, 2024	**March 31, 2023**
Payroll and consulting fees	675,421	613,382
Share-based payments	226,778	133,226
	902,199	746,608

Increase expenses related to key management compensation relate primarily to changes in composition of key management compared to the same period in 2023. In addition, the directors of the Company were granted RSU's in 2023, which were not in place in Q1 2023, therefore increasing the share-based payments recognized for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

FINANCIAL INSTRUMENTS

(a) Fair value

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

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

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

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

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

The fair value of the investments in private companies represents a level 3 instrument based on the change in observable inputs available as at March 31, 2024.

(b) Financial risk management

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

Credit risk

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

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

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

Liquidity risk

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

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

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

On April 5, 2024 the Company assumed all liabilities of SEA Electric.

Market risk

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

Foreign exchange risk

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

Interest rate risk

Interest rate risk consists of two components:

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

ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

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

Other price risk

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

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

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P"), as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in the Company's DC&P during the period ended March 31, 2024 that materially affected, or are reasonably likely to materially affect, the Company's DC&P.

Internal Controls Over Financial Reporting

Internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;
2. are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made in accordance with authorizations of management and Directors of Exro; and
3. are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The Chief Executive Officer and Chief Financial Officer are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework provides the basis for management's design of internal controls over financial reporting. Management and the Board work to mitigate the risk of a material misstatement in financial reporting; however, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and it should not be expected that the disclosure and internal control procedures will prevent all errors or fraud.

There were no changes in the Company's ICFR during the period ended March 31, 2024 that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

RISKS FACTORS

Current and prospective shareholders should specifically consider various risk factors, including, but not limited to, the risks outlined below and particularly under the heading "*Risk Factors*" in the Company's 2023 Annual Information Form filed on SEDAR+ (www.sedarplus.ca). Should one or more of these risks or uncertainties, including the risks listed below, or a risk that is not currently known to us materialize, or should assumptions underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein.

FORWARD-LOOKING INFORMATION OR STATEMENTS AND CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in currency exchange rates; uncertainty of estimates of capital and operating costs.

The need to obtain additional financing and uncertainty as to the availability and terms of future financing; and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of May 15, 2024 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to raise additional funds and find additional value in the biotechnology assets held.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

In particular, this MD&A contains forward-looking statements pertaining to the following:

- Exro's business plans, outlook and strategy;
- Exro's expectation with respect to its future purchase orders, sales agreements, and production;
- Exro's expectation with respect to its future hiring and R&D activities;
- The timing of completion of Exro's capital program, additional dynamometer bays and the manufacturing facility, including installation and commissioning of components and equipment;
- Exro's total annual production capacity subsequent to completion of its capital program;
- Exro's ability to increase future manufacturing capacity in Calgary;
- Expectations regarding the Company's evaluation of growth opportunities and plans with respect to the same;
- Anticipated supply and demand of Exro's products; and
- Expectations with regard to Exro's ability to maintain and raise adequate source of funding to finance the Company's operations and development; and
- The results of the Company's merger with SEA Electric, and the future operations including synergy's, revenue acceleration, multi-year commitments and path to profitability.

Certain of the above listed forward-looking statements constitute future-oriented financial information and financial outlook information (collectively, **"FOFI"**) about Exro's prospective financial position, including, but not limited to, that operational cost efficiencies to be realized within growth assuming completion of the 2023 capital program and that 2023 capital program will result in sustainable and profitable growth in 2024 and beyond. FOFI contained in this MD&A were made as of the date hereof and is provided for the purpose of describing Exro's anticipated future business operations.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking information and statements contained herein include the risk factors set out in Exro's annual information form and include, but not limited to:

- Global supply shortage of semi-conductors and micro chips could have a material adverse effect on the timelines of reaching production stages;
- Factors outside Exro's control may impact Exro's ability to successfully execute its commercialization plan;
- Potential delays in Coil Driver™ on road validation testing with customers;
- May not have enough orders to fill full capacity of the production facility;
- Exro's Calgary manufacturing facility may experience delays in construction and/or equipment installation, which may also result in delays for obtaining necessary ISO and automotive certifications;

- Anticipated market demand and sales orders may differ based on changes in customers' pipelines and/or product requirements;
- A joint promotion of the technology by Linamar and Exro to the market with the intention of commercializing the Coil Driver™ e-Axle into series production may not realize unless the validation testing is complete and successful;
- Potential delays in obtaining UL Certification for the Cell Driver™, which could impact the timelines for commercialization; and
- Potential delays in completion of testing and validation of future Coil Driver™ prototypes.

Exro's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and as set out under the heading "Risk Factors" in the Company's 2024 Annual Information Form available on SEDAR+ at www.sedarplus.ca. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements and FOFI contained in this MD&A are expressly qualified by this cautionary statement. Exro does not undertake any obligation to update or revise any forward-looking statements or FOFI, whether as a result of new information, future events or otherwise, unless required by law.

Calgary, AB May 15, 2024