

EV Technology Group Ltd.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Expressed in United States dollars)

(Unaudited)

EV Technology Group Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in United States Dollars)

As at:	Note	March 31, 2023 (Unaudited)	December 31, 2022
ASSETS			
Current			
Cash		\$ 59,159	\$ 269,898
Restricted cash		22,168	22,150
Accounts receivable		518,575	425,822
Inventory		24,900	16,511
Prepaid advances		761,105	778,889
Total current assets		\$ 1,385,907	\$ 1,513,270
Loan to Moke International Limited	4	3,194,005	3,114,119
Intangible assets	7	6,921,459	6,809,657
Investment in Moke International Limited	5	1,284,875	1,460,138
Property and equipment	6	365,039	368,322
Right of use asset	8	229,005	281,532
Total assets		\$ 13,380,290	\$ 13,547,038
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 2,877,027	\$ 1,113,109
Deferred revenue		583,483	454,807
Current portion of lease liability	8	236,711	233,536
Loans payable	9	1,054,470	979,904
Total current liabilities		4,751,691	2,781,356
SHAREHOLDERS' EQUITY			
Share capital	10(b)	27,508,949	27,404,615
Contributed surplus	10(c)	6,171,358	4,971,450
Accumulated other comprehensive income		(232,817)	(354,568)
Deficit		(24,818,891)	(21,255,815)
Total shareholders' equity		8,628,599	10,765,682
Total liabilities and shareholders' equity		\$ 13,380,290	\$ 13,547,038

Going concern (Note 1)

Commitments and contingencies (Note 13)

Approved on behalf of the Directors:

"Wouter Witvoet"

Director

"Manpreet Singh"

Director

See accompanying notes to the condensed interim consolidated financial statements

EV Technology Group Ltd.

Condensed Interim Consolidated Statements of Operations and Comprehensive

(Expressed in United States Dollars)

(Unaudited)

	Notes	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Sales		\$ -	\$ -
Expenses			
Wages, salaries and consulting fees	14	649,761	511,966
Professional fees		1,280,525	182,005
Office costs		42,543	9,961
Travel costs		22,417	163,342
Shareholder communications		53,171	149,922
Promotions and marketing		64,629	183,866
Share-based compensation	10(c),14	1,304,242	-
Depreciation	6, 8	69,225	-
Total expenses		3,486,513	1,201,062
(Loss) before other items		(3,486,513)	(1,201,062)
Loss from investment in associate	5	175,263	140,125
Accretion income	4	(79,887)	(65,789)
Interest income	4	(73,973)	(73,973)
Interest expense		36,662	-
Foreign exchange loss		18,498	42,616
Net (loss) for the period		\$ (3,563,076)	\$ (1,244,041)
Other comprehensive income			
Foreign currency translation		(121,751)	-
Net and comprehensive (loss) for the period		\$ (3,441,325)	\$ (1,244,041)
Weighted average number of shares outstanding - basic and diluted		108,839,717	18,409,433
Basic and diluted loss per share		\$ (0.03)	\$ (0.07)

See accompanying notes to the condensed interim consolidated financial statements

EV Technology Group Ltd.

Condensed Interim Consolidated Statements of Shareholders' Equity

(Expressed in United States Dollars)

(Unaudited)

		Common Shares		Shares to be	Contributed	Accumulated Other Comprehensive	Accumulated	Shareholders'
	Notes	#	\$	issued	Surplus	Income	Deficit	Equity
			\$	\$	\$	\$	\$	\$
Balance, December 31, 2021		80,064,970	11,204,040	1,570,000	-	-	(267,851)	12,506,189
Private placements		10,199,000	2,170,000	(1,570,000)	-	-	-	600,000
Net loss for the period		-	-	-	-	-	(1,244,041)	(1,244,041)
Balance, March 31, 2022		90,263,970	13,374,040	-	-	-	(1,511,892)	11,862,148
Balance, December 31, 2022		108,748,050	27,404,615	-	4,971,450	(354,568)	(21,255,815)	10,765,682
Exercise of deferred share units	10(b,c)	750,000	104,334	-	(104,334)	-	-	-
Options	10(c)	-	-	-	704,516	-	-	704,516
Deferred share units	10(c)	-	-	-	599,726	-	-	599,726
Other comprehensive Income		-	-	-	-	121,751	-	121,751
Net loss for the period		-	-	-	-	-	(3,563,076)	(3,563,076)
Balance, March 31, 2023		109,498,050	27,508,949	-	6,171,358	(232,817)	(24,818,891)	8,628,599

See accompanying notes to the condensed interim consolidated financial statements

EV Technology Group Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
(Unaudited)

	Notes	For the three months ended March 31, 2023	For the three months ended March 31, 2022
OPERATING ACTIVITIES			
Net loss		\$ (3,563,076)	\$ (1,244,041)
Items not involving cash:			
Share-based compensation	10	1,304,242	-
Depreciation	6, 8	69,225	-
Loss from investment in associate	5	175,263	140,125
Accretion income	4	(79,886)	(65,789)
Interest expense		36,639	-
		(2,057,593)	(1,169,705)
Non-cash working capital:			
Accounts receivable		(92,753)	(191,605)
Inventory		(8,389)	-
Prepaid expenses		17,784	(321,387)
Accounts payables and accrued liabilities		1,763,918	328,521
Deferred revenue		128,676	-
Net cash flows from operating activities		(248,357)	(1,354,176)
FINANCING ACTIVITIES			
Private placement	10(b)	-	2,170,000
Shares to be issued		-	(1,570,000)
Proceeds of loans		44,580	-
Principal reduction in lease liability	8	(10,730)	-
Net cash flows from financing activities		33,850	600,000
INVESTING ACTIVITIES			
Interest received		-	82,479
Purchase of property and equipment	7	-	(84,524)
Net cash flows from investing activities		-	(2,045)
Effect of exchange rate changes on cash		3,768	(230)
CHANGE IN CASH DURING THE PERIOD		(210,739)	(756,451)
CASH, beginning of the period		269,898	1,218,877
CASH, end of the period		\$ 59,159	\$ 462,426

See accompanying notes to the condensed interim consolidated financial statements

EV Technology Group Ltd.

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Expressed in United States dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

EV Technology Group Ltd. (the “Company” or “EVTG”) is a public company with a registered office address of 198 Davenport Road, Toronto, Ontario, M5R 1J2. The Company trades on the Neo Exchange Inc. (“NEO”) under the symbol “EVTG”, the OTC Markets Group Inc. (“OTCQB”) under the symbol “EVTGF” and on the Frankfurt Exchange under the symbol “B96A”. The Company’s mission is the acceleration of the adoption of electric vehicles through iconic brands.

On April 7, 2022, the Company completed a reverse takeover transaction with EV Experiences Inc. (formerly EV Technology Group Inc.) (“EVT”) (See Note 16). On December 9, 2021, EV Experiences Inc. acquired all the outstanding shares of Moke France SAS, on April 22, 2022, EV Technology Group (UK) Limited was incorporated and on September 29, 2022, the Company completed the acquisition of 1000310362 Ontario Inc. (see Note 15).

These condensed interim consolidated financial statements are prepared on a going concern basis which assumes the Company will be able to meet its obligations and continue its operations for the next fiscal year.

At March 31, 2023, the Company had a working capital deficit of \$3,365,784 (December 31, 2022 – working capital deficit of \$1,268,086) and a cumulative loss since inception of \$24,818,891 (December 31, 2022 - \$21,255,815). The Company has a need for equity capital and financing for working capital and development of its projects. These matters represent material uncertainties that cast doubt about the ability of the Company to continue as a going concern. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations, however, there is no assurance that funds will continue to be available on terms acceptable to the Company or at all. The financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary should the Company be unable to continue operations and such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements of the Company were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies the Company adopted in its December 31, 2022 annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2022. The Board of Directors approved these financial statements for issue on May 12, 2023.

b) Basis of preparation

These financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The Company's condensed interim consolidated financial statements are presented in United States dollars. The functional currency for the Company and 1000310362 Ontario Inc. is the Canadian dollar (“CAD”). The functional currency of EV Experiences Inc. is the United States dollar. The functional currency of Moke France SAS is the Euro, and the functional currency of EV Technology Group (UK) Limited is the UK pound sterling (“GBP”).

EV Technology Group Ltd.

Notes to the Condensed Interim Consolidated Financial Statements
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(Expressed in United States dollars)
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2. BASIS OF PRESENTATION (continued)

b) Basis of preparation (continued)

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Gains and losses are included in operations.

Financial statements of subsidiaries for which the functional currency is not the United States dollar are translated into United States dollars as follows: all asset and liability accounts are translated at the period end exchange rate and all earnings and expense accounts and cash flow statement items are translated at average exchange rates for the period. The resulting translation gains and losses are recorded as exchange differences on translating foreign operations in Accumulated Other Comprehensive Income ("AOCI").

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

c) Basis of consolidation

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are deconsolidated from the date control ceases. The condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. These condensed interim consolidated financial statements for the three months ended March 31, 2023 comprise the financial statements of the Company and its wholly owned subsidiaries EV Experiences Inc., Moke France SAS, EV Technology Group (UK) Limited and 1000310362 Ontario Inc. All material intercompany transactions and balances between the Company and its subsidiaries have been eliminated on consolidation. Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant areas of estimation and uncertainties considered by management in preparing the financial statements include:

EV Technology Group Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in United States dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Significant accounting judgements, estimates and assumptions (continued)

Critical judgement in applying accounting policies:

- **Income taxes, value added, withholding and other taxes**
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.
- **Business combination versus asset acquisition**
Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets and liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. The Company has assessed that its acquisitions of Moke France SAS and 1000310362 Ontario Inc. and the reverse takeover transaction with EV Experiences Inc. did not constitute business acquisitions in accordance with IFRS 3 and treated the acquisitions as asset acquisitions.
- **Determination of significant influence of investment in associates**
As at March 31, 2023 and December 31, 2022, the Company has classified its investment in Moke International Limited ("Moke") as having significant influence based on management's judgement that its ownership of 14.76% (2022 – 14.76%) of the outstanding shares of Moke along with its board seat and \$5,000,000 loan represent significant influence over Moke.
- **Intangible assets**
The Company generally applies the acquisition method of accounting to transactions involving intangible assets, which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair values. As part of this allocation process, the Company must identify and attribute values to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital. These estimates and assumptions determine the amount allocated to intangible assets. If future events or results differ significantly from these estimates and assumptions, the Company may record impairment charges in the future. The Company tests, at least annually or more frequently if events or changes in circumstances indicate that they may be impaired, in accordance with its accounting policies.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Significant accounting judgements, estimates and assumptions (continued)

- **Share-based payments**
The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend, yield, expected life, and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by factors that are out of the Company's control.
- **Leases**
The determination of the Company's lease liability and right-of-use asset depends on certain assumptions which includes the selection of the discount rate. The discount rate is set by referencing to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's condensed interim consolidated financial statements.
- **Impairment of non-financial assets**
In the determination of impairment charges, management looks at recoverable amount, which is the higher of value-in-use or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. The estimate of the value-in-use of cash-generating units depends on a number of assumptions, in particular market data, estimated future cash flows, and the discount rate. The estimate and their individual assumptions require that management make a decision based on the available information and market condition at each reporting period. These assumptions are subject to risk and uncertainty. Any material changes in these assumptions could result in a significant change in the recoverable value of the Company's property and equipment and intangible assets.
- **Contingencies**
Refer to Note 13.

New accounting policies adopted during the period

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2023 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The adoption of the amendments to IAS 1 on January 1, 2023 did not have a material impact on the Company's condensed interim consolidated financial statements.

IAS 8 – In February 2021, the IASB issued "Definition of Accounting Estimates" to help entities distinguish between accounting policies and accounting estimates. The adoption of IAS 8 on January 1, 2023 did not have a material impact on the Company's condensed interim consolidated financial statements.

EV Technology Group Ltd.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after January 1, 2024 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company's consolidated financial statements.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

4. INVESTMENT IN AND LOAN TO MOKE INTERNATIONAL LIMITED

During 2021, the Company entered into an investment and loan agreement with Moke International Limited ("Moke"). The unsecured loan has a face value of \$5,000,000 to Moke. Interest is accrued and calculated at 6% per annum, payable quarterly. Principal plus any outstanding accrued interest are due and payable on or before December 31, 2026. The loan included rights to certain shares of Moke.

The estimated fair value of the shares of Moke was estimated to be \$2,232,000 based on a recent equity transaction completed by Moke.

The loan receivable was recorded at the residual value of \$2,768,000 and will be accreted to its face value over its term using an effective interest rate of 20%. Accretion income of \$79,887 was recorded during the three months ended March 31, 2023 (three months ended March 31, 2022 - \$65,789). As at March 31, 2023, the net present value of the loan receivable was \$3,195,005 (December 31, 2022 - \$3,114,119).

As of March 31, 2023, the loan principal of \$5,000,000 (December 31, 2022 - \$5,000,000) plus accrued interest of \$354,526 (December 31, 2022 - \$300,017) was outstanding. Accrued interest has been included in amounts receivable. Wouter Witvoet, the CEO and director of the Company, is a director of Moke.

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(Unaudited)

5. INVESTMENT IN ASSOCIATE

In connection with the rights to certain shares acquired with the loan to Moke (Note 4), the Company acquired 15.5% of Moke. During the year ended December 31, 2022, Moke issued additional shares and the Company's interest in Moke was diluted to 14.76%. The Company also holds the right to appoint a director to the board of Moke. The Company assessed that it holds significant influence over Moke and as such has accounted for this investment using equity accounting.

During the three months ended March 31, 2022, the Company recorded an equity loss of \$175,263 (three months ended March 31, 2022 - \$140,125), being 14.76% of the net loss incurred by Moke during the three months ended March 31, 2023. No dividends or cash distributions were received by the Company from the associate during the period.

December 31, 2021	\$	2,016,931
Proportionate share of net loss		(556,793)
December 31, 2022	\$	1,460,138
Proportionate share of net loss		(175,263)
March 31, 2023	\$	1,284,875

EV Technology Group Ltd.

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(Unaudited)

6. PROPERTY AND EQUIPMENT

	Office equipment	Leasehold improvements	Total
Cost:			
At January 1, 2023	\$ 23,655	\$ 365,206	\$ 388,861
Effect of foreign exchange	488	7,156	7,644
At March 31, 2023	<u>\$ 24,143</u>	<u>\$ 372,362</u>	<u>\$ 396,505</u>
Depreciation:			
At January 1, 2023	\$ 2,277	\$ 18,262	\$ 20,539
Depreciation charge for the period	746	9,639	10,385
Effect of foreign exchange	55	487	542
At March 31, 2023	<u>\$ 3,078</u>	<u>\$ 28,388</u>	<u>\$ 31,466</u>
Net book value:			
At March 31, 2023	\$ 21,065	\$ 343,974	\$ 365,039
At January 1, 2023	<u>\$ 21,378</u>	<u>\$ 346,944</u>	<u>\$ 368,322</u>
Cost:			
At January 1, 2022	\$ -	\$ -	\$ -
Additions	23,485	360,549	384,034
Effect of foreign exchange	170	4,657	4,827
At December 31, 2022	<u>\$ 23,655</u>	<u>\$ 365,206</u>	<u>\$ 388,861</u>
Depreciation:			
At January 1, 2022	\$ -	\$ -	\$ -
Depreciation charge for the period	2,248	18,029	20,277
Effect of foreign exchange	29	233	262
At December 31, 2022	<u>\$ 2,277</u>	<u>\$ 18,262</u>	<u>\$ 20,539</u>
Net book value:			
At December 31, 2022	\$ 21,378	\$ 346,944	\$ 368,322
At January 1, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During the year ended December 31, 2022, the Company started work on its flagship showroom and retail store in St. Tropez, France. The store opened July 28, 2022.

EV Technology Group Ltd.

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7. INTANGIBLES

Changes in the carrying amount of intangibles were as follows:

Balance, December 31, 2021	\$ 6,000,000
Acquisition of Ontario Inc. (see Note 15)	1,138,105
Effect of foreign exchange	(328,448)
Balance, December 31, 2022	<u>\$ 6,809,657</u>
Effect of foreign exchange	111,802
Balance, March 31, 2023	<u>\$ 6,921,459</u>

On December 9, 2021, the Company acquired all the outstanding shares of Moke France SAS, a private company incorporated in France. Moke France SAS had no material assets or liabilities as the time of the acquisition other than the rights associated with the Dealer Agreement with Moke International Inc., pursuant to which Moke France SAS may sell vehicles produced by Moke International Inc. in France. As consideration of the acquisition, the Company issued 6,000,000 common shares valued at \$6,000,000.

8. LEASES

On November 25, 2021, the Company entered into a lease agreement for a store in St. Tropez, France. The lease term is from April 1, 2022 to December 31, 2023. The Company recognized a right-of-use asset and a lease liability in the amount of \$73,327 at inception of the lease. The amortization charge during the three months ended March was \$10,170, calculated on a straight-line basis over the lease term.

On April 5, 2022, the Company entered into a lease agreement for personal accommodation in London. The lease term is from April 11, 2022 to April 10, 2024. The Company recognized a right-of-use asset and a lease liability in the amount of \$417,856 at inception of the lease. The amortization charge during the three months ended March 31, 2023 was \$48,670, calculated on a straight-line basis over the lease term.

	Cost	Amortization	Balance
Balance, December 31, 2021	\$ -	\$ -	\$ -
Additions	491,184	(178,483)	312,701
Effect of Foreign Exchange	-	(31,169)	(31,169)
Balance, December 31, 2022	<u>\$ 491,184</u>	<u>\$ (209,652)</u>	<u>281,532</u>
Additions	-	(58,840)	(58,840)
Effect of Foreign Exchange	-	6,313	6,313
Balance, March 31, 2023	<u>\$ 491,184</u>	<u>\$ (262,179)</u>	<u>\$ 229,005</u>

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(Expressed in United States dollars)
(Unaudited)

8. LEASES (continued)

Lease liabilities are measured at the present value of the lease payments that are not paid at the statement of financial position date. Lease payments are apportioned between interest expenses and a reduction of the lease liability using the Company's incremental borrowing rate of 7.5% to achieve a constant rate of interest on the remaining balances of the liabilities. For the three months ended March 31, 2023, the Company recognized \$7,912 in interest expense related to its lease liabilities.

A reconciliation of the lease liabilities for the three months ended March 31, 2023 is as follows:

	March 31, 2023	December 31, 2022
Balance, beginning of period	\$ 233,536	\$ -
Acquisition of lease	-	491,184
Cash outflows	(10,730)	(240,514)
Finance costs	7,912	12,731
Effect of foreign exchange	5,993	(29,865)
Balance, end of period	\$ 236,711	\$ 233,536

	March 31, 2023	December 31, 2022
Lease Liability - current	\$ 236,711	\$ 233,536
Lease Liability - non-current	-	-
	\$ 236,711	\$ 233,536

9. LOANS PAYABLE

On October 31, 2022, the Company entered into a loan agreement whereby the Company would borrow CAD\$300,000 (\$221,943) at an interest rate of 6% per year for the first three months and 10% thereafter. All interest accrued on the loan would be due and payable on October 31, 2023. As at March 31, 2023, the balance of the principal and interest accrued was CAD\$309,189 (\$228,465) (December 31, 2022 - CAD\$302,811 (\$223,575)).

On October 31, 2022, the Company entered into a loan agreement with a director of the Company whereby the Company would borrow \$250,000 at an interest rate of 6% per year for the first three months and 10% thereafter. All interest accrued on the loan would be due and payable on October 31, 2023. As at March 31, 2023, the balance of the principal and interest accrued was \$256,507 (December 31, 2022 - \$251,192).

On December 5, 2022, the Company entered into a loan agreement with a consultant of the Company whereby the Company would borrow \$500,000 at an interest rate of 15% per year. All interest accrued on the loan would be due and payable 90 days from the date of the agreement. As at March 31, 2023, the balance of the principal and interest accrued was \$523,630 (December 31, 2022 - \$505,137).

On February 20, 2023, the Company entered into a loan agreement with the CEO of the Company whereby the Company would borrow up to GBP£100,000 at an interest rate of 6% per year for the first three months and 10% thereafter. During the three months ended March 31, 2023, the Company drew down GBP£36,930 (\$44,580). All interest accrued on the loan is due and payable on October 31, 2023. As at March 31, 2023, the balance of the principal and interest accrued was GBP£37,098 (\$45,868).

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10. SHARE CAPITAL

In connection with the Reverse Takeover (Note 16), certain share exchange ratios and consolidations were effected. All share options, DSU and value per share amounts in the financial statements have been updated to reflect the exchange ratios and share consolidations.

a) Authorized

Unlimited number of voting common shares, without par value

b) Issued and outstanding common shares

	Number of Common Shares	Amount
Balance, December 31, 2021	80,064,970	\$ 11,204,040
Private placement	16,010,500	6,815,855
Share issuance costs	-	(2,710)
Reverse takeover (Note 16)	10,222,580	8,123,474
Issued on acquisition of 1000310362 Ontario Inc. (Note 15)	1,950,000	1,138,105
Exercise of deferred share units	500,000	125,851
Balance, December 31, 2022	108,748,050	\$ 27,404,615
Exercise of deferred share units	750,000	104,334
Balance, March 31, 2023	109,498,050	\$ 27,508,949

On February 2, 2022, the Company closed a non-brokered private placement financing and issued 10,199,000 shares for gross proceeds of \$2,170,000 at a price of \$0.21 per common share. As at December 31, 2021, \$1,570,000 related to this placement had been received and was presented as shares to be issued. Directors and officers subscribed for 600,000 shares for \$600,000. Included in this amount is \$50,000 in shares issued in settlement of outstanding consulting fees owed to an officer of the Company.

On April 6, 2022, 5,811,500 subscription receipts (the "Subscription Receipts") issued by the Company on March 15, 2022, and March 25, 2022 for gross proceeds of CAD\$5,811,500 (\$4,645,855) pursuant to a non-brokered private placement were automatically exchanged, for no additional consideration, into an aggregate of approximately 1,236,489 EV Experiences Inc. common shares which were exchanged for 5,811,500 common shares of the Company in connection with the Reverse Takeover (see Note 16). The Company paid \$2,710 in share issue costs in connection with the placement. Directors and officers subscribed for 288,000 shares for \$288,000.

On April 6, 2022, the Company completed a reverse take-over transaction (see Note 16) and issued 10,222,580 common shares valued at \$8,123,474 based on the price of the concurrent private placement of subscription receipts. The purchase price was allocated \$60,472 to the net liabilities assumed (Note 16) with the remaining \$8,183,946 recorded as transaction costs in the consolidated statements of operations.

On September 29, 2022, the Company completed the acquisition of 1000310362 Ontario Inc. and issued 1,950,000 common shares of the Company valued at \$1,138,105 (CAD\$1,560,000) based on the closing price of the Company's shares on September 29, 2022. The purchase price was allocated to the intellectual property assumed. See Note 15.

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10. SHARE CAPITAL (continued)

b) Issued and outstanding common shares (continued)

On December 16, 2022, the Company recorded the exercise of 500,000 DSUs issuing 500,000 common shares and transferred \$125,851 from contributed surplus to share capital.

On March 20, 2023, the Company recorded the exercise of 750,000 DSUs issuing 750,000 common shares and transferred \$104,334 from contributed surplus to share capital.

c) Contributed surplus

The continuity of share-based payments reserve activity during the period was as follows:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the period	\$ 4,971,450	\$ -
Option vesting	704,516	3,025,381
Vesting of DSUs	599,726	2,071,920
DSUs exercised	(104,334)	(125,851)
Balance, end of the period	\$ 6,171,358	\$ 4,971,450

Options

The Company has granted options for the purchase of common shares to its directors, officers, consultants and employees. The aggregate number of shares that may be issuable pursuant to options granted under the Stock Option Plan will not exceed 10% of the issued common shares of the Company at the date of grant. No more than 5% of the issued shares of the Company may be granted to any one optionee, and no more than 2% of the issued shares of the Company may be granted to any one consultant or person engaged in investor relations activities in any 12 month period. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options may not be less than the market price of the common shares of the Company at the time of the option grant.

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10. SHARE CAPITAL (continued)

c) Contributed surplus (continued)

Options (continued)

On April 12, 2022, the Company granted a total of 9,750,000 stock options to certain directors, officers, and consultants of the Company pursuant to the Company's stock option plan. Each stock option may be exercised at a price of CAD\$1 per option for a period of five years from the date of grant. The fair market value of the options was estimated to be \$5,032,417 using the Black Scholes option pricing model based on the following assumptions: risk free rate of 2.52%, expected volatility of 79.84%, based on the historical volatility of comparable companies, an estimated life of 5 years and an expected dividend yield of 0%. 8,150,000 of the options vest over 24 months with the first instalment vesting 6 months from the date of grant, 1,000,000 of the options vest over 18 months with the first instalment vesting 6 months from the date of grant, 25,000 options vest one year from the date of grant, 25,000 vest in 4 equal instalments every 3 months, 25,000 vest when 30 Moke vehicles are sold, 250,000 options vest in equal monthly instalments over 24 months with the first instalment vesting 6 months from the date of grant if 300 Moke vehicles are sold by December 31, 2022 and 250,000 options vest over 24 months with the first instalment vesting 6 months from the date of grant. 25,000 of the options were cancelled as the vesting condition of the sale of 25 Mokes before June 1, 2022 was not met and 250,000 had their vesting condition of 300 Moke vehicles sold by December 31, 2022 waived. The grant date fair value of the options is amortized over the vesting period. During the three months ending March 31, 2023, the Company expensed \$668,892 in share-based compensation related to the vesting of these options.

On April 13, 2022, the Company granted a total of 705,000 stock options to certain officers, and consultants of the Company pursuant to the Company's stock option plan. Each stock option may be exercised at a price of CAD\$2 per option for a period of seven years from the date of grant. The fair market value of the options was estimated to be \$352,027 using the Black Scholes option pricing model based on the following assumptions: risk free rate of 2.51%, expected volatility of 79.84%, based on the historical volatility of comparable companies, an estimated life of 7 years and an expected dividend yield of 0%. The options vest over 48 months with the first instalment vesting one year from the date of grant. The grant date fair value of the options is amortized over the vesting period. During the three months ending March 31, 2023, the Company expensed \$35,624 in share-based compensation related to the vesting of these options.

On October 6, 2022, the Company granted 70,000 options to the Chief Operating Officer. Each option was exercisable for one common share of the Company at an exercise price of CAD\$0.49. 8,750 options would vest on the first anniversary of the date of grant, 26,244 options would vest on a monthly basis for 36 months following the first anniversary, 8,762 options would vest on the first anniversary, subject to certain performance conditions and 26,244 options would vest on a monthly basis over 36 months following the first anniversary, subject to certain performance conditions. The options expire 5 years from the date of grant. No share-based compensation was recorded related to the vesting of these options as the options were cancelled following termination.

During the year ended December 31, 2022, 95,000 options were cancelled, unvested.

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10. SHARE CAPITAL (continued)

c) Contributed surplus (continued)

Options (continued)

A summary of option transactions during the periods were as follows:

	Number of stock options	Weighted average exercise price (CAD\$)
Balance, January 1, 2022	-	-
Granted	10,525,000	1.06
Cancelled	(95,000)	0.36
Balance, March 31, 2023 and December 31, 2022	10,430,000	1.07

As at March 31, 2023, the following options were outstanding:

Exercise price (CAD\$)	Options outstanding	Options exercisable	Expiry date	Weighted average grant date fair value vested	Weighted average remaining life in years
1.00	9,725,000	1,272,917	April-12-27	3,590,565	4.04
2.00	705,000	-	April-13-29	139,331	6.04
Total	10,430,000	1,272,917		\$ 3,729,896	4.17

Deferred share units

On completion of the reverse takeover transaction (see Note 16), the Company adopted a deferred share unit ("DSU") plan (the "DSU Plan"). The plan provides for the grant of DSUs to employees, officers or directors of the Company and allows the Company the ability to issue common shares from treasury for each DSU held on the vesting date as determined by the board on the date of grant. The aggregate number of shares that may be issuable pursuant to DSUs granted under the Company's DSU Plan will not exceed 5% of the issued common shares of the Company at the date of grant. Once vested, each DSU is exercisable by the holder into one common share of the Company for no additional consideration.

On April 18, 2022, the Company granted 4,800,000 DSUs to directors, officers and consultants of the Company. 4,250,000 of the DSUs vest in equal monthly instalments over 24 months, with the first instalment vesting 6 months from the date of grant, 250,000 DSUs vest in equal monthly instalments over 24 months with the first instalment vesting 6 months from the date of grant on the condition that 300 Moke electric vehicles are sold by December 31, 2022 and 300,000 of the DSUs vest in 4 equal instalments every 6 months with the first instalment vesting 6 months from the date of grant. 250,000 DSUs had the vesting condition of the sale of 300 Moke vehicles by December 31, 2022 waived. The estimated fair value of the DSUs on the date of grant was determined to be CAD\$4,800,000 (\$3,804,089) based on the price of the subscription receipts issued by the Company on March 15, 2022 and March 25, 2022. The grant date fair value of the DSUs is amortized over the expected vesting periods. During the three months ended March 31, 2023, the Company expensed \$379,490 in share-based compensation related to the vesting of these DSUs. During the year ended December 31, 2022, 1,250,000 of these DSUs were cancelled, unvested.

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10. SHARE CAPITAL (continued)

c) Contributed surplus (continued)

Deferred share units (continued)

On May 5, 2022, the Company granted 250,000 DSUs to a consultant of the Company. 25% of the DSUs vest six months from the date of grant and 75% vest in equal monthly instalments until the date that is 24 months from the date of grant. The estimated fair value of the DSUs on the date of grant was determined to be CAD\$300,000 (\$233,973) based on the closing price of the Company's shares on the date of grant. The grant date fair value of the DSUs is amortized over the vesting periods. During the three months ended March 31, 2023, the Company expensed \$27,915 in share-based compensation related to the vesting of these DSUs.

On November 30, 2022, the Company granted 1,250,000 DSUs to a director and a consultant of the Company. The DSUs vested immediately on the date of grant. The estimated fair value of the DSUs on the date of grant was determined to be CAD\$425,000 (\$314,628) based on the closing price of the Company's shares on the date of grant. On December 16, 2022, 500,000 of these DSUs were exercised.

On January 3, 2023, the Company granted 750,000 DSUs to an employee of the Company. The DSUs vested immediately on the date of grant. The estimated fair value of the DSUs on the date of grant was determined to be CAD\$142,500 (\$104,334) based on the closing price of the Company's shares on the date of grant. On March 20, 2023, 750,000 of these DSUs were exercised.

On February 14, 2023, the Company granted 50,000 DSUs to a consultant of the Company. The DSUs vested immediately on the date of grant. The estimated fair value of the DSUs on the date of grant was determined to be CAD\$7,500 (\$5,620) based on the closing price of the Company's shares on the date of grant.

On March 21, 2023, the Company granted 868,400 DSUs to a director and consultants of the Company. The DSUs vested immediately on the date of grant. The estimated fair value of the DSUs on the date of grant was determined to be CAD\$112,892 (\$82,367) based on the closing price of the Company's shares on the date of grant.

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10. SHARE CAPITAL (continued)

c) Contributed surplus (continued)

Deferred share units (continued)

A summary of DSU transactions during the year were as follows:

	Number of DSUs
Balance, January 1, 2022	-
Granted	6,300,000
Cancelled	(1,250,000)
Exercised	(500,000)
Balance, December 31, 2022	4,550,000
Granted	1,668,400
Exercised	(750,000)
Balance, March 31, 2023	5,468,400

Of the 5,468,400 DSUs outstanding, 2,630,900 are exercisable.

11. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital. The Company manages its capital structure and makes adjustments based on the funds available to support the development of its operations. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The Company is dependent upon external financing to fund its activities. To continue to carry out the Company's planned development and funding of ongoing administrative expenses the Company will utilize its existing working capital and will raise additional capital as appropriate.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets. There were no changes to the approach of management and the board of directors to capital management for the three months ended March 31, 2023 or the year ended December 31, 2022. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than the NEO Exchange which requires one of the following to be met: (i) shareholders equity of at least \$2.5 million, (ii) net income from continuing operations of at least \$375,000, (iii) market value of listed securities of at least \$25 million, or (iv) assets and revenues of at least \$25 million.

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12. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks summarized below. There have been no significant changes in risks, objectives, policies and procedures for managing risks during the three months ended March 31, 2023.

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

The Company does not measure any financial instruments at fair value that require classification within the hierarchy.

The carrying value of amounts receivable and accounts payable and accrued liabilities, lease liability and loans payable reflected in the statement of financial position approximate fair value because of the relatively short-term maturities.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result investment in foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Canadian dollar, European Euro and the UK Pound Sterling. Fluctuations in the exchange rates between these currencies and the US dollar could have an impact on the Company's business and results of operations. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

The following summary illustrates the fluctuations in the exchange rates applied during the three months ended March 31, 2023 and the year ended December 31, 2022:

2023	Average rate	Closing rate
CAD	1.3526	1.3533
EUR	1.0730	1.0875
GBP	1.2152	1.2364

2022	Average rate	Closing rate
CAD	1.3144	1.3544
EUR	1.0530	1.0666
GBP	1.2362	1.2039

A \$0.01 strengthening or weakening of the US dollar against any of these currencies at March 31, 2023 would result in an increase or decrease in net loss of approximately \$5,299 and an increase or decrease in other comprehensive income of approximately \$22,584.

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12. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money will not perform their underlying obligations. The total carrying value of these financial instruments at March 31, 2023 was \$3,194,005 and the face value was \$5,000,000 plus accrued interest of \$354,526. The Company mitigates its credit risk by only providing loans to entities where they have detailed knowledge of the entity's operations and business strategy.

Liquidity risk

As at March 31, 2023 the Company had a working capital deficiency of \$3,365,784 (December 31, 2022 – working capital deficiency of \$1,268,086). The Company expects to complete future equity or other debt financings, as required and available. However, there is no assurance that funds will be available on terms acceptable to the Company or at all.

13. COMMITMENTS AND CONTINGENCIES

The Company, from time to time, may be involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any ending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations.

The Company is party to certain management and independent contractor contracts. These contracts require payments of approximately \$248,280 to be made upon the occurrence of a change in control to the officers of the Company. The contingent payments have not been reflected in these consolidated financial statements as a triggering event has not taken place. The Company is also committed to payments upon termination of approximately \$993,330 pursuant to the terms of these contracts.

14. RELATED PARTIES TRANSACTIONS

During the three months ended March 31, 2023, the Company granted 368,400 DSUs to directors and officers of the Company and recorded \$942,369 in share-based compensation related to the vesting of these DSUs and DSUs and options granted during the year ended December 31, 2022 (see Note 10(c)).

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2023 was \$256,161 (three months ended March 31, 2022 - \$161,952), exclusive of share-based compensation. As at March 31, 2023, \$499,690 (December 31, 2022 - \$247,124) was owed to directors and officers of the company for consulting services included in accounts payable and accrued liabilities.

As at March 31, 2023, the Company paid deposits of \$366,053 (December 31, 2022 - \$359,018) to Moke included in prepaid advances in the condensed interim consolidated statements of financial position.

See Notes 4, 9 and 10.

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15. ACQUISITIONS

1000310362 Ontario Inc. ("Ontario Inc.")

On September 29, 2022, the Company completed the acquisition of Ontario Inc. which holds a portfolio of intellectual property including several brands. As consideration for the acquisition, the Company issued 1,950,000 common shares valued at \$1,138,105. The common shares were valued based on the closing price of the Company's shares on the date of issue. The acquisition of Ontario Inc. is being treated as an asset acquisition for accounting purposes as Ontario Inc. does not meet the definition of a business, as defined in IFRS 3, Business Combinations. The assets acquired have been allocated to intangible assets with an indefinite life.

16. REVERSE TAKEOVER

On April 7, 2022, the Company completed a reverse takeover transaction (the "Reverse Takeover"). The Reverse Takeover was effected by way of a three-cornered amalgamation among EV Technology Group Inc. ("EVT"), the Company ("EVTG") and 1000082448 Ontario Inc., a subsidiary of EVTG, ("Subco") pursuant to an amalgamation agreement dated January 19, 2022 (the "Amalgamation Agreement"). Immediately prior to and in connection with the Reverse Takeover, the Company affected a consolidation (the "Consolidation") of its common shares on the basis of one post-Consolidation EVTG Share (a "Resulting Issuer Share") for every four pre-Consolidation EVTG Shares, and changed its name to "EV Technology Group Ltd."

In connection with the Reverse Takeover and pursuant to the Amalgamation Agreement, among other things, (a) EVT amalgamated with Subco (the "Amalgamation") to form an amalgamated entity called EV Experiences Inc. ("Amalco"); (b) immediately upon the Amalgamation, each common share in the capital of EVT (the "EVT Shares") outstanding immediately prior to the Amalgamation, including each EVT Share issued as a result of conversion of the Subscription Receipts (See Note 10(b)), was exchanged for fully-paid and nonassessable shares of EVTG on the basis of one EVT Share for every 4.7 EVTG Shares (the "Exchange Ratio"), following which all EVT Shares were cancelled; (c) the outstanding common shares of Subco were cancelled and replaced by common shares in the capital of Amalco on a one-for-one basis; (d) in consideration of the Resulting Issuer Shares issued to the previous holders of EVT Shares, Amalco issued to EVTG one common share in the capital of Amalco for each Resulting Issuer Share issued; (e) Amalco continued as a wholly-owned subsidiary of the Company. The amalgamated company will carry on the business of EVT.

For accounting purposes, the Reverse Takeover has been presented as the acquisition of EVTG by EVT. The fiscal year-end of the Company will continue as December 31, being the fiscal year end of EVT and the comparative figures will be those of EVT.

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16. REVERSE TAKEOVER (continued)

The transaction was accounted for as an asset acquisition as EVTG (formerly Blue Sky Energy Inc.) did not meet the definition of a business. The assets acquired and liabilities assumed were recorded at their estimated fair values, which are based on management's estimates.

Purchase Price Consideration Paid

Fair value of shares issued (i)	\$ 8,123,474
	<u>\$ 8,123,474</u>

Net Assets Acquired (Liabilities Assumed) (EVTG at April 6, 2022)

Cash	\$ 1,449
Accounts receivable	12,614
Prepaid advances	6,774
Accounts payable and accrued liabilities	(81,309)
	<u>(60,472)</u>
Excess of purchase price over fair value of assets acquired (expensed)	<u>8,183,946</u>
	<u>\$ 8,123,474</u>

- (i) The estimated fair value of the 10,222,580 common shares issued was based on the price of the Subscription Receipts issued by EVT pursuant to a non-brokered private placement on March 15, 2022 and March 25, 2022 at a price of CAD\$1 (\$0.80) per common share (see Note 10(b)).

17. OPERATING SEGMENTS

Geographical information

The Company operates in Canada where its head office is located and in UK and France where its operations are located. Information about the Company's assets by geographical location is detailed below.

	Current assets	Property and equipment	Other non-current assets	Total
<u>March 31, 2023</u>				
Canada	\$ 598,594	\$ -	\$ 11,400,339	\$ 11,998,933
UK	24,722	3,416	198,082	226,220
France	762,591	361,623	30,923	1,155,137
	<u>\$ 1,385,907</u>	<u>\$ 365,039</u>	<u>\$ 11,629,344</u>	<u>\$ 13,380,290</u>
<u>December 31, 2022</u>				
Canada	\$ 670,463	\$ -	\$ 11,383,914	\$ 12,054,377
UK	48,625	3,326	241,094	293,045
France	794,182	364,996	40,438	1,199,616
	<u>\$ 1,513,270</u>	<u>\$ 368,322</u>	<u>\$ 11,665,446</u>	<u>\$ 13,547,038</u>

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18. PROPOSED TRANSACTIONS

- a) On July 20, 2022, the Company announced it had entered into a definitive agreement (the “Definitive Agreement”) with the shareholders of Moke International (the “MIL Shareholders”) to acquire up to 100% of MOKE International Limited (“MIL”). MIL, a company registered in England, and the only manufacturer of MOKE vehicles worldwide. Under the terms set out in the Definitive Agreement, the Company shall pay (a) \$31.9 million to certain shareholders of MIL in exchange for 53% of the total issued and outstanding common shares that the Company does not currently own, (b) \$21.3 million of outstanding debt of MIL owing to certain shareholders and (c) \$2 million to certain management of MIL as a transaction bonus (together, the “Acquisition”). The Company also entered into an Option Deed agreement with the MIL Shareholders which provides the Company the option, for 24 months from the date of closing, to acquire all the remaining shares of MIL at an equity value of \$120 million, subject to certain adjustments. The completion of the Acquisition and the Option are subject to customary closing conditions, including the Company being able to obtain the required financing, due diligence and approvals by the NEO Exchange. No finder fees are expected to be payable in connection with, and no change of control of the Company is expected to result from the Acquisition. There can be no assurances that the Acquisition or the exercise of the Option will be completed as proposed, or at all.
- b) On August 3, 2022, the Company announced the signing of a share purchase agreement with the shareholders of Fablink Group Holdings (the “Fablink Definitive Agreement”) to acquire 76% of Fablink Group Holdings (“Fablink Group”), (the “Fablink Acquisition”) and a share exchange agreement (the “Option Agreement”) with certain shareholders of Fablink Group which provides them with an option to sell the remaining 24% of Fablink Group to the Company. Fablink Group, headquartered in Northamptonshire, is a British supplier of automotive structures and complete vehicle assemblies in the automotive, transport and off-highway markets. Under the terms set out in the Fablink Definitive Agreement, the Company shall pay (a) £29.5 million to certain shareholders of Fablink Group in exchange for 76% of the total issued and outstanding common shares and (b) £719,000 to acquire existing shareholder debt of Fablink Group. Furthermore, under the terms set out in the Option Agreement, certain shareholders of Fablink Group will maintain an option, for one year from the date of the Option Agreement, to sell the remaining 24% of Fablink Group in exchange for common shares of the Company, subject to certain adjustments (the “Option”). The completion of the Fablink Acquisition and the Option are subject to customary closing conditions, including the Company being able to obtain the required financing, due diligence and approvals by the NEO Exchange. No finder fees are expected to be payable in connection with, and no change of control of the Company is expected to result from the Acquisition. There can be no assurances that the Fablink Acquisition or the exercise of the Option will be completed as proposed, or at all.