



**EV TECHNOLOGY GROUP LTD.
NOTICE OF ANNUAL MEETING OF COMMON SHAREHOLDERS**

You are invited to the 2023 annual meeting (the “**Meeting**”) of common shareholders (the “**Shareholders**”) of EV Technology Group Ltd. (the “**Corporation**”).

When: Tuesday, August 29, 2023 at 10:00 a.m. (Toronto time)

Where: 198 Davenport Road, Toronto, Ontario, Canada, M5R 1J2

The purpose of the Meeting is as follows:

1. **Financial Statements.** Receive and consider the audited consolidated financial statements as at and for the fiscal year ended December 31, 2022;
2. **Auditor Appointment.** Appoint McGovern Hurley LLP as auditor of the Corporation;
3. **Elect Directors.** Consider and elect the directors for the ensuing year; and
4. **Other Business.** Consider other business as may properly come before the Meeting or any postponement(s) or adjournment(s) thereof.

The details of all matters proposed to be put before the Shareholders at the Meeting are set forth in the management information circular (the “**Circular**”), under “Matters to be Considered”, accompanying this Notice of Meeting. At the Meeting, Shareholders will be asked to approve each of the foregoing items.

The board of directors of the Corporation unanimously recommends that the Shareholders vote FOR each of the appointment of McGovern Hurley LLP as auditor of the Corporation and the election of the directors of the Corporation for the ensuing year.

Each common share of the Corporation (a “**Common Share**”) will entitle the holder thereof to one (1) vote at the Meeting.

The directors of the Corporation have fixed the close of business on July 14, 2023 as the record date, being the date for the determination of the registered Shareholders entitled to notice and to vote at the Meeting and any adjournments(s) or postponement(s) thereof.

Shareholders and/or their appointees may participate in the Meeting by way of conference call however votes cannot be cast on the conference call. Please register at <https://us02web.zoom.us/join/ztZMkde2vqToqEtRQOmcU18Ahduvso2UB8ifK> to receive conference call details.

The Corporation is sending proxy-related materials to Shareholders using the notice-and-access rules (“**Notice and Access**”) under *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer* and *National Instrument 51-102 – Continuous Disclosure Obligations*. Notice and Access is a set of rules for reducing the volume of materials that must be physically mailed to Shareholders by posting the circular and additional materials online. Shareholders will still receive a hard copy of the Notice of Meeting and form of proxy or voting instruction form, as the case may be, and may choose to receive a hard copy of this Circular (collectively, the “**Meeting Materials**”). Details are included in

the Notice of Meeting. The Meeting Materials are available online at <https://odysseytrust.com/client/ev-technology-group-ltd/> and under the Corporation's profile on SEDAR at www.sedar.com. Shareholders are reminded to review the Meeting Materials before voting.

Shareholders may obtain paper copies of the Meeting Materials by contacting the Corporation's transfer agent, Odyssey Trust Company ("**Odyssey**"), at 1-587-885-0960 and 1-888-290-1175 (toll-free) from outside of North America. A request for paper copies should be received by Odyssey by August 14, 2023 in order to allow sufficient time for the shareholder to receive the paper copy and return the proxy by its due date.

Proxies are being solicited by management of the Corporation. A form of proxy for the Meeting accompanies this notice (the "**Proxy**"). Shareholders who are entitled to vote at the Meeting may vote either in person or by Proxy. Shareholders who are unable to be present in person at the Meeting are requested to complete, execute and deliver the enclosed Proxy to the Corporation's registrar and transfer agent, Odyssey Trust Company, #702-67 Yonge Street, Toronto ON M5E 1J8 by no later than 10:00 a.m. (Toronto time) on August 24, 2023, or if the Meeting is adjourned or postponed, by no later than 48 hours prior to the time of such reconvened meeting (excluding Saturdays, Sundays and holidays). The Chairman of the Meeting may waive or extend the time limit for the deposit of Proxies. Beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary should follow the instructions provided by their broker, custodian, nominee or other intermediary in order to vote their Common Shares.

Registered holders of the potash stream preferred shares of the Corporation are hereby provided with notice of, and are entitled to attend, the Meeting and be heard at such Meeting.

DATED at Toronto, Ontario as of the 21st day of July, 2023

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Wouter Witvoet"

Chief Executive Officer and Executive Chairman

EV TECHNOLOGY GROUP LTD.

**MANAGEMENT INFORMATION CIRCULAR
JULY 21, 2023**

**FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD
ON AUGUST 29, 2023**

INFORMATION REGARDING CONDUCT OF MEETING

Solicitation of Proxies

This management information circular (“Circular”) is furnished in connection with the solicitation by the management of EV Technology Group Ltd. (the “Corporation” or “EVTG”) of proxies to be used at the annual general and special meeting (the “Meeting”) of holders of common shares of the Corporation to be held at 198 Davenport Road, Toronto, Ontario, Canada, M5R 1J2 on August 29, 2023 at 10:00 a.m. and at any postponement(s) or adjournment(s) thereof for the purposes set forth in the accompanying notice of meeting (“Notice of Meeting”). References in this Circular to the “Meeting” include references to any postponement(s) or adjournment(s) thereof. It is expected that the solicitation will be primarily by mail but proxies may also be solicited through other means by employees, consultants and agents of the Corporation. The cost of solicitation by management will be borne by the Corporation.

The Corporation is sending proxy-related materials to holders (the “Shareholders”) of common shares (the “Common Shares”) using the notice-and-access rules (“Notice and Access”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*. Notice and Access is a set of rules for reducing the volume of materials that must be physically mailed to Shareholders by posting the circular and additional materials online. Shareholders will still receive a hard copy of the Notice of Meeting and form of proxy or voting instruction form, as the case may be, and may choose to receive a hard copy of this Circular (collectively, the “Meeting Materials”). Details are included in the Notice of Meeting. The Meeting Materials are available online at <https://odysseytrust.com/client/ev-technology-group-ltd/> and under the Corporation’s profile on SEDAR at www.sedar.com. Shareholders are reminded to review the Meeting Materials before voting.

Shareholders may obtain paper copies of the Meeting Materials by contacting the Corporation’s transfer agent, Odyssey Trust Company (“Odyssey”), at 1-587-885-0960 and 1-888-290-1175 (toll-free) from outside of North America. A request for paper copies should be received by Odyssey by August 14, 2023 in order to allow sufficient time for the shareholder to receive the paper copy and return the proxy by its due date.

The board of directors of the Corporation (the “Board”) has by resolution fixed the close of business on July 14, 2023 as the record date for the meeting (the “Record Date”) being the date for the determination of the registered Shareholders entitled to notice of and to vote at the Meeting and any postponement(s) or adjournment(s) thereof. The Board has by resolution fixed 10:00 a.m. (Toronto time) on August 24, 2023, or 48 hours (excluding Saturdays, Sundays and holidays) before any postponement(s) or adjournment(s) of the Meeting, as the time by which proxies to be used or acted upon at the Meeting or any adjournment(s) thereof shall be deposited with the Corporation’s transfer agent, Odyssey Trust Company (“Odyssey”). The proxy cut-off time may be waived or extended by the Board or a person authorized by the Board in its sole discretion without notice.

The Corporation shall make a list of all persons who are registered holders of Common Shares on the Record Date and the number of Common Shares registered in the name of each person on that date. Each Shareholder is entitled to one (1) vote on each matter to be acted on at the Meeting for each Common Share registered in his or her name as it appears on the list.

These materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with the applicable securities regulatory requirements from the Intermediary (as defined below) holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Unless otherwise stated, the information contained in this Circular is as of July 21, 2023. All dollar amount references in this Circular, unless otherwise indicated, are expressed in Canadian dollars.

Shareholders and/or their appointees may participate in the Meeting by way of conference call however votes cannot be cast on the conference call. Please register at <https://us02web.zoom.us/join/zoom/register/tZMkde2vqToqEtRQOmcU18Ahduvso2UB8ifK> conference call details.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder desiring to appoint some other person or entity to represent him at the Meeting may do so** by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of Odyssey, the transfer agent of the Corporation, as indicated on the enclosed envelope not later than the times set out above.

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing at 198 Davenport Road, Toronto, Ontario M5R 1J2 at any time up to and including the last business day preceding the day of the Meeting.

Voting of Proxies

Common Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **will be voted for each of the matters to be voted on by Shareholders as described in this Circular or withheld from voting or voted against if so indicated on the form of proxy and in accordance with the instructions of the Shareholder on any ballot that may be called for and that, if the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. In the absence of such election, the proxy will confer discretionary authority to be voted in favour of each matter for which no choice has been specified.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters which may properly come before the Meeting. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgement of the named proxies.

Non-Registered Holders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder who is not a registered Shareholder (a **"Non-Registered Holder"**) are registered either: (i) in the name of an intermediary with whom the Non-Registered Holder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (an **"Intermediary"**); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant). In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation

will distribute copies of the Notice of Meeting, forms of proxy and this Circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are then required to forward the Meeting materials to Non-Registered Holders unless the Non-Registered Holder has waived the right to receive them. Non-Registered Holders will be given, in substitution for the proxy otherwise contained in proxy-related materials, a request for voting instructions (the “**VIF**”) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the VIF wish to vote at a Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the VIF and a form of legal proxy will be sent to the Non-Registered Holder. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the VIF.

The Corporation intends to pay Intermediaries to forward the Meeting materials to objecting Non-Registered Holders.

Interest of Persons in Matters to be Acted Upon

No director or executive officer of the Corporation, nor any person who had held such a position since the beginning of the last completed financial year end of the Corporation, no nominee director nor any respective associates or affiliates of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise in any matter to be acted upon at the Meeting other than the election of directors.

Voting Securities and Principal Holder Thereof

The authorized capital of the Corporation consists of an unlimited number of Common. As of the Record Date, the Corporation had 110,048,033 Common Shares issued and outstanding. Each Common Share will entitle the holder thereof to one (1) vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, as at the Record Date, no person beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights attached to the Common Shares.

DIRECTOR AND EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Named Executive Officers

The Corporation does not have a formal pre-determined compensation plan. Rather, the Corporation informally assesses the performance of the Named Executive Officers (as defined below) and considers a variety of factors generally, when determining compensation levels. For the financial year ended December 31, 2022, the objective of the Corporation’s compensation strategy was to ensure that compensation for its Named Executive Officers was sufficiently attractive to recruit, retain and motivate high performing individuals to assist the Corporation in achieving its goals.

Compensation for the Named Executive Officers is composed primarily of four components: base fees, performance bonuses, the granting of incentive stock options of the Corporation (“**Stock Options**”) and deferred share units of the Corporation (“**DSUs**”). The Compensation, Nomination and Governance Committee (the “**CNG Committee**”) recommends the monthly base fees, performance bonus, Stock Options and DSUs to be granted to the Named Executive Officers to the Board for approval.

Base Fees

Base Fees form an essential component of the Corporation's compensation strategy as they are key to the Corporation remaining competitive, are fixed and therefore not subject to uncertainty, and can be used as the base to determine other elements of compensation and benefits.

In determining the base fees of the Name Executive Officers, the CNG Committee considers the following:

- a) the recommendations of the President and Chief Executive Officer of the Corporation (other than with respect to the compensation of the President and Chief Executive Officer);
- b) the particular responsibilities related to the position;
- c) the experience, expertise and level of the executive officer;
- d) the executive officer's length of service to the Corporation; and
- e) the executive officer's overall performance based on informal feedback.

There is no mandatory framework that determines which of the above-referenced factors may be more or less important and the emphasis placed on any of these factors is at the discretion of the CNG Committee and may vary among the Name Executive Officers. The Corporation does not engage in benchmarking and did not focus on any particular performance metric.

Performance Bonuses:

The purpose of the Corporation's bonus program is to provide the Name Executive Officers with the opportunity to receive a cash incentive that is broadly related to the progress of the Corporation and individual performance. The Corporation does not utilize a set of formal objective measures to determine bonus entitlements, rather, bonus payments to Name Executive Officers are determined in a discretionary manner on a case-by-case basis. In addition, no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the level of bonuses (if any) to be paid. In addition, the Corporation does not focus on any particular performance metric. The Corporation did not award any performance bonuses during the years ended December 31, 2022.

Stock Options and DSUs:

The Corporation believes that granting Stock Options and DSUs to officers, directors, consultants and employees pursuant to the Corporation's Stock Option Plan and DSU Plan encourages retention and more closely aligns the interests of such key personnel with the interests of shareholders while at the same time not drawing on the cash resources of the Corporation.

The Corporation does not utilize a set of formal objective measures to determine long-term incentive entitlements. Rather, long-term incentive grants, such as Stock Options and DSUs to Named Executive Officers are determined in a discretionary manner on a case-by-case basis, but having consideration to the number of Stock Options and DSUs previously granted. There are no other specific quantitative or qualitative measures associated with option grants and no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the amount of stock based compensation (if any) to be granted and the Corporation does not focus on any particular performance metric.

President & Chief Executive Officer Compensation

The CNG Committee:

- a) reviews the compensation of the President & Chief Executive Officer and makes recommendations; and
- b) reviews, and if appropriate recommends for approval, any agreements between the Corporation and the President & Chief Executive Officer, including terms in the event of a change of control or other special circumstances, as appropriate.

The components of the President and Chief Executive Officer's compensation are the same as those that apply to the other senior executive officers of the Corporation, namely base salary, performance bonus and long-term incentives in the form of Stock Options and DSUs.

The Board reviews and ensures that the compensation of the President and Chief Executive Officer complies with the principles underlying the Corporation's overall compensation philosophy.

Directors

The compensation paid to directors of the Corporation is determined on a case-by-case basis with reference to the role that each director provides to the Corporation. Directors may receive cash bonuses and, in addition, are entitled to participate in the Stock Option Plan and DSU Plan, which is designed to give each holder an interest in preserving and maximizing shareholder value. Such grants are determined by an informal assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Corporation.

Officers who also act as directors of the Corporation do not receive any additional compensation for services rendered in their capacity as directors. **Confirmed**

Risks Associated with Compensation

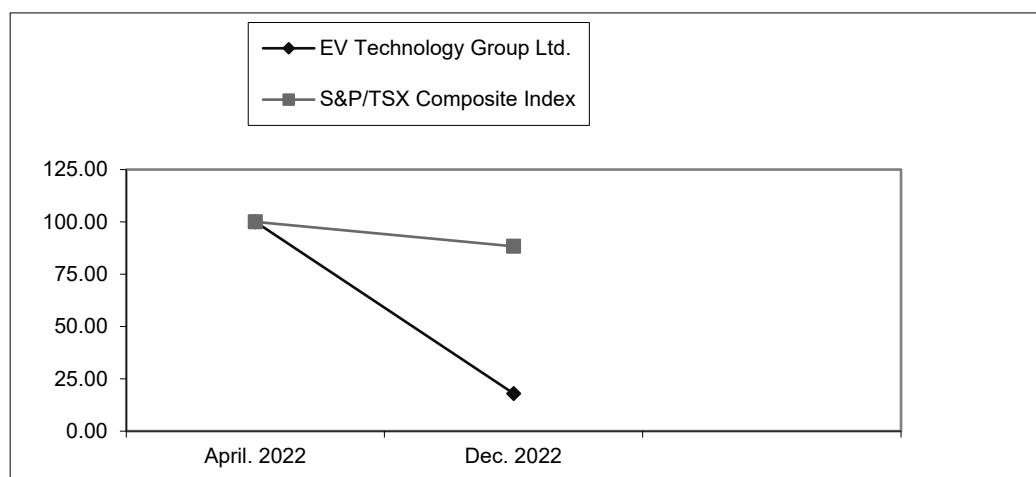
In light of the Corporation's size and the balance between long-term objectives and short-term financial goals with respect to the Corporation's executive compensation program, the CNG Committee and the Board does not deem it necessary to consider at this time the implications of the risks associated with its compensation policies and practices.

Financial Instruments

The Corporation does not currently have a policy that restricts directors or Name Executive Officers from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Corporation as of the date hereof, no director or Name Executive Officers of the Corporation has participated in the purchase of such financial instruments.

Performance Graph

The following graph compares the yearly percentage change in the cumulative total shareholder return for C\$100 invested in Common Shares on the S&P/TSX Composite Index for the period of April 2022 (the month on which the Common Shares were listed on the Cboe Canada (formerly NEO Exchange Inc. ("**Cboe Exchange**")) to December 31, 2022, assuming the reinvestment of any dividends



The Common Shares were listed on the Cboe Exchange in April 2022. Since listing on the Cboe Exchange,

the Corporation has expanded its management team to account for the growth of its business to sustain its operations in Europe and Canada as well as attracting new talent to oversee the development of the Electric MOKE, build and operate its Casa MOKE flagship store and negotiate and enter into definitive agreement.

Named Executive Officer Summary Compensation Table

The following table summarizes the compensation paid during the three most recently completed financial years in respect of the individuals who were carrying out the role of the President & Chief Executive Officer (“**CEO**”) of the Corporation, Chief Financial Officer (“**CFO**”) of the Corporation, and the three most highly compensated executive officers of the Corporation (together with the CEO and CFO, the “**Named Executive Officers**” or “**NEOs**”). No other officer, employee or consultant of the Corporation received total compensation of \$150,000 or greater.

Name and Principal Position	Year Ended	Salary (\$)¹	Share Awards (\$)²	Option Awards (\$)³	Non-equity incentive plan compensation (\$)		All other compensation (\$)⁶	Total compensation (\$)
					Annual incentive plans⁴)	Long-term incentive plans		
Wouter Witvoet Chief Executive Officer	2022	787,339	1,124,531	932,017	NIL	N/A	N/A	2,847,887
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ryan Ptolemy Chief Financial Officer	2022	63,000	NIL	372,807	NIL	N/A	N/A	435,807
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kenny Choi Corporate Secretary	2022	63,000	NIL	372,807	NIL	N/A	N/A	435,807
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dan Burge Former Chief Product Officer	2022	339,217	189,350	55,921	NIL	N/A	N/A	584,488
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Olivier Roussy Newton President and Director	2022	NIL	421,699	932,017	NIL	N/A	N/A	1,353,716
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

1. Compensation has been paid as consulting fees under the independent contractor agreement with the Named Executive Officer as described under the heading “Executive Compensation – Termination of Employment, Change in Responsibilities and Employment Contracts” of this Circular.
2. Share-based awards comprise of DSUs. Value is based on the fair value of the award on the grant date.
3. The value ascribed to option grants represents non-cash consideration and has been estimated using the Black-Scholes Models as at the date of grant, as follows: April 12, 2022: expected dividend yield — 0%; expected volatility — 79.84%; risk-free interest rate — 2.52%; and expected life — 5 years, April 13, 2022: expected dividend yield - 0%; expected volatility — 79.84%; risk-free interest rate — 2.51%; and expected life — 7 years. This is consistent with the accounting values used in the Corporation’s financial statements. The Corporation selected the Black-Scholes model given its prevalence of use in North America.
4. Compensation paid in the form of discretionary performance based bonuses.
5. Other benefits did not exceed the lesser of \$50,000 and 10% of the total annual compensation for the Named Executive Officer

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each Named Executive Officer outstanding as of December 31, 2022.

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)¹)²)	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)³)	Market or payout value of vested share-based awards not paid out or distributed (\$)

Wouter Witvoet <i>Chief Executive Officer</i>	2,500,000	1.00	April 12, 2027	0.00	1,750,000	315,000	45,000
Ryan Ptolemy <i>Chief Financial Officer</i>	1,000,000	1.00	April 12, 2027	0.00	Nil	NIL	NIL
Kenny Choi <i>Corporate Secretary</i>	1,000,000	1.00	April 12, 2027	0.00	Nil	NIL	NIL
Dan Burge, <i>Former Chief Product Officer</i>	300,000	2.00	April 13, 2029	0.00	225,000	40,500	13,500
Olivier Roussy Newton <i>President and Director</i>	2,500,000	1.00	April 12, 2027	0.00	656,250	118,125	16,875

Notes:

1. Based on the closing market price of \$0.18 of the Common Shares on December 30, 2022 and subtracting the exercise price of the options.
2. These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
3. Share-based awards comprise of DSUs. Value is based on the fair value of the award on the grant date.

Value on Pay-Out or Vesting of Incentive Plan Awards

Name	Option-based awards – Value vested during 2022 fiscal year (\$)	Share-based awards – Value vested during the 2022 fiscal year (\$)	Non-equity incentive plan compensation – Value earned during the 2022 fiscal year (\$)
Wouter Witvoet	Nil	Nil	NIL
Ryan Ptolemy	NIL	NIL	Nil
Kenny Choi	NIL	NIL	NIL
Dan Burge	NIL	NIL	NIL
Olivier Roussy Newton	Nil	NIL	NIL

None of the Named Executive Officers exercised any Stock Options or had his or her DSUs pay-out during the year ended December 31, 2022.

Employment, Consulting and Management Agreements

The following describes the respective consulting and employment agreements entered into by the Corporation and its Named Executive Officer as of the date hereof.

Name	Termination Notice Period	Monthly Fees	Severance on Termination	Severance on Change of Control ⁽¹⁾
Wouter Witvoet <i>Chief Executive Officer</i>	30 days	71,996	12 months	None.
Ryan Ptolemy <i>Chief Financial Officer</i>	30 days	7,000	12 months' fees	24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change of

				Control.
Kenny Choi <i>Corporate Secretary</i>	30 days	7,000	12 months' fees	24 months base fees plus aggregate cash bonuses paid in the 24 months prior to the Change of Control.

Notes:

- (1) Severance upon a change of control becomes payable in the event of a Change of Control of the Corporation and within one year following the date of the Change of Control the Corporation or the officer elects to terminate the agreement.

For the purpose of the agreements set forth above, "Change of Control" shall be defined as (1) the acquisition, directly or indirectly, by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Business Corporations Act* (Ontario)) or group of persons acting jointly or in concert, as such terms are defined in the *Securities Act, Ontario* of: (A) shares or rights or options to acquire shares of the Corporation or securities which are convertible into shares of the Corporation or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 25% or more of the votes entitled to be cast at a meeting of the shareholders of the Corporation; (B) shares or rights or options to acquire shares, or their equivalent, of any material subsidiary of the Company or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 25% or more of the votes entitled to be cast a meeting of the shareholders of the material subsidiary; or (C) more than 25% of the material assets of the Corporation, including the acquisition of more than 25% of the material assets of any material subsidiary of the Corporation; or (2) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Corporation's board of directors do not constitute a majority of the Corporation's board of directors.

Summary of Termination Payments

The estimated incremental payments, payables and benefits that might be paid to the Named Executive Officers pursuant to the above noted agreements in the event of termination without cause or after a Change of Control (assuming such termination or Change of Control is effective as of the Record Date) are detailed below:

Named Executive Officer	Termination not for Cause (\$)	Value of Unvested Options (\$) upon termination not for cause	Termination on a Change of Control (\$)	Value of Unvested Options Vested (\$) upon Change in Control
Wouter Witvoet				
Salary and Quantified Benefits	863,946	0	Nil	0
Bonus	0	0	Nil	0
Total	863,946	0	Nil	0

Ryan Ptolemy				
Salary and Quantified Benefits	84,000	0	168,000	0
Bonus	0	0	0	0
Total	84,000	0	168,000	0
Kenny Choi				
Salary and Quantified Benefits	84,000	0	168,000	0
Bonus	0	0	0	0
Total	84,000	0	168,000	0

Notes:

- (1) Severance upon a change of control becomes payable in the event of a Change of Control of the Corporation and within one year following the date of the Change of Control the Corporation or the officer elects to terminate the agreement.

Other Arrangements

Other than as disclosed below or elsewhere in this Circular, none of the officers or directors of the Corporation have compensation arrangements pursuant to any other arrangement or in lieu of any standard compensation arrangement.

Indebtedness of Directors and Executive Officers

As at the date of this Circular and during the financial year ended December 31, 2022, no director or executive officer of the Corporation (and each of their associates and/or affiliates) was indebted, including under any securities purchase or other program, to (i) the Corporation or its subsidiaries, or (ii) any other entity which is, or was at any time during the financial year ended December 31, 2022, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiaries.

Directors' and Officers' Insurance and Indemnification

The Corporation maintains insurance for the benefit of its directors and officers against liability in their respective capacities as directors and officers. The Corporation has purchased in respect of directors and officers an aggregate of \$1,000,000 in coverage. The approximate amount of premiums paid by the Corporation in 2022 in respect of such insurance was \$21,600.

Interest of Informed Persons in Material Transactions

No informed person (as such term is defined under applicable securities laws) of the Corporation or nominee (and each of their associates or affiliates) has had any direct or indirect material interest in any transaction involving the Corporation since January 1, 2022 or in any proposed transaction which has materially affected or would materially affect the Corporation or its subsidiaries other than as may be disclosed herein.

Director Compensation

Compensation of directors for the financial year ended December 31, 2022 was determined on a case-by-case basis with reference to the role that each director provided to the Corporation. Executive officers who also act as directors of the Corporation do not receive any additional compensation for services rendered in their capacity as directors. The following information details compensation paid in the recently completed financial year.

Director Summary Compensation Table

The following table provides information regarding the compensation awarded to each director during the year ended December 31, 2022, other than any NEOs who are also directors, whose compensation was included above.

Name	Fees earned (\$)	Share awards (\$)	Option awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Kent Thexton	Nil	Nil	106,512	Nil	Nil	106,512
Manpreet Singh	Nil	Nil	106,512	Nil	Nil	106,512
Jonathan Foster	Nil	Nil	106,512	Nil	Nil	106,512
Wijnand Donkers	Nil	255,000	106,512	Nil	Nil	361,512
TOTALS	Nil	255,000	426,048	Nil	Nil	681,048

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each director outstanding as of December 31, 2022, other than any Name Executive Officers who are also directors, whose compensation was included above.

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$) ⁽³⁾	Market or payout value of vested share-based awards not paid out or distributed
Kent Thexton	250,000	1.00	April 12, 2027	0.00	NIL	NIL	NIL
Manpreet Singh	250,000	1.00	April 12, 2027	0.00	NIL	NIL	NIL
Jonathan Foster	250,000	1.00	April 12, 2027	0.00	NIL	NIL	NIL
Wijnand Donkers	250,000	1.00	April 12, 2027	0.00	NIL	NIL	138,000

Notes:

- (1) Based on the closing market price of \$0.18 of the Common Shares on December 30, 2022 and subtracting the exercise price of the options.
- (2) These options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (3) Share-based awards comprise of DSUs. Value is based on the fair value of the award on the grant date.

Value on Pay-Out or Vesting of Incentive Plan Awards

Name	Option-based awards – Value vested during 2022 fiscal year (\$)	Share-based awards – Value vested during the 2022 fiscal year (\$)	Non-equity incentive plan compensation – Value earned during the 2022 fiscal year (\$)
Kent Thexton	NIL	NIL	NIL
Manpreet Singh	NIL	NIL	NIL
Jonathan Foster	NIL	NIL	NIL
Wijnand Donkers	NIL	NIL	NIL

No director exercised his or her Stock Options or were paid out his or her DSUs during the year ended December 31, 2022.

Stock Option Plan

The Corporation believes that granting Stock Options to officers, directors, consultants and employees encourages retention and more closely aligns the interests of such key personnel with the interests of shareholders while at the same time not drawing on the limited cash resources of the Corporation.

The Stock Option Plan is designed to advance the interests of the Corporation by encouraging employees, officers and consultants to have equity participation in the Corporation through the acquisition of Common Shares. The following is a summary of the terms of the proposed Stock Option Plan, which is qualified in its entirety by the provisions of the Stock Option Plan.

The Stock Option Plan is a “evergreen” stock option plan under Cboe Exchange Listing Manual as under the Stock Option Plan the Corporation is authorized to grant Stock Options of up to 10% of its issued and outstanding Common Shares at the time of the Stock Option grant, from time to time, with no vesting provisions. As of the date hereof, there is an aggregate of 10,455,000 Stock Options outstanding under the Stock Option Plan, which represents approximately 9.5% of the outstanding Common Shares.

The terms and conditions of each Stock Option granted under the Stock Option Plan will be determined by the CNG Committee. Stock Options will be priced in the context of the market and in compliance with applicable securities laws and Cboe Exchange guidelines. Consequently, the exercise price for any Stock Option shall not be lower than the market price of the underlying Common Shares at the time of grant. Vesting terms will be determined at the discretion of the CNG Committee. The CNG Committee shall also determine the term of Stock Options granted under the Stock Option Plan, provided that no Stock Option shall be outstanding for a period greater than five years. The CNG Committee shall also have complete discretion to set the terms of any vesting schedule of each Stock Option granted.

The Stock Option Plan provides for amendment procedures that specify the kind of amendments to the Stock Option Plan that will require Shareholder approval. The CNG Committee believes that except for certain material changes to the Stock Option Plan, it is important that the CNG Committee has the flexibility to make changes to the Stock Option Plan without Shareholder approval. Such amendments could include making appropriate adjustments to outstanding Stock Options in the event of certain corporate transactions, the addition of provisions requiring forfeiture of options in certain circumstances, specifying practices with respect to applicable tax withholdings and changes to enhance clarity or correct ambiguous provisions.

The Stock Option Plan does not provide for the transformation of Stock Options granted under the Stock Option Plan into stock appreciation right involving the issuance of securities from the treasury of the Corporation.

The Stock Option Plan provides that holders of Stock Options who are restricted from trading in securities of the Corporation during periodic black-out periods imposed by the Corporation shall be entitled to exercise a Stock Option that was set to expire during a black-out period imposed by the Corporation until the day that is five business days following the expiry of the black-out period.

Directors, officers, employees and certain consultants shall be eligible to receive Stock Options under the Stock Option Plan. Upon the termination of an optionholder’s engagement with the Corporation, the cancellation or early vesting of any Stock Option shall be in the discretion of the Board. In general, the

Corporation expects that Stock Options will be cancelled 90 days following an optionholder's termination from the Corporation. Stock Options granted under the Stock Option Plan shall not be assignable.

The Corporation will not provide financial assistance to any optionholder to facilitate the exercise of Stock Options under the Stock Option Plan.

Pursuant to Section 10.13 – Security Based Compensation of the Cboe Exchange Listing Manual, the Corporation is required to obtain the approval of its Shareholders to any stock option plan that is a “evergreen” plan every three years at the Corporation’s annual meeting of Shareholders. The Stock Option Plan was last approved by Shareholders at the annual and special meeting of Shareholders held on February 17, 2022.

The table below sets out the outstanding options under the Stock Option Plan, being the Corporation’s only compensation plan under which Common Shares are authorized for issuance, as of the Record Date.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	10,430,000	1.07	444,805
Equity compensation plans not approved by security holders	N/A	N/A	N/A
TOTAL	10,430,000	1.07	444,805

DSU Plan

The DSU Plan of the Corporation was adopted and was last approved by Shareholders at the Corporation’s annual and special meeting held on February 17, 2022. The following is a summary of the terms of the AR DSU Plan, which is qualified in its entirety by the provisions of the DSU Plan:

- Eligible participants of the DSU Plan include any director, officer, employee or consultant of the Corporation;
- The CNG Committee fixes the vesting terms it deems appropriate when granting DSUs;
- The number of DSUs that may be granted under the DSU Plan may not exceed 5% of the number of issued Common Shares at the date of grant of a DSU;
- No DSUs shall be granted under the DSU Plan if such grant could result, at any time and taking into account the Stock Option Plan, in (i) unless the Corporation has obtained disinterested shareholder approval, a person receiving Common Shares exceeding 5% of the issued and outstanding Common Shares in a 12-month period, (ii) to any one consultant in any 12 month period which could result in the issuance of Common Shares exceeding 2% of the issued and outstanding Common Shares, (iii) a person employed or engaged by the Corporation to perform investor relations activities which could, when exercised, result in the issuance of Common Shares exceeding, in aggregate, 2% of the issued and outstanding Common Shares in a 12 month period, (iv) a number of Common Shares issuable to insiders at any time exceeding 10% of the issued and outstanding Common Shares, (v) to insiders, within a 12 month period, of a number of Common Shares issued exceeding 10% of the issued shares of the Corporation or (vi) a number of Common Shares (i) issuable to all non-executive directors exceeding 1% of the issued and outstanding Common Shares, or (ii) issuable to any one non- executive director within a one-year period exceeding an DSU grant value of \$150,000 per such non-executive director, based on a valuation method acceptable to the Board;
- Under the DSU Plan, the DSUs are to be redeemed and paid out by the Corporation within 60

days of when a participant ceases to be a directors, officer, employee or consultant of the Corporation without further action or payment on the part of the holder of the DSU. For each DSU, the Corporation will deliver a payment of one Common Shares;

- DSUs granted under the DSU Plan may not be assigned or transferred except to certain permitted assigns; and
- Subject to any regulatory or Cboe Exchange approval, the Board may from time to time amend or revise the terms and conditions of the DSU Plan.

The purpose of the DSU Plan is to attract, retain and motivate individuals with the requisite training, experience and leadership to carry out key roles with the Corporation, to advance the interests of the Corporation by providing such individuals with appropriate compensation and to strengthen the alignment of the DSU holders' interest with the interests of Shareholders.

The table below sets out the outstanding DSUs under the DSU Plan as of the Record Date.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	4,768,000	N/A	734,402
Equity compensation plans not approved by security holders	N/A	N/A	N/A
TOTAL	4,768,000	N/A	734,401

Corporate Governance Policies

Management of the Corporation and the Board recognize the importance of corporate governance in effectively managing the Corporation, protecting employees and Shareholders, and enhancing Shareholder value.

The Board fulfills its mandate directly and through its Audit Committee and its Compensation, Nomination and Governance Committee ("**CNG Committee**") and other *ad hoc* committees at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

The Corporation believes that its corporate governance practices are in compliance with applicable Canadian requirements. The Corporation is committed to monitoring governance developments to ensure its practices remain current and appropriate.

Board of Directors

Pursuant to National Instrument 58-101 – *Corporate Governance*, a director is independent if the director has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the Corporation. The Board is currently comprised of six members, four of which are independent. In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to a number of factors.

Other Public Corporation Directorships

To the best of the Corporation's knowledge and based on publicly available information, as of the date hereof, the directors of the Corporation hold directorship positions with the following reporting issuers:

Director	Reporting Issuer
Wouter Witvoet	None.
Kent Thexton	Loop Energy Inc.
Manpreet Singh	None.
Jonathan Foster	None.
Olivier Roussy Newton	BTQ Technologies Corp. DeFi Technologies Inc.
Wijnand Donkers	None.

Board Mandate

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Corporation, and to act with a view towards the best interests of the Corporation. In discharging its mandate, the Board is responsible for the oversight and review of:

- the strategic planning process of the Corporation;
- identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- a communications policy for the Corporation to facilitate communications with investors and other interested parties; and
- the integrity of the Corporation's internal control and management information systems.

The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee and the CNG Committee.

Orientation and Continuing Education

Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Board notes that it has benefited from the experience and knowledge of individual members of the Board in respect of the evolving governance regime and principles. The Board ensures that all directors are apprised of changes in the Corporation's operations and business.

All Board members are provided with copies of periodic reports on the business and operations of the Corporation.

Nomination of Directors

The Board is largely responsible for identifying new candidates for nomination to the Board. The process by which candidates are identified is through recommendations presented to the Board, which establishes and discusses qualifications based on corporate law and regulatory requirements as well as education and experience related to the business of the Corporation.

Compensation

The CNG Committee is responsible for recommending to the Board the compensation of the directors and Chief Executive Officer of the Corporation. The process for determining executive compensation is relatively informal, in view of the size and stage of the Corporation and its operations. The Corporation does not maintain specific performance goals or use benchmarks in determining the compensation of executive officers. Upon the recommendation of the CNG Committee, the Board may at its discretion award either a cash bonus or stock options for high achievement or for accomplishments that the Board deems as worthy of recognition.

The CNG Committee reviews and discusses proposals received by the Chief Executive Officer of the Corporation regarding the compensation of management and the directors. Please refer to the section "Compensation and Corporate Governance Committee".

Board Assessments

The Board and its individual directors are assessed on an informal basis continually as to their effectiveness and contribution. The Chair of the Board encourages discussion amongst the Board as to evaluation of the effectiveness of the Board as a whole and of each individual director. All directors are free to make suggestions for improvement of the practice of the Board at any time and are encouraged to do so.

Majority Voting Policy

The Corporation has adopted a Majority Voting Policy to provide a meaningful way for the Corporation's shareholders to hold individual directors accountable and to require the Corporation to closely examine directors that do not have the support of a majority of Shareholders who vote at the Meeting. The policy provides that forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee and that where a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law. Pursuant to the policy, such a nominee will forthwith submit his or her resignation to the Board, such resignation to be effective on acceptance by the Board. The Board will then establish an advisory committee (the "**Committee**") to which it shall refer the resignation for consideration within an 90 day period. In such circumstances, the Committee will make a recommendation to the Board as to the director's suitability to serve as a director after reviewing, among other things, the results of the voting for the nominee and the Board will consider such recommendation. Any director subject to the Majority Voting Policy will not be a member of the Committee or participate in any Board level discussion where his or her resignation is being considered. Absent exceptional circumstances the Committee and the Board will accept the resignation of the nominee director. Once the Board has made a final decision regarding the resignation, the Company will publicly disclose the Board's decision regarding the resignation, including the reasons for not accepting the resignation, if applicable. If the resignation is accepted, the Board may leave the vacancy unfilled or appoint a new director to fill the vacancy.

This policy does not apply where an election involves a proxy battle (i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the management of the Corporation).

Audit Committee

The purposes of the Audit Committee are to assist the Board's oversight of: the integrity of the Corporation's

financial statements; the Corporation's compliance with legal and regulatory requirements; the qualifications and independence of the Corporation's independent auditors; and the performance of the independent auditors and the Corporation's internal audit function.

Please see Schedule "A" for the text of the Audit Committee Charter.

Composition of the Audit Committee

The Corporation's Audit Committee is comprised of three directors, Jonathan Foster (Chair), Kent Thexton and Manpreet Singh. Each member of the Audit Committee is considered to be financially literate and are considered independent, as such term is defined in NI 52-110.

Relevant Education and Experience

Please see page 20 and 21 for the biographies of each member of the Audit Committee.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year has there been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on either (a) an exemption in section 2.4 of NI 52-110; or (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

McGovern Hurley LLP are the external auditors of the Corporation and were appointed on July 18, 2013. The aggregate fees billed and estimated to be billed by the external auditors for the last two (2) fiscal years is set out in the table below. "Audit Fees" includes fees for audit services including the audit services completed for the Corporation's subsidiaries. "Audit Related Fees" includes fees for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and not reported under Audit Fees including the review of interim filings and travel related expenses for the annual audit. "Tax Fees" includes fees for professional services rendered by the external auditor for tax compliance, tax advice, and tax planning. "All Other Fees" includes all fees billed by the external auditors for services not covered in the other three categories.

Year	Audit Fees (\$)	Audit Related Fees	Tax Fees (\$)	All Other Fees
2022	57,000	Nil	Nil	57,000
2021	N/A	N/A	N/A	N/A

Compensation, Nomination and Governance Committee

The Compensation, Nomination and Governance Committee (the "**CNG Committee**") is comprised of Mr. Jonathan Foster, Mr. Kent Thexton and Mr. Manpreet Singh each of whom is an independent director.

Please see page 20 and 21 for the biographies of each member of the CNG Committee.

The CNG Committee's responsibilities are twofold. First, with respect to compensation, the CNG Committee's responsibilities include (i) discharging the Board's responsibilities relating to the compensation of the Corporation's executive officers, (ii) administering the Corporation's incentive compensation and equity-based plans, and (iii) assisting the Board with respect to management succession and development. In carrying out its duties with respect to compensation, the CNG Committee reviews and makes recommendations to the Board on an annual basis regarding (A) company-wide compensation programs and practices, (B) all aspects of the remuneration of the Corporation's executive officers and directors, and (C) equity-based plans and any material amendments thereto (including increases in the number of securities available for grant as options or otherwise thereunder).

The primary function of the CNG Committee with respect to nomination and governance matters is to exercise the responsibilities and duties set forth below, including but not limited to: (i) advising the Board on corporate governance in general, (ii) identifying candidates to act as directors of the Corporation, (iii) recommending to the Board qualified candidates to nominate as a director of the Corporation for consideration by the shareholders of the Corporation at the next annual meeting of shareholders (iv) overseeing and assessing the functioning of the Board and the committees of the Board, and (v) developing and recommending to the Board, and overseeing the implementation and assessment of, effective corporate governance principles.

MATTERS TO BE CONSIDERED

Financial Statements

The financial statements for the fiscal year ended December 31, 2022 will be presented to Shareholders for review at the Meeting. No vote by the Shareholders is required with respect to this matter.

Election of Directors

The Board currently consists of six directors. The Corporation has nominated six persons (the "**Nominees**") for election as a director at the Meeting. At the Meeting, Shareholders will be asked to elect each individual Nominee as a director. All directors so elected will hold office until the end of the next annual general meeting of shareholders of the Corporation or until their successors are elected or appointed, unless their office is vacated earlier in accordance with the by-laws of the Corporation or with the provisions of the *Business Corporations Act* (Ontario).

The following table provides the names of the Nominees and information concerning such Nominees. The persons in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director.

Information in the table below regarding the number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by the Nominees is based upon information furnished by the respective Nominee and is as at the Record Date.

Name and Municipality of Residence	Principal Occupation	Director Since	Number of Common Shares Beneficially Owned or Over which Control is Exercised⁽¹⁾
Wouter Witvoet Zug, Switzerland	Chief Executive Officer & Executive Chairman of the Corporation	April 7, 2022	12,163,100
Oliver Roussy Newton Zug, Switzerland	Chief Executive Officer of DeFi Technologies Inc.	April 7, 2022	8,881,500

Jon Foster ⁽²⁾⁽³⁾ <i>California, U.S.A.</i>	Board member or advisor to multiple private and public companies, and senior advisor at McKinsey & Company.	April 7, 2022	Nil
Kent Thexton ⁽²⁾⁽³⁾ <i>Ontario, Canada</i>	Corporate Director	April 7, 2022	Nil
Manpreet Singh ⁽²⁾⁽³⁾ <i>Washington, D.C., U.S.A.</i>	Founder and Chief Investment Officer of Singh Capital Partners	April 7, 2022	1,635,000
Wijnand Donkers <i>Netherlands</i>	Senior Adviser to Cerberus Capital Management	April 14, 2022	1,410,000

Notes:

- (1) The Corporation has relied exclusively on the respective Nominee for this information.
- (2) Member of the Audit Committee
- (3) Member of the CNG Committee.

Biographical information for each of the nominated directors are set out below:

Wouter Witvoet is the co-founder and CEO of EV Technology Group (EVTG). Before starting EVTG, Wouter Witvoet co-founded Valour Inc. (formerly DeFi Technologies Inc.), which bridges the gap between centralized and decentralized finance. Valour is listed in Canada under ticker NEO:DEFI. Wouter founded and lead Secfi, a San Francisco based FinTech company and the market leader in financing for startup employees. Secfi has invested over \$480M in startups (DoorDash, Palantir, Uber, Snowflake, and more). Witvoet has a background in computer science and graduated from the University of Cambridge.

Olivier Roussy Newton is the Chief Executive Officer of DeFi Technologies Inc. He is a technology entrepreneur who has made significant contributions to the fields of FinTech, Quantum Computing and Capital Markets. Mr. Roussy Newton founded and served as president of HIVE Blockchain Technologies, which made history by becoming the first crypto mining company to go public in 2017, and has also been involved in a number of other highly successful ventures. Mr. Roussy Newton also serves as the Managing Director of BTQ AG, where he is responsible for overseeing the company's operations on research focused on post quantum technologies.

Jon Foster is a board member or advisor to multiple technology companies and serves as a senior advisor at McKinsey. He previously served as CFO of a number of leading edge technology companies, including Zoox, a developer of autonomous electric vehicles (acquired by Amazon). Before moving to California, he served as Deputy Director of the Office of Science and Technology Policy in the White House under President Bill Clinton. He holds a BS in Mechanical Engineering from Yale, and a JD from Harvard.

Kent Thexton is a technology industry veteran. Kent recently retired as CEO of Sierra Wireless, a global leader in IoT Solutions. Prior to that Kent was a leader in the Canadian Venture Capital market as a Managing Partner at OMERS Ventures (2014-16) and then founding and building ScaleUP Ventures. Kent has significant public board of directors experience, Sierra Wireless (NASDAQ SWIR; TSX: SW.TO) from 2005 to 2018 with the last 3 years as Chairman, Redknee Solutions (TSX:RKN) from 2005 to 2016, O2 PLC (FTSE, NYSE). Kent has also provided leadership on numerous private company boards. Kent's early career was in Telecoms, with 8 years in Toronto at Rogers Wireless (Cantel) through to COO and 6 years in the UK with BT and O2 as Chief Marketing and Product Officer and on the board of directors.

Manpreet Singh, CFO and Advisor Manpreet Singh, CFA, is the founder and Chief Investment Officer of Singh Capital Partners (SCP), a multifamily office that directs investments into venture capital, private equity, and real estate. SCP invests capital on behalf of Fortune 500 CXOs, unicorn founders, and operators and has executed investments in North America, Europe, and Asia. Mr. Singh has made over 50 private investments over the last decade including Baazarvoice, Alibaba, Uber, Spotify, Duo, PayTM, Impossible Foods, Cohesity, DocSend, SoFi, Carta, SpaceX, MindBody, Robinhood, and Postmates. Prior to starting SCP, Mr. Singh was the CoFounder and President of TalkLocal, a venture backed local services marketplace that serviced customers in 49 states and placed over 2 million calls to contractors. Prior to TalkLocal, Mr. Singh was the longest tenured employee at Profit Investment Management (PIM), a DC-based firm where he helped to grow assets under management from \$20 million to over \$2 billion through

various roles in trading, marketing, research, investing, and operations. He was eventually responsible for managing over \$1 billion invested across technology companies globally while at the firm. Mr. Singh serves on the boards of Acquico, US Inspect, Snowball Industries, Embrace Software, Shukr Investments, TalkLocal, the Suburban Hospital Foundation, and the Dingman Center at the Smith School of Business. Mr. Singh received his MBA from the Wharton School of Business in Entrepreneurship, Finance, and Real Estate. He also holds a B.S. in Finance with a citation in Entrepreneurship from the University of Maryland, College Park, and is a CFA charterholder.

Wijnand Donkers is an experienced, independent, non-executive director in both public and private equity portfolio companies. He is a non-executive director of Brenntag SE, the world leader in chemical distribution and a DAX 40 company. Furthermore, he is a senior adviser to Cerberus Capital Management LLC and serves on several of its portfolio companies. Wijnand Donkers was the CEO of Deutsche Annington SE/Vonovia SE from 2007 to 2012 and prepared the firm for its successful IPO, negotiated the successful GRAND refinancing, and modernised the firm during his tenure. He previously spent 22 years at BP PLC in several senior positions in Petrochemicals, Gas, Optimization & Trading, and was Head of Group Strategy and Planning when BP combined with Amoco, acquired Arco and Castrol. He graduated with an MBA from Erasmus University in Rotterdam, completed the AMP at Harvard Business School, as well as several post graduate programmes at Stanford Business School, Kellogg School of Management, and the University of Cambridge.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of each of the Nominees. If prior to the Meeting any of such Nominees is unable to or unwilling to serve, the persons named in the accompanying form of proxy will vote for another nominee or nominees in their discretion if additional nominations are made at the Meeting. Each Nominee elected will hold office until his successor is elected at the next annual meeting of the Corporation, or any postponement(s) or adjournment(s) thereof, or until his successor is elected or appointed.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or corporation, except the directors and executive officers of the Corporation acting solely in such capacity.

The Board of Directors recommends that Shareholders vote in favour of electing each of the directors as set forth above. PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF EACH DIRECTOR.

Cease Trade Orders or Bankruptcies

No director or executive officer of the Corporation is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as provided below, no director or executive officer of the Corporation is or has been, within the ten years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer has, within the ten years before the date of this Circular, become bankrupt,

made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

No proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of McGovern Hurley LLP as auditors of the Corporation until the close of the next annual meeting of shareholders of the Corporation and to authorize the directors to fix their remuneration.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE APPOINTMENT OF MCGOVERN HURLEY LLP AS THE CORPORATION'S AUDITORS AND AUTHORIZING THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST SUCH A RESOLUTION.

Additional Information

Additional information relating to the Corporation may be found under the profile of the Corporation on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's audited financial statements and related management's discussion and analysis for the financial year ended December 31, 2022, which can be found at <https://evtgroup.com/investor-relations-updated/> or under the profile of the Corporation on SEDAR. Shareholders may also request these documents by emailing kenny.choi@fmresources.ca or by telephone at (416) 861-2262.

Board of Directors Approval

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Wouter Witvoet"

Chief Executive Officer

Toronto, Ontario July 21, 2023

SCHEDULE "A"

EV TECHNOLOGY GROUP LTD. AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose: The purpose of the Committee is to:

- a) provide oversight of the Corporation's financial reporting process;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"Affiliate" means a Corporation that is a subsidiary of another Corporation or companies that are controlled by the same entity;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means EV Technology Group Inc.;

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

- a) the chair of the Corporation;
- b) the vice-chair of the Corporation;
- c) the President of the Corporation;

- d) the vice-president in charge of a principal business unit, division or function including sales, finance or production;
- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

"financially literate" has the meaning set forth in Section 1.3;

"immediate family member" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"independent" has the meaning set forth in Section 1.2;

"Instrument" means National Instrument 52-110;

"MD&A" has the meaning ascribed to it in the National Instrument;

"Member" means a member of the Committee;

"National Instrument 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation.

2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Member's independent judgement.

3. Despite subsection 2 and without limitation, individuals set out in sections 1.4 (3) and 1.5 of National Instrument 52-110 shall be considered to have a material relationship with the Corporation.

1.3 Meaning of Financial Literacy - For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

PART 2

2.1 Audit Committee – The Board has established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:

- a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
- b) the compensation of the external auditor.

2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or

attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
- b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
- f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
- g) reviewing interim unaudited financial statements before release to the public;
- h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
- i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
- j) reviewing the terms of reference of the internal auditor, if any;
- k) reviewing the reports issued by the internal auditor or external consultant, if any, and management's response and subsequent follow up to any identified weaknesses; and
- l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.

3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.

6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations*, and the planned steps for an orderly transition.

7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.

8. The Committee shall, as applicable, establish procedures for:

- a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
- b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

9. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.

10. Provide oversight of the Corporation's policies, procedures and practices with respect to the maintenance of the books, records and accounts, and the filing of reports, by the Corporation with respect to third party payments in compliance with the *Corruption of Foreign Public Officials Act* (Canada), the *Extractive Sector Transparency Measures Act* (Canada) and similar applicable laws.

11. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- b) the Corporation or the relevant subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. Every audit committee member shall be independent.
4. Every audit committee member shall be financially literate.

PART 4

4.1 Authority – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular -- The Corporation shall include in its Annual Information Form the disclosure required by Form 52-110F1.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. A majority of the Members shall constitute a quorum.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting, at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
4. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
5. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
6. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
7. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
8. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
9. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.
10. The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.
11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

Part 7

7.1 Chair of the Committee

The Chair of the Committee:

- a. provides leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- b. chairs meetings of the Committee, unless not present, including in camera sessions, and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- c. ensures that the Committee meets on a regular basis and at least quarterly;

- d. in consultation with the Chair of the Board and the Committee members, establishes a calendar for holding meetings of the Committee;
- e. establishes the agenda for each meeting of the Committee, with input from other Committee members, the Chair of the Board, and any other parties as applicable;
- f. acts as liaison and maintains communication with the Chair of the Board and the Board to optimize and co-ordinate input from Board members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
- g. reports annually to the Board on the role of the Committee and the effectiveness of the Committee's role in contributing to the objectives and responsibilities of the Board as a whole;
- h. ensures that the members of the Committee understand and discharge their duties and obligations;
- i. fosters ethical and responsible decision making by the Committee and its individual members;
- j. together with the Corporate Governance Committee, oversees the structure, composition, membership and activities delegated to the Committee from time to time;
- k. ensures that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approves work to be done for the Committee by consultants;
- l. facilitates effective communication between members of the Committee and management; and
- m. performs such other duties and responsibilities as may be delegated to the Chair of the Committee by the Board from time to time.

This Charter will be reviewed annually and any recommended changes will be submitted to the Board for approval.

**EV Technology Group Ltd.
(formerly Blue Sky Energy Inc.)**

CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended December 31, 2022, and
the period from incorporation on August 16, 2021 to December 31, 2021**

(Expressed in United States dollars)

Independent Auditor's Report

To the Shareholders of EV Technology Group Ltd.

Opinion

We have audited the consolidated financial statements of EV Technology Group Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, consolidated statements of shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has a working capital deficiency as of December 31, 2022 and cumulative losses since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of intangible assets</i>	
The Company has two indefinite life intangible assets measured at cost. The recoverability of these intangible assets is dependent on successful commercialization of the related products. No significant revenues have been recognized to date. Management is required to test the intangible assets for impairment on an annual basis, or more frequently if there are indicators of impairment. The assessment of impairment and the assessment of impairment indicators requires a significant amount of management judgment. We identified the valuation of intangibles asset- obtained through Moke France SAS, as a key audit matter given its financial significance to the Company and because significant judgment is involved in determining the recoverable amount of these intangible assets. Auditing management's annual intangible asset impairment test was complex, given the status of current intangibles, with no prior history of revenues. This required a high degree of judgment and subjectivity in evaluating management's estimates and assumptions. Significant assumptions included revenue assumptions, expected growth rates, cost assumptions, discount rates, which are affected by expectations about future market and economic conditions, including demand for products.	Our audit procedures included, among others, the following: • Obtained and evaluated management's impairment model, prepared in conjunction with an independent external valuator. • Professionals with specialized skill and knowledge in the field of valuations assisted in assessing the reasonableness of the fair values, and assessed the reasonableness of key assumptions used in the calculations, comprising market assumptions, revenue growth rates, profit margin, operating expenses, perpetual growth rate and discount rates. • We obtained an understanding of and evaluated management's basis for determining the assumptions, and compared them to economic growth forecasts, indicative market information, as well as internal evidence available. • Evaluated the competence, capabilities and objectivity of the external valuator. • Performed sensitivity analysis on significant assumptions to assess the sensitivity of the estimate to change. • Evaluated management's disclosure in the notes to the consolidated financial statements of significant judgments in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
March 30, 2023

EV Technology Group Ltd.

(Formerly Blue Sky Energy Inc.)

Consolidated Statements of Financial Position

(Expressed in United States Dollars)

As at:	Note	December 31, 2022	December 31, 2021
ASSETS			
Current			
Cash		\$ 269,898	\$ 1,218,877
Restricted cash	4	22,150	15,775
Accounts receivable		425,822	65,546
Inventory		16,511	-
Prepaid advances		778,889	383,522
Total current assets		\$ 1,513,270	\$ 1,683,720
Loan to Moke International Limited	5	3,114,119	2,615,552
Intangible assets	16	6,809,657	6,000,000
Investment in Moke International Limited	6	1,460,138	2,232,051
Property and equipment	7	368,322	-
Right of use asset	8	281,532	-
Total assets		\$ 13,547,038	\$ 12,531,323
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ 1,113,109	\$ 25,134
Deferred revenue		454,807	-
Current portion of lease liability	8	233,536	-
Loans payable	9	979,904	-
Total current liabilities		2,781,356	25,134
SHAREHOLDERS' EQUITY			
Share capital	10(b)	27,404,615	11,204,040
Contributed surplus	10(c)	4,971,450	-
Shares to be issued	10(b)	-	1,570,000
Accumulated other comprehensive income		(354,568)	-
Deficit		(21,255,815)	(267,851)
Total shareholders' equity		10,765,682	12,506,189
Total liabilities and shareholders' equity		\$ 13,547,038	\$ 12,531,323

Going concern (Note 1)

Commitments and contingencies (Note 13)

Subsequent event (Note 19)

Approved on behalf of the Directors:

"Wouter Witvoet"

Director

"Manpreet Singh"

Director

See accompanying notes to the consolidated financial statements

EV Technology Group Ltd.

(Formerly Blue Sky Energy Inc.)

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in United States Dollars)

		For the year ended	For the period from incorporation on
	Notes	December 31, 2022	August 16, 2021 to December 31, 2021
Sales		\$ 8,926	\$ -
Expenses			
Wages, salaries and consulting fees	14	2,584,036	83,250
Professional fees		1,984,565	24,850
Office costs		313,157	15,647
Travel costs		427,168	42,144
Shareholder communications		582,061	9,413
Promotions and marketing		1,407,743	-
Share-based compensation	10(c), 14	5,097,301	-
Depreciation	7, 8	198,760	-
Total expenses		12,594,791	175,304
(Loss) before other items		(12,585,865)	(175,304)
Loss from investment in associate	6	556,793	215,120
Accretion income	5	(283,447)	(62,672)
Interest income	5	(300,017)	(63,032)
Interest expense		21,382	
Foreign exchange loss		223,442	3,131
Transaction costs	17	8,183,946	-
Net (loss) income for the period		\$ (20,987,964)	\$ (267,851)
Other comprehensive income			
Foreign currency translation		354,568	-
Net and comprehensive (loss) for the period		\$ (21,342,532)	\$ (267,851)
Weighted average number of shares outstanding - basic and diluted		101,632,334	8,977,296
Basic and diluted loss per share		\$ (0.21)	\$ (0.03)

See accompanying notes to the consolidated financial statements

EV Technology Group Ltd.

(Formerly Blue Sky Energy Inc.)

Consolidated Statements of Shareholders' Equity

(Expressed in United States Dollars)

	Notes	Common Shares	Shares to be issued	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Shareholders' Equity
		#	\$	\$	\$	\$	\$
Balance, August 16, 2021							
Founder shares		-	-	-	-	-	-
Private placements		28,270,500	238,124	-	-	-	238,124
Share issue costs		23,594,470	5,020,100	1,570,000	-	-	6,590,100
Acquisition of Moke France SAS		-	(54,184)	-	-	-	(54,184)
Net loss for the period		28,200,000	6,000,000	-	-	-	6,000,000
Balance, December 31, 2021		80,064,970	11,204,040	1,570,000	-	(267,851)	(267,851)
Balance, December 31, 2021							
Private placements	10(b)	80,064,970	11,204,040	1,570,000	-	(267,851)	12,506,189
Share issue costs		16,010,500	6,815,855	(1,570,000)	-	-	5,245,855
Reverse Takeover of EVTG by EV Technology Inc.	17	-	(2,710)	-	-	-	(2,710)
Issued on acquisition of 1000310362 Ontario Inc.	10(b), 16(b)	10,222,580	8,123,474	-	-	-	8,123,474
Exercise of deferred share units	10(b,c)	1,950,000	1,138,105	-	-	-	1,138,105
Option grant	10(c)	500,000	125,851	-	(125,851)	-	-
Deferred share units	10(c)	-	-	-	3,025,381	-	3,025,381
Other comprehensive Income	10(c)	-	-	-	2,071,920	-	2,071,920
Net loss for the year		-	-	-	(354,568)	-	(354,568)
Balance, December 31, 2022		108,748,050	27,404,615	4,971,450	(354,568)	(20,987,964)	10,765,682

See accompanying notes to the consolidated financial statements

EV Technology Group Ltd.
(Formerly Blue Sky Energy Inc.)
Consolidated Statements of Cash Flows
(Expressed in United States Dollars)

			For the year ended	For the period from incorporation on
	Notes		December 31, 2022	August 16, 2021 to December 31, 2021
OPERATING ACTIVITIES				
Net loss		\$	(20,987,964)	\$ (267,851)
Items not involving cash:				
Transaction costs	17		8,183,946	-
Share-based compensation	10		5,097,301	-
Depreciation	7, 8		198,760	-
Loss from investment in associate	6		556,793	215,120
Accretion income	5		(283,447)	(62,672)
Interest expense			21,199	-
			(7,213,412)	(115,403)
Non-cash working capital:				
Accounts receivable			(430,141)	(65,546)
Inventory			(16,511)	-
Prepaid expenses			(388,593)	(383,522)
Accounts payables and accrued liabilities			1,056,666	25,134
Deferred revenue			454,807	-
Net cash flows from operating activities			(6,537,184)	(539,337)
FINANCING ACTIVITIES				
Private placement	10(b)		5,195,855	5,204,040
Share issue costs			(2,710)	-
Shares to be issued			-	1,570,000
Proceeds of loans			971,943	-
Principal reduction in lease liability	8		(240,514)	-
Net cash flows from financing activities			5,924,574	6,774,040
INVESTING ACTIVITIES				
Loan to Moke International			-	(2,768,000)
Investment in Moke International			-	(2,232,051)
Interest received			82,479	-
Increase in restricted cash			-	(15,775)
Purchase of property and equipment	7		(384,034)	-
Cash acquired on acquisition of EV Technology Group Ltd.	17		1,449	-
Net cash flows from investing activities			(300,106)	(5,015,826)
Effect of exchange rate changes on cash			(36,263)	-
CHANGE IN CASH DURING THE PERIOD			(948,979)	1,218,877
CASH, beginning of the period			1,218,877	-
CASH, end of the period		\$	269,898	\$ 1,218,877
Non-cash investing and financing activities				
Value of shares issued on reverse acquisition of EV Technology Group Ltd.	17	\$	8,123,474	\$ -
Value of shares issued on acquisition of 1000310362 Ontario Inc.	16(b)	\$	1,138,105	\$ -
Value of shares issued for debt settlement	10(b)	\$	50,000	\$ -
Right of use asset and lease liability at inception	8	\$	491,184	\$ -

See accompanying notes to the consolidated financial statements

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.) (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 17). On December 9, 2021, EV Experiences Inc. acquired all the outstanding shares of Moke France SAS (see Note 16) and on April 22, 2022, EV Technology Group (UK) Limited was incorporated.

These 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 December 31, 2022, the Company had a working capital deficit of \$1,268,086 (December 31, 2021 – working capital of \$1,658,586) and a cumulative loss since inception of \$21,255,815 (December 31, 2021 - \$267,851). 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.

Novel Coronavirus (“COVID-19”)

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the year ended December 31, 2022. The Board of Directors approved these financial statements for issue on March 30, 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 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").

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.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

2. BASIS OF PRESENTATION (continued)

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 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 consolidated financial statements for the year ended December 31, 2022 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 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:

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.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- **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 December 31, 2022 and 2021, 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% (2021 – 15.5%) 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.

- **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 consolidated financial statements.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- **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.

b) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

c) Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9, Financial Instruments ("IFRS 9") are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Cash, restricted cash, accounts receivable and loan receivable are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

Financial assets (continued)

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations. The Company does not measure any financial assets at FVPL.

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of operations and comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of operations and comprehensive loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, receivables have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, lease liability and loans payable which are measured at amortized cost. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments (continued)

Financial liabilities

Subsequent measurement – Financial liabilities at FVPL

Financial liabilities measured at FVPL include any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities are measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations. The Company does not value any financial liabilities at FVPL.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired with any associated gain or loss recognized in other income or expense in the statements of operations.

d) Investment in Associate

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments over which the Company has the ability to significantly influence are initially recorded at cost. When the initial recognition of the investment in the associate occurs as a result of a loss of control of a former subsidiary, the fair value of the retained interest in the former subsidiary on the date of the loss of control is deemed to be the cost on initial recognition. Investment income (loss) is calculated using the equity method. The Company's share of the associate's profit or loss is recognized in the consolidated statements of operations and its share of movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statements of operations. Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognized in the Company's financial statements only to the extent of unrelated investors' interests in the associate. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising in investments in associates are recognized in the consolidated statements of operations. The investment account of the investor reflects: i) the cost of the investment in the investee; ii) the investment income or loss (including the investor's proportionate share of discontinued operations) relating to the investee subsequent to the date when the use of the equity method first became appropriate; and iii) the investor's proportion of dividends paid by the investee subsequent to the date when the use of the equity method first became appropriate.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Taxation

Current income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss as reported in the statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Provisions

General

Provisions are recognised when (a) the Company has a present obligation (legal or constructive) as a result of a past event and (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current risk-free pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Leases and Right-of-Use Assets

Leases are recorded in accordance with IFRS 16, Leases. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

h) Loss per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. No exercise or conversion is assumed during periods in which a net loss is incurred as the effect is anti-dilutive.

i) Equipment

Equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment, if any. Depreciation is calculated using the straight-line method based on the following estimated useful lives:

<i>Office equipment</i>	<i>3 years</i>
<i>Office furniture</i>	<i>10 years</i>
<i>Leasehold improvements</i>	<i>10 years</i>

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Intangible assets

Intangible assets consist of rights under franchise agreements and certifications with automobile manufacturers ("dealer agreements") and a portfolio of intellectual property including brands. The Company has determined that dealer agreements and brands will continue to contribute to cash flows indefinitely and, therefore, have indefinite lives due to the following reasons:

- Specific dealer agreements and brands continue indefinitely by their terms; and
- Specific dealer agreements and certifications have limited terms, but are routinely renewed without substantial cost to the Company.

Intangible assets are carried at cost less accumulated impairment losses.

Impairment

Impairments are recorded when the recoverable amounts of assets are less than their carrying amounts. The recoverable amount is the higher of an asset's fair value less costs to dispose or its value in use. Impairment losses are evaluated for potential reversals of impairment when events or changes in circumstances warrant such consideration.

The carrying values of all intangible assets with indefinite lives are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and are reviewed at least annually for impairment.

Specifically, the dealer agreement and acquired brands with indefinite lives are subject to an annual impairment assessment. For purposes of impairment testing, the fair value of the Company's dealer agreement and brands are determined using a combination of a discounted cash flow approach and earnings multiple approach.

k) Share-based payments

The Company records compensation cost associated with equity-settled share-based awards based on the fair value of the equity instrument at the date of grant. The fair value of stock options and warrants is determined using the Black-Scholes option pricing model. The fair value of DSUs is measured at the market value of the underlying shares, as estimated by management, on the date of grant. The compensation expense is recognized on a straight-line basis over the vesting period, if any, based on the estimate of equity instruments expected to vest. The estimate of options and DSUs expected to vest is revised at the end of each reporting period. When options or warrants are exercised, the proceeds received, together with any related amount in contributed surplus, is credited to share capital.

l) Revenue recognition

The Company generates revenue from the sale of Moke vehicles. The Company recognizes revenue when there is evidence a sales arrangement exists, the sales price is fixed or determinable, and collectability is reasonably assured. The amount of revenue is recorded at the time of delivery. In some instances, cash is received before the Company has satisfied the performance obligations, and this amount is recorded as deferred revenue.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Inventories

The Company's inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted-average method.

New accounting policies adopted during the year

During the year ended December 31, 2022, the Company adopted a number of amendments and improvements of existing standards. These included IAS 16, IAS 37, IFRS 3. These new standards and changes did not have any material impact on the Company's financial statements.

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, 2023 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.

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 amendments are effective for annual periods beginning on January 1, 2023.

IAS 8 – In February 2021, the IASB issued "Definition of Accounting Estimates" to help entities distinguish between accounting policies and accounting estimates. The Amendments are effective for year ends beginning on or after January 1, 2023.

4. RESTRICTED CASH

Restricted cash consists of \$22,150 (CAD\$30,000) (December 31, 2021 - \$15,775 (CAD\$20,000)) on deposit with the bank as security for the Company's corporate credit card.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

5. 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 \$283,447 was recorded during the year ended December 31, 2022 (period from incorporation on August 16, 2021 to December 31, 2021 - \$62,672). As at December 31, 2022, the net present value of the loan receivable was \$3,114,119 (December 31, 2021 - \$2,615,552).

As of December 31, 2022, the loan principal of \$5,000,000 (December 31, 2021 - \$5,000,000) plus accrued interest of \$300,017 (December 31, 2021 - \$63,033) was outstanding. Accrued interest has been included in amounts receivable. Wouter Witvoet, the CEO and director of the Company, is a director of Moke.

6. INVESTMENT IN ASSOCIATE

In connection with the rights to certain shares acquired with the loan to Moke (Note 5), 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 year ended December 31, 2022, the Company recorded an equity loss of \$556,793 (period from incorporation on August 16, 2021 to December 31, 2021 - \$215,120), being 14.76% of the net loss incurred by Moke during the year ended December 31, 2022. No dividends or cash distributions were received by the Company from the associate during the period.

August 16, 2021	\$	-
Acquisition		2,232,051
Proportionate share of net loss		(215,120)
December 31, 2021	\$	2,016,931
Proportionate share of net loss		(556,793)
December 31, 2022	\$	1,460,138

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

7. PROPERTY AND EQUIPMENT

	Office equipment	Leasehold improvements	Total
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	\$ 23,655	\$ 365,206	\$ 388,861
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	\$ 2,277	\$ 18,262	\$ 20,539
Net book value:			
At December 31, 2022	\$ 21,378	\$ 346,944	\$ 368,322
At January 1, 2022	\$ -	\$ -	\$ -

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.

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 year was \$29,942, 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 \$417,184 at inception of the lease. The amortization charge during the year was \$148,541, calculated on a straight-line basis over the lease term.

2022	Cost	Amortization	Balance
Balance, beginning of year	\$ -	\$ -	\$ -
Additions	491,184	(178,483)	312,701
Effect of foreign exchange	-	(31,169)	(31,169)
Balance, end of year	-	-	-
	\$ 491,184	(209,652)	\$ 281,532

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

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 year ended December 31, 2022, the Company recognized \$12,731 in interest expense related to its lease liabilities.

A reconciliation of the lease liabilities for the year ended December 31, 2022 is as follows:

	December 31, 2022
Balance, beginning of year	\$ -
Acquisition of lease	491,184
Cash outflows	(240,514)
Finance costs	12,731
Effect of foreign exchange	(29,865)
Balance, end of year	\$ 233,536

	December 31, 2022
Lease Liability - current	\$ 233,536
Lease Liability - non-current	-
	\$ 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 December 31, 2022, the balance of the principal and interest accrued was 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 December 31, 2022, the balance of the principal and interest accrued was \$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 December 31, 2022, the balance of the principal and interest accrued was \$505,137.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

10. SHARE CAPITAL

In connection with the Reverse Takeover (Note 17), 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, August 16, 2021	-	\$ -
Founder shares	28,270,500	238,124
Private placements	23,594,470	5,020,100
Share issuance costs	-	(54,184)
Acquisition of Moke France SAS (Note 16 (a))	28,200,000	6,000,000
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 17)	10,222,580	8,123,474
Issued on acquisition of 1000310362 Ontario Inc. (Note 16 (b))	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

On August 18, 2021, the Company closed a non-brokered private placement financing of 28,270,500 shares for gross proceeds of CAD\$300,750 (\$238,124) at a price of CAD\$0.03 per common share. Directors of the Company subscribed for 8,930,000 shares for CAD\$95,000 (\$75,218).

On October 1, 2021, the Company closed a non-brokered private placement financing and issued 7,543,500 shares for gross proceeds of \$1,605,000 at a price of \$0.21 per common share. The Company paid \$1,616 in other share issue costs.

On October 7, 2021, the Company closed a non-brokered private placement financing and issued 2,627,770 shares for gross proceeds of \$559,100 at a price of \$0.21 per common share. The Company paid \$36,338 in finders fees.

On November 5, 2021, the Company closed a non-brokered private placement financing and issued 5,668,200 shares for gross proceeds of \$1,206,000 at a price of \$0.21 per common share. The Company paid \$16,230 in finders fees and other share issue costs. A director of the Company subscribed for 2,350,000 shares for \$50,000.

On November 16, 2021, the Company closed a non-brokered private placement financing and issued 7,755,000 shares for gross proceeds of \$1,650,000 at a price of \$0.21 per common share.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

10. SHARE CAPITAL (continued)

b) Issued and outstanding common shares (continued)

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 17). 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 17) 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 17) 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 16(b).

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.

c) Contributed surplus

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

	Year ended December 31, 2022	
Balance, beginning of the period	\$	-
Option vesting		3,025,381
Vesting of DSUs		2,071,920
DSUs exercised		(125,851)
Balance, end of the period	\$	4,971,450

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

10. SHARE CAPITAL (continued)

c) Contributed surplus (continued)

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.

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 year ending December 31, 2022, the Company expensed \$2,921,675 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 year ending December 31, 2022, the Company expensed \$103,706 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.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

10. SHARE CAPITAL (continued)

c) Contributed surplus (continued)

Options (continued)

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

A summary of option transactions during the year 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, December 31, 2022	10,430,000	1.07

As at December 31, 2022, 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	2,921,675	4.28
2.00	705,000	-	April-13-29	103,706	6.29
Total	10,430,000	1,272,917		\$ 3,025,381	4.42

Deferred share units

On completion of the reverse takeover transaction (see Note 17), 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.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

10. SHARE CAPITAL (continued)

c) Contributed surplus (continued)

Deferred share units (continued)

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 year ended December 31, 2022, the Company expensed \$1,598,281 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.

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 year ended December 31, 2022, the Company expensed \$159,011 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. During the year ended December 31, 2022, the Company expensed \$314,628 in share-based compensation related to the vesting of these DSUs. On December 16, 2022, 500,000 of these DSUs were exercised.

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

Of the 4,550,000 DSUs outstanding, 1,306,250 are exercisable.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

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 year ended December 31, 2022 or the period from incorporation on August 16, 2021 to December 31, 2021. 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.

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 year ended December 31, 2022 and 2021.

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.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

12. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

The following summary illustrates the fluctuations in the exchange rates applied during the year ended December 31, 2022 and 2021:

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

2021	Average rate	Closing rate
CAD	1.2624	1.2678

A \$0.01 strengthening or weakening of the US dollar against any of these currencies at December 31, 2022 would result in an increase or decrease in net loss of approximately \$5,422 and an increase or decrease in other comprehensive income of approximately \$51,827.

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 December 31, 2022 was \$3,114,119 (December 31, 2021 - \$2,615,552), and the face value was \$5,000,000 plus accrued interest of \$250,503. 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 December 31, 2022 the Company had a working capital deficiency of \$1,268,086 (December 31, 2021 – working capital of \$1,658,586). 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 \$248,080 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 \$1,224,870 pursuant to the terms of these contracts.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

14. RELATED PARTIES TRANSACTIONS

During the year ended December 31, 2022, the Company granted 8,550,000 options to directors and officers of the Company and recorded \$2,522,585 in share-based compensation related to the vesting of these options (see Note 10(c)). In addition, the Company granted 3,800,000 DSUs to directors and officers of the Company and recorded \$1,564,256 in share-based compensation related to the vesting of these DSUs (see Note 10(c)).

The remuneration of directors and other members of key management personnel during year ended December 31, 2022 was \$910,740 (December 31, 2021 - \$71,120), exclusive of share-based compensation. As at 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 December 31, 2022, the Company paid deposits of \$359,018 to Moke included in prepaid advances in the consolidated statements of financial position.

See Notes 5, 9 and 10.

15. INCOME TAX

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2021 – 26.5%) were as follows:

	2022 \$	2021 \$
(Loss) before income taxes	(20,987,964)	(267,851)
Expected income tax (recovery) based on statutory rate	(5,561,810)	(71,000)
Adjustment to expected income tax benefit:		
Benefit of tax assets not recognized	5,561,810	71,000
Deferred income tax (recovery)	-	-

b) Deferred Income Tax

Deferred tax assets have not been recognized in respect of the following temporary differences:

	2022 \$	2021 \$
Non-capital loss carry-forwards	5,561,810	71,000
Total	5,561,810	71,000

The potential future benefit of these losses has not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Company can use the benefits.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

15. INCOME TAX (continued)

c) Tax loss carry-forwards

As at December 31, 2022, the Company has non-capital tax losses for Canadian income tax purposes of approximately \$5,653,459, available to use against future taxable income. The non-capital losses expire as follows:

Year of Expiry	Amount \$
2041	71,000
2042	5,561,810

16. ACQUISITIONS

Changes in the carrying amount of intangibles were as follows:

Balance, August 16, 2021	\$ -
Acquisition of Moke France	6,000,000
Balance, December 31, 2021	\$ 6,000,000
Acquisition of Ontario Inc.	1,138,105
Effect of foreign exchange	(328,448)
Balance, December 31, 2022	\$ 6,809,657

a) Moke France SAS

On December 9, 2021, the Company acquired all the outstanding shares of Moke France SAS, a private company incorporated in France. As a result of the control obtained through the acquisition of 100% of the outstanding shares of Moke France SAS, the assets and liabilities were consolidated into the Company's financial statements. 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. The common shares were valued based on the price of the most recent private placement financings of the Company.

The acquisition of Moke France SAS is being treated as an asset acquisition for accounting purposes as Moke France SAS does not meet the definition of a business, as defined in IFRS 3, Business Combinations. The assets acquired by the dealer agreement have been allocated to intangible assets with an indefinite life.

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

16. ACQUISITIONS (continued)

b) 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.

17. 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.

EV Technology Group Ltd. (formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

17. REVERSE TAKEOVER (continued)

The transaction is 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)

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)).

18. 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>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>
<u>December 31, 2021</u>				
Canada	\$ 1,683,720	\$ -	\$ 10,847,603	\$ 12,531,323
France	-	-	-	-
	<u>\$ 1,683,720</u>	<u>\$ -</u>	<u>\$ 10,847,603</u>	<u>\$ 12,531,323</u>

EV Technology Group Ltd.

(formerly Blue Sky Energy Inc.)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022, and the period from incorporation on August 16, 2021 to December 31, 2021

(Expressed in United States dollars)

19. SUBSEQUENT EVENTS

- 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.
- c) On January 3, 2023, the Company granted 750,000 DSUs to an employee of the Company. The DSUs vested on the date of grant.

EV Technology Group Ltd.
(formerly Blue Sky Energy Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

BACKGROUND

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to EV Technology Group Ltd. (formerly Blue Sky Energy Inc.) (the "Company" or "EVTG") containing information through March 30, 2023, unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results for the year ended December 31, 2022. The financial statements and related notes of EVTG have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes to the audited consolidated financial statements for the year ended December 31, 2022 and the period of incorporation on August 16, 2021 to December 31, 2021 for disclosure of the Company's significant accounting policies. The Company's presentation currency is the United States dollar. Unless otherwise noted, all references to currency in this MD&A refer to United States dollars.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to EVTG certain information contained herein constitutes forward-looking information under Canadian securities legislation. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "goal", "predict", "potential", "should", "believe", "intend" or the negative of these terms and similar expressions are intended to identify forward-looking information and statements. The information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected. With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the Company's lack of operating history as an investment company; the volatility of the market price of the common shares of the Company; risks relating to the trading price of the common shares of the Company relative to net asset value; risks relating to available investment opportunities and competition for investments; the volatility of the share prices of investments in public companies; the dependence on management, directors and the investment committee; risks relating to additional funding requirements; potential conflicts of interest and potential transaction and legal risks, conflict of interests and litigation risks, as more particularly described under the heading "*Risk Factors*" in this MD&A. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

OVERVIEW OF THE COMPANY

EVTG was founded in 2021 with a vision of electrifying iconic brands and a mission of redefining the joy of motoring for the electric age. EVTG's mission statement is "to electrify iconic driving experiences". Its strategic focus is on developing and commercializing electric vehicle technologies that have growth potential in unique, niche, and underserved markets.

The Company's consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

HIGHLIGHTS

The Company's highlights for the three months ended December 31, 2022 and subsequent events include:

- On October 17, 2022, the Company announced that its strategic partner MIL will bring the MOKE brand back to America after 40 years, with the more powerful and highway-legal Electric MOKE Californian – a zero-emissions reimagination of the original 1964 Mini Moke. MOKE International owns the original 1964 British Motor Corporation Moke trademarks and is recognized in over 100 jurisdictions as the owner of the Moke Brand.
- On October 25, 2022, the Company announced that it had filed a preliminary base shelf prospectus (the "Base Shelf Prospectus") with the securities regulators in the provinces of Alberta, Ontario and British Columbia. The Base Shelf Prospectus (when effective) will qualify the distribution from treasury up to CAD\$50 million of common shares, debt securities, subscription receipts, warrants and units of the Company (collectively, "Securities") or any combination thereof during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any future offering of Securities will be set forth in a prospectus supplement to the Base Shelf Prospectus, which will be filed with the applicable Canadian securities' regulatory authorities in connection with any such offering.
- On November 8, 2022, EVTG's strategic partner, MOKE International, announced that the Electric MOKE Californian was now available to order from MOKE International's new US website with prices starting at USD\$41,900. Sales of the US market-exclusive Electric MOKE Californian are limited to 325 cars per year.
- On November 10, 2022, EVTG announced that it has appointed leading UK-based design and engineering consultancy CALLUM to create future premium electric vehicles designs within the Company's house of brands. CALLUM, co-founded by legendary designer Ian Callum, will be responsible for a research and development project for future electric vehicle designs within the EVTG brand portfolio. EVTG has recently acquired Marazzi, Fantuzzi, Brewster & Co and Officine Stampaggi Industriali and signed a definitive agreement to acquire MOKE International Limited, official producer of MOKE vehicles since it acquired the original 1964 trademark. The Company will continue to expand with further iconic brands that will help to fulfil the mission of bringing back the joy of motoring in an electric age by assisting their transition to electrification.
- On February 13, 2023, EVTG announced that it intends to offer up to \$10 million aggregate principal amount of unsecured convertible notes (the "Notes") on a private placement basis (the "Offering") pursuant to a securities purchase agreement entered into among the Company and individual investors (the "Note Purchase Agreement"). The Notes will mature three years from the date of issuance, unless repurchased, redeemed, or converted in accordance with their terms prior to the maturity date and shall accrue interest at the rate of 7.0% per annum (increasing to 10.0% per

annum on the one-year anniversary of the Note). Upon the satisfaction of certain conditions, including for example a change of control of the Company, the Notes shall automatically convert into common shares of the Company ("Common Shares") at a conversion price (the "Conversion Price") based upon a prescribed discount to the ascribed price per Common Share in the relevant transaction giving rise to the automatic conversion, provided that the Conversion Price shall not be lower than CAD\$0.165 per Common Share.

TRENDS

Electric vehicles are cars or other vehicles with motors that are powered by electricity rather than liquid fuels. Electric vehicles first appeared in the mid-19th century, holding the vehicular land speed record until around 1900¹. In the early 20th-century, internal combustion engine vehicles gained market share as the leading type of private motor vehicle due to their superior range and cost; although electric vehicles have continued to be used in the form of loading and freight equipment and public transport – especially rail vehicles.

Fast-forward to today, and the tide is again turning. The electric vehicle market is reaching an 'inflection point' in its growth. In 2020, approximately 3 million electric vehicles were sold globally; this is expected to grow by 11 million in 2025 and 28 million by 2030; an 833% total increase or 30%+ CAGR.² This growth has been enabled by several key factors:

First, regulation. Governments around the world are accelerating the adoption of electric vehicles through policy. In the United States, President Joe Biden set a goal for 50% of new US vehicles to be electric by 2030; this implies up to 8 million+ vehicles sold per year in the United States could be electric instead of gas-powered³. In Europe, by 2030-2035, no new gas vehicles will be able permitted to be sold in 12 countries including Germany, Sweden and the UK. China, the world's largest auto market, has also stated that no new gas vehicles will be able permitted to be sold following the year 2040. Many regulators see electric vehicle policy as an important method to meet international climate obligations and to spur innovation in their own economies.⁴

Second, technological development, including most notably the 'lithium-ion' breakthrough. Over the last decade, lithium-ion battery production prices have declined 85%⁵, making electric vehicle development commercially viable for the first time in history and unleashing consumer demand. Additional innovation in manufacturing processes have lowered the cost of EV manufacturing and, combined with lower maintenance costs, have contributed to a reduced 'total cost of ownership' for EVs as compared to gas-powered vehicles going forward.⁶

Third, consumer preferences. Led by prominent EV brands such as Tesla, EVs are gaining mainstream consumer awareness. As availability of EVs increases, the corresponding EV infrastructure, advertising and number of vehicles on road creates a virtuous cycle for consumers to shift their vehicle purchasing

¹ <https://www.georgeherald.com/News/Article/Motoring/first-electric-car-set-land-speed-record-in-1900-201909101029#:~:text=Electric%20cars%20have%20only%20been,arrival%20of%20the%20Tesla%20Roadster.&text=Thomas%20Edison%20too%20an%20interest,record%20on%206%20September%201900.>

² <https://www.ft.com/content/fb4d1d64-5d90-4e27-b77f-6e221bc02696>

³ <https://www.theguardian.com/environment/2021/aug/05/biden-electric-vehicles-goal-2030-climate-crisis>

⁴ <https://www.chargedfuture.com/countries-and-states-with-gas-car-bans/>

⁵ <https://solaredition.com/lithium-ion-battery-price-decreased-by-85-during-the-past-decade/#:~:text=Over%20the%20past%20decade%2C%20the,popular%20in%20utility%2Dscale%20storage.>

⁶ <https://insideevs.com/news/527165/study-evs-ownership-40percent-lower/>

habits⁷. EV designs are maturing to meet a diverse range of consumer needs: from the Rimac Hypercar through to mass market to smaller light electric vehicles.

Forward-looking markets have been willing to reward tomorrow's EV leaders. Of today's 10 largest automotive companies globally, EV players such as Tesla, Rivian and BYD make up a substantial share of market capitalization⁸. Legacy automotive players such as Toyota and Volkswagen are investing heavily to transition their production to electric.⁹

Tesla was the first to be rewarded by markets for bringing 'every day' electric vehicles to market; it has enjoyed substantial share price appreciation over the last three years¹⁰, and correspondingly triggered a wave of EV player IPOs/SPACs. Some of these players include Nio (a Chinese EV player), Rivian (EV SUVs), Acrimoto (fun utility EVs), Fisker Motors (EV SUVs) and Lucid Motors (luxury EVs); in addition to an ecosystem of companies plying electric vehicle technology such as QuantumScape (solid state Lithium batteries). There is also a robust private and start-up market of players entering the space as well as legacy gas-powered vehicle players investing in the transition.

Competition and Market Participants

In general, MOKE France faces competition from other players in the sales, rental and experience business lines, focused on the South of France, notably with electric and/or niche vehicles. Specifically, Citroen Mehari is a competitor vehicle to MOKE. Additionally, a small number of businesses offer heritage gas-powered MOKEs for rent and sale in the country. Lastly, general purpose car dealerships and rental players in the region may offer vehicles that compete in the same consideration set (e.g. sports cars).

MOKE has clear differentiation from many of these competitors in three ways. Firstly, it is the first heritage marquee car to go fully electric; a key differentiating factor for many consumers. Secondly, the specific history of MOKE as it relates to the South of France makes it an iconic experience to be driven in the region. Lastly, MOKE France distinguishes itself through its location, service and brand identity - creating a compelling experience compared to the typical rental location.

FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the three months and year ended December 31, 2022. They should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 and the period from incorporation on August 16, 2021 to December 31, 2021.

The Company recorded net losses of \$2,912,547 and \$20,987,964, respectively for the three months and year ended December 31, 2022. Net income for the three months ended December 31, 2021 and the period from incorporation on August 16, 2021 to December 31, 2021 was \$273,785 and \$267,851, respectively.

Wages, salaries and consulting fees were \$699,671 and \$2,584,036, respectively, during the three months and year ended December 31, 2022 (three months ended December 31, 2021 and period from

⁷ <https://www.financialexpress.com/auto/electric-vehicles/shift-in-consumer-behavior-electric-vehicles-ev-electric-cars-electric-scooters-electric-bikes/2110749/>

⁸ https://en.wikipedia.org/wiki/List_of_manufacturers_by_motor_vehicle_production

⁹ <https://www.bloomberg.com/news/articles/2021-12-14/toyota-accelerates-electric-vehicle-shift-with-30-models#:~:text=Toyota%20will%20roll%20out%2030,15%20EVs%20globally%20by%202025.&text=Toyota's%20been%20slower%20to%20release,hybrids%20to%20hydrogen%2Dpowered%20cars.>

¹⁰ <https://www.bloomberg.com/quote/TSLA:US>

incorporation on August 16, 2021 to December 31, 2021- \$83,250). They included fees paid to officers and consultants of the Company.

Professional fees were \$284,620 and \$1,984,565, respectively, for the three months and year ended December 31, 2022 and consisted mainly of legal fees related to Moke France SAS, the Reverse Takeover, the Fablink Acquisition and the acquisition of 1000310362 Ontario Inc. Professional fees for the three months ended December 31, 2021 and the period from incorporation on August 16, 2021 to December 31, 2021 were \$24,850 related mainly to Moke France SAS.

Office costs were a recovery of \$28,708 and expense of \$313,157, respectively, for the three months and year ended December 31, 2022. Office costs for the three months ended December 31, 2021 were \$15,508 and \$15,647 for the period from incorporation on August 16, 2021 to December 31, 2021. The Company has set up offices in the UK and France during the current year.

Travel costs were \$61,323 and \$427,168, respectively, for the three months and year ended December 31, 2022. Travel cost for the three months ended December 31, 2021 and the period from incorporation on August 16, 2021 to December 31, 2021 were \$42,144. The costs related to corporate activities and business development which increased in 2022.

Shareholder communications costs were \$87,066 and \$582,061, respectively, during the three months and year ended December 31, 2022. These fees relate to filing fees associated with the NEO listing as well as corporate communications. Shareholder communications for the three months ended December 31, 2021 and the period from incorporation on August 16, 2021 to December 31, 2021 were \$9,413.

Promotions and marketing expenses for the three months and year ended December 31, 2022 were \$177,219 and \$1,407,743, respectively, and include costs incurred related to investor relations agreements entered into during the year.

During the year ended December 31, 2022, the Company granted 10,525,000 options and 6,300,000 DSUs to directors, officers and consultants of the Company. The grant date fair value of the options and DSUs is amortized over the vesting periods. The Company recorded share-based compensation expense of \$1,454,732 and \$5,097,301, respectively, in relation to the vesting during the three months and year ended December 31, 2022.

Loss from investment in associate was \$47,341 and \$556,793, respectively, for the three months and year ended December 31, 2022 (three months ended December 31, 2021 and the period from incorporation on August 16, 2021 to December 31, 2021 - \$215,120). This represents Company's 14.76% interest in Moke International Inc.

During the three months and year ended December 31, 2022, the Company recorded accretion income of \$76,102 and \$283,447, respectively, and interest income of \$75,617 and \$300,017, respectively, compared to accretion income of \$62,672 for the three months ended December 31, 2021 and the period from incorporation on August 16, 2021 to December 31, 2021 and interest income of \$56,703 and \$63,032, respectively, for the three months ended December 31, 2021 and the period from incorporation of August 16, 2021 to December 31, 2021. The amounts relate mainly to interest earned and accretion recorded on a loan to MIL. See Note 5 of the consolidated financial statements for the year ended December 31, 2022 for details.

On April 6, 2022, the Company completed a reverse take-over transaction and issued 10,222,580 common shares valued at \$8,123,474. The purchase price was allocated \$60,472 to the net liabilities assumed with

the remaining \$8,183,946 expensed as transaction costs in the consolidated statements of loss for the year ended December 31, 2022.

For the year ended December 31, 2022, the Company used cash of \$6,537,184 in operating activities. For the year ended December 31, 2022, the Company used \$300,106 in investing activities which was made up of purchases of equipment and leasehold improvements by Moke France SAS and EV Technology Group (UK) Limited of \$384,034 offset by interest payments received on a loan to Moke International of \$82,479 and cash acquired on the reverse takeover of EVTG of \$1,449. For the year ended December 31, 2022, \$5,924,574 was provided by financing activities consisting of \$5,193,145, net of share issue costs, related to private placement financings that closed on February 2, 2022 and on completion of the Reverse Takeover on April 6, 2022 and loan proceeds of \$971,943 offset by principal reduction of lease liability of \$240,514. The Company had received \$1,570,000 related to the financings during the period of incorporation on August 16, 2021 to December 31, 2021.

For the period from incorporation on August 16, 2021 to December 31, 2021, the Company used \$539,337 in operations and received \$6,774,040 related to private placement financings, \$1,570,000 of which closed in subsequent periods. For the period of incorporation on August 16, 2021 to December 31, 2021, the Company used \$5,015,826 in investing activities which was made up of a \$5,000,051 loan and investment in Moke International Inc. and a \$15,775 increase in restricted cash.

PROPOSED TRANSACTIONS

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.

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 and 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.

LIQUIDITY AND CAPITAL RESOURCES

In management's view, given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the execution and development of its new investment strategy and business operations. Such execution and development may take years to complete and the amount of resulting income, if any, is difficult to determine.

EVTG relies upon various sources of funds for its ongoing operating activities. These resources include proceeds from dispositions of investments, interest and dividend income from investments and private placement financing.

The Company had a working capital deficit (see Non-IFRS Measures) of \$1,268,086 (December 31, 2021 – working capital of \$1,658,586) including cash of \$269,898 (December 31, 2021 - \$1,218,877).

On February 2, 2022, the Company closed a private placement financing of 10,199,000 common shares at \$0.21 per common share for gross proceeds of \$2,170,000, of which \$1,570,000 was received in 2021.

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, 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. The Company paid \$2,710 in share issue costs in connection with the placement.

During the year ended December 31, 2022, the Company entered into loan agreements and drew down \$971,943 against these loans.

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.

A \$0.01 strengthening or weakening of the US dollar against any of these currencies at December 31, 2022 would result in an increase or decrease in net loss of approximately \$5,422 and an increase or decrease in other comprehensive income of approximately \$51,827.

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 December 31, 2022 was \$3,114,119 (December 31, 2021 - \$2,615,552), and the face value was \$5,000,000 plus accrued interest of \$250,503. The Company mitigates its credit risk by only providing loans to Company's where they have detailed knowledge of the company's operations and business strategy.

Liquidity risk

As at December 31, 2022 the Company had a working capital deficit of \$1,268,086 (December 31, 2021 - \$1,658,586). 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.

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.

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. There were no changes to the approach of management and the board of directors to capital management for the year ended December 31, 2022 or the period from incorporation on August 16, 2021 to December 31, 2021.

Commitments

Legal Commitments

The Company is, from time to time, 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 pending 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. As at December 31, 2022, no amounts have been accrued related to such matters.

Management Contracts

The Company is party to certain management and independent contractor contracts. These contracts require payments of approximately \$248,080 to be made upon the occurrence of a change in control to the

officers of the Company. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. The Company is also committed to payments upon termination of approximately \$1,224,870 pursuant to the terms of these contracts.

SUMMARY ANNUAL RESULTS

	2022	2021
Net loss	\$ (20,987,964)	\$ (267,851)
Net loss per share	\$ (0.21)	\$ (0.03)
Working Capital*	\$ (1,268,086)	\$ 1,658,586
Total Assets	\$ 13,547,038	\$ 12,531,323
Total Non-current Liabilities	\$ -	\$ -

* Working capital is defined as current assets minus current liabilities. Working capital is a Non-IFRS figure without a standard meaning. Please see "Non-IFRS Measures" below for a reconciliation.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the most recently completed quarters:

	Q4-2022 31-Dec-22	Q3-2022 30-Sep-22	Q2-2022 30-Jun-22	Q1-2022 31-Mar-22
Net loss	\$ 2,912,547	\$ 4,257,909	\$ 12,573,467	\$ 1,244,041
Net loss per share	\$ 0.03	\$ 0.04	\$ 0.12	\$ 0.07
Working Capital*	\$ (1,268,086)	\$ 383,207	\$ 2,875,471	\$ 1,004,358
Total Assets	\$ 13,547,038	\$ 13,583,266	\$ 14,129,539	\$ 12,215,802
Total Non-Current Liabilities	\$ -	\$ 9,574	\$ 20,219	\$ -

	Q4-2021 31-Dec-21	Period from incorporation on August 16, 2021 to September 30, 2021
Net loss (income)	\$ 273,785	\$ (5,934)
Net loss per share	\$ 0.03	\$ 0.00
Working Capital*	\$ 1,658,586	\$ (3,050,994)
Total Assets	\$ 12,531,323	\$ 1,627,506
Total Non-Current Liabilities	\$ -	\$ -

* Working capital is defined as current assets minus current liabilities. Working capital is a Non-IFRS figure without a standard meaning. Please see "Non-IFRS Measures" below for a reconciliation.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Company granted 8,550,000 options to directors and officers of the Company and recorded \$2,522,585 in share-based compensation related to the vesting of these options. In addition, the Company granted 3,800,000 DSUs to directors of the Company and recorded \$1,564,256 in share-based compensation related to the vesting of these DSUs.

The remuneration of directors and other members of key management personnel during year ended December 31, 2022 was \$910,740 (December 31, 2021 - \$71,120), exclusive of share-based compensation.

Directors and officers subscribed for 888,000 common shares of the Company for \$888,000 in private placement financings during the year ended December 31, 2022. Included in this amount is \$50,000 in shares in settlement of outstanding consulting fees owed to an officer of the Company.

During the year ended December 31, 2022, the Company entered into a loan agreement with a director of the Company. As at December 31, 2022, the balance of the loan and accrued interest was \$251,192.

Wouter Witvoet, the CEO and director of the Company, is a director of Moke

All of the above noted transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statements of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

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 year ended December 31, 2022.

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 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.

NON-IFRS MEASURES

The Company has referred to working capital throughout this document. Working capital is a Non-IFRS performance measure. It is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following table provides a reconciliation of working capital to the financial statements as at December 31, 2022 and 2021.

	December 31, 2022	December 31, 2021
Current assets		
Cash and cash equivalents	\$ 269,898	\$ 1,218,877
Restricted cash	22,150	15,775.00
Accounts receivable	425,822	65,546
Inventory	16,511	-
Prepaid advances	778,889	383,522
	1,513,270	1,683,720
Current liabilities		
Accounts payable and accrued liabilities	1,113,109	25,134
Deferred revenue	454,807	-
Current portion of lease liability	233,536	-
Loans payable	979,904	-
	2,781,356	25,134
Working Capital:		
current assets less current liabilities	\$ (1,268,086)	\$ 1,658,586

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has:

- 108,248,050 common shares without par value; and
- 10,430,000 options with weighted average exercise prices of CAD\$1.07 and expiry dates between April 12, 2027 and April 13, 2029.
- 5,300,000 DSUs

RISKS AND UNCERTAINTIES

The Company is exposed to a number of risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following outlines certain risk factors specific to the Company. These risk factors could materially affect the Company's future results and could cause actual events to differ materially from those described in forward-looking information relating to the Company. Please also refer to the listing statement of EV Technology Group Ltd. dated April 6, 2022 filed on SEDAR for a full description of the Company's risks in addition to those highlighted below.

Risks Related to EVTG

EVTG has a limited operating history

EVTG has a limited history of operations and is in the early stage of development. As such, EVTG will be subject to many risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that EVTG will achieve its operating goals. There is no assurance that EVTG will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that EVTG will be able to earn material revenue or that any of its activities will generate positive cash flow.

EVTG may require additional funds to finance its operations

Additional funds raised through debt or equity offerings may be needed to finance the Company's ongoing and future activities. There can be no assurance that EVTG will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could cause EVTG to reduce or terminate its operations.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of securities of the Company. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities.

EVTG is subject to competition from other electric vehicle companies

EVTG will compete with other automobile and technology businesses within the electric vehicle sector and such competition is likely to increase if early entrants in the sector perform well. Competition could result in the Company being unable to: make accretive acquisitions; recruit or retain qualified employees or consultants; obtain necessary financing or capital; or achieve its projected financial performance. Increased competition could result in increased costs and lower prices for the Company's products which, in turn, could reduce profitability. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

The ongoing COVID-19 pandemic may have an adverse effect of the business of EVTG

The global COVID-19 pandemic continues to rapidly evolve and we cannot anticipate with any certainty the length or severity of the effects of COVID-19. The extent to which COVID-19 adversely impacts EVTG's business will depend on future developments that are highly uncertain, such as the following: the ultimate

severity of the disease; the duration of the outbreak or future outbreaks; travel restrictions imposed by governments or businesses in the markets in which the Company operates; the duration and scope of business closures or business disruptions; changes in customer travel preferences and demand; the impact of increasing unemployment on discretionary spending; the length of time it takes for rental pricing and volume and normal economic conditions to return; technology disruptions; the Company's relationships with vehicle manufacturers; the Company's liquidity position; the development of effective vaccines or treatments; and the effectiveness of actions taken to contain the disease and future outbreaks. COVID-19 could have a material adverse impact on the Company's customer demand, revenues and profitability. If the COVID-19 pandemic persists, the Company could experience rental cancellations and a material decline in forward bookings due to decreased customer demand as a result of a decrease in travel to France and fewer tourists.

Moreover, the Company expects the second and third quarter of the year to be the strongest quarters for its MOKE France rental business due to increased levels of leisure travel. COVID-19 has the potential to disrupt the Company's business during this period as governments try to take a grip on the new Omicron variant. Whether these disruptions during the Company's peak season will have a material adverse effect on its results of operations, financial condition, and cash flows depends on the severity of the government-imposed restrictions.

Seasonality Risks

The Company expects that most of its revenue from MOKE France will be made during peak season between June and September each year. If any issues arise (such as another wave of COVID-19) that prevent the Company from operating at a high level during its peak season, there could be a material adverse impact on its revenues and profitability.

Single Vehicle Manufacturing Risk

The Company will rely primarily on EVTG's MOKE business for revenue, which is dependent on the delivery by MIL of the MOKE Electric. If MIL, for whatever reason, fails to deliver on its contract with MOKE France to deliver such vehicles on time, the Company's car rental business could be materially adversely impacted by the lack of supply.

Supply Chain Risk

The Company will rely on MIL to produce the MOKE Electric on time and to deliver it against a reasonable wholesale price that leaves enough margin for MOKE France to have a profitable business. Through MIL, EVTG is indirectly exposed to supply chain risk in areas such as: commodity prices and availability (particularly steel), rare earth metals (mainly cobalt), worldwide freight availability, semiconductors, and more. While the MOKE Electric does not have the complexity from an engineering and parts perspective as more complicated vehicles, supply chain risk remains a possible issue.

EVTG may be unable to adequately control the costs associated with its operations, even with continued refinement of its budget. Significant costs are expected related to procuring raw materials required to manufacture and assemble vehicles. The prices for and availability of these raw materials fluctuate depending on factors beyond the EVTG's control. EVTG's business also depends on the continued supply of battery cells for its vehicles. EVTG is exposed to multiple risks relating to availability and pricing of quality lithium-ion battery cells. In addition, a global semiconductor supply shortage is having wide-ranging effects across the automotive industry and may negatively impact the supply needed for our testing and production timeline.

The COVID-19 crisis has caused and may continue to cause (i) disruptions to EVTG's supply chain, including its access to critical raw materials and components, many of which require substantial lead time, or cause a substantial increase in the price of those items, (ii) an increase in other costs as a result of EVTG's efforts to mitigate the effects of COVID-19, and (iii) delays in EVTG's schedule to full commercial production of EVTG's products. Furthermore, currency fluctuations, tariffs or shortages in petroleum, steel and aluminum or other raw materials and other economic or political conditions have resulted and may continue to result in significant increases in freight charges and raw material costs, delays in obtaining critical materials or changes in the specifications for those materials. Substantial increases in the prices for our raw materials or components have increased and may continue to increase our operating costs, and could reduce our margins. In addition, a growth in popularity of electric vehicles without a significant expansion in battery cell production capacity or sufficient availability of semiconductors could result in shortages, which would increase our cost of materials or impact our prospects. These factors could also delay our overall production timeline and limit production volume.

Counterfeit Risk

Like most luxury brands, MOKE France and MIL must deal with the existence of counterfeit or "look-a-like" products that aim to leverage the MOKE brand equity for economic gain. While there are several on-going processes aimed at stopping such counterfeits from being sold, it will remain difficult to completely stop counterfeits in the market. The impact on the business will be that the Company, whether as a group or through one of its subsidiaries, will have to invest in public relations and/or marketing to make customers aware of the difference between counterfeits and the genuine MOKE Electric produced by MIL.

Market risk for securities

There can be no assurance that an active trading market for the Company's shares will be sustained. The market price for the Company Shares may be subject to wide fluctuations. Factors such as COVID-19, inflation, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. Market forces may render it difficult or impossible for the Company to secure investors to purchase its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount invested on dispositions of their Company Shares during periods of such market price decline.

Foreign exchange risk

The Company is a Canadian company, and most of its fundraising is done in Canadian dollars, however, its operations are currently predominantly denominated in foreign currencies. As a result, the Company will be subject to foreign exchange risks relating to the relative value of foreign currencies as compared to the Canadian dollar. A relative decline in the foreign currencies in which the Company derives the majority of its revenues could result in a decrease in the real value of the Company's revenues and adversely impact financial performance.

Tax

No assurance can be given that new taxation rules will not be enacted or existing rules will not be applied in a manner which could result in the Company being subject to additional taxation or which could otherwise have a material adverse effect on the Company's results from operations and financial condition.

The Company may be subject to limitations on the repatriation of earnings in each of the countries where it does business. In particular, there may be significant withholding taxes applicable to the repatriation of funds from foreign countries to Canada. There can be no assurance that changes in regulations, including tax treaties, in and among the relevant countries where the Company or its subsidiaries do business will not take place, and if such changes occur, they may adversely impact the Company's ability to receive sufficient cash payments from its subsidiaries.

Litigation Risks

Litigation and other claims may arise in the ordinary course of the Company's business and, in addition to product or services-oriented allegations and personal injury claims, litigation could include securities law compliance, employee and customer claims, commercial disputes and intellectual property issues. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Litigation and other claims against the Company, even if the Company is ultimately successful, could result in unexpected expenses and liabilities, which could materially adversely affect its operations, reputation and financial condition.

Ability to Generate Profits

There can be no assurance that the Company will generate net profits in future periods. Further, there can be no assurance that the Company will be cash flow positive in future periods. In the event that the Company fails to achieve profitability in future periods, the value of the Company Shares may decline. In addition, if the Company is unable to achieve or maintain positive cash flows, the Company would be required to seek additional funding, which may not be available on favorable terms, if at all.

Management of the Company's Growth

Significant growth in the business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that the Company will succeed in these efforts. The failure to effectively manage and improve these systems could increase costs, which could have a materially adverse effect on the Company's operating results and overall performance.

Reliance on Key Personnel

The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company will rely on a limited number of key employees, consultants and members of senior management and there is no assurance that the Company will be able to retain such key employees, consultants and senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on the Company's business, financial condition and prospects.

No Plans to Pay Dividends

The Company does not currently have plans to pay regular dividends on its Company Shares. Any declaration and payment of future dividends to holders of Company Shares will be at the sole discretion of the Company Board and will depend on many factors, including the financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations of the Company that the Company Board deems relevant.

Intellectual Property Rights

The Company may in the future seek patent or other protection for its intellectual property rights. If the Company is unable to obtain patents or otherwise protect its trade secrets or other intellectual property and operate without infringing on the proprietary rights of others, its business, financial condition and results of operations could be materially adversely affected.

The Business of EVTG may be exposed to cybersecurity risks

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hackers, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects EVTG might cause disruptions and adversely affect its business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Company Risks

Dependence on Business and Industry Expertise of Management Team

The Company is dependent on the business and industry expertise of its management team. If it is unable to rely on this business and industry expertise, or if any of the expertise is inadequately performed, the business, financial condition and results of the operations of the Company could be materially adversely affected until such time as the expertise could be replaced.

The requirements of being a public company may strain the Company's resources, divert management's attention and affect its ability to attract and retain management and qualified board members.

As a reporting issuer, the Company will be subject to the reporting requirements of applicable securities laws of the jurisdictions in which it is a reporting issuer, the listing requirements of the NEO Exchange, and other applicable securities rules and regulations. Compliance with those rules and regulations could increase the Company's legal and financial costs, make some activities more difficult, time consuming or costly, and increase demand on the Company's systems and resources.

Enforcement of judgments against foreign persons may not be possible

Investors should be aware that some of the directors and officers of the Company will be located outside of Canada and, as a result, it may not be possible for shareholders of the Company to effect service of process within Canada upon these persons. All or a substantial portion of the assets of these persons are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against such persons in Canada or to enforce a judgment obtained in Canadian courts against such persons outside of Canada. The directors and officers of the Company who are located outside of Canada have appointed the Company as agent for service of process.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation, and that such information is accumulated and communicated to management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosures.

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded, based on our evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

Internal controls over financial reporting

The CEO and CFO, together with other members of Management, have designed internal controls over financial reporting based on the Internal Control–Integrated Framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO - 1992). These controls are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual audited financial statements in accordance with IFRS.

We have not identified any changes to our internal control over financial reporting which would materially affect, or is reasonably likely to materially affect, our internal control over financial reporting.

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at December 31, 2022.

SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies can be found in Note 3 of its annual audited financial statements for the period ended December 31, 2022 is filed on SEDAR. The following have not yet been adopted and are being evaluated to determine their impact on the Company’s consolidated financial statements.

New accounting policies adopted during the year

During the year ended December 31, 2022, the Company adopted a number of amendments and improvements of existing standards. These included IAS 16, IAS 37, IFRS 3. These new standards and changes did not have any material impact on the Company’s financial statements.

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, 2023 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.

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 amendments are effective for annual periods beginning on January 1, 2023.

IAS 8 – In February 2021, the IASB issued “Definition of Accounting Estimates” to help entities distinguish between accounting policies and accounting estimates. The Amendments are effective for year ends beginning on or after January 1, 2023.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s Consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

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

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. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Determination of significant influence of investment in associates

As at December 31, 2022 and 2021, 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% 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.

Contingencies

Refer to Note 13 in the notes to the financial statements.

