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)

McGovern
Hurley

Audit. Tax. Advisory.

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.

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Key audit matter	How our audit addressed the key audit matter
Valuation of intangible assets	
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.

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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

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 contigencies (Note 13)
Subsequent event (Note 19)

Approved on behalf of the Directors:

"Wouter Witvoet"	*"Manpreet Singh"*
Director	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)

	Notes	For the year ended December 31, 2022	For the period from incorporation on 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		28,270,500	238,124	-	-	-	-	238,124
Private placements		23,594,470	5,020,100	1,570,000	-	-	-	6,590,100
Share issue costs		-	(54,184)	-	-	-	-	(54,184)
Acquisition of Moke France SAS		28,200,000	6,000,000	-	-	-	-	6,000,000
Net loss for the period		-	-	-	-	-	(267,851)	(267,851)
Balance, December 31, 2021		80,064,970	11,204,040	1,570,000	-	-	(267,851)	12,506,189
Balance, December 31, 2021		80,064,970	11,204,040	1,570,000	-	-	(267,851)	12,506,189
Private placements	**10(b)**	16,010,500	6,815,855	(1,570,000)	-	-	-	5,245,855
Share issue costs		-	(2,710)	-	-	-	-	(2,710)
Reverse Takeover of EVTG by EV Technology Inc.	**17**	10,222,580	8,123,474	-	-	-	-	8,123,474
Issued on acquisition of 1000310362 Ontario Inc.	**10(b), 16(b)**	1,950,000	1,138,105	-	-	-	-	1,138,105
Exercise of deferred share units	**10(b,c)**	500,000	125,851	-	(125,851)	-	-	-
Option grant	**10(c)**	-	-	-	3,025,381	-	-	3,025,381
Deferred share units	**10(c)**	-	-	-	2,071,920	-	-	2,071,920
Other comprehensive Income		-	-	-	-	(354,568)		(354,568)
Net loss for the year		-	-	-	-	-	(20,987,964)	(20,987,964)
Balance, December 31, 2022		108,748,050	27,404,615	-	4,971,450	(354,568)	(21,255,815)	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)

	Notes		For the year ended December 31, 2022		For the period from incorporation on 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

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.

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.

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.

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 influenced 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.

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.

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.

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.

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.

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:

Office equipment	*3 years*
Office furniture	*10 years*
Leasehold improvements	*10 years*

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.

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.

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.

(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

(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

(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.

(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, Deccember 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 acquisiton 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.

(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 process 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**

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 form 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.

(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.

(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.

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.

(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.

(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.

(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. ACQUISITONS

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
Acquistion 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.

16. ACQUISITONS (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.

(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
	$ 8,123,474
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)
	(60,472)
Excess of purchase price over fair value of assets acquired (expensed)	8,183,946
	$ 8,123,474

(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
December 31, 2022				
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
	$ 1,513,270	$ 368,322	$ 11,665,446	$ 13,547,038
December 31, 2021				
Canada	$ 1,683,720	$ -	$ 10,847,603	$ 12,531,323
France	-	-	-	-
	$ 1,683,720	$ -	$ 10,847,603	$ 12,531,323

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 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.

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 1900[1]. 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-powered[3]. 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-landspeed-record-in-1900-201909101029#:~:text=Electric%20cars%20have%20only%20been,arrival%20of%20the%20Tesla%20Roadster.&text=Thomas%20Edison%20took%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/

habits[7]. 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 capitalization[8]. 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 years[10], 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. sportscars).

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 lability 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, hacktivists, 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 influenced 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.