# Hypercharge Networks Corp.

Consolidated Financial Statements

For the seven-months ended March 31, 2023
and year ended August 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

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# Independent Auditor's Report

To the Shareholders of Hypercharge Networks Corp.

## Opinion

We have audited the consolidated financial statements of Hypercharge Networks Corp. (the "Group"), which comprise the consolidated statements of financial position as at March 31, 2023 and August 31, 2022 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the periods 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 Group as at March 31, 2023 and August 31, 2022, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with International Financial Reporting Standards.

## 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and 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 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group'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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

## 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 identified above 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 the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 International Financial Reporting Standards, 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 Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’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 the 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 judgment 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 risk 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 Group’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 Group’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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants**
**Vancouver, Canada**
**June 28, 2023**

**Hypercharge Networks Corp.**
Consolidated Statements of Financial Position
(EXPRESSED IN CANADIAN DOLLARS)

| | Note | | **March 31, 2023** | | August 31, 2022 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | $ | **2,686,157** | $ | 1,119,358 |
| Cash held in escrow | | | **-** | | 5,674,424 |
| Accounts receivable | 5 | | **825,060** | | 499,811 |
| Current portion of lease receivable | 6 | | **141,096** | | - |
| Prepaid expenses and other current assets | | | **1,206,147** | | 375,998 |
| Inventory | 7 | | **922,086** | | 1,280,798 |
| | | | **5,850,546** | | 8,950,389 |
| Non-Current assets | | | | | |
| Non-current portion of lease receivable | 6 | | **33,415** | | - |
| Property and equipment | 9 | | **120,121** | | 118,504 |
| Right-of-use assets | 10 | | **400,494** | | 233,925 |
| | | | **554,030** | | 352,429 |
| Total assets | | $ | **6,404,576** | $ | 9,302,818 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 15 | $ | **919,006** | $ | 575,261 |
| Current portion of deferred revenue | | | **347,836** | | 419,045 |
| Current portion of lease liabilities | 10 | | **276,763** | | 126,554 |
| Notes payable | 4, 11 & 12 | | **-** | | 97,918 |
| Holdbacks payable | | | **10,203** | | 29,365 |
| | | | **1,553,808** | | 1,248,143 |
| Non-Current liabilities | | | | | |
| Deferred revenue | | | **94,650** | | - |
| Lease liabilities | 10 | | **252,530** | | 90,636 |
| | | | **347,180** | | 90,636 |
| Total liabilities | | | **1,900,988** | | 1,338,779 |
| EQUITY | | | | | |
| Share capital | 12 | | **17,245,008** | | 11,729,614 |
| Warrants reserve | 12 | | **721,002** | | 383,850 |
| Share-based payment reserve | 12 | | **969,544** | | 454,960 |
| Obligation to issue shares | 12 | | **168,400** | | 5,745,073 |
| Accumulated deficit | | | **(14,600,366)** | | (10,349,458) |
| Total shareholders' equity | | | **4,503,588** | | 7,964,039 |
| Total liabilities and equity | | $ | **6,404,576** | $ | 9,302,818 |
| *Going concern* | 1 | | | | |
| *Commitments and contingency* | 13 | | | | |
| *Subsequent events* | 23 | | | | |

Approved on behalf of the Board:

*"Vitaly Golomb"*
Vitaly Golomb, Director

*"Trent Kitsch"*
Trent Kitsch, Director

*The accompanying notes are an integral part of these consolidated financial statements*

**Hypercharge Networks Corp.**

Consolidated Statements of Loss and Comprehensive Loss

(EXPRESSED IN CANADIAN DOLLARS)

| | Note | | **Seven months ended March 31, 2023** | | Year ended August 31, 2022 |
|---|---|---|---|---|---|
| Revenue | 20 | **$** | **1,988,007** | $ | 484,218 |
| Cost of sales | 21 | | **(1,542,875)** | | (315,522) |
| Gross profit | | | **445,132** | | 168,696 |
| Expenses | | | | | |
| General and administration | 22 | | **3,904,707** | | 3,738,308 |
| Sales and marketing | 22 | | **796,601** | | 617,578 |
| Research and development | 22 | | **219,832** | | 111,161 |
| Total Expenses | | | **4,921,140** | | 4,467,047 |
| Operating loss | | | **(4,476,008)** | | (4,298,351) |
| Other expenses (income) | | | | | |
| Transaction costs | 4 | | **-** | | 3,180,739 |
| Impairment of goodwill | 4 | | **-** | | 2,127,955 |
| Loss on settlement of debt | 11 & 12 | | **7,735** | | - |
| Gain on sublease arrangement | 6 | | **(22,149)** | | - |
| Foreign exchange loss (gain) | | | **(5,583)** | | 14,824 |
| Interest (income) expense, net | | | **(3,362)** | | 21,040 |
| Gain on sale of property and equipment | | | **-** | | (569) |
| Other income | | | **(739)** | | (892) |
| Total other expenses (income) | | | **(24,098)** | | 5,343,097 |
| Net and comprehensive loss | | **$** | **(4,451,910)** | $ | (9,641,448) |
| Basic and diluted loss per share | | **$** | **(0.07)** | $ | (0.21) |
| Weighted average number of shares outstanding - basic and diluted | | | **60,304,503** | | 45,051,008 |

*The accompanying notes are an integral part of these consolidated financial statements*

**Hypercharge Networks Corp.**

Consolidated Statements of Changes in Equity

(EXPRESSED IN CANADIAN DOLLARS)

| | Note | Share capital | Share-based payment reserve | Warrant reserve | Obligation to issue shares | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| Balance, August 31, 2021 | | $ 2,861,445 | $ 45,976 | $ 47,484 | $ 250,000 | $ (958,010) | $ 2,246,895 |
| Common shares issued | 12 | 4,000,000 | - | - | - | - | 4,000,000 |
| - Issuance cost - cash | | (18,899) | | | | | (18,899) |
| Shares issued in Spark Acquisition | 4 & 12 | 1,770,000 | - | - | - | - | 1,770,000 |
| Shares issued for advisory success fee | 4 & 12 | 1,763,868 | - | - | - | - | 1,763,868 |
| Share-based payments | 12 & 15 | - | 408,984 | 152,563 | - | - | 561,547 |
| Contingent shares to be issued in Spark Acquisition and as success fee | | - | - | - | 495,600 | - | 495,600 |
| Shares issued for consulting fee | | 80,000 | - | - | - | - | 80,000 |
| Shares issued for purchase of CoSource | | 1,108,000 | - | - | - | - | 1,108,000 |
| Common shares issued | | - | - | - | 6,000,000 | - | 6,000,000 |
| - Issuance cost - cash | | - | - | - | (401,524) | - | (401,524) |
| - Issuance cost - broker warrants | | - | - | 183,803 | (183,803) | - | - |
| Transfer on cancellation of share issuance obligation | 12 | - | - | - | (250,000) | 250,000 | - |
| PSUs vested | | 165,200 | - | - | (165,200) | - | - |
| Net and comprehensive loss | | - | - | - | - | (9,641,448) | (9,641,448) |
| Balance, August 31, 2022 | | $ 11,729,614 | $ 454,960 | $ 383,850 | $ 5,745,073 | $ (10,349,458) | $ 7,964,039 |

| | Note | Share capital | Share-based payment reserve | Warrant reserve | Obligation to issue shares | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|---|
| Balance, August 31, 2022 | | $ 11,729,614 | $ 454,960 | $ 383,850 | $ 5,745,073 | $ (10,349,458) | $ 7,964,039 |
| Common shares issued | 12 | 6,000,000 | - | - | (6,000,000) | - | - |
| - Issuance cost - cash | | (630,103) | - | - | 401,524 | - | (228,579) |
| - Issuance cost - broker warrants | | (183,803) | - | - | 183,803 | - | - |
| Share-based payments | 12 & 15 | - | 742,844 | 339,088 | - | - | 1,081,932 |
| Shares-for-debt | 11 & 12 | 94,382 | - | - | - | - | 94,382 |
| Stock options exercised | 12 | 62,276 | (22,276) | - | - | - | 40,000 |
| Warrants exercised | 12 | 5,660 | | (1,936) | | | 3,724 |
| PSUs Vested | 12 | 52,800 | (56,000) | - | 3,200 | - | - |
| RSUs Vested | 12 | 114,182 | (114,182) | - | - | - | - |
| Transfer on forfeiture of PSUs | | - | - | - | (165,200) | 165,200 | - |
| Transfer on forfeiture of stock options | | - | (35,802) | - | - | 35,802 | - |
| Net and comprehensive loss | | - | - | - | - | (4,451,910) | (4,451,910) |
| Balance, March 31, 2023 | | $ 17,245,008 | $ 969,544 | $ 721,002 | $ 168,400 | $ (14,600,366) | $ 4,503,588 |

*The accompanying notes are an integral part of these consolidated financial statements*

**Hypercharge Networks Corp.**

Consolidated Statements of Cash Flows

(EXPRESSED IN CANADIAN DOLLARS)

| | Note | **Seven months ended March 31, 2023** | Year ended August 31, 2022 |
|---|---|---|---|
| Cash provided by (used in): | | | |
| Operating activities: | | | |
| Net and comprehensive loss | | **$ (4,451,910)** | $ (9,641,448) |
| Items not involving cash: | | | |
| Loss on settlement of debt | 11 & 12 | **7,735** | - |
| Gain on sublease arrangement | 6 | **(22,149)** | - |
| Share-based payments | 12 &15 | **1,081,932** | 641,547 |
| Depreciation and amortization | 9 & 10 | **135,876** | 154,695 |
| Non-cash interest | 6 & 10 | **21,096** | 21,768 |
| Non-cash transaction expense | 4 | **-** | 3,156,066 |
| Impairment of goodwill | 4 | **-** | 2,127,955 |
| Gain on sale of property and equipment | | **-** | (569) |
| Changes in non-cash working capital items: | | | |
| Accounts receivable | | **(325,249)** | (482,368) |
| Inventory | | **288,712** | (968,036) |
| Prepaid expenses and other current assets | | **(830,149)** | (369,597) |
| Accounts payable and accrued liabilities | | **343,745** | 337,391 |
| Deferred revenue | | **23,441** | 419,045 |
| Holdbacks payable | | **(19,162)** | 29,365 |
| Net cash used in operating activities | | **(3,746,082)** | (4,574,186) |
| Investing activities: | | | |
| Lease payments received | 6 | **57,037** | - |
| Purchase of equipment | 9 | **(38,350)** | (157,811) |
| Proceeds on disposal of equipment | | **-** | 54,671 |
| Advances to Spark prior to acquisition | 4 & 8 | **-** | (159,601) |
| Cash assumed in acquisition of Spark | 4 | **-** | 12,603 |
| Repayment of note receivable | | **-** | 10,067 |
| Net cash provided by (used in) investing activities | | **18,687** | (240,071) |
| Financing activities: | | | |
| Proceeds of stock option exercises | | **40,000** | - |
| Proceeds of warrant exercises | | **3,724** | - |
| Share issuance costs paid from cash held in escrow | 12 | **(228,579)** | - |
| Common shares issued for cash, net of cash transaction costs | 12 | **-** | 3,348,254 |
| Repayment of notes payable | 11 | **(11,271)** | (52,626) |
| Proceeds from subscriptions received | | **-** | 5,414,673 |
| Repayments of lease liability | 10 | **(184,104)** | (125,450) |
| Net cash (used in) provided by financing activities | | **(380,230)** | 8,584,851 |
| (Decrease) Increase in cash flows | | **(4,107,625)** | 3,770,594 |
| Cash and cash held in escrow balance, beginning of the period | | **6,793,782** | 3,023,188 |
| Cash and cash held in escrow balance, end of the period | | **$ 2,686,157** | $ 6,793,782 |
| Supplemental Cash Flow Information | 14 | | |

*The accompanying notes are an integral part of these consolidated financial statements*

## 1. Entity information

Hypercharge Networks Corp. (the "Company" or "Hypercharge") was incorporated under the *Business Corporations Act* (British Columbia) on September 5, 2018. The head office of the Company, as well as the registered and records office is located at 1075 W. 1St St., #208, North Vancouver, British Columbia, V7P 3T4. Effective November 16, 2022, the Company's common shares ("Common Shares") began trading on the NEO Exchange Inc. ("NEO") under the symbol "HC", and subsequently on the Frankfurt Stock Exchange under the symbol "PB7", and the OTCQB Venture Market under the symbol "HCNWF".

The Company is in the business of providing electric vehicle (EV) charging equipment and solutions. On November 1, 2021, the Company acquired (the "Spark Acquisition") all the issued and outstanding shares of Spark Charging Solutions Inc. ("Spark") and on April 22, 2022, acquired (the "CoSource Acquisition") CoSource Information Technology Inc. ("CoSource") (Note 4) to add to its existing business of providing EV charging solutions. The Spark Acquisition combines two established teams with experience in EV technology, software and hardware. Spark supplies and installs EV charging stations across Canada and holds Canadian distribution rights to charging stations manufactured by Oasis Charger Corporation, based in Connecticut, USA. The CoSource Acquisition provides an additional tool to be integrated into the Company's existing operations. The combined team continues to grow as Hypercharge scales strategic operations and support of existing and new clients across North America.

The Company is an early-stage company and is primarily dependent on externally provided financing to continue as a going concern. Additional funds will be required to enable the Company to pursue its strategic initiatives and the Company may be unable to obtain sufficient financing or financing on satisfactory terms, if at all. Furthermore, there is no assurance that the Company will be profitable. Management intends to finance operating costs over the next twelve months with its cash on hand, and/or additional financing. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

On February 24, 2022, Russian military forces commenced an invasion of Ukraine. In response to this military action, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

## 2. Significant accounting policies

### *(a) Statement of compliance*

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain comparative figures have been reclassified to conform with current period presentation.

The consolidated financial statements of the Company for the seven months ended March 31, 2023 were authorized for issue by the board of directors of the Company ("Board") on June 28, 2023.

### *(b) Basis of presentation*

These consolidated financial statements have been prepared on an accrual basis and are based on historical cost, except for certain financial instruments which are measured at fair value.

The consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

### *(c) Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's subsidiaries are entities controlled by the Company, and the Company has power over each subsidiary through its exposure and rights to variable returns from such applicable subsidiary. The financial statements of the Company's subsidiaries are prepared for the same reporting period as the Company and all intercompany transactions and balances have been eliminated. The Company's subsidiaries consist of the following:

| Subsidiary | Jurisdiction | Ownership | Date of control |
|---|---|---|---|
| 2836601 Ontario Ltd. | Canada | 100% | April 30, 2021 |
| Spark Charging Solutions Inc. | Canada | 100% | November 1, 2021 |
| Hypercharge Networks Inc. | United States | 100% | March 15, 2022 |
| CoSource Information Technology Inc. | Canada | 100% | April 22, 2022 |

*(d) Revenue from contracts with customers*

Set out below is the Company's revenue recognition policy for its sources of revenue:

*(i) EV charging equipment*

Revenue from the EV charging equipment consists of a single performance obligation which is the delivery of the product to the customer. Revenue is recognized at a point in time which is when the Company has satisfied this performance obligation and the control of the goods has transferred from the Company to the customer. Such considerations include, but are not limited to, shipping terms, transfer of title, and risks and rewards associated with title to the goods.

*(ii) Software-as-a-service ("SaaS") subscriptions*

Customers who purchase equipment from the Company may, at their option, subscribe to the Company's proprietary EV charging platform which is delivered on a SaaS basis. Each subscription represents a distinct service that is delivered to the customer over the agreed upon contract duration and is accounted for as a separate performance obligation from the purchase of the equipment and other subscriptions. Upon receipt of purchase, the Company recognizes a contract liability for the proceeds received and revenue is recognized on a straight-line basis over the term of the contract. The costs associated with SaaS subscriptions are recognized as incurred.

*(iii) Other revenue*

Other revenue consists of installation revenue, charging revenue and comprehensive warranty.

Installation revenue is earned from the installation of EV chargers at the respective customer site. Installation revenue consists of a single performance obligation which is to perform the necessary onboarding tasks to allow the equipment to operate as intended. Installation revenue is recognized at a point in time, being the time in which the installation is complete and the customer is able to benefit from the ability to use the EV charger as intended.

Charging revenue is earned from stations owned and operated by the Company, and its strategic partners, along with other services relating to the operation of EV charging equipment. Charging revenue consists of a single performance obligation, which is to provide the customer with electricity to charge their EV batteries in exchange for a fee or to provide a specified service. Charging revenue is recognized at a point in time, which is upon termination of the charging session by the customer for the charging revenue or at which time the benefit of the services provided has transferred to the customer.

The Company provides customers an option to purchase a comprehensive warranty which provides the customer with ongoing support to maximize station uptime and maintain the charging equipment in the field, including unlimited call center support, replacement of parts or the replacement of the entire charger. The comprehensive warranty represents a service-type warranty which gives rise to a separate performance obligation. The Company recognizes revenue from the comprehensive warranty over time. Upon receipt of purchase, the Company recognizes a contract liability for the proceeds received and revenue is recognized on a straight-line basis over the term of the contract. The costs associated with the comprehensive warranty are recognized as incurred.

*(e) Cash and cash equivalents*

Cash and cash equivalents include cash and highly liquid investments held in the form of money market investments and certificates of deposit with investment terms that allow for penalty free redemption after one month.

*(f) Inventory*

The Company's inventory is stated at the lower of cost and net realizable value. Cost comprises the amount paid to the supplier to acquire the goods for sale and all costs associated with bringing the inventory to its current location. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value reflects the estimated selling price in the ordinary course of business less selling costs.

*(g) Property and Equipment*

*(i) Recognition and measurement*

Items of property and equipment are measured at their initial cost less accumulated depreciation and accumulated impairment charges, if any. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss in the period in which they are incurred.

*(ii) Depreciation*

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment in a manner that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for each class of the Company's equipment is as follows:

| Asset | Method | Rate |
|---|---|---|
| Computer equipment | Straight line | 3 years |
| Furniture and equipment | Straight line | 5 years |
| Vehicles | Straight line | 8 years |
| Leasehold Improvements | Straight line | Remaining term of lease |
| Charging equipment and demo units | Straight line | 3 years |

*(h) Business combinations and goodwill*

The Company accounts for business combinations utilizing the acquisition method. The cost of an acquisition comprises the fair value of assets transferred, liabilities incurred to the vendors of the acquired entity, equity interest issued and fair value of any asset or liability arising from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of the acquisition. The Company expenses all acquisition related costs as they are incurred. Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently measured at fair value with changes in fair value recognized in profit or loss. Amounts classified as equity are not subsequently revalued.

Goodwill represents the fair value of net identifiable assets acquired in a business combination over the consideration transferred to the vendors of the acquired entity, non-controlling interests in the acquired entity and the fair value of previously held equity instruments of the acquired entity. If such amount is less than the fair value of the net identifiable assets, the Company recognizes a bargain purchase in profit or loss. Upon acquisition, goodwill is classified as an asset with an indefinite useful life and is tested for impairment at least annually or upon the recognition of an event or change in circumstances that indicate goodwill may be impaired.

*(i) Financial instruments*

*(i)* Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. Financial assets are classified as amortized cost if both of the following conditions are met and they are not designated as FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets not classified as amortized cost as described above are measured at FVTPL.

*(ii) Measurement*

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

*Debt investments at FVTOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognized as income in comprehensive loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to comprehensive loss.

*(iii) Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost using the simplified approach. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

*(iv) Derecognition*

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

*Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

*(v) Fair value*

Financial assets and financial liabilities are measured at fair value using a valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1: defined as observable inputs such as quoted prices in active markets.
- Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data and, therefore, requiring entities to develop their own assumptions.

*(j) Leases*

*As Lessee*

Upon the inception of a contract, the Company assesses whether the contract is, or contains a lease. The Company accounts for a contract as a lease when the contract conveys a right to control an identified asset for a specified period of time in exchange for consideration. Upon the commencement date of a lease, the Company recognizes a lease liability and a right-of-use asset.

Payments for short-term leases (term of 12 months or less) and leases for low value assets are recognized and expensed as incurred.

Lease liabilities are measured as the present value of lease payments to be made over the lease term. Lease payments include fixed payments less any incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid as a residual value guarantee. The Company calculates the present value of lease payments using its incremental borrowing rate at the date in which the lease commences as the rate of interest in the lease is not readily determinable. Subsequently, the lease liability is decreased to reflect each lease payment, net of any interest accretion recorded.

Additionally, the lease liability is remeasured when there is a change in future payments to be made, a change in residual value guarantee, or a reassessment of whether the Company expects to exercise a purchase, extension, or termination option. Upon remeasurement of a lease liability, an offsetting adjustment is made to the carrying amount of the right-of-use asset, with an amount recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

Right-of-use assets are measured as the initial amount of the lease liability, plus any amounts paid to the lessor at or prior to the commencement date, initial direct costs, and estimated restoration costs less any lease incentives received. Right-of-use assets are subsequently depreciated on basis that reflects the lower of the estimated useful life of the asset and the end of the lease term.

<u>*As Lessor*</u>

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company’s net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Company’s net investment outstanding in respect of the leases.

*(k) Joint arrangements*

Upon entering into collaboration agreements with arms-length entities, the Company assesses whether the terms constitute a joint arrangement. If such agreements constitute a joint arrangement, the Company determines whether the joint arrangement constitutes a joint operation or a joint venture. In making the assessment, the Company considers the contractual rights and obligations of each party in the joint arrangement.

The Company has determined that a collaboration agreement entered into with Target Park Group Inc. (“Target”) is a joint operation and recognizes its contractual right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held assets, liabilities, revenues and expenses. The Company has a 50% interest in a joint operation with Target in which the joint operators, through a collaboration agreement, engage in the activities of identifying locations for, and subsequently installing EV charging stations. The principal place of business of the joint operation is in Canada.

*(l) Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

*(m) Income taxes*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company has not recorded any deferred tax assets.

*(n) Earnings (loss) per Common Share*

Basic earnings (loss) per Common Share is calculated by dividing income (loss) attributable to common shareholders of the Company by the weighted average number of Common Shares outstanding during the period. Diluted earnings (loss) per Common Share is determined by adjusting the weighted average number of Common Shares outstanding for the effects of all potentially dilutive Common Shares. However, the calculation of diluted loss per Common Share excludes the effects of various conversions and exercise of equity instruments that would be anti-dilutive.

*(o) Share-based payment transactions*

The grant date fair value of share-based payment awards granted to employees is recognized as a share-based payment expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

For share-based payment arrangements with non-employees, the expense is recorded over the service period until the options vest. Once the options vest, services are deemed to have been received.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of the cancellation and any expense not yet recognized for the award (being the total expense as calculated at the grant date) is recognized immediately. This includes any awards where vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled award and new awards are treated as if they were a modification of the original awards.

For Restricted Share Units(“RSUs”) and Performance Share Units (“PSUs”), the fair value of the grant is determined by multiplying the Company’s share price at grant date by the number of RSUs or PSUs granted. The resulting fair value of the RSUs or PSUs is then adjusted for an estimated forfeiture rate which is determined based on historical data and is recognized over the vesting period in profit or loss and share-based payment reserve. Actual number of RSUs or PSUs that will eventually vest is likely to be different from estimation.

*(p) Foreign currency*

Items included in the consolidated financial statements of each of the Company and its subsidiaries are measured using the currency of the primary economic environment in which each entity operates. The consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

Foreign currency transactions are translated using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss. Non-monetary items that are not carried at fair value are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

*(q) Impairment of non-financial assets*

The Company assesses at each reporting period whether there is an indication that a non-financial asset may be impaired. An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount and are recorded in net and comprehensive loss in the period in which the impairment is identified. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount is the greater of the assets or CGU's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less cost to sell, an appropriate valuation model is used. When an asset does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

*(r) Share capital*

Proceeds from the exercise of incentive stock options ("Options") and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a Common Share. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance when the fair value of the non-monetary assets cannot be reasonably estimated. The proceeds from the issuance of units are allocated between Common Shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the Common Shares at the time the units are priced, and any residual value is allocated to the warrants reserve within share-based payments reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value in warrants reserve is transferred to capital stock.

*(s) New accounting pronouncements*

The following accounting standard and amendments issued by the IASB or the International Financial Reporting Interpretations Committee was adopted during the seven months ended March 31, 2023:

*Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)*

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022. There was no impact to the Company's financial statements as a result of the adoption of the amendments.

The following accounting standard and amendments have been issued by the IASB or the International Financial Reporting Interpretations Committee that are not yet effective as of the date of the Company's consolidated financial statements. The Company intends to adopt such standards upon the mandatory effective date.

*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023. The Company is evaluating the impact of the above amendments on its consolidated financial statements.

*Amendments to IAS 8 – Definition of Accounting Estimates*

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. These amendments are effective for reporting periods beginning on or after January 1, 2023. The Company is evaluating the impact of the above amendments on its consolidated financial statements.

*Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies*

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023. The Company is evaluating the impact of the above amendments on its consolidated financial statements.

## 3. Significant accounting judgments, 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, revenues and expenses and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

These assumptions and estimates are regularly reviewed. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. The Company’s main judgements, estimates, and assumptions are presented below:

*(a) Going concern*

Management has applied judgements in the assessment of the Company’s ability to continue as a going concern when preparing its financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative other than to do so.

*(b) Acquisitions*

The acquisition of Spark on November 1, 2021, was accounted for as business combinations at fair value in accordance with IFRS 3, Business Combinations (Note 4). The acquired assets and assumed liabilities are adjusted to their fair values assigned through completion of a purchase price allocation, as described in Note 4. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of the consideration paid, and the fair value of the identifiable assets acquired, and liabilities assumed. The Company relies on work performed by third-party valuation specialists. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied.

*(c) Valuation of accounts receivable*

The valuation of accounts receivable is based on management’s evaluation of collectability based on payment history and financial condition of customers and a loss allowance for simplified expected credit losses is recorded as necessary.

*(d) Valuation of inventory*

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates, management considers the shelf-life of inventory and profitability of recent sales.

*(e) Leases*

In the absence of an ability to determine an interest rate implicit in a lease contract, management must determine its incremental borrowing rate ("IBR"). Determining an appropriate IBR is based on a proxy of IBRs used by similar publicly traded entities, for similar assets and terms. Additionally, management has made estimates with respect to, including but not limited to, future expected interest rates and the Company's credit risk, of which previously observable data has been assumed to be reflective of the future.

## 4. Acquisitions

*(a) Spark Charging Solutions Inc.*

On November 1, 2021 (the "Acquisition Date"), the Company acquired all the issued and outstanding shares of Spark Charging Solutions Inc. ("Spark") pursuant to a share exchange agreement (the "Spark Acquisition"). Spark supplies and installs EV charging stations across Canada and holds Canadian distribution rights to all charging stations manufactured by Oasis Charger Corporation, based in Connecticut, USA. The Spark Acquisition is intended to combine two established teams with experience in EV technology, software and hardware, further enabling the company to scale strategic operations and support of existing and new customers across North America.

The consideration for the Spark Acquisition consisted of: (i) the issuance of 6,000,000 Common Shares (the "Spark Consideration Shares"), and (ii) up to 1,000,000 Common Shares (the "Spark Contingent Shares") based on the Company fulfilling certain milestones as follows: (i) 333,334 Common Shares to be issued upon the deployment of 150 chargers by November 1, 2022; (ii) 333,334 Common Shares to be issued upon hitting a gross revenue threshold of $1,000,000 by November 1, 2022; and (iii) 333,334 Common Shares to be issued upon hitting a gross revenue threshold of $4,000,000 by November 1, 2024. On February 15, 2022, the Company entered into agreements with the holders of the Spark Contingent Shares to exchange 2,000,004 Spark Contingent Shares into 2,000,004 PSUs. Each PSU is exchangeable for one (1) Common Share. In connection with the Spark Acquisition, the Company is obligated to settle Spark's existing outstanding debt by issuing Common Shares or making future cash payments of up to a total aggregate amount of $191,546 (of which $104,899 had been paid through August 31, 2022). During the seven months ended March 31, 2023, the Company settled the remaining notes payable balance related to the Spark Acquisition of $86,647 through the issuance of 154,725 Common Shares, which resulted in a loss of $7,735 (year ended August 31, 2022 – cash payment of $29,126). As a result, there is no balance outstanding as at March 31, 2023 (August 31, 2022 - $86,647).

The Spark Consideration Shares are held in escrow and are released in tranches over a 36-month period commencing on November 16, 2022, the date the Company listed on the NEO.

(EXPRESSED IN CANADIAN DOLLARS)

Related to the Spark Acquisition, the transaction cost of $1,935,668 consisted of: (i) the issuance of 4,219,670 Common Shares to the advisors valued at $0.40 per Common Share for a fair value of $1,687,868, and (ii) up to 1,000,000 Common Shares, valued at $247,800, to be issued to the advisors over a 36 month period commencing on the Acquisition Date and subject to the same milestone criteria of the Spark Contingent Shares.

The following table summarizes the purchase consideration in connection with the Spark Acquisition:

| | | |
|---|---|---|
| Fair value of 6,000,000 Common Shares issued | $ | 1,770,000 |
| Fair value of 1,000,000 Spark Contingent Shares issued | | 247,800 |
| Total consideration | $ | 2,017,800 |

The fair value of the 6,000,000 Common Shares issued was determined based on the share price of the most recent private placement of $0.40 per Common Share, adjusted for a discount of $630,000 using option pricing models to account for the timing of the Common Share releases from escrow over the 36-month period.

The estimated fair value of the Spark Contingent Shares of $247,800 is based on 1,000,000 Common Shares, valued at $0.40 per Common Share, being the most recent private placement price, adjusted for a discount of $152,200, incorporating probability of whether, and when, the milestone threshold would be met, amongst other variability in the outcomes.

The purchase has been accounted for by the acquisition method, with the results of Spark included in the Company's results of operation from the Acquisition Date.

The following table summarizes the fair values of the assets and liabilities as at the date of the Spark Acquisition:

| | | |
|---|---|---|
| Cash | $ | 12,603 |
| Accounts receivable | | 16,305 |
| Notes receivable | | 10,067 |
| Inventory | | 302,986 |
| Equipment | | 54,671 |
| Accounts payable | | (14,480) |
| Notes payable | | (115,773) |
| Notes payable - Hypercharge | | (376,534) |
| Goodwill | | 2,127,955 |
| Total consideration | $ | 2,017,800 |

The fair value of the accounts receivable acquired is $16,305. This consists of the gross contractual value all of which was subsequently collected.

On the Acquisition Date, goodwill of $2,127,955 was recorded as a result of the market synergies expected to arise from the Spark Acquisition. Following the Spark Acquisition, the market synergies ultimately did not materialize as expected due to a shift in product strategy, which led to the decision not to extend an exclusive distribution agreement previously granted to Spark. As a result, since the Spark Acquisition, the Company's strategic product mix evolved to include additional supplier agreements to diversify its product mix and to better meet market demand and increase overall gross margin. During the year ended August 31, 2022, the Company impaired such goodwill and recorded an impairment loss of $2,127,955, writing-down the value of the goodwill to nil.

Management believes the goodwill impairment will have no material impact on the Company's operations. Conversely, the Company anticipates its shift in strategy to diversify its product mix as described above will incrementally improve the Company's operations and future performance.

*(b) CoSource Information Technology Services Inc.*

On May 13, 2022, the Company acquired (the "CoSource Acquisition") all of the issued and outstanding shares of CoSource Information Technology Service Inc. ("CoSource") in exchange for: (i) 3,800,000 Common Shares (the "CoSource Consideration Shares") and (ii) 1,500,000 performance warrants (the "CoSource Performance Warrants"). Each CoSource Performance Warrant is exercisable into one Common Share at a price of $0.40 per Common Share upon the following vesting schedule: (i) 250,000 CoSource Performance Warrants upon the Company achieving aggregate gross revenue of $1,000,000 within 24 months of May 24, 2022; (ii) 500,000 CoSource Performance Warrants vest upon the Company achieving gross revenue of $2,000,000 or more in a single fiscal year within 36 months of May 24, 2022; and (iii) 750,000 CoSource Performance Warrants vest upon the Company achieving aggregate gross revenue of $8,000,000 within 48 months of May 24, 2022. The CoSource Consideration Shares are subject to voluntary resale restrictions, whereby 10% of the CoSource Consideration Shares were released on the date the Common Shares were listed on the NEO, with the balance being released in six (6) equal installments every six (6) months thereafter.

CoSource is a digital agency specializing in digital innovation, marketing, and software product development. The CoSource Acquisition is intended to further enable Hypercharge to innovate and advance the Company's network and technologies to create a seamless and integrated experience for the Company's existing and new customers.

The CoSource Acquisition was a related party transaction under International Accounting Standard (IAS) 24. In connection with the CoSource Acquisition, the Company issued (i) an aggregate of 2,090,000 CoSource Consideration Shares and 1,500,000 CoSource Performance Warrants to David Bibby, the Company's President, Chief Executive Officer ("CEO"), and director, who was a co-founder and shareholder of CoSource, and (ii) an aggregate of 1,710,000 CoSource Consideration Shares to Denise Howell, the spouse of Mr. Bibby, who was a co-founder and shareholder of CoSource.

At the date of the CoSource Acquisition, the Company determined that CoSource did not constitute a business as defined under IFRS 3, Business Combinations, and accounted for the CoSource Acquisition as an asset acquisition that met the recognition criteria under IFRS. As a result of the acquisition, there were no intangible assets identified that met the recognition criteria under IFRS. The remaining excess of the consideration paid over the fair value of the assets and liabilities assumed was expensed as transaction cost.

(EXPRESSED IN CANADIAN DOLLARS)

As the vesting of the CoSource Performance Warrants is dependent on the continued service requirement of the vendor, the service expense has been accounted for in accordance with IFRS 2 – *Share-based payments* as a compensation arrangement and not part of the acquisition price.

The fair value of the 3,800,000 aggregate CoSource Consideration Shares issued to the vendors was estimated using $0.40 per Common Share, being the subscription price of the Company's most recent private placement, reduced by a discount of $412,000, estimated using a commonly used option model related to the lack of marketability of the Common Shares from the contractual restriction. The fair value of the 190,000 Common Shares issued as an advisory fee was valued using $0.40 per Common Share, being the subscription price of the Company's most recent private placement.

The following table summarizes the allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed at the date of acquisition:

| | | |
|---|---|---|
| Fair value of 3,800,000 Common Shares issued to the vendors | $ | 1,108,000 |
| Fair value of 190,000 Common Shares issued as an advisory fee | | 76,000 |
| Transaction costs | | 24,673 |
| Total acquisition expense | | 1,208,673 |
| | | |
| plus: net liabilities assumed | | |
| Accounts receivable | | 1,138 |
| Accounts payable and accrued liabilities | | (2,765) |
| Notes payable | | (34,771) |
| Net liabilities assumed | | (36,398) |
| Transaction cost | $ | 1,245,071 |

(EXPRESSED IN CANADIAN DOLLARS)

## 5. Accounts receivable

| As at | | **March 31, 2023** | | August 31, 2022 |
|---|---|---|---|---|
| Trade accounts receivable | **$** | **1,045,584** | $ | 396,019 |
| GST/HST receivable | | **105,174** | | 64,720 |
| Interest receivable | | **5,666** | | - |
| Other receivable | | **20,440** | | 44,951 |
| | | **1,176,864** | | 505,690 |
| Loss allowance | | **(351,804)** | | (5,879) |
| | **$** | **825,060** | $ | 499,811 |

During the seven months ended March 31, 2023, and year ended August 31, 2022, the movement of the Company's allowance for doubtful accounts recorded in office and administrative expenses is as follows:

| As at | | **March 31, 2023** | | August 31, 2022 |
|---|---|---|---|---|
| Balance, beginning of period | **$** | **5,879** | $ | - |
| Provision for loss allowance recognized | | **345,925** | | 5,879 |
| Balance, end of period | $ | **351,804** | $ | 5,879 |

## 6. Lease receivable

On October 3, 2022, the Company entered into a sublease agreement associated with leased office space, covering the remaining term of the lease expiring in July 2024. Upon commencement of the sublease, the Company recognized a lease receivable of $230,647, representing the future payments receivable of $247,163 discounted at an annual rate of 9.0%. Upon de-recognition of the associated right-of-use asset, the Company recorded a gain on the sublease arrangement of $22,149 representing the difference between the initial lease receivable and the value of the right-of-use asset of $208,498. As of March 31, 2023, the remaining balance receivable was $174,511 (August 31, 2022 – nil), of which $141,096 (August 31, 2022 – nil) represents the current portion.

Set out below is a reconciliation of the Company's lease receivable for the seven months ended March 31, 2023:

| | | **Seven months ended March 31, 2023** |
|---|---|---|
| Balance, beginning of period | **$** | **-** |
| Additions | | **230,647** |
| Interest income | | **901** |
| Lease payments received | | **(57,037)** |
| Balance end of period | **$** | **174,511** |

## 7. Inventory

The Company's inventory consists of EV chargers and components available for sale to customers. During the seven months ended March 31, 2023, the Company recorded $1,429,840 of inventory as an expense of cost of goods sold (year ended August 31, 2022 – $309,382).

## 8. Notes receivable

During the year ended August 31, 2022, the Company provided a series of advances to Spark totaling $159,601, prior to November 1, 2021. On November 1, 2021, the Company acquired the issued and outstanding shares of Spark (see Note 4), and as a result of the Spark Acquisition, amounts owing have been fully eliminated on consolidation.

(EXPRESSED IN CANADIAN DOLLARS)

## 9. Property and equipment

| Cost | Computer equipment | Furniture and equipment | Vehicles | Leasehold Improvements | Charging equipment and demo units | Total |
|---|---|---|---|---|---|---|
| August 31, 2021 | $ 2,698 | $ - | $ - | $ - | $ - | $ 2,698 |
| Acquired (Note 4) | - | - | 54,671 | - | - | 54,671 |
| Additions | 19,739 | 8,164 | - | 68,402 | 61,506 | 157,811 |
| Reclassified to inventory | - | - | - | - | (9,776) | (9,776) |
| Disposals | - | - | (54,671) | - | - | (54,671) |
| August 31, 2022 | 22,437 | 8,164 | - | 68,402 | 51,730 | 150,733 |
| Additions | 5,968 | 16,041 | - | - | 16,341 | 38,350 |
| March 31, 2023 | $ 28,405 | $ 24,205 | $ - | $ 68,402 | $ 68,071 | $ 189,083 |

| Accumulated Depreciation | Computer equipment | Furniture and equipment | Vehicles | Leasehold Improvements | Charging equipment and demo units | Total |
|---|---|---|---|---|---|---|
| August 31, 2021 | $ 150 | $ - | $ - | $ - | $ - | $ 150 |
| Additions | 3,793 | 803 | 569 | 20,081 | 7,402 | 32,648 |
| Disposals | - | - | (569) | - | - | (569) |
| August 31, 2022 | 3,943 | 803 | - | 20,081 | 7,402 | 32,229 |
| Additions | 5,280 | 2,352 | - | 15,272 | 13,829 | 36,733 |
| March 31, 2023 | $ 9,223 | $ 3,155 | $ - | $ 35,353 | $ 21,231 | $ 68,962 |

| Net book value | Computer equipment | Furniture and equipment | Vehicles | Leasehold Improvements | Charging equipment and demo units | Total |
|---|---|---|---|---|---|---|
| March 31, 2023 | $ 19,182 | $ 21,050 | $ - | $ 33,049 | $ 46,840 | $ 120,121 |
| August 31, 2022 | $ 18,494 | $ 7,361 | $ - | $ 48,321 | $ 44,328 | $ 118,504 |

(EXPRESSED IN CANADIAN DOLLARS)

## 10. Leases

*(a) Right-of-use assets*

| | | Buildings |
|---|---|---|
| Balance, August 31, 2021 | $ | - |
| Additions | | 355,972 |
| Depreciation | | (122,047) |
| Balance, August 31, 2022 | | 233,925 |
| Additions | | 474,210 |
| Disposals | | (208,498) |
| Depreciation | | (99,143) |
| Balance, March 31, 2023 | $ | 400,494 |

*(b) Lease liabilities*

| | | |
|---|---|---|
| Balance, August 31, 2021 | $ | - |
| Additions | | 320,872 |
| Interest expense | | 21,768 |
| Lease payments | | (125,450) |
| Balance, August 31, 2022 | | 217,190 |
| Additions | | 474,210 |
| Interest expense | | 21,997 |
| Lease payments | | (184,104) |
| Balance, March 31, 2023 | $ | 529,293 |

| As of | | **March 31, 2023** | | August 31, 2022 |
|---|---|---|---|---|
| Current | **$** | **276,763** | $ | 126,554 |
| Non-current | | **252,530** | | 90,636 |
| | **$** | **529,293** | $ | 217,190 |

During the seven months ended March 31, 2023, the Company recorded interest expense of $21,997 (year ended August 31, 2022 - $21,768) associated with interest on lease liabilities. The Company has entered into contracts for office and commercial use spaces, of which the terms end between 2024 and 2025. During the seven months ended March 31, 2023, the lease liability has been measured by discounting future non-cancellable payments using incremental borrowing rates ranging from 7.8% - 9.3% (year ended August 31, 2022 – 9.0%).

(EXPRESSED IN CANADIAN DOLLARS)

## 11. Notes payable

In connection with the Spark Acquisition, the Company assumed $115,773 of notes payable (see Note 4), of which $57,520 was due to now former related parties (see Note 15). During the seven months ended March 31, 2023, the Company settled the remaining notes payable balance of $86,647 through the issuance of 154,725 Common Shares, at a loss of $7,735 (year ended August 31, 2022 – cash payment of $29,126). As a result, there is no balance outstanding as at March 31, 2023 (August 31, 2022 - $86,647).

In connection with the CoSource Acquisition, the Company assumed a $34,771 note payable (see Note 4) due to a related party (see Note 15). During the seven months ended March 31, 2023, the Company repaid $11,271 to the noteholder (year ended August 31, 2022 - $23,500). As at March 31, 2023, the note was repaid in full (August 31, 2022 – $11,271). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of an initial public offering.

## 12. Share capital

*(a) Authorized*

The Company has authorized an unlimited number of Common Shares without par value.

*(b) Issued*

As at March 31, 2023, there were 61,916,325 (August 31, 2022 – 51,273,038) Common Shares issued and outstanding.

| | Number of Common Shares | | Share Capital |
|---|---|---|---|
| Balance, August 31, 2021 | 26,196,700 | $ | 2,861,445 |
| Common Shares issued, net of share issue costs | 10,000,000 | | 3,981,101 |
| Shares issued in Spark Acquisition | 6,000,000 | | 1,770,000 |
| Shares issued as advisory success fee | 4,409,670 | | 1,763,868 |
| Shares issued as consulting fee | 200,000 | | 80,000 |
| Shares issued for purchase of CoSource | 3,800,000 | | 1,108,000 |
| PSUs vested | 666,668 | | 165,200 |
| Balance, August 31, 2022 | 51,273,038 | | 11,729,614 |
| Common shares issued, net of share issue costs | 10,000,000 | | 5,186,094 |
| Shares issued as a corporate finance fee | 41,666 | | - |
| PSUs vested | 132,000 | | 52,800 |
| Options exercised | 100,000 | | 62,276 |
| Shares-for-debt | 154,725 | | 94,382 |
| RSUs vested | 200,000 | | 114,182 |
| Warrants exercised | 14,896 | | 5,660 |
| **Balance, March 31, 2023** | **61,916,325** | **$** | **17,245,008** |

During the seven months ended March 31, 2023, the Company issued 100,000 Common Shares upon the exercise of 100,000 Options with gross proceeds to the Company of $40,000 (year ended August 31, 2022 – nil). The weighted average share price on the date of exercise was $0.57.

During the seven months ended March 31, 2023, the Company issued 14,896 Common Shares upon the exercise of 14,896 warrants with gross proceeds to the Company of $3,724 (year ended August 31, 2022 – nil).

During the seven months ended March 31, 2023, the Company issued 132,000 Common Shares as a result of PSUs vesting during the period (year ended August 31, 2022 – 666,668).

During the seven months ended March 31, 2023, the Company issued 200,000 Common Shares as a result of RSUs vesting during the period (year ended August 31, 2022 – nil).

On December 8, 2022, the Company issued 154,725 Common Shares with a fair value of $0.61 per Common Share to the holders of the notes payable assumed in the Spark Acquisition (Notes 4 and 11) which included settling the remaining balance payable of $86,647.

On June 1, 2022, the Company completed a brokered private placement of 10,000,000 subscription receipts of the Company ("Subscription Receipts") at a price of $0.60 per Subscription Receipt for gross proceeds of $6,000,000. The Company incurred issuance costs of $630,103 associated with the offering and issued 554,253 warrants with a grant date fair value of $183,803 to a syndicate of agents and 41,666 Common Shares as a corporate finance fee payable to the lead agent. The subscription receipts were deemed exchanged, without payment of any additional consideration, for one Common Share on September 27, 2022. As of August 31, 2022, $5,674,424 was held in escrow, and was recorded as an obligation to issue Common Shares.

On May 13, 2022, the Company issued 3,800,000 Common Shares, with a fair value of $1,108,000 to the vendors of CoSource in connection with the CoSource Acquisition which closed on May 13, 2022. Upon closing, the Company issued 190,000 Common Shares with a fair value of $76,000 to a consultant as an advisory success fee.

On March 29, 2022, the Company issued 200,000 Common Shares in compensation in connection with a consulting arrangement. During the year ended August 31, 2022, the Company recorded expense of $80,000 in share-based payments associated with the payment of the Common Shares with a value of $0.40 per Common Share.

On November 12, 2021, the Company entered into an amended employment agreement with its CEO, discharging its obligation to issue 1,000,000 Common Shares to its CEO. The Company accounted for the contract amendment as a modification to a share-based payment arrangement in which there has been a reduction in the number of equity instruments to be issued to an employee. As a result, the transaction has been accounted for as a cancellation, and as there was no remaining vesting period, the Company did not incur any additional share-based payment expenditures during the year ended March 31, 2023 (year ended August 31, 2022 – nil). As at August 31, 2022, the Company reclassified its previously recorded obligation to issue shares balance of $250,000 to deficit.

(EXPRESSED IN CANADIAN DOLLARS)

On November 1, 2021, the Company issued 6,000,000 Common Shares to the vendors of Spark (see Note 4) in connection with the Spark Acquisition, valued at $0.40 per Common Share, being the most recent private placement price, adjusted for a discount of lack of marketability of $630,000. In connection with the Spark Acquisition, the Company also issued 4,219,670 Common Shares to the advisors as an advisory success fee, valued at $0.40 per Common Share totaling $1,687,868.

On October 1, 2021, the Company completed a non-brokered private placement issuing 10,000,000 Common Shares at a price of $0.40 per Common Share for gross proceeds of $4,000,000, of which $816,650 had been received prior to September 1, 2021, and was reclassified from subscription liability to share capital upon share issuance. The Company paid $18,899 in finder's fees associated with the offering.

*(c) Warrants*

*(i) Non-performance warrants*

The non-performance warrant continuity schedule is as follows:

| | **Seven months ended March 31, 2023** | | | Year ended August 31, 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of warrants** | | **Weighted average exercise price** | Number of warrants | | Weighted average exercise price |
| Balance, beginning of the period | **680,253** | **$** | **0.54** | 126,000 | $ | 0.25 |
| Granted | **-** | | **-** | 554,253 | | 0.60 |
| Exercised | **(14,896)** | | **(0.25)** | - | | - |
| Balance, end of the period | **665,357** | **$** | **0.54** | 680,253 | $ | 0.54 |
| Warrants exercisable, end of the period | **665,357** | **$** | **0.54** | 680,253 | $ | 0.54 |

Details of the non-performance warrants outstanding as at March 31, 2023 are as follows:

| Exercise price | | Number of warrants outstanding | Expiry date |
|---|---|---|---|
| $ | 0.25 | 111,104 | May 21, 2023* |
| $ | 0.60 | 554,253 | September 27, 2024 |

*these warrants are subsequently exercised, refer to Note 23

(EXPRESSED IN CANADIAN DOLLARS)

The weighted average remaining contractual life of the non-performance warrants outstanding at March 31, 2023, excluding the non-performance warrants without a fixed expiry date is 1.27 years (August 31, 2022 – 0.72 years). During the year ended August 31, 2022, the fair value component related to the warrants of $183,803 was determined using the Black-Scholes Model using the following assumptions:

| | Year ended August 31, 2022 |
|---|---|
| Expected life | 2.33 years |
| Expected volatility(*) | 96.25% |
| Risk-free rate | 2.79% |
| Dividend yield | - |
| Underlying share price | $ 0.60 |
| Exercise price | $ 0.60 |

(*) – The Company measures its volatility based on a proxy of publicly traded companies that are similar in size and operate in a similar industry. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends which may not necessarily be the actual outcome.

*(ii) Performance warrants*

The continuity schedule for the performance warrants is as follows:

| | **Seven months ended March 31, 2023** | | Year ended August 31, 2022 | |
|---|---|---|---|---|
| | **Number of warrants** | **Weighted average exercise price** | Number of warrants | Weighted average exercise price |
| Balance, beginning of the period | **5,580,000** | **$ 0.29** | 4,080,000 | $ 0.25 |
| Granted | **1,050,000** | **0.60** | 1,500,000 | 0.40 |
| Balance, end of the period | **6,630,000** | **$ 0.34** | 5,580,000 | $ 0.29 |
| Warrants exercisable, end of the period | **450,000** | **$ 0.33** | 200,000 | $ 0.29 |

Details of the performance warrants exercisable at March 31, 2023 are as follows:

| Exercise price | Number of warrants exercisable | Expiry date |
|---|---|---|
| $ 0.25 | 200,000 | August 5, 2024 |
| $ 0.40 | 250,000 | May 13, 2027 |

The weighted average remaining contractual life of the performance warrants exercisable as at March 31, 2023 is 2.89 years (August 31, 2022 – 2.93 years). The fair value of the performance warrants, including issuances and revaluations was determined using the Black-Scholes model using the following assumptions:

(EXPRESSED IN CANADIAN DOLLARS)

| | | Seven months ended March 31, 2023 | | Year ended August 31, 2022 |
|---|---|---|---|---|
| Exercise life | | **2-5 years** | | 3-5 years |
| Expected volatility(*) | | **76.77% - 100.73%** | | 87.00% - 133.04% |
| Risk-free rate | | **3.02% - 4.06%** | | 1.07% - 3.59% |
| Dividend yield | | **-** | | - |
| Underlying share price | **$** | **0.46 - 0.56** | $ | 0.40 - 0.60 |
| Exercise price | **$** | **0.25 - 0.60** | $ | 0.02 - 0.60 |

(*) – The Company measures its volatility based on a proxy of publicly traded companies that are similar in size and operate in a similar industry. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends which may not necessarily be the actual outcome.

***Advisory warrants***

On August 3, 2021, the Company granted 2,000,000 performance warrants to an advisor in consideration of a future financing transaction. The warrants will vest upon the completion of a future financing transaction, whereby the Company obtains a listing on a Canadian stock exchange and conduct a subsequent offering to raise a minimum of $5 million. The performance warrants, when vested, will provide the holder with the opportunity to exercise one warrant for one Common Share at an exercise price of $0.25 per Common Share for a period of two years from the vesting date. The Company has accounted for the transaction in accordance with IFRS 2 – Share-based payments ("IFRS 2") as a share-based payment with a performance condition, and the cumulative fair value represents the best available estimate of the equity instruments expected to vest as at March 31, 2023 and August 31, 2022. Upon vesting, the cumulative fair value of the services provided by the advisor would be recorded as share issuance cost. During the seven months ended March 31, 2023, there has been no cumulative cost recorded (year ended August 31, 2022 – nil).

***Collaboration warrants***

On August 5, 2021, as amended on November 25, 2021, the Company entered into a collaboration agreement (the "Target Park Agreement") with Target to supply, install and maintain EV charging stations. In connection with the Target Park Agreement, the Company issued 2,080,000 performance warrants, 200,000 of which vested immediately with the remaining vesting occurring upon the successful completion of certain milestones during the three years following the commencement of the Target Park Agreement. The performance warrants, when vested, provide the holder with the right to exercise one warrant for one Common Share at an exercise price of $0.25 per Common Share, valid for a period of three years from the date in which such tranche of warrants vested.

The Company has accounted for the Target Park Agreement in accordance with IFRS 2 as a share-based payment with a performance condition, and the cumulative expense recorded represents the best available estimate of the equity instruments expected to vest as at March 31, 2023 and August 31, 2022. During the seven months ended March 31, 2023, the Company recorded share-based payment expense of $16,176 (year ended August 31, 2022 – $98,954) relating to the share-based payment component of the Target Park Agreement.

***CoSource warrants***

Pursuant to the CoSource Agreement (see Note 4), the Company issued 1,500,000 performance warrants to the CEO. Each performance warrant is exercisable into one Common Share at a price of $0.02 per Common Share upon the Company's achievement of certain revenue-based milestones. On August 15, 2022, the Company entered into an amended agreement with its CEO in which the exercise price of the performance warrants was raised to an exercise price of $0.40 per Common Share.

Due to the nature of the CoSource Agreement requiring continued service from the CEO for the Performance Warrants to vest, the Company has accounted for the CoSource Acquisition in accordance with IFRS 2 as a share-based payment with a performance condition, and the cumulative expense recorded represents the best available estimate of the equity instruments expected to vest as at March 31, 2023 and August 31, 2022. During the seven months ended March 31, 2023, the Company recorded share-based payment expense of $305,178 (year ended August 31, 2022 – $53,610) relating to the share-based payment component of the CoSource Agreement.

***Consultant warrants***

On September 28, 2022, the Company granted 1,050,000 performance warrants to a consultant of the Company, when vested and exercised, provides the holder with one warrant for one Common Share at an exercise price of $0.60 per Common Share. The performance warrants vest in seven (7) tranches conditional upon the Company meeting certain thresholds with respect to charging ports delivered and invoiced.

The Company has accounted for the aforementioned transaction in accordance with IFRS 2 as a share-based payment with a performance condition, and the cumulative expense recorded represents the best available estimate of the equity instruments expected to vest as at March 31, 2023. During the seven months ended March 31, 2023, the Company recorded share-based payment expense of $17,734 (year ended August 31, 2022 – nil) relating to the share-based payment component of this arrangement.

*(d) Options*

The Company has an equity incentive plan ("Incentive Plan") whereby the Company may grant equity-based incentive awards in the form of Options, PSUs, and RSUs to directors, officers, employees and independent consultants to purchase or receive Common Shares. The terms and conditions of each equity-based incentive award granted under the Incentive Plan are determined by the Board. The number of Common Shares reserved for issuance upon the exercise of Options or vesting of PSUs and RSUs is limited to a maximum of 10% of the issued and outstanding Common Shares at any time.

During the seven months ended March 31, 2023, the Company recorded stock-based compensation of $260,744 (year ended August 31, 2022 – $330,806).

(EXPRESSED IN CANADIAN DOLLARS)

The Option continuity schedule is as follows:

| | **Seven months ended March 31, 2023** | | | Year ended August 31, 2022 | | |
|---|---|---|---|---|---|---|
| | **Number of options** | | **Weighted average exercise price** | Number of options | | Weighted average exercise price |
| Balance, beginning of period | **2,435,000** | **$** | **0.33** | 1,500,000 | $ | 0.25 |
| Granted | **795,721** | | **0.56** | 935,000 | | 0.47 |
| Exercised | **(100,000)** | | **(0.40)** | - | | - |
| Forfeited or cancelled | **(275,000)** | | **(0.30)** | - | | - |
| Balance, end of period | **2,855,721** | **$** | **0.41** | 2,435,000 | $ | 0.33 |
| Options exercisable, end of period | **1,735,000** | **$** | **0.36** | 1,177,500 | $ | 0.30 |

The following is a summary of the outstanding Options at March 31, 2023:

| Exercise price | | Number outstanding | Weighted average remaining contractual life | Number exercisable | Weighted average remaining vesting period |
|---|---|---|---|---|---|
| $ | 0.25 | 1,250,000 | 3.25 years | 937,500 | 0.25 years |
| $ | 0.40 | 500,000 | 1.62 years | 400,000 | 0.65 years |
| $ | 0.50 | 200,000 | 2.78 years | - | 0.40 years |
| $ | 0.58 | 421,721 | 2.69 years | - | 0.75 years |
| $ | 0.60 | 484,000 | 3.07 years | 397,500 | 0.71 years |
| | | 2,855,721 | | 1,735,000 | |

The fair value of the Options issued during the seven months ended March 31, 2023, and year ended August 31, 2022, were estimated using the following Black-Scholes Model assumptions:

| | | **Seven months ended March 31, 2023** | | Year ended August 31, 2022 |
|---|---|---|---|---|
| Expected life | | **3-5 years** | | 3 years |
| Expected volatility(*) | | **92.15% - 101.33%** | | 86.55% - 89.21% |
| Risk-free rate | | **3.34% - 3.66%** | | 1.13% - 3.18% |
| Dividend yield | | **-** | | - |
| Underlying share price | **$** | **0.46 - 0.60** | $ | 0.40 - 0.60 |
| Exercise price | **$** | **0.50 - 0.60** | $ | 0.40 - 0.60 |

(*) – The Company measures its volatility based on a proxy of publicly traded companies that are similar in size and operate in a similar industry. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends which may not necessarily be the actual outcome.

(EXPRESSED IN CANADIAN DOLLARS)

*(e) PSUs*

During the seven months ended March 31, 2023, the Company recorded expense of $64,582 (year ended August 31, 2022 - $52,097) for the PSUs issued to employees. As of March 31, 2023, the Company recorded obligation to issue Common Shares of $3,200 (August 31, 2022 – nil) for 8,000 vested PSUs in which Common Shares had not been issued.

On February 15, 2022, the Company granted 550,000 PSUs to employees of the Company and entered into agreements with the holders of the Spark Contingent Shares (Note 4) to exchange 2,000,004 Spark Contingent Shares into 2,000,004 PSUs. Each PSU is exchangeable for one (1) Common Share. The PSUs vest upon meeting specific performance targets related to the deployment by the Company of certain numbers of EV chargers on or before specified dates.

Set out below is a reconciliation of the changes in the PSUs as at March 31, 2023 and August 31, 2022:

| | | **# of awards** | |
|---|---|---|---|
| | Employee | Contractor | Total |
| Balance, August 31, 2021 | - | - | - |
| Granted | 550,000 | - | 550,000 |
| Conversion of Spark Contingent Shares | - | 2,000,004 | 2,000,004 |
| Vested | - | (666,668) | (666,668) |
| Balance, August 31, 2022 | 550,000 | 1,333,336 | 1,883,336 |
| Granted | - | - | - |
| Vested | (140,000) | - | (140,000) |
| Forfeited | - | (666,668) | (666,668) |
| Balance, March 31, 2023 | 410,000 | 666,668 | 1,076,668 |

*(f) RSUs*

Set out below is a reconciliation of the changes in the RSUs as at March 31, 2023 and August 31, 2022:

| | | **# of awards** | |
|---|---|---|---|
| | Employee | Contractor | Total |
| Balance, August 31, 2021 | - | - | - |
| Granted | 300,000 | - | 300,000 |
| Vested | - | - | - |
| Balance, August 31, 2022 | 300,000 | - | 300,000 |
| Granted | 1,700,000 | 500,000 | 2,200,000 |
| Vested | (75,000) | (125,000) | (200,000) |
| Balance, March 31, 2023 | 1,925,000 | 375,000 | 2,300,000 |

On February 24, 2023, the Company granted 1,200,000 RSUs to an officer of the Company. Each RSU is exchangeable for one (1) Common Share. The RSUs vest according to the following schedule:

- 366,666 on August 24, 2023;
- 366,667 on each of February 24, 2024 and August 24, 2024; and
- 50,000 on each of February 25, 2025 and August 24, 2025.

On January 9, 2023, the Company granted 100,000 RSUs to an officer of the Company. Each RSU is exchangeable for one (1) Common Share. The RSUs vest each three (3) months in equal tranches over the twelve (12) month service period.

On December 7, 2022, the Company granted 100,000 RSUs to an employee of the Company. Each RSU is exchangeable for one (1) Common Share. The RSUs vest in equal tranches on each of April 1, 2023, April 1, 2024 and April 1, 2025.

On December 6, 2022, the Company granted 300,000 RSUs to a director of the Company. Each RSU is exchangeable for one (1) Common Share. The RSUs vest each six (6) months in equal tranches over the twenty-four (24) month service period.

On October 13, 2022, the Company granted 500,000 RSUs to a consultant of the Company. Each RSU is exchangeable for one (1) Common Share. The RSUs vest as to 25% on each of 3, 6, 9, and 12 months post-issuance.

On July 11, 2022, the Company granted 300,000 RSUs to a director of the Company. Each RSU is exchangeable for one (1) Common Share. The RSUs vest each six (6) months in equal tranches over the twenty-four (24) month service period.

During the seven months ended March 31, 2023, the Company recorded expense of $417,518 associated with the service cost of RSUs (year ended August 31, 2022 – $26,080).

*(g)* *Reserves*

The share-based payment reserve and warrant reserve record items recognized as share-based compensation expense and other share-based payments until such time that the Options or warrants are exercised, at which time the corresponding amount will be transferred to share capital. Upon expiry of Options or warrants, the corresponding amount previously recorded to reserve will be transferred to deficit.

(EXPRESSED IN CANADIAN DOLLARS)

## 13. Commitments and contingency

### *(a) Commitments*

As at March 31, 2023, the Company has committed to the following undiscounted minimum lease payments:

| | | |
|---|---|---|
| Year ended March 31: | | |
| 2024 | $ | 309,955 |
| 2025 | | 187,078 |
| 2026 | | 80,910 |
| Total | $ | 577,943 |

### *(b) Contingency*

On April 12, 2022, the Company was notified of a civil claim filed by AddEnergie/Flo for unlawful solicitation of AddEnergie/FLO's prospective customers and business opportunities. The Company believes the claim is without merit and has multiple valid arguments to defend against the claim. Management has assessed the probability of loss as unlikely and the possible damages to be indeterminate. As of March 31, 2023 and August 31, 2022, no provision has been recorded.

(EXPRESSED IN CANADIAN DOLLARS)

## 14. Supplemental cash flow information

Set out below is a reconciliation of the Company's liabilities arising from investing and financing activities

| | | | Non-cash adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | **August 31, 2022** | **Cash flows from financing activities** | **Acquisitions** | **Additions** | **Accretion** | **Issuance of shares** | **March 31, 2023** |
| Notes payable | $ 97,918 | $ (11,271) | $ - | $ - | $ - | $ (86,647) | $ - |
| Lease liabilities | 217,190 | (184,104) | - | 474,210 | 21,997 | - | 529,293 |
| | $ 315,108 | $ (195,375) | $ - | $ 474,210 | $ 21,997 | $ (86,647) | $ 529,293 |

| | | | Non-cash adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | **August 31, 2021** | **Cash flows from financing activities** | **Acquisitions** | **Additions** | **Accretion** | **Issuance of shares** | **August 31, 2022** |
| Notes payable | $ - | $ (52,626) | $ 150,544 | $ - | $ - | $ - | $ 97,918 |
| Lease liabilities | - | (125,450) | - | 320,872 | 21,768 | - | 217,190 |
| Subscription liability | 816,650 | - | - | - | - | (816,650) | - |
| | $ 816,650 | $ (178,076) | $ 150,544 | $ 320,872 | $ 21,768 | $ (816,650) | $ 315,108 |

During the seven months ended March 31, 2023, the Company paid interest of nil (year ended August 31, 2022 - nil) and income taxes of nil and nil, respectively.

Components of cash and cash equivalents at March 31, 2023 and August 31, 2022 are as follows:

| | **March 31, 2023** | August 31, 2022 |
|---|---|---|
| Cash | **$ 1,636,157** | $ 1,094,358 |
| Cash equivalents | **1,050,000** | 25,000 |
| Cash and cash equivalents | **$ 2,686,157** | $ 1,119,358 |

(EXPRESSED IN CANADIAN DOLLARS)

| Non-cash investing and financing activities | | **Seven months ended March 31, 2023** | | Year ended August 31, 2022 |
|---|---|---|---|---|
| Recognition of right-of-use assets | **$** | **474,210** | $ | 355,972 |
| Recognition of lease liabilities | | **474,210** | | 320,872 |
| Issuance of shares for services | | **-** | | 80,000 |
| Issuance of shares for debt | | **94,382** | | - |
| Issuance of broker warrants | **$** | **-** | $ | 183,303 |

(EXPRESSED IN CANADIAN DOLLARS)

## 15. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Board and corporate officers, including the CEO, the Company's Chief Financial Officer, Navraj Dosanjh (beginning January 9, 2023) and the now former Chief Financial Officer (the "Former CFO"), Kara James (until January 9, 2023). The Company measures related party transactions at the exchange amount which represents the consideration agreed upon between the Company and the related party.

In addition to cash compensation, the Company also permits participation in the Incentive Plan.

The compensation paid to key management personnel is as follows:

| | | **Seven months ended March 31, 2023** | | Year ended August 31, 2022 |
|---|---|---|---|---|
| Wages and benefits | **$** | **320,874** | $ | 265,544 |
| Share-based payments | | **696,167** | | 306,177 |
| | **$** | **1,017,041** | $ | 571,721 |

During the seven months ended March 31, 2023, included within consulting and professional fees is expense of $123,648 (year ended August 31, 2022 - $221,081) incurred for professional fees provided by 1006098 B.C. Ltd. dba PubCo Reporting, an entity significantly influenced by the Former CFO. As at January 9, 2023, the Former CFO ceased to be a related party to the Company. As at March 31, 2023 – $31,021 (August 31, 2022 - $20,499), was included in accounts payable to 1006098 B.C. Ltd. dba PubCo Reporting. The amount is unsecured, non-interest bearing, and has no fixed terms of repayment.

During the year ended August 31, 2022, in connection with the Spark Acquisition (see Note 4) the Company acquired a note receivable from a now former director of Spark, Sion Jones, totaling $10,067. The loan was subsequently collected during the year ended August 31, 2022, and as at March 31, 2023 and August 31, 2022, there is no remaining balance. The amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

During the year ended August 31, 2022, in connection with the acquisition of Spark (see Note 4), the Company assumed a note payable from an entity controlled by close family members of a now former director of Spark, Sion Jones, totaling $7,749. During the seven months ended March 31, 2023, the Company paid the remaining balance of $7,749 through the issuance of 13,837 Common Shares. As at March 31, 2023, there is no remaining balance (August 31, 2022 - $7,749). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of the Company's initial public offering.

During the year ended August 31, 2022, in connection with the Spark Acquisition (see Note 4) the Company assumed a note payable from an entity controlled by a now former Company director, Sion Jones, and a close family member totaling $49,771. During the seven months ended March 31, 2023, the Company paid the remaining balance of $49,771 through the issuance of 88,876 Common Shares. As at March 31, 2023, there is no remaining balance (August 31, 2022 - $49,771). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of the Company's initial public offering.

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During the year ended August 31, 2022, in connection with the CoSource Acquisition (see Note 4) the Company assumed a note payable from a close family member of the CEO totaling $34,771. During the seven months ended March 31, 2023, the Company repaid $11,271 to the noteholder (year ended August 31, 2022 - $23,500). As at March 31, 2023, the remaining balance payable was nil (August 31, 2022 - $11,271). The note was unsecured, non-interest bearing, and due within fifteen (15) days of the completion of the Company's initial public offering.

## 16. Management of Capital

The Company considers its capital to be comprised of shareholders' equity. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to carry out planned activities and pay for administrative costs, the Company may attempt to raise additional amounts of capital through the issuance of Common Shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since incorporation. The Company is not subject to external capital requirements.

## 17. Financial instruments

Set out below are categories of financial instruments and fair value measurements:

| As at | | **March 31, 2023** | | August 31, 2022 |
|---|---|---|---|---|
| Financial assets at fair value | | | | |
| Cash and cash equivalents | **$** | **2,686,157** | $ | 1,119,358 |
| Cash held in escrow | | **-** | | 5,674,424 |
| Financial assets at amortized cost | | | | |
| Trade accounts, interest, and other receivable | | **719,886** | | 435,091 |
| Lease receivable | | **174,511** | | - |
| Financial liabilities at amortized cost | | | | |
| Accounts payable and accrued liabilities | | **(919,006)** | | (575,261) |
| Lease liabilities | | **(529,293)** | | (217,190) |
| Notes payable | | **-** | | (97,918) |
| Holdbacks payable | | **(10,203)** | | (29,365) |
| | **$** | **2,122,062** | $ | 6,309,139 |

The Company considers that the carrying amount of all its financial assets and liabilities recognized at amortized cost in the consolidated financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

The Company's cash and cash equivalent and cash held in escrow are valued using level one inputs.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents, accounts receivable, and lease receivable. Credit risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. As at March 31, 2023, there were three customers with amounts outstanding that exceed 10% of the Company's trade accounts receivable that totaled 58% in aggregate (Customer A – 25%; Customer B – 18%; Customer C – 15%). As at August 31, 2022, there was one customer with a balance outstanding totaling 19% of the Company's trade accounts receivable. The Company assessed credit risk as low.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets is hindered. The Company has sufficient cash to meet its current liabilities at March 31, 2023. The Company assessed liquidity risk as low.

*Foreign exchange risk*

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

*Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(EXPRESSED IN CANADIAN DOLLARS)

## 18. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

| | **Seven months period ended March 31, 2023** | Year ended August 31, 2022 |
|---|---|---|
| Net loss | **$ (4,451,910)** | $ (9,641,448) |
| Statutory income tax rate | **27%** | 27% |
| Expected income tax recovery at the statutory tax rate | **$ (1, 202,000)** | $ (2,603,000) |
| Difference due to rates in other jurisdictions | **-** | 10,000 |
| Deferred tax assets from acquisitions | **-** | (30,000) |
| Non-deductible differences and other | **296,000** | 1,572,000 |
| Temporary differences not recognized | **906,000** | 1,051,000 |
| | **$ -** | $ - |

The Company has the following deductible temporary differences from which no deferred tax asset has been recognized:

| As at | | **March 31, 2023** | **Expiry** | | August 31, 2022 | Expiry |
|---|---|---|---|---|---|---|
| Non-capital losses carried forward | **$** | **8,067,000** | **2036-2043** | $ | 4,626,000 | 2036-2042 |
| Share issuance costs and other | | **598,000** | **2043-2047** | | 497,000 | 2042-2046 |
| | **$** | **8,665,000** | | $ | 5,123,000 | |

## 19. Segmented reporting

The Company operates in a single segment, the sale of EV charging equipment, software, and maintenance contracts. During the seven months ended March 31, 2023, the Company recognized 57% of its revenue from 3 customers (Customer A – 22%, Customer B – 21% and Customer C – 14%). During the year ended August 31, 2022, the Company recognized 32% of its revenue from 2 customers (Customer A – 20% and Customer B – 12%). The Company's property and equipment and right-of-use assets are located in Canada. All of the Company's customers are located within North America.

(EXPRESSED IN CANADIAN DOLLARS)

## 20. Revenue

| | | Seven months ended March 31, 2023 | | Year ended August 31, 2022 |
|---|---|---|---|---|
| EV charging equipment | **$** | **1,830,062** | $ | 454,160 |
| Installation | | **117,760** | | - |
| SaaS | | **22,348** | | - |
| Other | | **17,837** | | 30,058 |
| | **$** | **1,988,007** | $ | 484,218 |

## 21. Cost of sales

| | Note | | Seven months ended March 31, 2023 | | Year ended August 31, 2022 |
|---|---|---|---|---|---|
| EV charging equipment | 7 | **$** | **1,429,840** | $ | 309,382 |
| Installation | | | **82,232** | | - |
| SaaS | | | **19,563** | | - |
| Other | | | **11,240** | | 6,140 |
| | | **$** | **1,542,875** | $ | 315,522 |

## 22. Expenses

| General and administrative | Note | | Seven months ended March 31, 2023 | | Year ended August 31, 2022 |
|---|---|---|---|---|---|
| Consulting and professional fees | 15 | **$** | **1,333,482** | $ | 2,100,809 |
| Wages and benefits | 15 | | **487,886** | | 546,271 |
| Share-based payments | 12 &15 | | **1,081,932** | | 641,547 |
| Office and administration | 5 | | **865,531** | | 294,986 |
| Depreciation and amortization | 9 & 10 | | **135,876** | | 154,695 |
| | | **$** | **3,904,707** | $ | 3,738,308 |

| Sales and marketing | Note | | Seven months ended March 31, 2023 | | Year ended August 31, 2022 |
|---|---|---|---|---|---|
| Wages and benefits | 15 | **$** | **447,200** | $ | 447,316 |
| Advertising and promotional | | | **318,833** | | 130,342 |
| Shipping | | | **30,568** | | 39,920 |
| | | **$** | **796,601** | $ | 617,578 |

| Research and development | Note | | Seven months ended March 31, 2023 | | Year ended August 31, 2022 |
|---|---|---|---|---|---|
| Wages and benefits | 15 | **$** | **182,305** | $ | - |
| Consulting and professional fees | | | **37,527** | | 111,161 |
| | | **$** | **219,832** | $ | 111,161 |

## 23. Subsequent events

On May 17, 2023, the Company closed a non-brokered private placement of up to 4,761,904 units of the Company at a price of $1.05 per Unit (the “Offering”), for aggregate gross proceeds of $5,000,000. Each Unit is composed of one (1) Common Share and one-half of one (1/2) Common Share purchase warrant (each whole Common Share purchase warrant, a “Warrant”). Each Warrant entitles the holder thereof to acquire one (1) Common Share (a “Warrant Share”) at a price of $1.35 per Warrant Share for a period of thirty-six (36) months from the closing date of the Offering. The Company incurred cash transaction costs of $27,363. Additionally, as a result of and concurrent with the closing of the Offering, 2,000,000 advisory warrants described in note 12(c)(ii) vested immediately.

Subsequent to March 31, 2023, changes in the Company’s equity awards are as follows:

- 665,357 Common Shares were issued upon the exercise of 665,357 warrants for net proceeds to the Company of $360,328, of which 111,104 were exercised at an exercise price of $0.25 per Common Share and 554,253 at an exercise price of $0.60 per Common Share;

- 165,000 Common Shares were issued upon the exercise of 165,000 Options, for net proceeds to the Company of $66,000, at an exercise price of $0.40 per Common Share;

- 90,000 Common Shares were issued upon the exercise of 90,000 Options, for net proceeds to the Company of $54,000, at an exercise price of $0.60 per Common Share;

- 158,333 Common Shares were issued upon the vesting of 158,333 RSUs, of which 33,333 were to employees and 125,000 to a contractor;

- 16,000 Common Shares were issued upon the vesting of 16,000 PSUs to employees of the Company;

- 333,333 Common Shares were issued upon the exercise of 333,333 Performance Warrants, for net proceeds to the Company of $83,333, at an exercise price of $0.25 per Common Share; and

- 120,000 Options were issued to employees of the Company, of which 100,000 are exercisable at an exercise price of $1.31 per Common Share and 20,000 are exercisable at an exercise price of $2.70 per Common Share.