

SOLO 1Q 2022 RESULTS TRANSCRIPT

Greetings, and welcome to the ElectraMeccanica Vehicles Corp. Corporate Update conference call.

Before we begin the formal presentation, I'd like to remind everyone that statements made on today's call and webcast, including those regarding future financial results and industry prospects are forward-looking, and may be subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the call. Please refer to the Company's regulatory filings for a list of associated risks, and we would also refer you to the Company's website, www.electrameccanica.com, for more supporting industry information.

I would now like to hand the call over to Mr. Kevin Pavlov, Chief Executive Officer of ElectraMeccanica. Kevin, the floor is yours.

CEO Kevin Pavlov

Hello everyone, and thanks so much for joining us for a discussion of our first quarter of 2022 results, and a corporate update. I am joined today by ElectraMeccanica's CFO Bal Bhullar.

First, before I turn it over to Bal to walk you through the first quarter of 2022 in more detail, let's take a high level look at the Company's performance:

In the first quarter of 2022, we booked just over one million dollars in revenue, a year-over-year increase of over 400%.

We manufactured 170 SOLO vehicles in the quarter, and delivered 45 of them to some very excited customers.

We incurred net losses in the quarter of just under 18 million dollars, vs. working capital at the end of the quarter of over 215 million dollars, and a cash balance of over 194 million dollars.

These are solid numbers relative to last year as a whole, and represent a better overall performance relative to the first quarter of 2021.

That said, I want to acknowledge the performance also represents a sequential decline in terms of quarterly vehicle deliveries. So I want to offer some further big-picture context for where we are at operationally, before our walkthrough of the financials.

Stepping back for a moment, many of you will recall that the last time we held an earnings call, I had just taken the role of CEO here at ElectraMeccanica, and the company itself had only just crossed the threshold of becoming a genuine OEM: that is, moving from pre-production, planning, design and capital raising to actually making, selling and delivering vehicles.



I was excited then, and remain excited by our progress towards being a fully operationalized vehicle business.

However, those of you that follow the auto industry historically, and more recently, other electric vehicle manufacturers, will know just how much work is involved in this transition.

There are just a few companies on the planet that have managed to do what EMV has done - that is, actually have made, sold and shipped hundreds of true, production-model electric vehicles. This fact alone sets us apart from the dozens of public, pure-play EV corporations.

Given that fact, and our track record of making over 400 production SOLOs so far in total, let me offer two essential takeaways about our 2022 first quarter:

We remain on track for bringing our US-based manufacturing facility in Mesa, AZ, online at the end of this year. In fact, I'm delivering today's remarks from that facility. We expect to have our certificate of occupancy for the factory in the second half of this year and to produce vehicles there approximately by year end.

We're on track despite historic headwinds shared by virtually every business, which are on the front page of every newspaper, including geopolitical instability, post-pandemic aftershocks, and the various government responses to them that continue to disrupt worldwide supply chains and logistics.

Did we plan to ship, sell and deliver more vehicles in Q122? Yes. Are we seeing a reduction in demand for those vehicles? No.

We received new orders for SOLOs in the first quarter of this year that far exceed our unit deliveries, so demand remains robust.

We also believe the supply chain and logistics issues are significant, but will ultimately be temporary. The reality for nearly every similar OEM and distributor is that it's an unprecedentedly bad time to be shipping cars from China right now. This is one reason why bringing the US assembly plant facility online remains an important focus. If nothing else, a US-based manufacturing capability will simplify one aspect of our supply chain. In the meantime, of course, we will continue to manage international shipping as best we can, leveraging vehicle availability as it expands and making other improvements to our sales/delivery process that I'll discuss in a minute.

Looking ahead to the remainder of 2022, I want to convey just how committed I and every person working at ElectraMeccanica are to operationalizing - and commercializing - what we truly believe is the best solution to an unaddressed and underappreciated need in the electric mobility space.

Before I turn this over to Bal, I want to explain what this commitment to operations means for our customers, partners, and shareholders over the next 3-4 quarters.



First, it means discipline: everything we are doing right now at ElectraMeccanica is focused on ensuring that we control what we can to make and deliver SOLO vehicles to the people and businesses that have ordered or expressed interest in them.

Second, it means the right team. We're adding experienced leaders who we believe will be able to accelerate and improve our ability to operate.

In April, we welcomed Joe Mitchell as our new COO. He brings us decades of experience in the automotive industry managing OEM production and growth. One of his first actions has been to upgrade our systems, firmwide, so that we have better controls around the design and manufacturing processes.

Not only do we believe this will accelerate production and delivery, but we also believe it will contribute significantly, over time, to margin improvement.

In January, we added Kim Brink as Chief Revenue Officer. Kim also has decades of valuable experience in the automotive industry, and her ability to define and expand niche markets couldn't be more relevant, or important, to our ability to ramp sales.

Finally, in April, we added Bill Quigley to the Board of Directors, so that we have a level of seasoned financial and auto-industry oversight that can help guide our decisions from a governance as well as an operating perspective.

Third, it means a laser focus not just on scaling better, but also *selling* better.

An essential part of a successful transition from preproduction to production means making sure the customer experience around the vehicle is as good as the vehicle itself.

For example: during the first quarter of 2022 we were able to finalize a business relationship with one of the top 20 banks in the US that will dramatically reduce the time for consumers to apply for and receive financing for the SOLO. For a sense of scale, financing decisions will now be completed in a matter of days, vs. weeks.

If you've been in a SOLO, you know it's a fun and easy driving experience. We're now building out the buying experience to match.

Fourth and lastly, it means expanding our value proposition to fleets and not only individuals

Commercial and fleet customers comprised a significant percentage of our deliveries this quarter, which is incredibly encouraging in particular as we bring our SOLO Cargo model into production.

The SOLO is being used and evaluated by companies, institutions and municipalities for everything from parking compliance to food delivery. There are thousands of uses for what we believe is the most environmentally friendly, inexpensive to buy and maintain, enclosed and small-footprint vehicle.



Taken together, everything I am talking about today is being done with a view to ensuring that ElectraMeccanica will be operationally successful. Whether that's making the right investments in people, programs, or premises, we're working hard to make sure we're as good or better than any OEM in the space.

To recap, we're in the midst of what inevitably is a long beginning to the crucial OEM phase. We believe we have the right resources and motivation to push through the challenges of a complex environment. We're confident that ElectraMeccanica is in good shape as we continue our transformation.

We appreciate your support and enthusiasm, and I'll turn to Bal to provide a little more detail on the numbers.

CFO Bal Bhullar

Thanks, Kevin.

ElectraMeccanica's total revenues for the quarter were 1.04 million, an over 400% year-on-year gain, and a sequential decline of 31% from the fourth quarter of 2021.

We delivered 45 vehicles in the quarter. This was below internal expectations due to a combination of supply chain difficulties and longer-than-expected lead times to close sales. However, we produced 170 vehicles in the quarter and have vehicles in transit that we believe will help offset the complexities with SOLO unit deliveries.

Our net loss was 17.83 million, or 15 cents per share on a basic and diluted basis.

Our SG&A was substantially higher on a year over year basis, which was as expected, as we continue to prepare ElectraMeccanica to operate at scale.

Office expenses, professional and consulting fees (including those for enterprise software implementation), salaries, investment in R&D, and sales and marketing expenses were all higher.

Given the ongoing capital requirements of our business as we prepare to substantially ramp production on a multi-year basis, we have been careful to manage our liquidity. Cash and cash equivalents totaled 196.7 million dollars at quarter end, and our working capital surplus was just over 215 million dollars at quarter end.

While we did have some suppliers impacted by government lockdowns in China in March, and these may persist for the medium term, we have been working closely with our manufacturing partner, Zongshen, to ensure our overall production targets are met in 2022.

Our Mesa assembly facility remains on target to be completed in the second half of this year.

As Kevin said, we're focused on ensuring that the operational machinery of ElectraMeccanica is sound as we enter a new phase of growth, and we look forward to communicating our progress to you in the coming months.

Thank you.

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