
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of **November 2021**

Commission File No. **001-38612**

ELECTRAMECCANICA VEHICLES CORP.

(Translation of registrant's name into English)

102 East 1st Avenue
Vancouver, British Columbia, Canada, V5T 1A4
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

Attached as Exhibit 99.1 to this Report of Foreign Private Issuer on Form 6-K is our Quarterly Report for the nine months ended September 30, 2021. The information in this Quarterly Report on Form 6-K and the exhibits hereto are incorporated by reference into: (i) our registration statement on Form F-3 (333-229562), originally filed on February 8, 2019, and the prospectus thereto filed on March 1, 2019; (ii) our registration statement on Form S-8 (333-249321), originally filed on October 5, 2020; and (iii) our registration statement on Form F-3 (333-257292), originally filed on June 22, 2021, and the prospectus thereto filed on June 30, 2021, and the prospectus supplement thereto filed on September 30, 2021.

Exhibits

Exhibit No.

Exhibit

99.1	<u>Quarterly Report for the nine months ended September 30, 2021.</u>
99.2	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.</u>
99.3	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.</u>
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned hereunto duly authorized.

ELECTRAMECCANICA VEHICLES CORP.

Date: November 9, 2021.

By: /s/ Baljinder K. Bhullar
Name: Baljinder K. Bhullar
Title: Chief Financial Officer and a director
(Principal Financial Officer and Principal Accounting Officer)

ELECTRAMECCANICA VEHICLES CORP.

REPORT ON FORM 6-K FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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INTRODUCTION

Currency of Presentation and Certain Defined Terms

Unless the context otherwise requires, in this quarterly report (the “Quarterly Report”) the term(s) “we”, “us”, “our”, “Company”, “our company”, “ElectraMeccanica” and “our business” refer to Electrameccanica Vehicles Corp.

All references to “\$” or “dollars” are expressed in US dollars unless otherwise indicated.

Our financial statements are prepared in US dollars and presented in accordance with International Financial Reporting Standards, or “IFRS”, as issued by International Accounting Standards Board (“IASB”). In this Quarterly Report any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

Forward-Looking Statements

This Quarterly Report contains statements that constitute “forward-looking statements”. Any statements that are not statements of historical facts may be deemed to be forward-looking statements. These statements appear in a number of different places in this Quarterly Report and, in some cases, can be identified by words such as “anticipates”, “estimates”, “projects”, “expects”, “contemplates”, “intends”, “believes”, “plans”, “may”, “will” or their negatives or other comparable words, although not all forward-looking statements contain these identifying words.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions made in light of our experience and our perception of trends, current conditions and expected developments, as well as other factors that we believe to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Management believes that the assumptions and expectations reflected in such forward-looking statements are reasonable.

Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The forward-looking statements might not prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. These cautionary remarks expressly qualify, in their entirety, all forward-looking statements attributable to our Company or persons acting on our behalf. We do not undertake to update any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such statements, except as, and to the extent required by, applicable securities laws. You should carefully review the cautionary statements and risk factors contained in this Quarterly Report and other documents that we may file from time to time with the securities regulators.

Implications of Being a Foreign Private Issuer

We are considered a foreign private issuer. In our capacity as a foreign private issuer, we are exempt from certain rules under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. We are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (i) the majority of our executive officers or directors are U.S. citizens or residents; (ii) more than 50% of our assets are located in the United States; or (iii) our business is administered principally in the United States.

We have taken advantage of certain reduced reporting and other requirements in this Quarterly Report that are available to foreign private issuers and not to U.S. domestic companies. Accordingly, the information contained herein may be different than the information you receive in a quarterly report on Form 10-Q from public companies required to report as U.S domestic companies in which you hold equity securities.

PART I – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

The selected historical consolidated financial information set forth below has been derived from our financial statements for the nine months ended September 30, 2021 and for the fiscal years ended December 30, 2020, 2019, 2018 and 2017.

Consolidated Statement of Comprehensive Loss

	Nine months ended September 30, 2021	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Revenues	\$ 592,524	\$ 568,521	\$ 585,584	\$ 599,757	\$ 84,203
Gross Profit	\$ 12,561	\$ (130,934)	\$ 98,041	\$ 155,961	\$ 34,880
Net Loss	\$ 24,475,447	\$ 63,046,905	\$ 23,212,698	\$ 7,745,313	\$ 8,766,678
Loss per Share – Basic and Diluted	\$ 0.22	\$ 1.08	\$ 0.64	\$ 0.29	\$ 0.40

Our interim condensed consolidated financial statements for the three and nine months ended September 30, 2021 and 2020 are attached at the end of this Quarterly Report forming Exhibit 99.1.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

General

During the quarter ended December 31, 2020, the Company changed its presentation currency from the Canadian dollar to the US dollar (“USD”). For preparing this September 30, 2021 financial information, comparative Statement of Comprehensive Loss and Statement of Cash Flows have been translated into USD using average foreign currency rates prevailing for the relevant reporting period of the year ended December 31, 2020. Assets and liabilities in the Statement of Financial Position at December 31, 2020 have been translated into USD at the closing foreign currency rates on that date. The equity section of the Statement of Financial Position, including foreign currency translation reserve, retained earnings, share capital and the other reserves, have been translated into USD using historical rates, and earnings per share has also been restated to USD to reflect the change in presentation currency.

As at January 1, 2021, our functional currency changed to USD from the Canadian dollar. The following management's discussion and analysis, prepared for the three and nine months ended September 30, 2021, is a review of our operations, current financial position and outlook and should be read in conjunction with our annual audited financial statements for the year ended December 31, 2020 and the notes thereto. Amounts are reported in USD based upon financial statements prepared in accordance with IFRS as issued by the IASB.

The preparation of financial statements in conformity with these accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. The estimates were based on our historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates or other forward-looking statements under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Our actual results may differ materially.

This Quarterly Report contains forward-looking statements about our business, financial condition and prospects that reflect management's assumptions and beliefs based on information currently available. The expectations indicated by such forward-looking statements might not be realized. If any of our management's assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, our actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, the ability of our partners to produce our electric vehicles, tariffs and other trade matters, the acceptance of our electric vehicles, our ability to create and expand our customer base, management's ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Quarterly Report, words such as “believes”, “expects”, “intends”, “plans”, “anticipates”, “estimates” and similar expressions are intended to identify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

Our Company

Corporate Structure and Principal Executive Offices

We were incorporated on February 16, 2015, under the laws of the Province of British Columbia, Canada, and have a December 31st fiscal year end. Our principal activity is the development and manufacturing of electric vehicles (“EV”s).

Our principal executive offices are located at 102 East 1st Avenue, Vancouver, British Columbia, Canada, V5T 1A4. Our telephone number is (604) 428-7656. Our website address is www.electrameccanica.com. Our registered and records office is located at Suite 1500, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, Canada, V6E 4N7.

We have five subsidiaries: Intermeccanica International Inc. (“InterMeccanica”), a British Columbia, Canada, corporation; EMV Automotive USA Inc., a Nevada corporation; SOLO EV LLC, a Michigan limited liability company; ElectraMeccanica USA LLC, an Arizona limited liability company; and EMV Automotive Technology (Chongqing) Ltd., a People’s Republic of China corporation.

Additional information related to us is available on SEDAR at www.sedar.com and www.electrameccanica.com. We do not incorporate the contents of our website or of sedar.com into this Quarterly Report.

Overview

We are a development-stage electric vehicle, or EV, designer and manufacturer company located in Vancouver, British Columbia, Canada. Our initial product line targets urban commuters, commercial fleets/deliveries and shared mobility seeking to commute in an efficient, cost-effective and environmentally friendly manner.

Our first flagship EV is the “SOLO”, a single seat vehicle, of which we have built 64 prototype vehicles in-house as of September 30, 2021 and 60 pre-production vehicles with our manufacturing partner, Chongqing Zongshen Automobile Industry Co., Ltd. (“Zongshen”). We have used some of these pre-mass production vehicles as prototypes and for certification purposes, have delivered some to customers and have used others as test drive models in our showroom. We believe our schedule to mass produce EVs, combined with our subsidiary, InterMeccanica’s, 62-year history of automotive design, manufacturing and deliveries of motor vehicles to customers, significantly differentiates us from other early and development stage EV companies.

We launched commercial production of our SOLO on August 26, 2020. For the quarter ended September 30, 2021, we have produced 104 SOLOs for a total of 182 SOLOs since we launched production. We currently have 20 retail stores located in the States of California, Arizona, Oregon, Washington and Colorado. Deliveries will be made to key markets along the U.S. west coast as the Company continues to expand. The Company commenced deliveries on October 4, 2021, to initial customers.

On September 16, 2020, we announced plans to produce an alternative “cargo and fleet” version of our flagship SOLO EV and debuted the SOLO alternative version at the ACT Expo in Long Beach on August 31, 2021.

To support our production, in October of 2017 we entered into a “Manufacturing Agreement” with Zongshen, acting through its wholly-owned subsidiary. Zongshen is an affiliate of Zongshen Power Machinery Co., Ltd., a large-scale scientific and technical enterprise which designs, develops, manufactures and sells a diverse range of motorcycles and motorcycle engines in China. We amended the Manufacturing Agreement in June of 2021 to update certain manufacturing and delivery provisions of the same. Zongshen has previously purchased common shares and warrants to purchase common shares from us, and beneficially owns approximately 2.4% of our common shares.

On March 16, 2021, we announced that we had selected Mesa, Arizona, as the site for the establishment of our U.S.-based assembly facility and engineering technical center. On May 12, 2021, we celebrated the official groundbreaking of the assembly facility and engineering technical center. The intended 235,000 square foot facility is to be located on 18 acres of land adjacent to the Phoenix-Mesa Gateway airport. The building is expected to include an assembly and manufacturing plant, a research center, 22,000 square feet of office space and 19,000 square feet of lab space. In this respect we plan to use an asset-light model in the facility's development, whereby the building will be leased from the land owner and developer. The building is being designed by the architectural firm, Ware Malcomb, and is being engineered by Hunter Engineering with Willmeng Construction acting as the facility's general contractor. When operational, it is expected that facility will have a production capacity of up to 20,000 vehicles per year and employ upwards of 200 to 500 people. The current completion date is targeted for some time during 2022.

We have another EV candidate in early design development stage, the "Tofino", an all-electric, two-seater roadster.

We have devoted substantial resources to create an affordable EV which brings significant performance and value to our customers. To this end, we envision the SOLO carrying a manufacturer's suggested retail price of \$18,500, prior to any surcharge to cover tariffs (discussed below), and being powered by a high-performance electric rear drive motor which enables the SOLO to achieve:

- a top speed of 80 mph and an attainable cruise speed of 68 mph resulting from its lightweight aerospace composite chassis;
- acceleration from 0 mph to 60 mph in approximately ten seconds; and
- a range of up to 100 miles generated from a lithium-ion battery system that requires up to four hours of charging time on a 220-volt charging station (up to eight hours from a 110-volt outlet) that utilizes approximately 8.64 kW/h.

In addition, the SOLO contains a number of standard features found in higher price point vehicles, including:

- LCD Digital Instrument Cluster;
- Power Windows, Power Steering and Power Brakes;
- AM/FM Stereo with Bluetooth/CD/USB;
- Rear view backup camera;
- Air conditioning;
- Heated seats;
- Heater and defogger; and
- Keyless remote entry.

Unique to Canada, the SOLO is under the three-wheeled vehicle category and is subject to the safety standards listed in Schedule III of the Canadian Motor Vehicle Safety Regulations. See "Government Regulation" herein.

For sale into the United States, we and our vehicles must meet the applicable provisions of the U.S. Code of Federal Regulations ("CFR") Title 49 — Transportation. Since the U.S. regulations do not have a specific class for three-wheeled "autocycles", the SOLO falls under the definition of a motorcycle pursuant to Sec. 571.3 of 49 CFR Part 571. However, currently a motorcycle license is not required to drive them in all but the States of Indiana, Minnesota, Nebraska, Nevada, New Mexico, Florida, New York and Massachusetts. Motorcycle helmets must be worn while operating in the States of Alaska (when operating without a motorcycle license or endorsement), Nebraska, North Carolina and Massachusetts. Helmets are also required if the driver is under 18 years old in the States of Alaska, Montana, New Mexico, Minnesota, Indiana and New Hampshire. See "Government Regulation" herein.

Industry Overview

Investment in clean technology has been trending upwards for several years as nations, governments and societies overall become more aware of the damaging effects that pollution and greenhouse gas emissions have on the environment. EVs are a growing segment of this clean technology movement. An EV is any vehicle that does not solely operate on gas or diesel. Within this alternative vehicle group there are sub-categories of alternative vehicles that utilize different innovative technologies, including battery electric vehicles (“BEV”) and plug-in hybrid electric vehicles (“PHEV”). Our products are BEVs.

Competitive Factors

The EV market is evolving and companies within it must be able to adapt without jeopardizing the timing, quality or quantity of their products. Other manufacturers have entered the electric vehicle market and we expect additional competitors to enter this market within the next several years. As they do, we expect that we will experience significant competition. With respect to the SOLO, we face strong competition from established automobile manufacturers, including manufacturers of EVs such as the Tesla Model 3, the Chevrolet Bolt and the Nissan Leaf.

Most of our current and potential competitors have significantly greater financial, technical, manufacturing, marketing and other resources than we do, and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Virtually all of our competitors have more extensive customer bases and broader customer and industry relationships than we do. In addition, almost all of these companies have longer operating histories and greater name recognition than we do.

Furthermore, certain large manufacturers offer financing and leasing options on their vehicles and also have the ability to market vehicles at a substantial discount; provided that the vehicles are financed through their affiliated financing company. We do not currently offer any form of direct financing on our vehicles. The lack of our direct financing options and the absence of customary vehicle discounts could put us at a competitive disadvantage.

We expect competition in our industry to intensify in the future in light of increased demand for alternative fuel vehicles, continuing globalization and consolidation in the worldwide automotive industry. Our ability to successfully compete in our industry will be fundamental to our future success in the EV market and our market share. We might not be able to compete successfully in our market. Increased competition could result in price reductions and revenue shortfalls, loss of customers and loss of market share, which could harm our business, prospects, financial condition and operating results.

We believe that our extensive managerial and automotive experience, production capability and unique product offering give us the ability to successfully operate in the EV market in a way that many of our competitors cannot. In particular, we believe that our competitive advantages include:

- *Extensive in-house development capabilities:* Our acquisition of InterMeccanica in 2017 enables us to leverage InterMeccanica’s extensive 62 years of experience in vehicle design, manufacture, sales and customer support. InterMeccanica was founded in Turin, Italy, in 1959, as a speed parts provider and soon began producing in-house designed, complete vehicles like the Apollo GT, Italia, Murena, Indira and the Porsche 356 replica. InterMeccanica’s former owner, Henry Reisner, is our Executive Vice-President and one of our directors, and, together with his family, is the second largest shareholder in our Company. We have integrated InterMeccanica’s staff with the research and development team that we had prior to the acquisition to develop and enhance current and future model offerings;
- *In-house production capabilities:* We have the ability to manufacture our own products on a non-commercial scale. As of September 30, 2021, we have produced 64 prototype SOLOs at our facilities in Vancouver, British Columbia, and 60 pre-production SOLOs with our manufacturing partner, Zongshen;
- *Commercial production of the SOLO commenced August 26, 2020* As at September 30, 2021, in accordance with our Manufacturing Agreement, Zongshen has produced a total of 60 pre-production vehicles and a total of 182 production vehicles;
- *Unique product offering:* The SOLO’s manufacturer suggested retail price of \$18,500, prior to any surcharge for tariffs, is far below the retail price of EVs offered by those who we consider to be our principal competitors and, as a consequence, we believe that the SOLO compares favorably against them; and

- *Management expertise:* We have selected our management with an eye towards providing us with the business and technical expertise needed to be successful. They include Kevin Pavlov, our Chief Executive Officer and Chief Operating Officer, Bal Bhullar, our Chief Financial Officer, Henry Reisner, our Executive Vice-President and President of InterMeccanica, and Isaac Moss, our Chief Administrative Officer and Corporate Secretary. A number of these key employees and consultants have significant experience in the automobile manufacturing and technology industries. We have supplemented additional expertise by adding consultants and directors with corporate, accounting, legal and other strengths.

Government Regulation

As a vehicle manufacturer we are required to ensure that all vehicle production meets applicable safety and environmental standards. Issuance of the National Safety Mark (the “NSM”) by the Minister of Transport for Canada will be our authorization to manufacture vehicles in Canada for the Canadian market. Receipt of the NSM is contingent on us demonstrating that our vehicles are designed and manufactured to meet or exceed the applicable sections of the Canadian Motor Vehicle Safety Act (C.R.C. Chapter 1038) and that appropriate records are maintained. Unique to Canada, the SOLO is under the three-wheeled vehicle category and is subject to the safety standards listed in Schedule III of the Canadian Motor Vehicle Safety Regulations (“CMVSR”), which can be found at (http://laws-lois.justice.gc.ca/eng/regulations/C.R.C._c.1038/section-sched3.html).

For sales into the United States, we and our vehicles must meet the applicable provisions of the U.S. CFR Title 49 — Transportation. This includes providing manufacture identification information (49 CFR Part 566), VIN-deciphering information (49 CFR Part 565) and certifying that our vehicles meet or exceeds the applicable sections of the Federal Motor Vehicle Safety Standards (40 CFR Part 571) and Environmental Protection Agency noise emission standards (40 CFR 205). Since the U.S. regulations do not have a specific class for three-wheeled “autocycles”, the SOLO falls under the definition of a motorcycle pursuant to Sec. 571.3 of 49 CFR Part 571. However, currently a motorcycle license is not required to drive them in all but the States of Alaska, Florida, New York and Massachusetts. Motorcycle helmets must be worn while operating in the States of New York and Massachusetts. Helmets are also required if the driver is under 18 years old in the States of Alaska, Montana, Colorado and New Hampshire.

We certified the SOLO for compliance with the applicable U.S. requirements in the first quarter of 2018. Results from third party vehicle testing at a facility in Quebec, Canada, were used for this certification. We continue to use third party facilities for certification testing to ensure that any changes to the SOLO’s design continue to meet safety requirements. Compliance certification of the SOLO for Canada began in 2018.

Within the three-wheel vehicle classification in Canada, CMVSR Standard 305 sets out the regulation for prevention of injury to the occupant during and after a crash as related to the vehicle’s batteries. Under this standard, the security and integrity of electric drive system components and their isolation from the occupant are evaluated in the course of a frontal barrier crash test in accordance with Technical Standard Document No. 305. The equivalent U.S standard, FMVSS No. 305, is not applicable to the motorcycle category under the U.S. regulations.

Strategy

Our near-term goal is to commence and expand sales of the SOLO while continuing to develop our other EVs. We intend to achieve this goal by:

- *Began commercial production of the SOLO.* Zongshen, our manufacturing partner, began production of the SOLO on August 26, 2020, with targeted deliveries to customers that commenced on October 4, 2021;
- *Increasing orders for our EVs:* We have an online reservation system which allows a potential customer to reserve a SOLO by paying a refundable \$250 deposit, a Tofino by paying a refundable \$1,000 deposit and an e-Roadster by paying a refundable \$1,000 deposit. Once reserved, the potential customer is allocated a reservation number and, although we cannot guarantee that such pre-orders will become binding and result in sales, we intend to fulfill the reservations as the respective vehicles are produced. We maintain certain refundable deposits from various individuals for SOLOs, Tofinos and e-Roadsters;
- *Having sales and services supported by local corporate stores.* We will monitor all cars in real time via telematics which provides early warning of potential maintenance issues; and
- *Expanding our product offering.* In parallel with the production and sale of the SOLO, we aim to continue the development of our other proposed products, including the Tofino and e-Roadster, two-seater sports cars in the expected price range of \$50,000 to \$60,000 for the Tofino and starting at \$150,000 for the e-Roadster.

We have achieved our pre-order book through an online “direct sales to customers and corporate sales” platform, as well as a showroom at our headquarters in Vancouver, British Columbia, Canada. Additionally, we have a service and distribution center in Studio City, California. We plan on expanding the corporate retail stores model and will be opening retail stores in key urban areas. We currently have 20 retail stores located in the States of California, Arizona, Oregon, Washington and Colorado. Deliveries will be made to key markets along the U.S. west coast as the Company continues to expand. The Company commenced deliveries to initial customers on October 4, 2021.

We will continue to identify other retail targets in additional regions. The establishment of stores will depend on regional demand, available candidates and local regulations. Our vehicles will initially be available directly from us. We plan to only establish and operate corporate stores in those states in the United States that do not restrict or prohibit certain retail sales models by vehicle manufacturers.

Marketing and Sales Plan

We recognize that marketing efforts must be focused on customer education and establishing brand presence and visibility which is expected to allow our vehicles to gain traction and subsequently gain increases in orders. Our marketing and promotional efforts emphasize the SOLO’s image as an efficient, clean and attainable EV for the masses to commute on a daily basis, for commercial fleets/deliveries and for shared mobility.

A key point to the marketing plan is to target metropolitan areas with high population density, expensive real estate, high commuter traffic load and pollution levels which are becoming an enormous concern. Accordingly, our management has identified California, Washington, Oregon, Arizona, Colorado and Southern Florida as areas with cities that fit the aforementioned criteria, and we have plans to seek out suitable locations for additional stores there.

We plan to develop a marketing strategy that will generate interest and media buzz based on the SOLO’s selling points. Key aspects of our marketing plan include:

- *Digital marketing:* Organic engagement and paid digital marketing media with engaging posts aimed to educate the public about EVs and develop interest in our SOLO;
- *Earned media:* We have already received press coverage from several traditional media sources and expect these features and news stories to continue as we embark on our commercial launch;
- *Investor Relations/Press Releases:* Our in-house investor relations team will provide media releases/kits for updates and news on our progress;
- *Industry shows and events:* We displayed the SOLO at the Vancouver International Autoshow in March 2017, the Consumer Electronics Show in Las Vegas in January 2018 and the Vancouver International Autoshow in March 2018 and 2019. Promotional merchandise giveaways are expected to enhance and further solidify our branding in consumer minds. In October 2020 we hosted the “First Look & Drive” media event in Santa Monica, California, and during March 2021 we showcased the SOLO at Barrett Jackson in Scottsdale, Arizona. In August/September 2021 we showcased the SOLO and SOLO Cargo version at the ACT Expo in Long Beach, California. Computer stations and payment processing software will be readily on hand at such events to accept SOLO reservations; and
- *First-hand experience:* Test-drives and/or public viewings are available at our existing stores in the Vancouver downtown core, Arizona, California, Oregon and soon in Colorado and Washington.

We anticipate that our marketing strategy and tactics will evolve over time as our SOLO gains momentum and we identify appropriate channels and media that align with our long-term objectives. In all of our efforts we plan to focus on the features that differentiate our SOLO from the existing EVs in the market.

Potential Impact of the COVID-19 Pandemic

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, Canada and China, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19.

Our manufacturing partner, Zongshen, reports that its operations have not been materially affected at this point, and with our partner Zongshen we have begun producing the SOLO for targeted deliveries to customers during the last quarter of 2021. However, significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our and Zongshen's operations, and on the global economy as a whole. Government-imposed restrictions on travel and other "social-distancing" measures, such as restrictions on assemblies of groups of persons, have potential to disrupt supply chains for parts and sales channels for our products, and may result in labor shortages.

It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. We will continue to monitor the COVID-19 situation closely, and intend to follow health and safety guidelines as they evolve.

Potential Impact of Tariffs

A growing trade dispute between the United States and China could increase the proposed sales price of our products or decrease our profits, if any. In June 2018, the previous U.S. administration imposed tariffs on \$34 billion of Chinese exports, including a 25% duty on cars built in China and shipped to the United States. Following the imposition of these tariffs, China imposed additional tariffs on U.S. goods manufactured in the United States and exported to China. Subsequently, the U.S. administration indicated that it may impose tariffs on up to US\$500 billion of goods manufactured in China and imported into the United States. These tariffs may escalate a nascent trade war between China and the United States. This trade conflict could affect our business because we intend to mass produce the SOLO in China and our intended principal market is the west coast of North America. If a trade war were to escalate, or if tariffs were imposed on any of our products, we could be forced to increase the proposed sales price of such products or reduce the margins, if any, on such products.

Recently, U.S. Customs and Border Protection ruled that the SOLO has a classification under the Harmonized Tariff Schedule of the United States that applies to passenger vehicles for less than 10 people with only electric motors. The total applicable duty for this classification was recently raised to 27.5% (2.5% is a "most-favored-nation" tariff for this classification and 25% derives from this classification being on the China 301 List 1). As indicated above, we envision that the base purchase price for our SOLO will be approximately \$18,500. As the landscape for tariffs involving imports to the United States from the People's Republic of China (the "PRC") has been changing over the past year, and may change again, we have not determined how to adjust the base purchase price in the United States in response to the recent tariff increase.

On January 15, 2020, the United States and the PRC signed an Economic and Trade Agreement commonly referred to as the "Phase 1 Trade Agreement", which came into force on February 14, 2020. Notwithstanding the coming into force of the Phase 1 Trade Agreement, the United States will maintain its tariffs on cars built in China and shipped to the United States.

Financing

We incurred net losses of \$12,847,398 in the three months ended September 30, 2021, and \$63,046,905 in the year ended December 31, 2020, and anticipate incurring losses in our current fiscal year. We had negative operating cash flows of \$22,129,645 for the three months ended September 30, 2021, and \$22,486,630 for the year ended December 31, 2020, and we anticipate negative operating cash flows during our current fiscal year. Although we had net current assets of \$244,211,291, including cash and cash equivalents of \$228,813,286, as at September 30, 2021, and anticipate deriving revenue this fiscal year from the sale of EVs and high-end custom cars, we believe that we will need additional financing to continue operations. If we are unable to continue to access private and public capital on terms that are acceptable to us, we may be forced to curtail or cease operations.

Market conditions, trends or events

Our ability to continue operations also depends on market conditions outside of our control. Significant developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects. Failure to keep up with advances in electric vehicle technology would result in a decline in the Company's competitive position which may materially and adversely affect our business, prospects, operating results and financial condition.

Selected Financial Information

	Nine Months Ended 30-Sept-21 \$	Nine Months Ended 30-Sept-20 \$	Year Ended 31-Dec-20 \$	Year Ended 31-Dec-19 \$
Revenue	592,524	344,585	568,521	585,584
Gross Profit/(loss)	12,561	(45,715)	(130,934)	98,041
Operations:				
Amortization	3,005,004	770,885	1,603,654	804,206
General & administration exp.	16,211,786	5,038,786	8,825,317	6,101,360
Research & development exp.	11,646,957	4,062,688	7,854,866	7,179,646
Sales & marketing exp.	6,553,508	1,083,520	2,534,731	1,314,689
Stock-based compensation exp.	4,017,322	5,143,722	6,260,985	5,147,573
Share-based payment exp.	—	—	—	159,833
Subtotal	41,434,577	16,099,601	27,079,553	20,707,307
(Decreases) increases in fair value of derivative liability	(16,436,023)	5,653,843	31,923,727	2,228,256
Foreign exchange loss (gain)	(97,239)	646,160	4,447,387	597,464
Net loss for the period	24,475,447	21,936,358	63,046,905	23,212,698
Basic & diluted loss per Share	0.22	0.43	1.08	0.64
Balance sheet				
Working capital	244,211,291	79,629,125	130,755,823	11,942,233
Total assets	258,670,378	92,468,938	145,754,382	23,362,963
Total long-term liabilities	5,246,896	8,511,772	18,518,649	6,118,835

Summary of Quarterly Results

The following table sets forth selected certain of our financial information for each of our last eight quarters:

Quarter Ending	Expenses \$	Net Loss (Income) \$	Basic and diluted loss (earnings) per share \$
30-Sept-21	17,165,392	12,847,398	0.11
30-Jun-21	15,366,841	11,447,385	0.10
31-Mar-21	8,902,344	180,664	—
31-Dec-20	10,979,952	41,110,547	0.51
30-Sep-20	6,594,001	11,179,230	0.16
30-Jun-20	4,403,525	9,338,299	0.20
31-Mar-20	5,102,075	1,418,829	0.04
31-Dec-19	6,341,106	6,106,202	0.16

Results of Operations for the Three Months Ended September 30, 2021

We had revenues of \$110,139 and \$245,691 for the three months ended September 30, 2021 and 2020, respectively, all of which was derived from sales of custom cars by our subsidiary, InterMeccanica. The cost of revenue was \$110,653 (2020: \$238,033) providing a gross loss of \$514 (2020: gross profit of \$7,658) or -0.5% (2020: 3.1%). Revenue for custom built vehicles is recognized when the Company has transferred control to the customer which generally occurs upon shipment. Currently, InterMeccanica has five Roadsters/Speedsters in various stages of production. The following table indicates the number of vehicles produced for either delivery to customers, testing or marketing purposes.

Vehicle Type	Production		Customer Deliveries	
	Three Months Ended		Three Months Ended	
	Sept 30 2021	Sept 30 2020	Sept 30 2021	Sept 30 2020
SOLO – prototype, made in-house	0	2	0	0
SOLO – pre-production, made by Zongshen	0	4	0	0
SOLO – production, made by Zongshen	104	6	0	0
Roadster/Speedster	2	4	2	4

During the three months ended September 30, 2021, we incurred a comprehensive loss of \$12,829,710, compared to a comprehensive loss of \$9,989,603 for the corresponding period in 2020. The largest expense items that resulted in comprehensive loss for the three months ended September 30, 2021 were:

- General and administrative expenses for the three months ended September 30, 2021 were \$7,345,102, compared to \$1,845,103 for the three months ended September 30, 2020. The following items are included in general and administrative expenses:
 - Rent expenses increased to \$456,014 for the three months ended September 30, 2021, compared to \$150,454 for the corresponding quarter ended September 30, 2020. The increase was related to the opening of retail locations and our Mesa office in the United States.
 - Office expenses increased to \$2,150,981 for the three months ended September 30, 2021, compared to \$313,041 for the corresponding quarter ended September 30, 2020. The increase was related to the implementation cost of the Company's Enterprise Resource Planning ("ERP") system and an increase in insurance expenses as well as travel expenses.
 - Legal and Professional expenses increased to \$571,552 for the three months ended September 30, 2021, compared to \$460,197 for the corresponding quarter ended September 30, 2020. The increase was related to recruiting fees.
 - Consulting fees increased to \$767,813 for the three months ended September 30, 2021, compared to \$203,633 for the corresponding quarter ended September 30, 2020. The increase was related to consulting services in connection with our Mesa assembly facility.
 - Investor relations expenses, not including the consulting fees above, were \$292,704 for the three months ended September 30, 2021, compared to \$57,352 for the corresponding quarter ended September 30, 2020. The increase was related to the cost of the Company's annual general meeting.
 - Salaries and employee related expenses increased to \$3,106,038 for the three months ended September 30, 2021, compared to \$660,426 for the corresponding quarter ended September 30, 2020. The increase was related to a severance payment to the Company's former CEO and the addition of new employees due to the growth of the Company.
- Research and development expenses increased to \$5,290,452 for the three months ended September 30, 2021, compared to \$1,541,450 for the corresponding quarter ended September 30, 2020. We continue to further enhance our first electric vehicle, the SOLO, together with our eRoadster, an all-electric, two-seater vehicle. All costs related to our pre-production vehicles are being expensed to research and development.

- Sales and marketing expenses increased to \$2,593,227 for the three months ended September 30, 2021, compared to \$525,660 for the corresponding quarter ended September 30, 2020. Our sales team has expanded significantly. We opened multiple retail locations and implemented new branding and marketing strategies.
- Stock-based compensation charges for the three months ended September 30, 2021 were \$833,973 (2020: \$2,237,334). We issued 90,604 stock options to employees at exercise price of \$3.55 per share during the three months ended September 30, 2021. We also issued 450,442 restricted stock units (“RSU”s) and 51,468 deferred stock units (“DSU”s) to executives and directors, respectively, during the same period. The stock-based compensation charges related to stock options issued during current and previous quarters where charges are recognized over their vesting periods. We use the Black-Scholes Option Pricing Model of calculating the stock-based compensation expense under the graded vesting method.

Our operating loss for the three months ended September 30, 2021 increased to \$17,165,906 (2020: \$6,586,343). The increase in operating loss was caused by the aforementioned expenses for the quarter.

We recognized a gain related to changes in the fair values of derivative liabilities of \$4,178,638 (2020: loss of \$3,638,409) during the quarter mainly caused by the decrease of our share price from \$4.27 at June 30, 2021 to \$3.56 at September 30, 2021. Warrants priced in Canadian dollars are classified as derivative liabilities because our functional currency is the USD. As a result of this difference in currencies, the proceeds that will be received by us if our warrants are exercised are not fixed and will vary based on foreign exchange rates, hence the warrants are accounted for as a derivative under IFRS and are required to be recognized and measured at fair value at each reporting period. Any changes in fair value for warrants derivative liabilities from period to period are recorded as a non-cash gain or loss in our Consolidated Statements of Comprehensive Loss. Prior to January 1, 2021, the company’s functional currency was the Canadian dollar. The warrant derivative liabilities and associated income statement impact for comparative period were related to the USD warrants.

We also had a foreign exchange loss of \$11,804 on net working capital (2020: loss of \$1,029,997) related to the fluctuations in the Canadian dollar as compared to the USD.

Net loss and comprehensive loss for the three months ended September 30, 2021 was \$12,847,398 and \$12,829,710, respectively (2020: \$11,179,230 and \$9,989,603).

Results of Operations for the Nine Months Ended September 30, 2021

We had revenues of \$592,524 and \$344,585 for the nine months ended September 30, 2021 and 2020, respectively, all of which were derived from sales of custom cars by our subsidiary, InterMeccanica. The cost of revenue was \$579,963 (2020: \$390,300) providing a gross profit of \$12,561 (2020: gross loss of \$45,715) or 2.1% (2020: -13.3%). Revenue from custom build vehicles is recognized when the Company has transferred control to the customer which generally occurs upon shipment. Currently, InterMeccanica has five Roadsters/Speedsters in various stages of production. The following table indicates the number of vehicles produced for either delivery to customers, testing or marketing purposes.

Vehicle Type	Production Nine Months Ended		Customer Deliveries Nine Months Ended	
	Sept 30	Sept 30	Sept 30	Sept 30
	2021	2020	2021	2020
SOLO – prototype, made in-house	0	6	0	0
SOLO – pre-production, made by Zongshen	0	0	0	0
SOLO – production, made by Zongshen	152	6	0	0
Roadster/Speedster	8	8	9	8

During the nine months ended September 30, 2021, we incurred a comprehensive loss of \$24,472,092, compared to a comprehensive loss of \$21,584,654 for the corresponding period in 2020. The largest expense items that resulted in the comprehensive loss for the nine months ended September 30, 2021 were:

- General and administrative expenses for the nine months ended September 30, 2021 were \$16,211,786, compared to \$5,038,786 for the nine months ended September 30, 2020. The following items are included in general and administrative expenses:
 - Rent expense increased to \$1,153,370 for the nine months ended September 30, 2021, compared to \$302,686 for the corresponding period ended September 30, 2020. The increase was related to the opening of retail locations and our Mesa office in the United States.

- Office expenses increased to \$5,637,354 for the nine months ended September 30, 2021, compared to \$882,454 for the corresponding period ended September 30, 2020. The increase was related to the implementation cost of the Company's ERP system, as well as increases in insurance costs, software license subscription, travel expenses and office supplies.
- Legal and Professional expenses were \$1,395,295 for the nine months ended September 30, 2021, a slight increase from \$1,336,623 for the corresponding period ended September 30, 2020.
- Consulting fees were \$2,492,575 for the nine months ended September 30, 2021, compared to \$770,867 for the corresponding period ended September 30, 2020. The increase was related to the consulting services in connection with our Mesa assembly facility.
- Investor relations expenses, not including the consulting fees above, were \$564,190 for the nine months ended September 30, 2021, compared to \$219,143 for the corresponding period ended September 30, 2020. The increase was related to the Company's most recent shelf registration statement filing and costs related to the Company's annual general meeting.
- Salaries and employee related expenses increased to \$4,969,002 for the nine months ended September 30, 2021, compared to \$1,527,013 for the corresponding period ended September 30, 2020. The increase was related to a severance payment to the Company's former CEO, performance incentive increases to certain salaried employees and the addition of new employees due to the growth of the Company.
- Research and development expenses increased to \$11,646,957 for the nine months ended September 30, 2021, compared to \$4,062,688 for the corresponding period ended September 30, 2020. We continue to further enhance our first electric vehicle, the SOLO, together with our eRoadster, an all-electric, two-seater vehicle. All costs related to our pre-production vehicles are being expensed to research and development.
- Sales and marketing expenses increased to \$6,553,508 for the nine months ended September 30, 2021, compared to \$1,083,520 for the corresponding period ended September 30, 2020. Our sales team has expanded significantly. We opened multiple retail locations and implemented new branding and marketing strategies.
- Stock-based compensation charges for the nine months ended September 30, 2021 were \$4,017,322 (2020: \$5,143,722). We issued 1,300,604 stock options to employees at exercise prices between \$3.55 and \$7.75 per share during the nine months ended September 30, 2021. We also issued 450,442 RSUs and 51,468 DSUs to executives and directors, respectively, during the same period. The stock-based compensation charges relate to stock options issued during previous quarters where charges are recognized over the stock option vesting period. We use the Black-Scholes Option Pricing Model of calculating the stock-based compensation expense under the graded vesting method.

Our operating loss for the nine months ended September 30, 2021 increased to \$41,422,016 (2020: \$16,145,316). The increase in operating loss was caused by the aforementioned expenses for the quarter.

We recognized a gain related to changes in the fair values of derivative liabilities of \$16,436,023 (2020: loss of \$5,653,843) during the nine months ended September 30, 2021 mainly caused by the decrease of our share price from \$6.19 at December 31, 2020 to \$3.56 at September 30, 2021. Warrants priced in Canadian dollars are classified as derivative liabilities because our functional currency is in USD. As a result of this difference in currencies, the proceeds that will be received by us if our warrants are exercised are not fixed and will vary based on foreign exchange rates, hence the warrants are accounted for as a derivative under IFRS and are required to be recognized and measured at fair value at each reporting period. Any changes in fair value for warrants derivative liabilities from period to period are recorded as a non-cash gain or loss in our Consolidated Statements of Comprehensive Loss. Prior to January 1, 2021, the company's functional currency was the Canadian dollar. The warrants derivative liabilities and associated income statement impact for comparative period were related to the USD warrants.

We also had a foreign exchange gain of \$97,239 on net working capital (2020: loss of \$646,160), related to the fluctuations in the Canadian dollar as compared to the USD.

Net loss and comprehensive loss for the nine months ended September 30, 2021 was \$24,475,447 and \$24,472,092, respectively (2020: \$21,936,358 and \$21,584,654).

Liquidity and Capital Resources

Liquidity

Our Company's operations consist of the designing, developing and manufacturing of electric vehicles. Our financial success depends upon our ability to market and sell our electric vehicles and to raise sufficient working capital to enable us to execute our business plan. Our Company's historical capital needs have been met by the sale of our stock. Equity funding might not be possible at the times required by the Company. If no funds can be raised and sales of its electric vehicles do not produce sufficient net cash flow, then we may require a significant curtailing of operations to ensure our survival or we may be required to cease operations.

Our financial statements have been prepared on a basis which assumes that our Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. We incurred a net loss of \$24,475,447 during the nine months ended September 30, 2021 and had cash and cash equivalents and a working capital surplus of \$228,813,286 and \$244,211,291 respectively. Our ability to meet our obligations as they fall due and to continue to operate depends on the continued financial support of our creditors and our shareholders. In the past we have relied on sales of our equity securities to meet our cash requirements. Funding from this or other sources might not be sufficient in the future to continue our operations. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to us. Failure to obtain such financing on a timely basis could cause us to reduce or terminate our operations.

As of September 30, 2021, we had 114,944,673 issued and outstanding shares and 137,535,356 shares on a fully-diluted basis. Our common shares and certain of our warrants began trading on the Nasdaq Capital Market on August 9, 2018.

We had \$244,211,291 of working capital surplus as at September 30, 2021, compared to \$130,755,823 of working capital surplus as at December 31, 2020. The increase in working capital resulted from cash generated from financing activities of \$149,566,751 (2020: \$78,917,044), offset by working capital used in operations of \$46,503,406 (2020: \$11,981,213) and investing activities of \$3,704,090 (2020: \$607,228) related to the additions to property, plant and equipment.

Capital Resources

As at September 30, 2021, we had cash and cash equivalents of \$228,813,286 (2020: \$129,450,676).

Financings

On December 21, 2020, the Company contracted with Stifel, Nicolaus & Company, Incorporated and Roth Capital Partners, LLC (each, an "Agent", and collectively, the "Agents") to sell common shares of the Company having an aggregate offering price of up to \$100,000,000 through the Agents (the "Sales Agreement"). On February 8, 2021, the Company contracted with the Agents to sell additional common shares having an aggregate offering price of up to \$100,000,000 through the Agents (the "December Sales Agreement").

On September 30, 2021, the Company contracted with the Agents to sell additional common shares having an aggregate offering price of up to \$200,000,000 through the Agents (the "September Sales Agreement").

In accordance with the terms of each of the Sales Agreement, the December Sales Agreement and the September Sales Agreement, the Company may offer and sell common shares from time to time through the Agent selected by the Company (the "Designated Agent"), acting as sales agent or, with consent of the Company, as principal. The common shares may be offered and sold by any method permitted by law deemed to be an "at the market" offering (the "ATM Offering") as defined in Rule 415 promulgated under the Securities Act, including sales made directly on or through the Nasdaq Capital Market on any other existing trading market for the common shares, and, if expressly authorized by the Company, in negotiated transactions.

During the nine months ended September 30, 2021, we issued the following common shares pursuant to the ATM Offering under the Sales Agreement and the December Sales Agreement:

	Number of Shares Issued	Cash Proceeds
Issuance of Shares		
ATM offerings	20,365,495	\$ 146,558,984
Share issuance costs		(4,065,421)

As of September 30, 2021, no common shares had been issued for the ATM Offering under the September Sales Agreement.

Statement of Cash Flows

During the nine-month period ended September 30, 2021, our net cash increased by \$99,359,255 (2020: \$66,328,603), which included net cash provided by financing activities of \$149,566,751 (2020: \$78,917,044), offset by cash used in operating activities of \$46,503,406 (2020: \$11,981,213), net cash used in investing activities of \$3,704,090 (2020: \$607,228) and the positive effect of the exchange rate on cash and cash equivalents of \$3,355 (2020: \$1,174,829).

Cash Flow used in Operating Activities

Cash flow used in operating activities totaled \$46,503,406 and \$11,981,213 during the nine months ended September 30, 2021 and 2020, respectively. Cash used in operating activities increased in 2021 as a result of a decrease in accounts receivable of \$282,242, a decrease in pre-paid expenses of \$10,266,438, a decrease in inventory of \$2,668,847, a decrease in trade payables and accrued liabilities of \$217,417, an increase in customer deposits and construction contract liability of \$215,392 and a net loss during the period of \$24,475,447.

Cash Flow used in Investing Activities

During the nine-month period ended September 30, 2021, investing activities used cash of \$3,704,090 for expenditures on plant and equipment and investments in restricted cash, as compared to investing activities using cash of \$607,228 for the same period last year, from the net result of expenditures on plant and equipment and investments in restricted cash.

Cash flow provided by Financing Activities

During the nine month period ended September 30, 2021, financing activities provided cash of \$149,566,751 from the proceeds on issuance of common shares, proceeds from the issuance of common shares for warrants and stock options exercised, interest received and lease payments received for net investment in sublease, which was offset by cash used for payment of withholding taxes for RSUs and DSUs issued and exercised, interest paid and repayment of leases, as compared to \$78,917,044 for the same period last year from proceeds on issuance of common shares, proceeds from the issuance of common shares for warrants and stock options exercised, interest received and lease payments received for net investment in sublease, which was offset by cash used for interest paid and repayment of leases and shareholder loan.

Trends and Uncertainties

Due to our short operating history, except as noted below, we are not aware of any trends that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that would require disclosure.

Transactions with Related Parties

In addition to the amounts or arrangements disclosed herein, the following transactions with related parties have occurred.

Related party balances

The following amounts are due to related parties

	September 30, 2021	December 31, 2020
Due to related party	\$ 26,786	\$ 280,432

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management personnel compensation

	Nine Month Ended	
	September 30 2021	September 30 2020
Consulting fees	\$ —	\$ 91,591
Salary	3,095,936	756,628
Director fees	262,641	247,846
Stock-based compensation	2,442,098	3,959,926
	<u>\$ 5,800,675</u>	<u>\$ 5,055,991</u>

Incentive Stock Options

We granted an aggregate of 1,300,604 stock options during the nine months ended September 30, 2021. The following table represents the number of stock options that are outstanding as at September 30, 2021.

Date of Grant	Number of Options	Price Per Option	Expiry Date
11-Jun-15	1,245,455	CAD \$ 0.30	11-Jun-22
13-Aug-15	81,818	CAD \$ 0.30	13-Aug-22
9-Dec-15	321,591	CAD \$ 0.80	9-Dec-22
7-Mar-16	12,500	CAD \$ 0.80	7-Mar-23
17-Feb-17	45,104	CAD \$ 2.00	17-Feb-24
8-Aug-17	40,000	CAD \$ 2.00	8-Aug-24
5-Jan-18	121,246	\$ 9.60	5-Jan-25
8-Aug-18	18,754	\$ 6.18	8-Aug-25
30-Nov-18	193,629	\$ 5.00	30-Nov-23
19-Mar-19	1,035,000	\$ 3.40	19-Mar-26
24-Jun-19	700,000	\$ 2.62	25-Jun-22
4-Aug-19	1,250,000	\$ 2.45	4-Aug-26
9-Aug-19	131,818	\$ 2.53	9-Aug-26
6-Dec-19	2,405,000	\$ 1.91	6-Dec-26
22-Jul-20	1,179,708	\$ 3.41	22-Jul-27
11-Nov-20	190,000	\$ 3.77	22-Jul-27
11-Nov-20	50,000	\$ 3.77	11-Nov-27
11-Jan-21	225,000	\$ 7.23	11-Jan-28
17-Feb-21	110,000	\$ 7.75	17-Feb-28
1-May-21	55,000	\$ 4.15	1-May-28
1-May-21	750,000	\$ 4.15	1-May-31
15-Jul-21	90,604	\$ 3.55	15-Jul-28

Subsequent Events

Subsequent to September 30, 2021, the Company issued 1,400,000 common shares at CAD \$4 per share for gross proceeds of CAD \$5,600,000 pursuant to the exercise of warrants by investor.

Subsequent to September 30, 2021, the Company issued 291 common shares for cashless exercise of 14,065 stock options at price of \$3.41 per common share.

Subsequent to September 30, 2021, the Company issued 698,000 common shares for the ATM Offering for gross proceeds of \$2,810,229. Share issuance cost related to the ATM Offering are \$75,890.

Critical Accounting Policies and Estimates

Critical accounting policies, the policies we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments, are outlined under “Critical Accounting Policies and Estimates” in the Company’s Annual Report on Form 20-F. This section should be read in conjunction with the Company’s Annual Report on Form 20-F for the financial year ended December 31, 2020 filed on March 23, 2021.

Statement of compliance with International Financial Reporting Standards

Our interim condensed consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

Basis of preparation

Our interim condensed consolidated financial statements have been prepared on an accrual basis and are based on historical costs except for derivative liabilities which are measured at fair value. The Company's functional and presentation currency is USD.

Consolidation

Our interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EMV Automotive USA Inc., from the date of incorporation of January 22, 2018, InterMeccanica, from the date of its acquisition on October 18, 2017, EMV Automotive Technology (Chongqing) Inc., from the date of its incorporation on October 15, 2019, SOLO EV, LLC, from the date of its formation on November 22, 2019, and ElectraMeccanica USA LLC, from the date of its formation on March 19, 2021. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions, where there is significant risk of material adjustments to assets and liabilities in future accounting periods, include the estimated recoverable amount of goodwill, intangible assets and other long-lived assets, the useful lives of plant and equipment, fair value measurements for financial instruments and share-based payments and the recoverability and measurement of deferred tax assets.

The COVID-19 outbreak brings significant uncertainty as to the potential impact on our operations, supply chains for parts and sales channels for our products and on the global economy as a whole. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. Therefore, the Company has not changed any estimates and assumptions in the preparation of the financial statements.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue operations and whether there are events or conditions that may give rise to significant uncertainty;
- the assessment of the Company's functional currency
- the classification of financial instruments; and
- the calculation of income taxes require judgement in interpreting tax rules and regulations.

Foreign currency translation

The Company's functional currency is the USD. The functional currency of InterMeccanica is the Canadian dollar ("CAD"), the functional currency of EMV Automotive USA Inc. is USD and the functional currency of EMV Automotive Technology (Chongqing) Inc. is the Chinese RMB. The Company reassessed its functional currency during Q1 2021 and determined that the factors now supported USD as the functional currency. The Company has applied the change in functional currency from CAD to USD effective January 1, 2021. The change in functional currency is discussed in Note 3 of the Financial Statements.

Transactions in foreign currency

Each entity within the consolidated group records transactions using its functional currency, being the currency of the primary economic environment in which it operates. Foreign currency transactions are translated into the respective functional currency of each entity using the foreign currency rates prevailing at the date of the transaction. Period-end balances of monetary assets and liabilities in foreign currency are translated to the respective functional currencies using period-end foreign currency rates. Foreign currency gains and losses arising from the settlement of foreign currency transactions are recognized in profit or loss.

Foreign operations translation

The assets and liabilities of foreign operations are translated into USD at period-end foreign currency rates. Revenues and expenses of foreign operations are translated into USD at average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive loss.

Presentation currency translation

During the quarter ended December 31, 2020, the Company changed its presentation currency from the CAD to the USD. For preparing this September 30, 2021 financial information, comparative Income Statement and Statement of Cash Flows have been translated into USD using average foreign currency rates prevailing for the relevant reporting period of the year ended December 31, 2020. Assets and liabilities in the Statement of Financial Position at December 31, 2020 have been translated into USD at the closing foreign currency rates on that date. The equity section of the Statement of Financial Position, including foreign currency translation reserve, retained earnings, share capital and the other reserves, have been translated into USD using historical rates, and earnings per share has also been restated to USD to reflect the change in presentation currency.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We are exposed in varying degrees to a variety of financial instrument related risks. Our Board of Directors approves and monitors the risk management processes, inclusive of controlling and reporting structures. 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 held in bank accounts. The majority of cash is deposited in bank accounts held with major financial institutions in Canada. As most of the Company's cash is held by one financial institution there is a concentration of credit risk. This risk is managed by using major financial institutions that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and interest receivable from major financial institutions with high credit ratings.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's source of funding has been shareholder loans and the issuance of equity securities for cash, primarily through private placements and public offerings. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2021:

At September 30, 2021	Within one year	Between one and five years	More than five years
Trade payables	\$ 979,779	\$ —	\$ —
Accrued liabilities	1,324,827	—	—
Due to related parties	26,786	—	—
Lease liabilities	530,834	889,897	672,500
	\$ 2,862,226	\$ 889,897	\$ 672,500

At December 31, 2020	Within one year	Between one and five years	More than five years
Trade payables	\$ 1,001,773	\$ —	\$ —
Accrued liabilities	2,179,134	—	—
Due to related parties	280,432	—	—
Lease liabilities	576,232	373,889	125,652
	\$ 4,037,571	\$ 373,889	\$ 125,652

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in CAD while its functional currency is the USD. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of the USD equivalent of financial assets and liabilities that are denominated in CAD:

	September 30 2021	September 30 2020 Restated
Cash and cash equivalents	\$ 889,739	\$ 355,948
Restricted cash	80,697	77,182
Receivables	180,632	95,818
Lease liabilities	(1,511,194)	(432,103)
Trade payables and accrued liabilities	(912,401)	(427,709)
	\$ (1,272,527)	\$ (330,864)

Based on the above net exposures, as at September 30, 2021, a 10% change in the USD to the CAD exchange rate would impact the Company's net loss by \$127,253 (2020: \$53,334).

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 exposed to interest rate risk on its cash equivalents as these instruments have original maturities of 12 months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have a minimal impact on the Company's net loss for the nine months ended September 30, 2021 (2020: \$625,000).

Classification of financial instruments

Financial assets included in our consolidated statements of financial position are as follows:

	September 30, 2021	December 31, 2020
Amortized cost:		
Cash and cash equivalents	\$ 228,813,286	\$ 129,450,676
Restricted cash	161,197	143,800
Receivables	152,640	159,664
	\$ 229,127,123	\$ 129,754,140

Financial liabilities included in our consolidated statements of financial position are as follows:

	September 30 2021	December 31, 2020
Non-derivative financial liabilities:		
Trade payable and accrued liabilities	\$ 2,331,392	\$ 3,461,339
Lease liabilities	2,093,231	1,075,773
Derivative liability	3,565,246	17,899,855
	\$ 7,989,869	\$ 22,436,967

Fair value

The fair value of the Company's financial assets and liabilities, other than the derivative liability which is measured at fair value, approximates their carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Financial liabilities measured at fair value as at September 30, 2021 consisted of the derivative liability, which includes non-transferrable warrants. The fair value of the non-transferrable warrants is classified as level 2 in the fair value hierarchy.

The fair value of the derivative liability relating to the non-transferrable warrants was calculated using the Black-Scholes Option Pricing Model using historical volatility of comparable companies as an estimate of future volatility. At September 30, 2021, if the volatility used was increased by 10%, the impact would be an increase to the derivative liability of \$227,681 (2020: \$300,936) with a corresponding increase in comprehensive loss.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and includes, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As required by Rule 13a-15 or 15d-15 under the Exchange Act, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report, being September 30, 2021. This evaluation was carried out by our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2021.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting in the nine months ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, affiliates or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

Item 1A. Risk Factors

An investment in our common shares carries a significant degree of risk. You should carefully consider the following risks, as well as the other information contained in this Quarterly Report, including our financial statements and related notes, before you make an investment decision concerning our shares. Any one of these risks and uncertainties has the potential to cause material adverse effects on our business, prospects, financial condition and operating results which could cause actual results to differ materially from any forward-looking statements expressed by us and a significant decrease in the value of our common shares. Refer to “Forward-Looking Statements” herein.

We have not been successful in preventing the material adverse effects that any of the following risks and uncertainties may cause. These potential risks and uncertainties may not be a complete list of the risks and uncertainties facing us. There may be additional risks and uncertainties that we are presently unaware of, or presently consider immaterial, that may become material in the future and have a material adverse effect on us. You could lose all or a significant portion of your investment due to any of these risks and uncertainties.

Risks Related to our Business and Industry

We have not generated enough cash flow from operations to cover our costs, and we will require a significant amount of capital to carry out our proposed business plan to develop, manufacture, sell and service electric vehicles; there is no assurance that any amount raised will be sufficient to continue to fund operations of our Company.

We incurred a net loss and comprehensive loss of \$24,475,447 and \$24,472,092, respectively, during the nine months ended September 30, 2021, and a net loss and comprehensive loss of \$63,046,905 and \$58,832,999, respectively, during the year ended December 31, 2020. Although we had cash and cash equivalents and a working capital surplus of \$ 228,813,286 and \$244,211,291, respectively, as at September 30, 2021, and of \$129,450,676 and \$130,755,823, respectively, at December 31, 2020, we believe that we will need significant additional equity financing to continue operations, among other things:

- we have begun the commercial production of our flagship vehicle, the SOLO, and we expect to incur significant ramp-up in costs and expenses through the launch of the vehicle;
- we anticipate that the gross profit generated from the sale of the SOLO will not be sufficient to cover our operating expenses, and our achieving profitability will depend, in part, on our ability to materially reduce the bill of materials and per unit manufacturing cost of our products; and
- we do not anticipate that we will be eligible to obtain bank loans, or other forms of debt financing on terms that would be acceptable to us.

We anticipate generating a significant loss for the next fiscal year.

We have minimal revenue and expect significant increases in costs and expenses to forestall profits for the foreseeable future, even if we generate revenues in the near term. Even though we have recently launched the SOLO into commercial production, and even if we launch the Tofino or other intended EVs, they might not become commercially successful. If we are to ever achieve profitability, we must have a successful commercial introduction and acceptance of our vehicles, which may not occur. We expect that our operating losses will increase substantially in 2021, and thereafter, and we also expect to continue to incur operating losses and to experience negative cash flows for the next several years.

We have a limited operating history and have generated minimal revenues.

Our limited operating history makes evaluating our business and future prospects difficult. We were formed in February 2015, and we have begun production of our first electric vehicle. To date we have no revenues from the sale of electric vehicles as any amounts received from the sale of our pre-production electric vehicles were netted off against research and development costs as cost recovery and have had minimal revenue from the sale of non-electric custom cars. We intend to derive revenues from the sales of our SOLO vehicle, our Tofino vehicle, our e-Roadster and other intended EVs. The Tofino is still in the early design development stage, and the first commercially-produced SOLOs were delivered to certain of our initial customers commencing on October 4, 2021. Our vehicles require significant investment prior to commercial introduction and may never be successfully developed or commercially successful.

We have a history of operating losses and we expect our operating losses to accelerate and materially increase for the foreseeable future.

We generated a net loss of \$24,475,447 for the nine months ended September 30, 2021, bringing our accumulated deficit to \$134,802,606. Without a gain related to changes in the fair values of derivative liabilities of \$16,436,023, we would have had a more significant net loss. Our loss before income taxes for the nine months ended September 30, 2021 increased to \$24,474,597, as compared to \$21,965,648 for the corresponding period in 2020. We anticipate generating a significant loss for the current fiscal year.

We have minimal revenue and expect significant increases in costs and expenses to forestall profits for the foreseeable future, even if we generate revenues in the near term. We have begun the commercial production of our flagship vehicle, the SOLO, and the first commercially-produced SOLOs were delivered to certain of our initial customers commencing on October 4, 2021. We expect to incur significant additional costs and expenses through the launch of the vehicle. Even with the launch of the SOLO into commercial production, and even if we are able to launch the Tofino, e-Roadster or other intended EVs, they might not become commercially successful. If we are to ever achieve profitability, we must have a successful commercial introduction and acceptance of our vehicles, which may not occur. We expect that our operating losses will increase substantially in 2021, and thereafter, and we also expect to continue to incur operating losses and to experience negative cash flows for the next several years.

We expect the rate at which we will incur losses to increase significantly in future periods from current levels as we:

- design, develop and manufacture our vehicles and their components;
- develop and equip our manufacturing facility;
- build up inventories of parts and components for the SOLO, the Tofino, the e-Roadster and other intended EVs;
- open ElectraMeccanica stores;
- expand our design, development, maintenance and repair capabilities;
- develop and increase our sales and marketing activities; and
- develop and increase our general and administrative functions to support our growing operations.

Because we will incur the costs and expenses from these efforts before we receive any revenues with respect thereto, our losses in future periods will be significantly greater than the losses we would incur if we developed the business more slowly. In addition, we may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in profits or even revenues, which would further increase our losses.

Our ability to achieve profitability will depend, in part, on our ability to materially reduce the bill of materials and per unit manufacturing cost of our products.

We anticipate that the gross profit generated from the sale of the SOLO will not be sufficient to cover our operating expenses for the foreseeable future. To achieve our operating and strategic goals while remaining competitive, we will, among other things, need to reduce the bill of materials and the per-unit manufacturing cost of the SOLO. We expect the primary factors to contribute to a reduced bill of materials and per unit manufacturing cost to include:

- continued product development to make the SOLO easier and cheaper to mass produce commercially;

- our ability to utilize less expensive suppliers and components that meet the requirements for the SOLO;
- increasing the volume of components that we purchase in order to take advantage of volume-based pricing discounts;
- improving assembly efficiency;
- enhancing the automation of our strategic manufacturing partner's facility to increase volume and reduce labor costs; and
- increasing our volume to leverage manufacturing overhead costs.

Continued product development is subject to feasibility and engineering risks. Any increase in manufacturing volumes is dependent upon a corresponding increase in sales. The occurrence of one or more factors that negatively impact the manufacturing or sales of the SOLO, or reduce our manufacturing efficiency, may prevent us from achieving our desired reduction in manufacturing costs, which would negatively affect our operating results and may prevent us from attaining profitability.

We currently have negative operating cash flows, and if we are unable to generate positive operating cash flows in the future our viability as an operating business will be adversely affected.

We have made significant up-front investments in research and development, sales and marketing and general and administrative expenses to rapidly develop and expand our business. We are currently incurring expenditures related to our operations that have generated a negative operating cash flow. Operating cash flow may decline in certain circumstances, many of which are beyond our control. We might not generate sufficient revenues in the near future. Because we continue to incur such significant future expenditures for research and development, sales and marketing and general and administrative expenses, we may continue to experience negative cash flow until we reach a sufficient level of sales with positive gross margins to cover operating expenses. An inability to generate positive cash flow until we reach a sufficient level of sales with positive gross margins to cover operating expenses or raise additional capital on reasonable terms will adversely affect our viability as an operating business.

We may require additional capital to carry out our proposed business plan for the next 12 months if our cash on hand and revenues from the sale of our cars are not sufficient to cover our cash requirements.

If our cash on hand, revenue from the sale of our cars, if any, and cash received upon the exercise of outstanding warrants, if any are exercised, are not sufficient to cover our cash requirements, we will need to raise additional funds through the sale of our equity securities, in either private placements or registered offerings and/or shareholder loans. If we are unsuccessful in raising enough funds through such capital-raising efforts we may review other financing possibilities such as bank loans. Financing might not be available to us or, if available, may not be available on terms that are acceptable to us.

Our ability to obtain the necessary financing to carry out our business plan is subject to a number of factors, including general market conditions and investor acceptance of our business plan. These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to us. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our current corporate structure. We might not be able to obtain any funding, and we might not have sufficient resources to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations.

Terms of future financings may adversely impact your investment.

We may have to engage in common equity, debt or preferred stock financing in the future. Your rights and the value of your investment in our securities could be reduced. Interest on debt securities could increase costs and negatively impacts operating results. Preferred stock could be issued in series from time to time with such designation, rights, preferences and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those investors than to the holders of common shares. In addition, if we need to raise equity capital from the sale of common shares, institutional or other investors may negotiate terms at least as, and possibly more, favorable than the terms of your investment. Common shares which we sell could be sold into any market which develops, which could adversely affect the market price.

Our future growth depends upon consumers' willingness to adopt three-wheeled single-seat electric vehicles.

Our growth highly depends upon the adoption by consumers of, and we are subject to an elevated risk of, any reduced demand for alternative fuel vehicles in general and electric vehicles in particular. If the market for three-wheeled, single seat electric vehicles does not develop as we expect, or develops more slowly than we expect, our business, prospects, financial condition and operating results will be negatively impacted. The market for alternative fuel vehicles is relatively new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors. Factors that may influence the adoption of alternative fuel vehicles, and specifically electric vehicles, include:

- perceptions about electric vehicle quality, safety (in particular with respect to lithium-ion battery packs), design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles;
- perceptions about vehicle safety in general and, in particular, safety issues that may be attributed to the use of advanced technology, including vehicle electronics and braking systems;
- the limited range over which electric vehicles may be driven on a single battery charge;
- the decline of an electric vehicle's range resulting from deterioration over time in the battery's ability to hold a charge;
- concerns about electric grid capacity and reliability, which could derail our efforts to promote electric vehicles as a practical solution to vehicles which require gasoline;
- the availability of alternative fuel vehicles, including plug-in hybrid electric vehicles;
- improvements in the fuel economy of the internal combustion engine;
- the availability of service for electric vehicles;
- the environmental consciousness of consumers;
- volatility in the cost of oil and gasoline;
- government regulations and economic incentives promoting fuel efficiency and alternate forms of energy;
- access to charging stations, standardization of electric vehicle charging systems and consumers' perceptions about convenience and cost to charge an electric vehicle;
- the availability of tax and other governmental incentives to purchase and operate electric vehicles or future regulation requiring increased use of nonpolluting vehicles; and
- perceptions about and the actual cost of alternative fuel.

The influence of any of the factors described above may cause current or potential customers not to purchase our electric vehicles, which would materially adversely affect our business, operating results, financial condition and prospects.

The range of our electric vehicles on a single charge declines over time which may negatively influence potential customers' decisions whether to purchase our vehicles.

The range of our electric vehicles on a single charge declines principally as a function of usage, time and charging patterns. For example, a customer's use of their vehicle as well as the frequency with which they charge the battery of their vehicle can result in additional deterioration of the battery's ability to hold a charge. We currently expect that our battery pack will retain approximately 85% of its ability to hold its initial charge after approximately 3,000 charge cycles and eight years, which will result in a decrease to the vehicle's initial range. Such battery deterioration and the related decrease in range may negatively influence potential customer decisions whether to purchase our vehicles, which may harm our ability to market and sell our vehicles.

Developments in alternative technologies or improvements in the internal combustion engine may materially adversely affect the demand for our electric vehicles.

Significant developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect our business and prospects in ways we do not currently anticipate. For example, fuel which is abundant and relatively inexpensive in North America, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum-based propulsion. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced electric vehicles, which could result in the loss of competitiveness of our vehicles, decreased revenue and a loss of market share to competitors.

If we are unable to keep up with advances in electric vehicle technology, we may suffer a decline in our competitive position.

We may be unable to keep up with changes in electric vehicle technology and, as a result, may suffer a decline in our competitive position. Any failure to keep up with advances in electric vehicle technology would result in a decline in our competitive position which would materially and adversely affect our business, prospects, operating results and financial condition. Our research and development efforts may not be sufficient to adapt to changes in electric vehicle technology. As technologies change, we plan to upgrade or adapt our vehicles and introduce new models to continue to provide vehicles with the latest technology and, in particular, battery cell technology. However, our vehicles may not compete effectively with alternative vehicles if we are not able to source and integrate the latest technology into our vehicles. For example, we do not manufacture battery cells which makes us depend upon other suppliers of battery cell technology for our battery packs.

If we are unable to design, develop, market and sell new electric vehicles and services that address additional market opportunities, our business, prospects and operating results will suffer.

We may not be able to successfully develop new electric vehicles and services, address new market segments or develop a significantly broader customer base. To date, we have focused our business on the sale of the SOLO, a three-wheeled, single seat electric vehicle, and have targeted mainly urban residents of modest means and fleets. We will need to address additional markets and expand our customer demographic to further grow our business. Our failure to address additional market opportunities would harm our business, financial condition, operating results and prospects.

Demand in the vehicle industry is highly volatile.

Volatility of demand in the vehicle industry may materially and adversely affect our business, prospects, operating results and financial condition. The markets in which we will be competing have been subject to considerable volatility in demand in recent periods. Demand for automobile sales depends to a large extent on general, economic, political and social conditions in a given market and the introduction of new vehicles and technologies. As a new start-up manufacturer, we will have fewer financial resources than more established vehicle manufacturers to withstand changes in the market and disruptions in demand.

We depend on a third-party for our near-term manufacturing needs.

In October 2017, we entered into a Manufacturing Agreement with Zongshen, a wholly-owned subsidiary of Zongshen Industrial Group Co. Ltd., an affiliate of Zongshen Power Machinery Co., Ltd., located in Chongqing, China, which has now been amended on June 23, 2021. The delivery of SOLO vehicles to our future customers and the revenue derived therefrom depends on Zongshen's ability to fulfil its obligations under that Manufacturing Agreement. Zongshen's ability to fulfil its obligations is outside of our control and depends on a variety of factors, including Zongshen's operations, Zongshen's financial condition and geopolitical and economic risks that could affect China. Our Manufacturing Agreement with Zongshen provides that non-performance by either us or Zongshen shall be excused to the extent that such performance is rendered impossible by strike, fire, flood, earthquake or governmental acts, orders or restrictions; provided that either we or Zongshen, as applicable, use commercially reasonable efforts to mitigate the impact of such non-performance. Notwithstanding any such efforts, any such non-performance by either us or Zongshen shall be cause for termination of the Manufacturing Agreement by the other party if the non-performance continues for more than six months. The novel coronavirus (COVID-19) pandemic or measures taken by the Chinese government relating thereto may result in non-performance by Zongshen under our Manufacturing Agreement. If Zongshen is unable to fulfil its obligations or is only able to partially fulfil its obligations under our existing Manufacturing Agreement with them, or if Zongshen either voluntarily or is forced to terminate our agreement with them, either as a result of the coronavirus outbreak, the Chinese government's measures relating thereto or otherwise, we will not be able to produce or sell our SOLO vehicle in the volumes anticipated and on the timetable that we anticipate, if at all.

The Chinese government exerts substantial influence over the manner in which Chinese companies conduct their business activities. China is experiencing substantial problems with environmental pollution and energy consumption. Efforts by the Chinese government to control pollution and energy consumption are making it harder for Chinese factories to operate. Our Chinese manufacturers are subject to multiple laws governing environmental protection, as well as standards set by the relevant governmental authorities. It is possible that Chinese national, provincial and local governmental agencies will adopt stricter environmental and consumption controls. There can be no assurance that future changes in Chinese laws and regulations will not impose costly compliance requirements on our Chinese manufacturers or otherwise adversely affect their business activities, which in turn could increase the costs associated with operating our business or otherwise adversely affect our financial condition and operating results.

The impact of the novel coronavirus (COVID-19) pandemic on the global economy and our operations remains uncertain, which could have a material adverse impact on our business, results of operations and financial condition and on the market price of our common shares.

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 12, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, Canada and China, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. Although our manufacturing partner, Zongshen, reports that its operations have not been materially affected at this point, significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our and Zongshen's operations (including, without limitation, staffing levels), supply chains for parts and sales channels for our products, and on the global economy as a whole. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent months. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our ability to access capital, on our business, results of operations and financial condition, and on the market price of our common shares.

We do not currently have all arrangements in place that are required to allow us to fully execute our business plan.

To sell our vehicles as envisioned we will need to enter into certain additional agreements and arrangements that are not currently in place. These include entering into agreements with distributors, arranging for the transportation of the commercially-produced SOLOs to be delivered pursuant to our Manufacturing Agreement with Zongshen and obtaining battery and other essential supplies in the quantities that we require. If we are unable to enter into such agreements, or are only able to do so on terms that are unfavorable to us, we may not be able to fully carry out our business plans.

We depend on certain key personnel, and our success will depend on our continued ability to retain and attract such qualified personnel.

Our success depends on the efforts, abilities and continued service of Kevin Pavlov, our Chief Executive Officer and Chief Operating Officer, Bal Bhullar, our Chief Financial Officer, Henry Reisner, our Executive Vice-President and President of InterMeccanica, and Isaac Moss, our Chief Administrative Officer and Corporate Secretary. A number of these key employees and consultants have significant experience in the automobile manufacturing and technology industries. A loss of service from any one of these individuals may adversely affect our operations, and we may have difficulty or may not be able to locate and hire suitable replacements. We have obtained "key person" insurance on certain key personnel.

Since we have little experience in mass-producing electric vehicles, any delays or difficulties in transitioning from producing custom vehicles to mass-producing vehicles may have a material adverse effect on our business, prospects and operating results.

Our management team has experience in producing custom designed vehicles and is now switching focus to mass producing electric vehicles in a rapidly evolving and competitive market. If we are unable to implement our business plans in the timeframe estimated by management and successfully transition into a mass-producing electric vehicle manufacturing business, then our business, prospects, operating results and financial condition will be negatively impacted and our ability to grow our business will be harmed.

We are subject to numerous environmental and health and safety laws and any breach of such laws may have a material adverse effect on our business and operating results.

We are subject to numerous environmental and health and safety laws, including statutes, regulations, bylaws and other legal requirements. These laws relate to the generation, use, handling, storage, transportation and disposal of regulated substances, including hazardous substances (such as batteries), dangerous goods and waste, emissions or discharges into soil, water and air, including noise and odors (which could result in remediation obligations), and occupational health and safety matters, including indoor air quality. These legal requirements vary by location and can arise under federal, provincial, state or municipal laws. Any breach of such laws and/or requirements would have a material adverse effect on our Company and its operating results.

Our vehicles are subject to motor vehicle standards and the failure to satisfy such mandated safety standards would have a material adverse effect on our business and operating results.

All vehicles sold must comply with federal, state and provincial motor vehicle safety standards. In both Canada and the United States vehicles that meet or exceed all federally mandated safety standards are certified under the federal regulations. In this regard, Canadian and U.S. motor vehicle safety standards are substantially the same. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving federal certification. Failure by us to have the SOLO, the Tofino or any future model EV satisfy motor vehicle standards would have a material adverse effect on our business and operating results.

If we are unable to reduce and adequately control the costs associated with operating our business, including costs associated with manufacturing, sales, materials, transportation and logistics, our business, financial condition, operating results and prospects will suffer.

If we are unable to reduce and/or maintain a sufficiently low level of costs for designing, manufacturing, marketing, selling, transporting, distributing and servicing our electric vehicles relative to their selling prices, or if we experience significant increases in these costs and are unable to raise our prices to offset such increases, our operating results, gross margins, business and prospects could be materially and adversely impacted. Further, since our preorder vehicles are at fixed sales prices, if we experience significant increases in costs associated with operating our business, our profitability from these preorder vehicles may be negatively impacted absent the flexibility to increase such sales prices.

If our vehicles fail to perform as expected, our ability to develop, market and sell our electric vehicles could be harmed.

Our vehicles may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. For example, our vehicles use a substantial amount of software code to operate. Software products are inherently complex and often contain defects and errors when first introduced. While we have performed extensive internal testing, we currently have a very limited frame of reference by which to evaluate the performance of our SOLO in the hands of our customers and currently have no frame of reference by which to evaluate the performance of our vehicles after several years of customer driving. With the e-Roadster, we are in the prototype phase, and with the Tofino, we are still in early design development phase, whereby the similar evaluations are further behind.

We have very limited experience servicing our vehicles. If we are unable to address the service and warranty requirements of our future customers our business will be materially and adversely affected.

If we are unable to successfully address the service requirements of our future customers our business and prospects will be materially and adversely affected. In addition, we anticipate the level and quality of the service we will provide our customers will have a direct impact on the success of our future vehicles. If we are unable to satisfactorily service our customers, our ability to generate customer loyalty, grow our business and sell additional vehicles could be impaired.

We have very limited experience servicing our vehicles. We have begun production of the SOLO vehicles for targeted customer deliveries during the last quarter of 2021. The total number of production SOLOs that we have produced as at September 30, 2021 is 182. The total number of SOLOs that we have produced as pre-production as of September 30, 2021 is 124 (64 from Canada and 60 from Zongshen). Throughout its history, our subsidiary, InterMeccanica, has produced approximately 2,500 cars, which include providing after sales support and servicing. We only have limited experience servicing the SOLO as a limited number of SOLOs have been produced. Servicing electric vehicles on a mass scale is different than servicing electric vehicles and vehicles with internal combustion engines and requires specialized skills, including high voltage training and servicing techniques on a mass scale. On October 14, 2021, we announced our strategic agreement with Robert Bosch LLC (“Bosch”) to establish a service network of independent automobile repair shops approved by Bosch (the “Bosch Car Service Network”). The Bosch Car Service Network will support service and maintenance operations for ElectraMeccanica’s flagship SOLO EV beginning with commercial launch locations throughout the western United States and then expanding throughout the rest of the United States.

In addition, we presently expect that our warranty covering the SOLO will cover 24 months and that the battery pack will cover a five year/45,000 miles warranty period. For additional information on the warranty information please visit <https://www.electrameccanica.com/warranty/>.

We may not succeed in establishing, maintaining and strengthening the ElectraMeccanica brand, which would materially and adversely affect customer acceptance of our vehicles and components and our business, revenues and prospects.

Our business and prospects heavily depend on our ability to develop, maintain and strengthen the ElectraMeccanica brand. Any failure to develop, maintain and strengthen our brand may materially and adversely affect our ability to sell our planned electric vehicles. If we are not able to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Promoting and positioning our brand will likely depend significantly on our ability to provide high quality electric cars and maintenance and repair services, and we have very limited experience in these areas. In addition, we expect that our ability to develop, maintain and strengthen the ElectraMeccanica brand will also depend heavily on the success of our marketing efforts. To date we have limited experience with marketing activities as we have relied primarily on the internet, word of mouth and attendance at industry trade shows to promote our brand. To further promote our brand, we may be required to change our marketing practices, which could result in substantially increased advertising expenses, including the need to use traditional media such as television, radio and print. The automobile industry is intensely competitive, and we may not be successful in building, maintaining and strengthening our brand. Many of our current and potential competitors, particularly automobile manufacturers headquartered in Detroit, Japan and the European Union, have greater name recognition, broader customer relationships and substantially greater marketing resources than we do. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results will be materially and adversely impacted.

Increases in costs, disruption of supply or shortage of raw materials, in particular lithium-ion cells, could harm our business.

We may experience increases in the cost or a sustained interruption in the supply or shortage of raw materials. Any such increase or supply interruption could materially negatively impact our business, prospects, financial condition and operating results. We use various raw materials in our business including aluminum, steel, carbon fiber and non-ferrous metals such as copper and cobalt. The prices for these raw materials fluctuate depending on market conditions and global demand for these materials and could adversely affect our business and operating results. For instance, we are exposed to multiple risks relating to price fluctuations for lithium-ion cells. These risks include:

- the inability or unwillingness of current battery manufacturers to build or operate battery cell manufacturing plants to supply the numbers of lithium-ion cells required to support the growth of the electric or plug-in hybrid vehicle industry as demand for such cells increases;
- disruption in the supply of cells due to quality issues or recalls by the battery cell manufacturers; and
- an increase in the cost of raw materials, such as cobalt, used in lithium-ion cells.

Our business depends on the continued supply of battery cells for our vehicles. We do not currently have any agreements for the supply of batteries and depend upon the open market for their procurement. Any disruption in the supply of battery cells from our supplier could temporarily disrupt the planned production of our vehicles until such time as a different supplier is fully qualified. Moreover, battery cell manufacturers may choose to refuse to supply electric vehicle manufacturers to the extent they determine that the vehicles are not sufficiently safe. Furthermore, current fluctuations or shortages in petroleum and other economic conditions may cause us to experience significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased electric vehicle prices. We might not be able to recoup increasing costs of raw materials by increasing vehicle prices. We have also already announced an estimated price for the base model of our SOLO, and the Tofino. However, any attempts to increase the announced or expected prices in response to increased raw material costs could be viewed negatively by our potential customers, result in cancellations of SOLO, e-Roadster and Tofino reservations and could materially adversely affect our brand, image, business, prospects and operating results.

We rely upon independent third-party transportation providers for our vehicle shipments and are subject to increased shipping costs as well as the potential inability of our third-party transportation providers to deliver on a timely basis.

We currently rely upon independent third-party transportation providers for our vehicle shipments. Our utilization of these delivery services for shipments is subject to risks which may impact a shipping company's ability to provide delivery services that adequately meet our shipping needs, including risks related to employee strikes, labor and capacity constraints, and inclement weather. In addition, we are subject to increased shipping costs when fuel prices increase and due to other economic factors affecting supply and demand within the transportation industry. If we change the shipping companies we use, we could face logistical difficulties that could adversely affect deliveries, and we would incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from our current independent third-party transportation providers which, in turn, would increase our costs and may impact our overall profitability.

The unavailability, reduction or elimination of government and economic incentives could have a material adverse effect on our business, financial condition, operating results and prospects.

Any reduction, elimination or discriminatory application of government subsidies and economic incentives that are offered to purchasers of EVs or persons installing home charging stations, the reduced need for such subsidies and incentives due to the perceived success of the electric vehicle, fiscal tightening or other reasons may result in the diminished competitiveness of the alternative fuel vehicle industry generally or our electric vehicles in particular. This could materially and adversely affect the growth of the alternative fuel automobile markets and our business, prospects, financial condition and operating results.

If we fail to manage future growth effectively, we may not be able to market and sell our vehicles successfully.

Any failure to manage our growth effectively could materially and adversely affect our business, prospects, operating results and financial condition. We plan to expand our operations in the near future in connection with the planned production of our vehicles. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully. Risks that we face in undertaking this expansion include:

- training new personnel;
- forecasting production and revenue;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding design, manufacturing, sales and service facilities;
- implementing and enhancing administrative infrastructure, systems and processes;
- addressing new markets; and
- establishing international operations.

We intend to continue to hire a number of additional personnel, including design and manufacturing personnel and service technicians, for our electric vehicles. Competition for individuals with experience in designing, manufacturing and servicing electric vehicles is intense, and we may not be able to attract, assimilate, train or retain additional highly qualified personnel in the future. The failure to attract, integrate, train, motivate and retain these additional employees could seriously harm our business and prospects.

Our business may be adversely affected by labor and union activities.

Although none of our employees are currently represented by a labor union, it is common throughout the automobile industry generally for many employees at automobile companies to belong to a union, which can result in higher employee costs and increased risk of work stoppages. We have a Manufacturing Agreement with Zongshen to produce SOLO vehicles. Zongshen's workforce is not currently unionized, though they may become so in the future or industrial stoppages could occur in the absence of a union. We also directly and indirectly depend upon other companies with unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could have a material adverse impact on our business, financial condition or operating results. If a work stoppage occurs within our business, or that of Zongshen or our key suppliers, it could delay the manufacture and sale of our electric vehicles and have a material adverse effect on our business, prospects, operating results or financial condition. Additionally, if we expand our business to include full in-house manufacturing of our vehicles, our employees might join or form a labor union and we may be required to become a union signatory.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may become subject to product liability claims, which could harm our business, prospects, operating results and financial condition. The automobile industry experiences significant product liability claims and we face inherent risk of exposure to claims in the event our vehicles do not perform as expected or malfunction resulting in personal injury or death. Our risks in this area are particularly pronounced given we have limited field experience of our vehicles. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our vehicles and business and inhibit or prevent commercialization of other future vehicle candidates which would have a material adverse effect on our brand, business, prospects and operating results. We plan to maintain product liability insurance for all our vehicles on a claims-made basis, but any such insurance might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages either in excess of our coverage or outside of our coverage may have a material adverse effect on our reputation, business and financial condition. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if we do face liability for our products and are forced to make a claim under our policy.

Our patent applications may not result in issued patents, which may have a material adverse effect on our ability to prevent others from interfering with our commercialization of our products.

The registration and enforcement of patents involves complex legal and factual questions and the breadth and effectiveness of patented claims is uncertain. We cannot be certain that we are the first to file patent applications on these inventions, nor can we be certain that our pending patent applications will result in issued patents or that any of our issued patents will afford sufficient protection against someone creating competing products, or as a defensive portfolio against a competitor who claims that we are infringing its patents. In addition, patent applications filed in foreign countries are subject to laws, rules and procedures that differ from those of the United States, and thus we cannot be certain that foreign patent applications, if any, will result in issued patents in those foreign jurisdictions or that such patents can be effectively enforced, even if they relate to patents issued in the United States.

We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and would cause us to incur substantial costs.

Companies, organizations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop, sell or market our vehicles or components, which could make it more difficult for us to operate our business. From time to time, we may receive communications from third parties that allege our products are covered by their patents or trademarks or other intellectual property rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights. If we are determined to have infringed upon a third party's intellectual property rights, we may be required to do things that include one or more of the following:

- cease making, using, selling or offering to sell processes, goods or services that incorporate or use the third-party intellectual property;
- pay substantial damages;
- seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all;
- redesign our vehicles or other goods or services to avoid infringing the third-party intellectual property; or

- establish and maintain alternative branding for our products and services.

In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property right, our business, prospects, operating results and financial condition could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited because we are incorporated under the laws of the Province of British Columbia, a substantial portion of our assets are in Canada and all of our executive officers and most of our directors reside outside the United States

We are organized pursuant to the laws of the Province of British Columbia under the Business Corporations Act (British Columbia). Three of our four officers, our auditor and all but four of our directors reside outside the United States. In addition, a substantial portion of their assets and our assets are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside of the United States, judgments you may obtain in U.S. courts against us or these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws. Furthermore, there is substantial doubt as to the enforceability in Canada against us or against any of our directors, officers and any experts named in this Quarterly Report who are not residents of the United States, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities based solely upon the civil liability provisions of the U.S. federal securities laws. In addition, shareholders in British Columbia companies may not have standing to initiate a shareholder derivative action in U.S. federal courts. As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors or our major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Global economic conditions could materially adversely impact demand for our products and services.

Our operations and performance depend significantly on economic conditions. Uncertainty about global economic conditions could result in customers postponing purchases of our products and services in response to tighter credit, unemployment, negative financial news and/or declines in income or asset values and other macroeconomic factors, which could have a material negative effect on demand for our products and services and, accordingly, on our business, results of operations or financial condition.

We are vulnerable to an ongoing trade dispute between the United States and China

A growing trade dispute between the United States and China could increase the proposed sales price of our products or decrease our profits, if any. In June 2018, the previous U.S. administration imposed tariffs on \$34 billion of Chinese exports, including a 25% duty on cars built in China and shipped to the United States. Following the imposition of these tariffs, China has imposed additional tariffs on U.S. goods manufactured in the United States and exported to China. Subsequently, the U.S. administration indicated that it may impose tariffs on up to US\$500 billion on goods manufactured in China and imported into the United States. These tariffs may escalate a nascent trade war between China and the United States. This trade conflict could affect our business because we intend to mass produce the SOLO in China and our intended principal market is the west coast of North America. If a trade war were to escalate, or if tariffs were imposed on any of our products, we could be forced to increase the proposed sales price of such products or reduce the margins, if any, on such products.

Recently, U.S. Customs and Border Protection ruled that the SOLO has a classification under the Harmonized Tariff Schedule of the United States that applies to passenger vehicles for less than 10 people with only electric motors. The total applicable duty for this classification was recently raised to 27.5% (2.5% is a “most-favored-nation” tariff for this classification and 25% derives from this classification being on the China 301 List 1). We envision that the suggested retail purchase price for our SOLO will be US\$18,500. As the landscape for tariffs involving imports to the United States from the PRC has been changing over the past year and may change again, we have not determined how to adjust the purchase price in the United States in response to the recent tariff increase.

On January 15, 2020, the United States and the PRC signed the Phase 1 Trade Agreement which came into force on February 14, 2020. Notwithstanding the coming into force of the Phase 1 Trade Agreement, the United States will maintain its tariffs on cars built in China and shipped to the United States.

Uncertainties in the interpretation and enforcement of Chinese laws and regulations could limit the legal protections available to you and us.

The legal system in the PRC is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various production services in the PRC. Zongshen, our manufacturing partner, is subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights or Zongshen may have to resort to administrative and court proceedings to fulfill its obligations under the Manufacturing Agreement. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we or Zongshen may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could materially and adversely affect our business and impede our ability to continue our operations.

Risks Related to Our Common Shares

Our executive officers and directors beneficially own a large controlling percentage of our common shares.

As of November 9, 2021, our executive officers and directors beneficially owned, in the aggregate, approximately 12.03% of our common shares, which includes shares that our executive officers and directors have the right to acquire pursuant to warrants, stock options, RSUs and DSUs which have vested. As a result, they will be able to exercise a significant level of control over all matters requiring shareholder approval, including the election of directors, amendments to our Articles and approval of significant corporate transactions. This control could have the effect of delaying or preventing a change of control of our Company or changes in management and will make the approval of certain transactions difficult or impossible without the support of these shareholders.

The continued sale of our equity securities will dilute the ownership percentage of our existing shareholders and may decrease the market price for our common shares.

Our Notice of Articles authorize the issuance of an unlimited number of common shares and the issuance of preferred shares. Our Board of Directors has the authority to issue additional shares of our capital stock to provide additional financing in the future and designate the rights of the preferred shares, which may include voting, dividend, distribution or other rights that are preferential to those held by the common shareholders. The issuance of any such common or preferred shares may result in a reduction of the book value or market price, if one exists at the time, of our outstanding common shares. Given our lack of revenues, we will likely have to issue additional equity securities to obtain working capital we require for the next 12 months. Our efforts to fund our intended business plans will therefore result in dilution to our existing shareholders. If we do issue any such additional common shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other shareholders. As a result of such dilution, if you acquire common shares your proportionate ownership interest and voting power could be decreased. Furthermore, any such issuances could result in a change of control or a reduction in the market price for our common shares.

Additionally, we had 10,184,077 options and 7,977,021 warrants outstanding as of November 9, 2021. The exercise price of some of these options and warrants is below our current market price, and you could purchase shares in the market at a price in excess of the exercise price of our outstanding warrants or options. If the holders of these options and warrants elect to exercise them, your ownership position will be diluted and the per share value of the common shares you have or acquire could be diluted as well. As a result, the market value of our common shares could significantly decrease as well.

Issuances of our preferred stock may adversely affect the rights of the holders of our common shares and reduce the value of our common shares.

Our Notice of Articles authorize the issuance of an unlimited number of shares of preferred stock. Our Board of Directors has the authority to create one or more series of preferred stock and, without shareholder approval, issue shares of preferred stock with rights superior to the rights of the holders of common shares. As a result, shares of preferred stock could be issued quickly and easily, adversely affecting the rights of holder of common shares and could be issued with terms calculated to delay or prevent a change in control or make removal of management more difficult. Although we currently have no plans to create any series of preferred stock and have no present plans to issue any shares of preferred stock, any creation and issuance of preferred stock in the future could adversely affect the rights of the holders of common shares and reduce the value of our common shares.

The market price of our common shares may be volatile and may fluctuate in a way that is disproportionate to our operating performance.

Our common shares began trading on the Nasdaq Capital Market in August 2018, and before that it had been trading on the OTCQB in September 2017. The historical volume of trading has been low (within the past year, the fewest number of our shares that were traded on the Nasdaq Capital Market was 28,706 shares daily), and the share price has fluctuated significantly (since trading began on the Nasdaq Capital Market our closing price has been as low as US\$0.91 and as high as US\$10.81). The share price for our common shares could decline due to the impact of any of the following factors:

- sales or potential sales of substantial amounts of our common shares;
- announcements about us or about our competitors;
- litigation and other developments relating to our patents or other proprietary rights or those of our competitors;
- conditions in the automobile industry;
- governmental regulation and legislation;
- variations in our anticipated or actual operating results;
- change in securities analysts' estimates of our performance, or our failure to meet analysts' expectations;
- change in general economic trends; and
- investor perception of our industry or our prospects.

Many of these factors are beyond our control. The stock markets in general, and the market for automobile companies in particular, have historically experienced extreme price and volume fluctuations. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. These broad market and industry factors could reduce the market price of our common shares regardless of our actual operating performance.

We do not intend to pay dividends and there will thus be fewer ways in which you are able to make a gain on your investment.

We have never paid any cash or stock dividends and we do not intend to pay any dividends for the foreseeable future. To the extent that we require additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of any dividends. Because we do not intend to declare dividends, any gain on your investment will need to result from an appreciation in the price of our common shares. There will therefore be fewer ways in which you are able to make a gain on your investment.

FINRA sales practice requirements may limit your ability to buy and sell our common shares, which could depress the price of our shares.

Financial Industry Regulation Authority (“FINRA”) rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements may make it more difficult for broker-dealers to recommend that their customers buy our common shares, which may limit your ability to buy and sell our common shares, have an adverse effect on the market for our common shares and, thereby, depress their market prices.

Our common shares have been thinly traded, and you may be unable to sell at or near ask prices or at all if you need to sell your common shares to raise money or otherwise desire to liquidate your shares.

From October 2017 until August 2018, our common shares were quoted on the OTCQB where they were “thinly-traded”, meaning that the number of persons interested in purchasing our common shares at or near bid prices at any given time was relatively small or non-existent. Since we listed on the Nasdaq Capital Market in August 2018, the volume of our common shares traded has increased, but that volume could decrease until we are thinly-traded again. That could occur due to a number of factors, including that we are relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and might be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our common shares until such time as we became more seasoned. As a consequence, there may be periods of several days or more when trading activity in our common shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. Broad or active public trading market for our common shares may not develop or be sustained.

Volatility in our common shares or warrant price may subject us to securities litigation.

The market for our common shares may have, when compared to seasoned issuers, significant price volatility, and we expect that our share or warrant prices may continue to be more volatile than that of a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management’s attention and resources.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

We are a foreign private issuer within the meaning of the rules under the Exchange Act. As such, we are exempt from certain provisions applicable to United States domestic public companies. For example:

- we are not required to provide as many Exchange Act reports, or as frequently, as a domestic public company;
- for interim reporting we are permitted to comply solely with our home country requirements, which are less rigorous than the rules that apply to domestic public companies;
- we are not required to provide the same level of disclosure on certain issues, such as executive compensation;
- we are exempt from provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information;
- we are not required to comply with the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; and
- we are not required to comply with Section 16 of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and establishing insider liability for profits realized from any “short-swing” trading transaction.

Our shareholders may not have access to certain information they may deem important and are accustomed to receive from U.S. reporting companies.

As an “emerging growth company” under applicable law, we will be subject to lessened disclosure requirements. Such reduced disclosure may make our common shares less attractive to investors.

For as long as we remain an “emerging growth company”, as defined in the JOBS Act, we will elect to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” and including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports, exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. Because of these lessened regulatory requirements our shareholders would be left without information or rights available to shareholders of more mature companies. If some investors find our common shares less attractive as a result, there may be a less active trading market for such securities and their market prices may be more volatile.

We incur significant costs as a result of being a public company, which costs will grow after we cease to qualify as an “emerging growth company.”

We incur significant legal, accounting and other expenses as a public company. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and the Nasdaq Capital Market, impose various requirements on the corporate governance practices of public companies. We are an “emerging growth company”, as defined in the JOBS Act, and will remain an emerging growth company until the earlier of: (1) the last day of the fiscal year (a) following May 23, 2022, (b) in which we have total annual gross revenue of at least US\$1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common shares that is held by non-affiliates exceeds US\$700 million as of the prior June 30th; and (2) the date on which we have issued more than US\$1.0 billion in non-convertible debt during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act in the assessment of the emerging growth company’s internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies.

Compliance with these rules and regulations increases our legal and financial compliance costs and makes some corporate activities more time-consuming and costlier. After we are no longer an emerging growth company, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 and the other rules and regulations of the SEC. For example, as a public company we have been required to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We have incurred additional costs in obtaining director and officer liability insurance. In addition, we incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our Board of Directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

This Quarterly Report was included as Exhibit 99.1 to the Company’s Report of Foreign Private Issuer on Form 6-K filed with the U.S. Securities and Exchange Commission. Please see the other exhibits to such Form 6-K, which are incorporated by reference herein.

ElectraMeccanica Vehicles Corp.
Interim Condensed Consolidated Financial Statements
September 30, 2021 and 2020 (Unaudited)
Expressed in United States Dollars

ElectraMeccanica Vehicles Corp.
Interim Condensed Unaudited Consolidated Statements of Financial Position
(Expressed in United States dollars)

	Note	September 30, 2021	December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	\$ 228,813,286	\$ 129,450,676
Receivables	5	333,272	213,346
Prepaid expenses		15,354,581	5,039,150
Inventory	6	3,306,642	609,094
		247,807,781	135,312,266
Non-current assets			
Restricted cash		161,197	143,800
Plant and equipment	7	9,734,879	9,290,308
Net investment in sublease	8	-	38,541
Goodwill and other intangible assets	9	966,521	969,467
TOTAL ASSETS		\$ 258,670,378	\$ 145,754,382
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10	2,331,392	3,461,339
Customer deposits		539,305	329,221
Construction contract liability		194,959	189,651
Current portion of lease liabilities	11	530,834	576,232
		3,596,490	4,556,443
Non-current liabilities			
Derivative liabilities ¹	12	3,565,246	17,899,855
Lease liabilities	11	1,562,397	499,541
Deferred revenue		119,253	119,253
TOTAL LIABILITIES		8,843,386	23,075,092
EQUITY			
Share capital	13	363,207,765	212,058,836
Deficit		(134,802,606)	(110,327,159)
Reserves		21,421,833	20,947,613
TOTAL EQUITY		249,826,992	122,679,290
TOTAL LIABILITIES AND EQUITY		\$ 258,670,378	\$ 145,754,382

Nature and continuance of operations (Note 1)
Commitments (Note 22)

On behalf of the Board of Directors

/s/ Kevin Pavlov
Director

/s/ Bal Bhullar
Director

Footnote: The warrants derivative liabilities included in derivative liabilities are valued at fair value in accordance with International Financial Reporting Standards ("IFRS"). There are no circumstances in which the Company would be required to pay cash upon exercise or expiry of the warrants. See Note 12.

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

ElectraMeccanica Vehicles Corp.
Interim Condensed Unaudited Consolidated Statements of Comprehensive Loss
(Expressed in United States dollars)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2021	September 30, 2020 Restated (Note 3)	September 30, 2021	September 30, 2020 Restated (Note 3)
Revenue		\$ 110,139	\$ 245,691	\$ 592,524	\$ 344,585
Cost of revenue		110,653	238,033	579,963	390,300
Gross profit / (loss)		(514)	7,658	12,561	(45,715)
Operating expenses					
Amortization	7	1,102,638	444,454	3,005,004	770,885
General and administrative expenses	15	7,345,102	1,845,103	16,211,786	5,038,786
Research and development expenses	16	5,290,452	1,541,450	11,646,957	4,062,688
Sales and marketing expenses	17	2,593,227	525,660	6,553,508	1,083,520
Stock-based compensation expense	13	833,973	2,237,334	4,017,322	5,143,722
		17,165,392	6,594,001	41,434,577	16,099,601
Operating loss		(17,165,906)	(6,586,343)	(41,422,016)	(16,145,316)
Other items					
Interest income		(52,190)	(69,833)	(222,303)	(108,686)
Changes in fair value of warrant derivative	12	(4,178,638)	3,638,409	(16,436,023)	5,653,843
Lease modification loss		—	24,387	—	24,387
Other Income		(99,484)	(20,364)	(191,854)	(395,372)
Foreign exchange (gain)/loss		11,804	1,029,997	(97,239)	646,160
Loss before taxes		(12,847,398)	(11,188,939)	(24,474,597)	(21,965,648)
Current income tax (recovery)/expense		—	(1,204)	850	(404)
Deferred Income tax (recovery)/expense		—	(8,505)	—	(28,886)
Net loss		(12,847,398)	(11,179,230)	(24,475,447)	(21,936,358)
Other comprehensive income/(loss)		17,688	1,189,627	3,355	351,704
Comprehensive Loss		\$ (12,829,710)	\$ (9,989,603)	\$ (24,472,092)	\$ (21,584,654)
Loss per share – basic and fully diluted		\$ (0.11)	\$ (0.16)	\$ (0.22)	\$ (0.43)
Weighted average number of shares outstanding – basic and fully diluted					
		113,670,604	69,948,843	110,110,785	51,080,739

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

ElectraMeccanica Vehicles Corp.
Interim Condensed Unaudited Consolidated Statements of Changes in Equity
(Expressed in United States dollars)

	Note	Share capital		Share-based payment reserve	Foreign Currency Translation Reserve	Deficit	Total
		Number of shares	Amount net of share issue cost				
Balance at December 31, 2019 Restated		37,049,374	\$ 50,616,051	\$ 11,006,367	\$ 287,307	\$ (47,280,254)	\$ 14,629,471
Shares issued for cash		7,500	7,870	—	—	—	7,870
Shares issuance costs		—	(51,913)	—	—	—	(51,913)
Stock-based compensation		—	—	1,884,570	—	—	1,884,570
Net loss for the period		—	—	—	—	(1,418,829)	(1,418,829)
Foreign currency translation reserve		—	—	—	(1,411,147)	—	(1,411,147)
Balance at March 31, 2020 Restated (Note 3)		37,056,874	50,572,008	12,890,937	(1,123,840)	(48,699,083)	13,640,022
Shares issued for cash		25,913,365	36,363,090	—	—	—	36,363,090
Shares issued pursuant to exercise of warrants		187,500	110,246	—	—	—	110,246
Shares issued pursuant to exercise of options		25,000	9,538	(4,037)	—	—	5,501
Stock-based compensation		—	—	1,021,818	—	—	1,021,818
Net loss for the period		—	—	—	—	(9,338,299)	(9,338,299)
Foreign currency translation reserve		—	—	—	573,224	—	573,224
Balance at June 30, 2020 Restated (Note 3)		63,182,739	87,054,882	13,908,718	(550,616)	(58,037,382)	42,375,602
Shares issued for cash		13,058,071	39,711,261	—	—	—	39,711,261
Shares issued pursuant to exercise of warrants		1,413,767	6,719,617	(55,909)	—	—	6,663,708
Shares issued pursuant to exercise of options		135,171	93,634	(28,209)	—	—	65,425
Stock-based compensation		—	—	2,237,333	—	—	2,237,333
Net loss for the period		—	—	—	—	(11,179,230)	(11,179,230)
Foreign currency translation reserve		—	—	—	1,189,627	—	1,189,627
Balance at September 30, 2020 Restated (Note 3)		77,789,748	133,579,394	16,061,933	639,011	(69,216,612)	81,063,726
Balance at December 31, 2020		89,309,563	212,058,836	16,446,400	4,501,213	(110,327,159)	122,679,290
Effect of change in functional currency	3	—	(14,539,226)	—	—	—	(14,539,226)
Balance at January 1, 2021		89,309,563	197,519,610	16,446,400	4,501,213	(110,327,159)	108,140,064
Shares issued for cash		20,365,495	142,493,563	—	—	—	142,493,563
Shares issued pursuant to exercise of warrants		2,195,640	16,802,299	(1,164)	—	—	16,801,135
Shares issued pursuant to exercise of options		1,058,724	727,253	(277,794)	—	—	449,459
Stock-based compensation		—	—	1,462,866	—	—	1,462,866
Net loss for the period	13	—	—	—	—	(180,664)	(180,664)
Foreign currency translation reserve		—	—	—	(7,859)	—	(7,859)
Balance at March 31, 2021		112,929,422	357,542,725	17,630,308	4,493,354	(110,507,823)	269,158,564
Shares issuance costs		—	(2,887)	—	—	—	(2,887)
Shares issued pursuant to exercise of warrants		88,774	404,354	—	—	—	404,354
Shares issued pursuant to exercise of options		21,825	104,301	(53,972)	—	—	50,329
Stock-based compensation	13	—	—	1,720,483	—	—	1,720,483
Net loss for the period		—	—	—	—	(11,447,385)	(11,447,385)
Foreign currency translation reserve		—	—	—	(6,474)	—	(6,474)
Balance at June 30, 2021		113,040,021	358,048,493	19,296,819	4,486,880	(121,955,208)	259,876,984
Shares issuance costs		—	(55,123)	—	—	—	(55,123)
Shares issued pursuant to exercise of warrants		405,000	1,682,416	—	—	—	1,682,416
Shares issued pursuant to exercise of options		1,375,400	3,115,294	(2,469,544)	—	—	645,750
Shares issued pursuant to exercise of RSU		118,497	397,060	(582,333)	—	—	(185,273)
Shares issued pursuant to exercise of DSU		5,755	19,625	(39,250)	—	—	(19,625)
Transfer of DSU to liabilities		—	—	(122,400)	—	—	(122,400)
Stock-based compensation	13	—	—	833,973	—	—	833,973
Net loss for the period		—	—	—	—	(12,847,398)	(12,847,398)
Foreign currency translation reserve		—	—	—	17,688	—	17,688
Balance at September 30, 2021		114,944,673	363,207,765	16,917,265	4,504,568	(134,802,606)	249,826,992

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

ElectraMeccanica Vehicles Corp.
Interim Condensed Unaudited Consolidated Statements of Cash Flows
(Expressed in United States dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020 Restated (Note 3)	September 30, 2021	September 30, 2020 Restated (Note 3)
Operating activities				
Net loss for the period	\$ (12,847,398)	\$ (11,179,230)	\$ (24,475,447)	\$ (21,936,358)
Adjustments for:				
Amortization	1,102,638	444,454	3,005,004	770,885
Stock-based compensation expense	833,973	2,237,334	4,017,322	5,143,722
Interest income	(52,190)	(69,833)	(222,303)	(108,686)
Lease modification loss	—	24,387	—	24,387
Vehicles transferred to R&D expense	827,593	—	827,593	—
Changes in fair value of derivative liabilities	(4,178,638)	3,638,409	(16,436,023)	5,653,843
Deferred income tax expense (recovery)	—	(8,505)	—	(28,886)
Changes in non-cash working capital items:				
Receivables	(4,718)	53,331	(282,242)	164,642
Prepaid expenses	(2,942,644)	(397,444)	(10,266,438)	(215,056)
Inventory	(2,699,611)	(50,109)	(2,668,847)	(454,476)
Trade payables and accrued liabilities	(2,361,538)	(93,636)	(217,417)	(1,019,687)
Customer deposits and construction contract liability	192,888	(35,010)	215,392	24,457
Net cash flows used in operating activities	(22,129,645)	(5,435,852)	(46,503,406)	(11,981,213)
Investing activities				
Investments in restricted cash	2,059	1,421	(17,397)	(1,733)
Expenditures on plant and equipment	(661,570)	(357,628)	(3,686,693)	(605,495)
Net cash flows used in investing activities	(659,511)	(356,207)	(3,704,090)	(607,228)
Financing activities				
Interest income received	94,410	10,030	495,138	154,171
Interest income received from net investment in sublease	124	1,097	1,459	7,673
Interest paid	—	(6)	—	(300)
Interest paid on lease payments	(37,890)	(18,710)	(111,978)	(60,031)
Repayment of shareholder loans	—	—	—	(1,521)
Repayment of leases	(209,452)	(126,704)	(560,295)	(341,163)
Payment received for net investment in sublease	9,876	8,903	38,541	52,328
Proceeds on issuance of common shares – net of issue costs	(55,123)	39,665,545	142,435,553	75,419,959
Payment of withholding tax for RSU exercised	(185,274)	—	(185,274)	—
Payment for DSU settlement	(19,625)	—	(19,625)	—
Proceeds from issuance of common shares for options exercised	645,750	66,544	1,145,538	71,958
Proceeds from issuance of common shares for warrants exercised	1,313,167	3,505,690	6,327,694	3,613,970
Net cash flows from financing activities	1,555,963	43,112,389	149,566,751	78,917,044
Increase/(decrease) in cash and cash equivalents	(21,233,193)	37,320,330	99,359,255	66,328,603
Effect of exchange rate changes on cash	17,688	1,015,448	3,355	1,174,829
Cash and cash equivalents, beginning	250,028,791	37,728,278	129,450,676	8,560,624
Cash and cash equivalents, ending	\$ 228,813,286	\$ 76,064,056	\$ 228,813,286	\$ 76,064,056

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

1. Nature and continuance of operations

ElectraMeccanica Vehicles Corp (the “Company”) was incorporated on February 16, 2015, under the laws of the Province of British Columbia, Canada, and its principal activity is the development and manufacturing of electric vehicles (“EV”s). The Company acquired Intermeccanica International Inc. (“InterMeccanica”) on October 18, 2017, and whose principal activity is the development and manufacturing of high-end custom-built vehicles. On January 22, 2018, the Company incorporated a wholly-owned subsidiary, EMV Automotive USA Inc., in Nevada, USA. On October 15, 2019, the Company incorporated a wholly-owned subsidiary, EMV Automotive Technology (Chongqing) Inc., in Chongqing, China. On November 22, 2019, the Company incorporated SOLO EV, LLC, a wholly-owned subsidiary of EMV Automotive USA Inc., in Michigan, USA. On March 19, 2021, the Company incorporated ElectraMeccanica USA, LLC, a wholly-owned subsidiary of EMV Automotive USA Inc., in Arizona, USA.

The head office and principal address of the Company are located at 102 East 1st Avenue, Vancouver, British Columbia, Canada, V5T 1A4.

These consolidated financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company’s principal activity is the development and manufacture of EVs. As at September 30, 2021, although the Company has commenced commercial production of the SOLO single seat EV, it is not able to finance day-to-day activities through operations. The Company’s continuation is dependent upon the successful results from its electric vehicle manufacturing activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The Company has begun production and commenced commercial deliveries of its first SOLO EV in October 2021. As at September 30, 2021, there have been no revenues from the sale of electric vehicles as any amounts received from the sale of pre-production electric vehicles were netted off against research and development costs as cost recovery.

It is anticipated that significant additional funding will be required. Management primarily intends to finance its operations over the next 12 months through sales of the SOLO, private placements and/or public offerings of equity capital.

2. Significant accounting policies and basis of preparation

The consolidated financial statements were authorized for issue on November 9, 2021 by the directors of the Company.

Statement of compliance with International Financial Reporting Standards

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standards (“IAS”) 34 – Interim Financial Reporting on a basis consistent with those followed in the most recent annual consolidated financial statements for the year ended December 31, 2020.

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020.

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for derivative liabilities which are measured at fair value. As at September 30, 2021, the Company’s functional and presentation currency is United States dollars (“USD”). The Company’s functional currency for the comparative periods was Canadian dollars (“CAD”). The change in presentation currency and functional currency from December 31, 2020 is discussed in Note 3.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, EMV Automotive USA Inc., from the date of its incorporation on January 22, 2018, InterMeccanica, from the date of its acquisition on October 18, 2017, EMV Automotive Technology (Chongqing) Inc., from the date of its incorporation on October 15, 2019, SOLO EV, LLC, from the date of its incorporation on November 22, 2019, and ElectraMeccanica USA, LLC, from the date of its incorporation on March 19, 2021. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the estimated recoverable amount of goodwill, intangible assets and other long-lived assets, the useful lives of plant and equipment, fair value measurements for financial instruments and share-based payments and the recoverability and measurement of deferred tax assets.

The Covid-19 outbreak brings significant uncertainty as to the potential impact on our operations, supply chains for parts and sales channels for our products, and on the global economy as a whole. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. Therefore, the Company has not changed any estimates and assumptions in the preparation of the financial statements.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant areas that require judgment from the Company in completing its consolidated financial statements include:

- the assessment of the Company's ability to continue operations and whether there are events or conditions that may give rise to significant uncertainty;
- the assessment of the Company's functional currency;
- the classification of financial instruments; and
- the calculation of income taxes require judgement in interpreting tax rules and regulations.

Foreign currency translation

The Company's functional currency is USD. The functional currency of InterMeccanica is CAD, the functional currency of EMV Automotive USA Inc. and ElectraMeccanica USA, LLC is USD, and the functional currency of EMV Automotive Technology (Chongqing) Inc. is the Chinese RMB. The Company reassessed the functional currency during its first quarter of 2021 and determined that the factors now supported USD as the functional currency for the Company. The Company has applied the change in functional currency from CAD to USD effective January 1, 2021. The change in functional currency is discussed in Note 3.

Foreign operations translation

On consolidation, the assets and liabilities of foreign operations that have a functional currency other than USD are translated into USD at the exchange rates in effect at the end of the reporting period. Revenues and expenses are translated at the average monthly exchange rates prevailing during the period. The resulting translation gains and losses are included as other comprehensive loss. The cumulative deferred translation gains or losses on the foreign operations are reclassified to net income only on disposal of the foreign operations.

3. Change in presentation currency and functional currency

Effective December 31, 2020, the Company changed its presentation currency from CAD to USD to be more relevant to users.

Prior to December 31, 2020, the Company reported its annual and quarterly consolidated financial statements in CAD. In making this change in presentation currency, the Company followed the recommendations set out in IAS 21, the Effects of Change in Foreign Exchange Rates. In accordance with IAS 21, comparable financial statements for the three and nine months ended September 30, 2020 have been restated retrospectively in the new presentation currency of USD using the current rate method.

The consolidated statement of financial position as of December 31, 2020 of the Company has been prepared in CAD and translated into the new presentation currency of USD using the current rate method.

The procedures under the current rate method as applied in these interim condensed unaudited consolidated financial statements is outlined as below:

- balances for the three and nine months ended September 30, 2020 reported in the Interim Condensed Unaudited Consolidated Statement of Comprehensive Loss and Interim Condensed Unaudited Consolidated Statements of Cash Flows have been translated into USD using average foreign currency rates prevailing for the period;
- balances as at and for the three months ended September 30, 2020 reported in the Interim Condensed Unaudited Consolidated Statement of Change in Equity, including share-based payment reserve, foreign currency translation reserve, deficit and share capital, have been translated into USD using historical rates; and
- basic and diluted loss per share for the three and nine months ended September 30, 2020 have been restated to USD to reflect the change in presentation currency.

All resulting exchange differences arising from the translation are included as a separate component of other comprehensive income/(loss).

The Company considered the current and prospective economic substance of the underlying transactions and circumstances of the Company and concluded that, as of January 1, 2021, the functional currency should be USD rather than CAD.

The effect of the change in functional currency to USD was applied prospectively in the financial statements effective January 1, 2021. The financial position of the Company as at January 1, 2021 has been translated from CAD to USD at an exchange rate of 1.273.

All transactions for the Company are recorded in USD from January 1, 2021 and onwards. Transactions denominated in currencies other than USD are considered foreign currency transactions. Foreign currency transactions are translated into USD using the foreign currency rates prevailing at the date of the transaction. Period-end balances of monetary assets and liabilities in foreign currency are translated to USD using period-end foreign currency rates. Foreign currency gains and losses arising from the settlement of foreign currency transactions are recognized in profit or loss.

The Company reassessed its derivative liabilities upon the change in functional currency, which resulted in an increase of \$14,539,226 in derivative liabilities with a corresponding decrease in share capital as at January 1, 2021.

Warrants issued other than as compensation for goods and services with exercise prices denominated in a currency other than the functional currency of the Company are recognized as derivative liabilities and measured at fair value at each reporting period.

As at December 31, 2020, the functional currency of the Company was CAD and, therefore, warrants with exercise prices denominated in USD were recognized as derivative liabilities and measured at fair value by the Black-Scholes Option Pricing Model with a valuation date of December 31, 2020. The derivative liabilities of the Company was \$17,899,855 as at December 31, 2020.

As at January 1, 2021, the functional currency of the Company is USD. Accordingly, warrants with exercise prices denominated in CAD are recognized as derivative liabilities and measured at fair value by the Black-Scholes Option Pricing Model with a valuation date of January 1, 2021. The fair value of the derivative liabilities of the Company was \$32,439,081 as at January 1, 2021.

4. Cash and cash equivalents

For the purposes of the Interim Condensed Unaudited Consolidated Statements of Cash Flows, cash and cash equivalents comprise the following balances with original term to maturity of 180 days or less:

	September 30, 2021	December 31, 2020
Cash	\$ 228,813,286	\$ 58,450,680
Cash equivalent	—	70,999,996
	\$ 228,813,286	\$ 129,450,676

5. Receivables

	September 30, 2021	December 31, 2020
Trade receivable	\$ 5,313	\$ —
GST receivable	180,632	49,385
Interest receivable	79	162,316
Other receivables	147,248	1,645
	\$ 333,272	\$ 213,346

6. Inventory

	September 30, 2021	December 31, 2020
Parts and battery	\$ 708,347	\$ 995,368
Work in progress	128,708	75,811
Vehicles	2,497,847	48,324
Inventory provision	(28,260)	(510,409)
	\$ 3,306,642	\$ 609,094

7. Plant and equipment

	Furniture and equipment	Computer hardware and software	Vehicles	Leasehold Improvements	Right-of-use assets	Production tooling and molds	Total
Cost:							
December 31, 2019	438,358	209,170	299,386	396,303	1,590,456	6,064,826	8,998,499
Additions	32,937	208,294	1,090,673	64,495	465,312	1,738,462	3,600,173
Disposals/write off	—	—	(10,907)	(28,366)	—	(299,606)	(338,879)
Lease termination and derecognition ^{1,2}	—	—	—	—	(425,932)	—	(425,932)
Foreign exchange translation difference	6,528	3,734	5,445	2,944	30,262	110,287	159,200
December 31, 2020	477,823	421,198	1,384,597	435,376	1,660,098	7,613,969	11,993,061
Additions	272,731	404,222	1,670,911	29,617	1,575,434	350,727	4,303,642
Transfer to R&D ³	—	—	(894,316)	—	—	—	(894,316)
Foreign exchange translation difference	(251)	4	—	46	240	—	39
September 30, 2021	750,303	825,424	2,161,192	465,039	3,235,772	7,964,696	15,402,426
Amortization:							
December 31, 2019	238,223	100,324	256,588	182,599	512,902	—	1,290,636
Additions	67,030	96,191	41,005	112,591	414,102	903,756	1,634,675
Disposals	—	—	(7,588)	(23,119)	—	(9,847)	(40,554)
Lease termination and derecognition ^{1,2}	—	—	—	—	(204,590)	—	(204,590)
Foreign exchange translation difference	4,068	1,816	4,667	1,685	10,350	—	22,586
December 31, 2020	309,321	198,331	294,672	273,756	732,764	893,909	2,702,753
Additions	65,209	170,208	181,165	81,694	548,441	1,955,903	3,002,620
Transfer to R&D	—	—	(38,022)	—	—	—	(38,022)
Foreign exchange translation difference	94	4	—	43	55	—	196
September 30, 2021	374,624	368,543	437,815	355,493	1,281,260	2,849,812	5,667,547
Net book value:							
December 31, 2020	168,502	222,867	1,089,925	161,620	927,334	6,720,060	9,290,308
September 30, 2021	375,679	456,881	1,723,377	109,546	1,954,512	5,114,884	9,734,879

¹ The Company entered into a sublease agreement for its office space in Los Angeles, USA, with effect from February 1, 2020. As a result of the sublease, the Company derecognized the right-of-use asset relating to the head lease with a cost of \$298,708 and accumulated amortization of \$120,131 (see Note 8 for further information on the net investment in sublease).

² The Company terminated one of its warehouse leases on January 31, 2020. As a result of the termination, the Company derecognized the right-of-use asset of the warehouse with a cost of \$127,224 and accumulated amortization of \$84,459.

³ Vehicles with cost of \$894,316 and accumulated depreciation of \$38,022 were transferred to R&D usage.

8. Net investment in sublease

The Company entered into an agreement to sublease its office space in Los Angeles, USA, with effect from February 1, 2020. The Company has classified the sublease as a finance lease as the term of the sublease is for major part of the economic life of the right-of-use asset arising from the head lease. At the commencement date of the sublease, the Company derecognized the right-of-use asset relating to the head lease that it transferred to the sub-lessee and recognized the net investment in the sub-lease. The term of the sublease expired on August 21, 2021 and became month-to-month and there is \$nil net investment in sublease as of September 30, 2021 (December 31, 2020 - \$38,541).

9. Goodwill and Other Intangible Assets

	September 30, 2021	December 31, 2020
Identifiable intangibles on acquisition of InterMeccanica	\$ 404,805	\$ 407,751
Goodwill on acquisition of InterMeccanica	549,760	549,760
Other intangibles	11,956	11,956
	<u>\$ 966,521</u>	<u>\$ 969,467</u>

10. Trade payables and accrued liabilities

	September 30, 2021	December 31, 2020
Trade payables	\$ 979,779	\$ 1,001,773
Due to related parties (Note 19)	26,786	280,432
Accrued liabilities	1,324,827	2,179,134
	<u>\$ 2,331,392</u>	<u>\$ 3,461,339</u>

11. Lease liabilities

The Company leases buildings for its engineering center and head office and warehouse spaces and kiosk locations to promote vehicle sales. These leases generally span a period of one to five years.

The Company incurred \$336,858 and \$782,490 of lease expenses for the three and nine months ended September 30, 2021, respectively (September 30, 2020 - \$68,346 and \$104,423 for the three and nine months, respectively), for short-term leases and low-value leases which are not included in the measurement of lease liabilities.

The following tables reconcile the change in the lease liabilities and disclose a maturity analysis of the lease liabilities for the nine months ended September 30, 2021 and the year ended December 31, 2020:

Balance as at December 31, 2019	\$ 1,129,249
Lease addition	465,312
Lease termination	(33,442)
Accretion of lease liability	79,205
Repayment of principal and interest	(564,551)
Balance as at December 31, 2020	\$ 1,075,773
Lease addition	1,575,435
Accretion of lease liability	104,888
Repayment of principal and interest	(662,865)
Balance as at September 30, 2021	\$ 2,093,231

During the three months ended September 30, 2021, the Company entered a new lease agreement for a kiosk location to promote vehicle sales. The lease is for a 30 month period.

During the three months ended June 30, 2021, the Company amended a lease agreement to extend the lease term for seven months.

During the three months ended March 31, 2021, the Company entered into a long-term lease agreement for its engineering center and head office in Canada which expires on February 28, 2026, with the Company holding an option to renew for a further five years.

At September 30, 2021	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	\$ 667,397	\$ 136,563	\$ 530,834
Between one and five years	1,194,171	304,274	889,897
More than five years	774,702	102,202	672,500
	\$ 2,636,270	\$ 543,039	\$ 2,093,231
Current portion of lease liabilities			530,834
Non-current portion of lease liabilities			\$ 1,562,397

12. Derivative liabilities

a) Warrants

At September 30, 2021, the exercise price of certain of our warrants is denominated in CAD; however, the functional currency of the Company is USD (see Note 3). Consequently, the value of the proceeds on exercise is not fixed and will vary based on foreign exchange rate movements. The warrants when issued other than as compensation for goods and services are therefore a derivative for accounting purposes and are required to be recognized as derivative liabilities and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash gain or loss in the interim condensed unaudited consolidated statements of comprehensive loss. Upon exercise, the holders will pay the Company the respective exercise price for each warrant exercised in exchange for one common share of the Company and the fair value at the date of exercise and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants that expire unexercised will be recorded as a gain in the interim condensed unaudited consolidated statements of comprehensive loss. There are no circumstances in which the Company would be required to pay any cash upon exercise or expiry of the warrants (see Note 13 for further information on warrants issued and outstanding).

A reconciliation of the changes in fair values of the warrants derivative liabilities is below:

	September 30, 2021	December 31, 2020
Balance, beginning	\$ 17,899,855	\$ 5,456,265
Decrease of derivative liabilities for warrants priced in USD per change in functional currency (Note 3)	(17,899,855)	
Recognize of derivative liabilities for warrants priced in CAD per change in functional currency (Note 3)	32,439,081	—
Warrants exercised	(12,560,212)	(20,491,542)
Changes in fair value of derivative liabilities	(16,436,023)	32,935,132
Balance, ending	\$ 3,442,846	\$ 17,899,855

The fair value of the non-transferrable warrants was calculated using the Black-Scholes Option Pricing Model.

b) Deferred Stock Units

Deferred Stock Units ("DSU"s) are stock-based awards that may be granted by the Company to certain eligible participants pursuant to its Stock Incentive Plan. During the three months ended September 30, 2021, the Company changed the settlement intention by allowing the holders of the DSUs to settle the DSUs in cash or common shares. As a result, the entire DSU balance of \$152,164 was reclassified from equity to DSU liability.

During the three months ended September 30, 2021, the Company issued 51,468 DSUs which will vest over one year.

At each reporting date, between the grant and settlement dates of DSUs, the fair value of the liability is re-measured with any changes in fair value recognized in net income (loss) for the period. The entire DSU balance is presented in long-term liabilities.

The changes in DSUs during the nine months ended September 30, 2021 are as follows:

	Number of DSU	Amount
Balance, December 31, 2020	—	\$ —
Reclassification to liability	44,623	152,164
DSUs exercised	(11,510)	(39,248)
Issuance	51,468	9,484
Balance, September 30, 2021	84,581	\$ 122,400

13. Share capital

Authorized share capital

Unlimited number of common shares without par value.

At September 30, 2021, the Company had 114,944,673 issued and outstanding common shares (December 31, 2020 –89,309,563).

On December 21, 2020, the Company contracted with Stifel, Nicolaus & Company, Incorporated and Roth Capital Partners, LLC (each, an "Agent", and collectively, the "Agents") to sell common shares of the Company having an aggregate offering price of up to \$100,000,000 through the Agents (the "Sales Agreement"). On February 8, 2021, the Company contracted with the Agents to sell additional common shares having an aggregate offering price of up to \$100,000,000 through the Agents (the "December Sales Agreement"). On September 30, 2021, the Company contracted with the Agents to sell additional common shares having an aggregate offering price of up to \$200,000,000 through the Agents (the "September Sales Agreement").

In accordance with the terms of each of the Sales Agreement, the December Sales Agreement and the September Sales Agreement, the Company may offer and sell common shares from time to time through the Agent selected by the Company (the "Designated Agent"), acting as sales agent or, with consent of the Company, as principal. The common shares may be offered and sold by any method permitted by law deemed to be an "at the market" offering (the "ATM Offering") as defined in Rule 415 promulgated under the Securities Act, including sales made directly on or through the Nasdaq Capital Market on any other existing trading market for the common shares, and, if expressly authorized by the Company, in negotiated transactions.

From January 4 to January 8, 2021, the Company issued 6,741,420 common shares for the ATM Offering under the December Sales Agreement for gross proceeds of \$46,558,988. Share issue costs related to the ATM Offering were \$1,258,122.

From February 9 to March 12, 2021, the Company issued 13,624,075 common shares for the ATM Offering under the February Sales Agreement for gross proceeds of \$99,999,996. Share issue costs related to the ATM Offering were \$2,702,209.

As of September 30, 2021, no common shares were issued for the ATM Offering under the September Sales Agreement.

During the three months ended March 31, 2021, the Company issued 2,195,640 common shares for warrants exercised by investors for proceeds of \$16,801,135.

During the three months ended June 30, 2021, the Company issued 88,774 common shares for warrants exercised by investors for proceeds of \$404,354.

During the three months ended September 30, 2021, the Company issued 135,000 common shares for warrants exercised by investors for proceeds of \$1,682,416.

During the three months ended March 31, 2021, the Company issued 1,058,724 common shares for options exercised by investors for proceeds of \$449,459.

During the three months ended June 30, 2021, the Company issued 21,825 common shares for options exercised by investors for proceeds of \$0,329.

During the three months ended September 30, 2021, the Company issued 1,375,400 common shares for options exercised by investors for proceeds of \$645,750.

During the three months ended September 30, 2021, the Company issued 118,497 shares for restricted share units ("RSU's) exercised by officers and paid withholding tax of \$184,274.

During the three months ended September 30, 2021, the Company issued 5,755 common shares for DSUs exercised by a director and paid cash \$9,625 for a DSU settlement.

Basic and fully diluted loss per share

The calculation of basic and fully diluted loss per share for the three and nine months ended September 30, 2021 was based on the net loss attributable to common shareholders of \$12,847,398 and \$24,475,447, respectively (September 30, 2020 – \$11,179,230 and \$21,936,358 for three and nine months, respectively), and the weighted average number of common shares outstanding of 113,670,604 and 110,110,785, respectively (September 30, 2020 – 69,948,843 and 51,080,739, respectively). Fully diluted loss per share did not include the effect of 10,252,227 stock options (September 30, 2020 – 13,375,438), 11,604,402 warrants (September 30, 2020 – 20,603,396), 84,581 DSUs (September 30, 2020 – 44,623) and 649,473 RSUs (September 30, 2020 – 507,849) as the effect would be anti-dilutive.

Stock options

The Company adopted its 2020 Stock Incentive Plan (the “Stock Incentive Plan”) on July 9, 2020, which provides that the Board of Directors of the Company may, from time to time in its discretion, grant to directors, officers, employees and consultants of the Company certain stock-based compensation awards including non-transferable stock options to purchase common shares; provided that the number of common shares reserved for issuance under all awards will not exceed 30,000,000. Such stock options may be exercisable for a period of up to 10 years from the date of grant. Stock options may be exercised no later than 90 days following cessation of the optionee’s position with the Company unless any exercise extension has been approved in advance by the Plan Administrator.

Stock options granted may vest based on terms and conditions set out in the stock option agreements themselves. On exercise, each stock option allows the holder to purchase one common share of the Company or to exchange common share of the Company without cash payment for the number of common shares calculated by a formula as set forth in the stock option agreement.

The changes in stock options during the nine months ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	September 30, 2021		December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	13,008,364	\$ 2.14	12,908,315	\$ 2.03
Options granted	1,300,604	5.13	1,790,000	3.47
Options exercised	(3,771,109)	1.58	(632,822)	1.83
Options forfeited/expired/cancelled	(285,632)	4.85	(1,057,129)	3.20
Options outstanding, ending	10,252,227	\$ 2.68	13,008,364	\$ 2.14

Details of stock options outstanding as at September 30, 2021 were as follows:

Exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
\$0.30 CAD	0.71	1,327,273	1,327,273
\$0.80 CAD	1.20	334,091	334,091
\$2.00 CAD	2.61	85,104	85,104
\$1.91	5.19	2,405,000	1,977,223
\$2.45	4.85	1,250,000	1,250,000
\$2.53	4.86	131,818	131,818
\$2.62	1.98	700,000	700,000
\$3.40	4.47	1,035,000	1,035,000
\$3.41	5.81	1,179,708	648,054
\$3.55	9.79	90,604	7,350
\$3.77	6.74	240,000	137,090
\$4.15	9.38	805,000	372,499
\$5.00	2.17	193,629	193,629
\$6.18	3.86	18,754	18,754
\$7.23	6.28	225,000	93,754
\$7.75	6.39	110,000	43,544
\$9.60	3.27	121,246	114,176
		10,252,227	8,469,359

The weighted average grant date fair value of stock options granted during the nine months ended September 30, 2021 was \$2.59 (September 30, 2020 – \$2.16).

During the three and nine months ended September 30, 2021, the Company recognized stock-based compensation expense of \$930,097 and \$3,579,636, respectively (September 30, 2020 - \$1,688,796 and \$4,595,184 for three and nine months, respectively), for stock options granted.

Warrants

On exercise, each warrant allows the holder to purchase one common share of the Company or to exchange common share of the Company without cash payment for the number of common shares calculated by the formula set forth in the warrant agreement itself.

The changes in warrants during the nine months ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	September 30, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	15,070,883	\$ 4.01	20,603,396	\$ 3.57
Warrants exercised	(2,690,005)	2.96	(5,387,200)	2.49
Warrants expired	(776,476)	6.89	(145,313)	1.49
Warrants outstanding, ending	11,604,402	\$ 4.78	15,070,883	\$ 4.01

At September 30, 2021, all warrants outstanding were exercisable. Details of warrants outstanding as at September 30, 2021 are as follows:

Exercise Price	Weighted average contractual life	Number of warrants outstanding
Non-Transferable Warrants		
\$4.00 CAD - \$16.00 CAD	0.40 years	6,006,146
\$2.00 USD - \$24.00 USD	2.38 years	1,096,988
Transferable Warrants		
\$4.25 USD	1.85 years	4,501,268
Warrants outstanding, ending	1.15 years	11,604,402

DSUs

DSUs are stock-based awards that may be granted by the Company to certain eligible participants pursuant to its current Stock Incentive Plan. Each DSU will issue one common share of the Company or settle by equivalent cash to the holders of the DSU (Note 12).

The changes in DSUs during the nine months ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	September 30, 2021		December 31, 2020	
	Number of DSU	Weighted average exercise price	Number of DSU	Weighted average exercise price
DSUs outstanding, beginning	44,623	\$ 3.41	—	\$ —
DSUs granted	51,468	3.41	44,623	3.41
DSUs exercised	(11,510)	3.41	—	—
DSUs outstanding, ending	84,581	\$ 3.41	44,623	\$ 3.41

Details of DSUs outstanding as at September 30, 2021 are as follows:

Deemed value	Weighted average contractual life	Number of DSUs outstanding	Number of DSUs exercisable
\$3.41	9.53	84,581	33,113

During the three and nine months ended September 30, 2021, the Company recognized stock-based compensation expense of \$9,484 (September 30, 2020 - \$152,164) for DSUs granted during the period.

RSUs

RSUs are stock-based awards that may be granted by the Company to certain eligible participants pursuant to its current Stock Incentive Plan. RSUs are accounted for as equity-settled share-based payment transactions as the obligations under an RSU will be settled through the issuance of common shares. The Company measures the cost of equity-settled share-based transactions by reference to the fair value of the equity instruments at the date at which they are granted and is recorded in the statement of comprehensive loss over the vesting period.

The changes in RSUs during the three months ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	September 30, 2021		December 31, 2020	
	Number of RSU	Weighted average exercise price	Number of RSU	Weighted average exercise price
RSUs outstanding, beginning	507,849	\$ 3.44	—	\$ —
RSUs granted	450,442	3.41	507,849	3.44
RSUs exercised	(169,283)	3.44	—	—
RSUs expired	(139,535)	3.44	—	—
RSUs outstanding, ending	649,473	\$ 3.44	507,849	\$ 3.44

Details of RSUs outstanding as at September 30, 2021 are as follows:

Deemed value	Weighted average contractual life	Number of RSUs outstanding	Number of RSUs exercisable
\$3.42	9.62	649,473	—

During the three and nine months ended September 30, 2021, the Company recognized stock-based compensation expense of (\$105,608) and \$428,202, respectively (September 30, 2020 - \$ Nil and \$548,538 for three and nine months), for RSUs granted during the period.

14. Share Based Reserves

The share-based payment reserve records items that are recognized as stock-based compensation expense and other share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the stock options expire unexercised, the amount remains in the share-based payment reserve account.

15. General and administrative expenses

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Rent	\$ 456,014	\$ 150,454	\$ 1,153,370	\$ 302,686
Office expenses	2,150,981	313,041	5,637,354	882,454
Legal and professional	571,552	460,197	1,395,295	1,336,623
Consulting fees	767,813	203,633	2,492,575	770,867
Investor relations	292,704	57,352	564,190	219,143
Salaries	3,106,038	660,426	4,969,002	1,527,013
	\$ 7,345,102	\$ 1,845,103	\$ 16,211,786	\$ 5,038,786

16. Research and development expenses

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Labor	\$ 4,035,735	\$ 1,103,139	\$ 9,740,490	\$ 2,904,113
Materials	1,254,717	438,311	1,906,467	1,158,575
	\$ 5,290,452	\$ 1,541,450	\$ 11,646,957	\$ 4,062,688

17. Sales and marketing expenses

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Consulting	\$ 310,738	\$ 60,003	\$ 490,337	\$ 250,173
Marketing	980,351	215,504	2,926,079	344,445
Salaries	1,302,138	250,153	3,137,092	488,902
	\$ 2,593,227	\$ 525,660	\$ 6,553,508	\$ 1,083,520

18. Segmented information

The Company operates in two reportable business segments.

The two reportable business segments offer different products, require different production processes, and are based on how the financial information is produced internally for the purposes of making operating decisions. The following summary describes the operations of each of the Company's reportable business segments:

- Electric Vehicles – development and manufacture of electric vehicles for mass markets; and
- Custom built vehicles – development and manufacture of high-end custom-built vehicles.

No business segments have been aggregated to form the above reportable business segments.

	Three months ended September 30, 2021		Three months ended September 30, 2020	
	Electric Vehicles	Custom Built Vehicles	Electric Vehicles	Custom Built Vehicles
Revenue	\$ —	\$ 110,139	\$ —	\$ 245,691
Gross profit	—	(514)	—	7,658
Operating expenses	(17,081,621)	(83,771)	(6,532,162)	(61,839)
Other items	4,183,967	134,541	(4,650,704)	48,107
Current income tax recovery	—	—	97	1,107
Deferred income tax recovery	—	—	—	8,505
Net income/(loss)	\$ (12,897,654)	\$ 50,256	\$ (11,182,769)	\$ 3,538

	Nine months ended September 30, 2021		Nine months ended September 30, 2020	
	Electric Vehicles	Custom Built Vehicles	Electric Vehicles	Custom Built Vehicles
Revenue	\$ —	\$ 592,524	\$ —	\$ 344,585
Gross profit	—	12,561	—	(45,715)
Operating expenses	(41,232,424)	(202,153)	(15,945,746)	(153,855)
Other items	16,662,028	285,391	(5,929,468)	109,136
Current income tax recovery	(850)	—	(703)	1,107
Deferred income tax recovery	—	—	—	28,886
Net income/(loss)	\$ (24,571,246)	\$ 95,799	\$ (21,875,917)	\$ (60,441)

	September 30, 2021		December 31, 2020	
	Electric Vehicles	Custom Built Vehicles	Electric Vehicles	Custom Built Vehicles
Inventory	\$ 2,939,044	\$ 367,598	\$ 305,443	\$ 303,651
Plant and equipment	9,492,486	242,393	9,014,777	275,531

19. Related party transactions

Related party balances

The balance due to related parties is \$26,786 as at September 30, 2021 (December 31, 2020 - \$280,432). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management personnel compensation

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Consulting fees	\$ —	\$ —	\$ —	\$ 91,591
Salary	2,350,134	313,545	3,095,936	756,628
Directors fees	103,777	65,107	262,641	247,846
Stock-based compensation	559,734	1,133,580	2,442,098	3,959,926
	\$ 3,013,645	\$ 1,512,232	\$ 5,800,675	\$ 5,055,991

20. Financial instruments and financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of controlling and reporting structures. 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 held in bank accounts. The majority of cash is deposited in bank accounts held with major financial institutions in Canada. As most of the Company's cash is held by one financial institution there is a concentration of credit risk.

This risk is managed by using major financial institutions that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and interest receivable from major financial institutions with high credit ratings.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's source of funding has been shareholder loans and the issuance of equity securities for cash, primarily through private placements and public offerings. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at September 30, 2021 and December 31, 2020. We have excluded warrants derivative liabilities from the table because they are settled by shares (see note 12).

At September 30, 2021	Within one year	Between one and five years	More than five years
Trade payables	\$ 979,779	\$ —	\$ —
Accrued liabilities	1,324,827	—	—
Due to related parties	26,786	—	—
Lease liabilities	530,834	889,897	672,500
DSU liabilities	—	122,400	—
	\$ 2,862,226	\$ 1,012,297	\$ 672,500

At December 31, 2020	Within one year	Between one and five years	More than five years
Trade payables	\$ 1,001,773	\$ —	\$ —
Accrued liabilities	2,179,134	—	—
Due to related parties	280,432	—	—
Lease liabilities	576,232	373,889	125,652
	\$ 4,037,571	\$ 373,889	\$ 125,652

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs some expenditures that are denominated in CAD while its functional currency is USD. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of financial assets and liabilities that are denominated in CAD:

	September 30, 2021	September 30, 2020 Restated
Cash and cash equivalents	\$ 889,739	\$ 355,948
Restricted cash	80,697	77,182
Receivables	180,632	95,818
Lease liabilities	(1,511,194)	(432,103)
Trade payables and accrued liabilities	(912,401)	(427,709)
	\$ (1,272,527)	\$ (330,864)

Based on the above net exposures, as at September 30, 2021, a 10% change in the CAD to the USD exchange rate would impact the Company's net loss by \$127,253 (September 30, 2020 – \$53,334).

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 exposed to interest rate risk on its cash equivalents as these instruments have original maturities of 12 months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have a minimal impact on the Company's net loss for the nine months ended September 30, 2021 (September 30, 2020 - \$625,000).

Classification of financial instruments

Financial assets included in the consolidated statements of financial position are as follows:

	September 30, 2021	December 31, 2020
Amortized cost:		
Cash and cash equivalents	\$ 228,813,286	\$ 129,450,676
Restricted cash	161,197	143,800
Receivables	152,640	159,664
	<u>\$ 229,127,123</u>	<u>\$ 129,754,140</u>

Financial liabilities included in the consolidated statements of financial position are as follows:

	September 30, 2021	December 31, 2020
Non-derivative financial liabilities at amortized cost:		
Trade payable and accrued liabilities	\$ 2,331,392	\$ 3,461,339
Lease liabilities	2,093,231	1,075,773
Derivative financial liabilities at fair value through profit or loss:		
Derivative liabilities	3,565,246	17,899,855
	<u>\$ 7,989,869</u>	<u>\$ 22,436,967</u>

Fair value

The fair value of the Company's financial assets and liabilities, other than the derivative liabilities which are measured at fair value, approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Financial liabilities measured at fair value at September 30, 2021 include the derivative liabilities, which consist of non-transferrable warrants and DSUs. The fair value of the non-transferrable warrants and DSUs are classified as level 2 in the fair value hierarchy.

The fair value of the derivative liabilities relating to the non-transferrable warrants was calculated using the Black-Scholes Option Pricing Model using the historical volatility of comparable companies as an estimate of future volatility. At September 30, 2021, if the volatility used was increased by 10%, the impact would be an increase to the derivative liabilities of \$227,681 (September 30, 2020 - \$300,936) with a corresponding increase in loss and comprehensive loss.

21. Capital management

The Company's policy is to maintain a strong capital base to safeguard the Company's business and sustain future development of the business. The capital structure of the Company consists of equity. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2021. The Company is not subject to any externally imposed capital requirements.

22. Commitments

- (a) As at September 30, 2021, the Company has capital commitments to incur an additional \$3,505,163 (December 31, 2020 - \$ Nil) for development of its IT infrastructure
- (b) The Company is committed to future minimum lease payments for short-term leases and a long-term lease with a lease commencement date of December 1, 2021, for which no lease liability has been recognized as at September 30, 2021 (see note 10). The leases are related to rental of its manufacturing facility and kiosk locations. The details of lease commitments as at September 30, 2021 are as follows:

<u>Fiscal year</u>	<u>Amount</u>
2021	\$ 425,743
2022	1,464,629
2023	1,956,861
2024	2,016,267
2025 and after	17,606,800
Total	\$ 23,470,300

23. Subsequent events (update until reporting date)

Subsequent to September 30, 2021, the Company issued 1,400,000 common shares at CAD \$4 per common share for gross proceeds of CAD \$5,600,000 pursuant to the exercise of warrants by an investor.

Subsequent to September 30, 2021, the Company issued 291 common shares for the cashless exercise of 14,065 stock options at a price of \$3.41 per common share.

Subsequent to September 30, 2021, the Company issued 698,000 common shares for the ATM Offering for gross proceeds of \$2,810,229. Share issuance cost related to the ATM Offering are \$75,890.

CERTIFICATION

I, Kevin Pavlov, certify that:

- (1) I have reviewed this Quarterly Report on Form 6-K for the quarterly period ended September 30, 2021 of Electrameccanica Vehicles Corp.;
- (2) Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
 - (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021.

/s/ Kevin Pavlov

By: Kevin Pavlov

Title: Chief Executive Officer (Principal Executive Officer)

CERTIFICATION

I, Baljinder K. Bhullar, certify that:

- (1) I have reviewed this Quarterly Report on Form 6-K for the quarterly period ended September 30, 2021 of Electrameccanica Vehicles Corp.;
- (2) Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
 - (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021.

/s/ Baljinder K. Bhullar

By: Baljinder K. Bhullar
Title: Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
