



OPTIMIZING POWER

Shareholder Letter

February 2022

Dear Fellow Shareholders,

As we kickstart 2022, I would like to thank you for your continued support and shared excitement for the value that Exro brings to the electric mobility market. Exro is deeply committed to listening to shareholders and delivering on our promises with bold direction and disciplined innovation. We're driving forward with our united vision to use minimum energy for maximum results and bring differentiated value propositions to the market with our customers and partners. We believe now more than ever that delivering on our business objectives holds the potential to add significant value to shareholders.

The year 2021 marked exciting and important milestones for Exro. In addition to signing tier-one automotive supplier Linamar, Exro established several partnerships across our product portfolio with significant potential for growth and commercialization. We were thrilled to unveil our three next-generation electric vehicle demonstrators retrofitted with Coil Driver technology to improve performance and versatility. We also celebrated the opening of phase 1 of Exro's automotive-class manufacturing facility in Calgary and our 15,000 square foot American headquarters facility that positions us close to customers and talent. Our work last year was essential in establishing the foundation for what comes next: product deployments.

For Exro, this year ahead is filled with dynamic goals and objectives. We are committed and prepared to deliver next-generation power electronics to the electric mobility market and expect to demonstrate continued execution into 2022 and beyond. I want to share company updates, details around our recent capital raise, and key focuses this year.

Company Updates

All our projects continue to progress on track, with our low voltage Coil Driver pilots being delivered to customers through the first quarter of this year and high voltage Coil Driver pilots starting in the second quarter. As the product integration process continues, the team is focused on building the order pipeline and meeting the increase in customer demand. The facilities plan remains on track, with a new motor dynamometer (“dyno”) being commissioned in our Mesa facility this month. This new dyno will accelerate our ability to serve our growing demand by doubling our test capacity.

Our vehicle demonstrators have been a big hit! They’ve enabled our customers to experience our technology firsthand and showcase our technology capabilities. This has helped advance our commercial discussions and begun to establish us as a next-generation leader in electric mobility power electronics.

As previously announced, we are currently in litigation with Epropelled. As of today, we have not been served, but our teams are well prepared and confident in our position to protect our company and technology. We will provide an update as more material information becomes available.

Exro is excited to have been invited to major investor conferences this year that will help build company awareness among key market groups, including the 24th Annual Needham Growth Conference and the Canaccord Canadian Sustainability Virtual Conference. Exro will attend the 34th Annual Roth Conference in March among 550 participating companies and over 5,100 attendees.

Capital Raise — Why raise now?

In December 2021, Exro filed a shelf prospectus. The purpose behind this was to give Exro additional flexibility and allow the company to take advantage of any future financing opportunities quickly. The timing behind the shelf prospectus filing and the subsequent “bought deal” financing was strategic, with our priorities reflecting continued growth and momentum. Early 2022 provided an opportunity to execute this fundamental objective and secure the working capital to support an expanding slate of 2022 milestones. While we appreciate that the deal’s timing can be frustrating, the proceeds provide us the security and backing we need to continue executing our plan, delivering products to market, giving confidence to partners, and positioning ourselves for our planned NASDAQ up list.

While we remain exceedingly confident in our outlook for the electric vehicle (“EV”) markets and our company’s potential, markets have been volatile from the start of 2022 for various reasons, and Exro was not sheltered from that. Successfully completing an oversubscribed bought deal, given this backdrop, is a positive milestone and highlights a strong capital markets commitment for our business. We elected to keep the deal size small to minimize dilution; however, we upsized it slightly to accommodate the strong demand. The company is thrilled with the strong show in capital markets support for Exro and is ready to move forward with the funding available for exciting core projects.

I recognize that Exro share price has been under pressure lately, and like all of you, I wish I had a crystal ball to know what the reaction to our share price will be, but what I do know is that Exro is in a better position today than it was 12 months ago. We have a third-party validated product, successful vehicle integrations, and a robust growth pipeline. Let’s move our attention forward to share our focus for the exciting year ahead.

2022 Focus

Exro is well-positioned to work towards our ambitious goals with secured working capital. This year, we will focus on:

Continued execution

Exro grew significantly in 2021, and building a company culture that enables high-performing teams to execute projects efficiently will be critical to our long-term success. A system that will allow us to deliver an exceptional customer experience while compounding our competitive advantages in the market is a key priority.

Product Development

With strong customer demand for our technology, continuing to accelerate product development is at the center of our focus this year. Increasing our capabilities with more equipment, tools, and human resources will enable us to launch our product to market faster while maintaining the high degree of product quality our brand commands.

In addition to increasing our capacity to validate technologies in the current product portfolio, Exro is excited to build upon our AC fast-charging application using Coil Driver technology that enables cost-effective versatility across all levels of EV charging. Ideal for the 400-volt systems and up, including passenger, commercial, and heavy-duty vehicles, this product innovation creates new opportunities that can drive down overall costs and increase the adoption of EVs. Our technology improves the total ownership cost for electric vehicle OEMs, making Exro a valued partner in the supply chain. In addition, our Battery Control System (“BCS”) technology is on track to provide a new sustainable solution with second-life energy storage.

Commercialization

Beyond continued execution of our existing projects and timelines, Exro is thrilled to report that we have begun discussions with customers about purchase orders. We are optimistic that we will deliver on this key growth milestone and demonstrated value driver in the first half of this year. We’re happy to have customer buy-in to enable business growth at scale and show our strong potential for transitioning existing partnerships into revenue. We are also confident in our ability to convert customers in development under NDA agreements to orders that continue to demonstrate the demand for the products.

Market Expansion

As Exro expands our capabilities to become a market leader, we will drive forward our globalization goals. Exro has received conditional approval to up-list to the NASDAQ. I’m incredibly proud of our conditional approval and the future this holds for Exro. For the time being, we are focused on executing our milestones and assessing the best timing to complete the up-list and look forward to updating shareholders during our next webcast. The company is engaging with customers globally to deliver our technology to new regions and business partners. Upon completion of our financing, we have a strong bank account of over \$31 Million CAD, and we are well-positioned to deliver for our shareholders.

Our People, Our Values

The world in which we operate is changing faster than ever before. The Exro team is dedicated and proud of the work they are accomplishing. Our recruitment efforts have allowed us to bring on top talent, and I continue to be humbled by the level of expertise and dedication of the people joining us. The team is strong, engaged, and ready to deliver. Over the past year, the team has shown strength and resilience while staying committed to our values and culture.

We've been receiving a higher number of shareholder inquiries surrounding general activities with the company this year. I want to reassure you that I am listening. I encourage you to continue to submit your questions to our team at ir@exro.com, where we are compiling answers that will be added to the FAQ on our website by Wednesday, February 16th.

Like you, a fellow Exro shareholder, I am incredibly invested in our success. Strong leadership means you make tough decisions that may not please everyone. I can confidently say that across the entire Exro team, every decision is made with careful thought, through a strategic lens, and with the intent to bring long-term value to the Exro community.

We will work hard to provide updates and keep you aware of company milestones and outcomes, especially as we progress further into the commercialization phase. In addition to providing updates on social media, I invite you to join me for a quarterly webcast on Thursday, April 7, 2022, at 10 AM PST / 1 PM EST, where we will recap company updates and inform shareholders what's next. Like the last webcast, a portion of the presentation will answer shareholder questions. Please stay tuned on our website for more webcast details as the date draws closer.

A sincere thank you to our valued customers, dedicated employees, and all our shareholders for your continued trust and support.

To an advantageous 2022 and enabling an electrified world with sustainable power solutions.

Sincerely,

Sue Ozdemir

About Exro Technologies Inc.

Exro is a clean technology company pioneering intelligent control solutions in power electronics to help solve the most challenging problems in electrification. Exro has developed a new class of control technology that expands the capabilities of electric motors, generators, and batteries. Exro enables the application to achieve more with less energy consumed.

Exro's advanced motor control technology, the Coil Driver™, expands the capabilities of electric powertrains by enabling intelligent optimization for efficient energy consumption. Exro is working with many partners worldwide to bring its technology to the electric mobility industries and beyond.

For more information, visit our website at www.exro.com.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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