



# Exro Technologies Provides Operational Update and Announces Third Quarter 2022 Financial Results

- Exro remains on schedule for key deliverables and milestones in Q4 2022, including: prototype e-axle delivery to Linamar, pilots to both Vicinity and SEA Electric, ISO certification by year-end
- First deliveries of Exro's Coil Driver™ for series production remain on schedule to begin in Q3 2023
- Exro's Cell Driver™ on schedule to complete UL certification requirements in Q2 2023 with discussions ongoing with integration partners for distribution agreements
- Following a capital raise of approximately \$9.8 million in September, the company exited Q3 2023 with approximately \$13.1 million in cash, funded for planned development activities into 2023

CALGARY, AB, Nov. 10, 2022 /CNW/ - Exro Technologies Inc. (TSX: EXRO) (OTCQB: EXROF) (the "Company" or "Exro"), a leading clean technology company that has developed new generation power electronics that change how the world optimizes energy by expanding the capabilities of electric motors and batteries, is pleased to provide an operational update in conjunction with the filing its financial results for the nine months ended September 30, 2022.

"We are energized, we are focused, and we are determined", said CEO Sue Ozdemir. "Our Q3 results demonstrate Exro's tenacity to continue to advance our products, our partnerships, and our business through a challenging macro environment. Despite interim delays with various items, our team has worked hard to execute and deliver. Thanks to these efforts, we remain on track for all key deliverables in Q4 2022, and importantly for start of production in Q3 2023. While bringing new technology to market is never easy, and there are bound to be challenges ahead, internally we are excited by the potential the next several quarters hold for our business and shareholders. Our Coil Driver™ is de-risked and moving into customer vehicles, our Cell Driver™ energy storage is schedule for UL certification in Q2 2023, and the demand we are seeing for our products is promising. We look forward to keeping our shareholders updated regularly on our progress on their behalf."

## Operations Update

Through 2022 the Company has continued to focus on delivering results to its strategic partners, progressing partners towards commercialization and initial purchase orders linked to multi-year master sales agreements. In addition, the company has been working to onboard new partners that add to its future customer base. The company is pleased to report that key deliverables and milestones for Q4 2022 remain on schedule, including: e-axle prototype delivery to Linamar, and pilots to both Vicinity and SEA Electric. In addition, we remain optimistic about signing an additional strategic development partnership by year-end.

- Linamar - The goal set with Linamar over 20 months ago was to develop a next-generation e-Axle utilizing Coil Driver™ technology to improve the cost and performance of Linamar's e-Axle product line. The partnership with Linamar continues to be positive and collaborative as the project advances toward a significant milestone with handover of the prototype e-axle for testing, scheduled to begin on November 21, 2022. The next phase will involve additional dyno testing and on-road validation by Linamar. Following successful validation of the e-Axle program, Exro is confident of entering into a definitive contract that represents future commercial collaboration.
- SEA Electric - In August, Exro announced signing of an initial purchase order backed by multiyear agreement to supply Coil Drive Systems (400V Coil Driver™ paired with a TSA motor) for SEA's next generation commercial electric vehicles (an F59 delivery truck). Delivery of pilots to this program remains on track for Q4 2022 which will be followed by on-road testing in fleet vehicles.
- Vicinity - The companies have completed nearly 12 months of collaboration, with the next steps to conduct operational testing and validation for a Coil Driver™ System (400V Coil Driver™ paired with a TSA motor) in Vicinity's Lightning electric bus. On May 3, 2022 the Company announced a multiyear sales and service agreement with Vicinity, in which Vicinity will purchase up to 2,500 high-voltage Coil Drive System units from Exro, along with a production slot, system pricing and commissioning services. The delivery of pilots to Vicinity for remains on track for Q4 2022.
- Cell Driver™ Energy Storage System. On September 27, 2022, Exro announced that the Cell Driver™ had exceeded the first phase of testing requirements for Underwriters Laboratories ("UL") product certification, which is required in North America to connect to the grid. The company remains on schedule to complete UL certification requirements in Q2 2023. In parallel with the UL certification process, Exro can market and secure pilots and orders for the Cell Driver™ with commercial and industrial ("C&I") integration partners. On September 28, Exro announced a distribution agreement with Inferno Solar with exclusive rights to market Exro's Cell Driver™ in Western Canada for a period of five years. Exro continues to be in active discussions with additional potential distribution partners across North America.
- Next strategic development partner. As previously communicated, following delivery of the e-Axle prototype to Linamar Exro will have the resource capacity to onboard another strategic development partner. The company continues the conversation with several such potential strategic partners and remains optimistic of a project announcement by year end.
- Manufacturing center commissioning. The crown jewel of Exro's capabilities is the company's world-class manufacturing center in Calgary, Alberta. Commissioning of Surface Mount Technology (SMT) Line 1 is underway and on track Q4 completion. Importantly, the company also remains on schedule to achieve ISO9001 certification by year-end, the foundational precursor for IATF16949 automotive certification.

## Start of Production on Schedule for Q3 2023

First deliveries of Exro's Coil Driver™ for series production remain on schedule to begin in Q3. Exro's world-class manufacturing facility in Calgary, Alberta offers customers the security of North American supply for up to 300,000 units per year. Over the coming quarters, Exro intends to continue backfilling the facility production capacity, building on three initial purchase-orders backed by multi-year sales agreements announced since Q2 2022, in addition to a new product development with an NDA partner announced in October, to de-risk visibility for shareholders to a significant revenue ramp-up beginning in 2023.

## The Exro Difference - Simplicity and Flexibility in Design

When you think Exro, think 'experts in power electronics'. The company delivers scalable and flexible customer solutions that increase performance and lower costs via a new generation of power electronics for electric vehicles (Coil Driver™) and stationary energy storage (Cell Driver™).

An electric motor in e-mobility is only as smart as the controller telling it how to behave. Exro's theory is that if the company made the controller smarter, it could increase the performance of the entire powertrain. Exro accomplishes this with a new generation of power control electronics called the Coil Driver™. The Coil Driver™ takes the prior-art physics of coil-switching and provides the ability to control an electric motor at the individual coil-level through the power electronics embedded in the inverter. This coil-level control provides the ability to switch motor profiles in real-time to deliver two separate speed-torque profiles from the same motor, effectively expanding the operating range of the motor by functioning like an electronic gear. This allows manufacturers significant flexibility in design: Exro's technology can increase performance by up to 50% for a marginal cost increase or can optimize the system to reduce the weight, complexity, and up to 20% cost savings of their powertrains without sacrificing performance. The company's Coil Driver™ technology is now proven, independently validated through AVL, one of the world's largest independent automotive laboratories, and this year has received two notable independent

product awards: the Edison Gold Award for Best New Product in Manufacturing, Logistics and Transportation, and the Autotech Breakthrough Award for Engine Tech Innovation of the Year.

Exro's vision is to be the most innovative power controls company that leads the transition to a sustainable electrified world. Though our vision we are driven by perpetual innovation that develops next generation control for motors and batteries. Utilizing the Coil Driver™ motor control has allowed the company to develop a new battery control, the Cell Driver™. Exro's Cell Driver™ is equipped with the company's battery control system technology, next-generation innovation that expands the capabilities of batteries by dynamically monitoring and controlling at the cell level. Its ability to store excess clean solar power reduces energy costs for large power consumers by enabling greater control over when they draw electricity from their local utility grid. Electricity rates vary based on when and how unique power sources are used, and energy stored in Exro's Cell Driver™ can be used to power EV charging stations and C&I facilities when rates are higher to keep energy costs low. While applicable for new batteries, the primary objective of Exro's Cell Driver™ technology is to provide an effective solution for second-life applications, providing significant cost savings by reviving and utilizing used EV and telecom batteries for a second-life application. Enabling reuse of these cells is critical to reducing the environmental and climate change impacts associated with battery recycling and disposal and offering a real-world solution that leads the way to a circular electrified economy.

### THIRD QUARTER 2022 FINANCIAL HIGHLIGHTS

For the nine months ended September 30, 2022

- Comprehensive loss of \$26,524,493 (2021 – \$18,063,147).
- Selling, general and administration expense increased by \$4,956,545 to \$8,520,678
- Payroll and consulting fees increased by \$5,593,779 to \$10,107,960
- Research and development increased by \$1,077,473 to \$6,119,953
- Share based payments expense decreased by \$5,325,620 to \$2,227,559

For the three months ended September 30, 2022

- Comprehensive loss of \$7,613,152 (2021 – \$7,632,444).
- Selling, general and administration expense increased by \$1,061,617 to \$2,696,853
- Payroll and consulting fees increased by \$2,244,550 to \$4,036,927
- Research and development decreased by \$186,462 to \$1,832,841
- Share based payments expense decreased by \$1,838,007 to \$687,661

As the Company continues to advance the development of its Coil Driver™ and Cell Driver™, comprehensive loss continues to increase in connection. Additional costs incurred are related in large to the growing headcount to support the expanded operations and commercialization of the Company's products. As the Company continues to progress additional resources are required in order to meet both the short and long-term goals linked to commercialization. Research and development expenses increased by 21% for the nine months ended September 30, 2022, as the Company continues to deliver against its strategic and commercial partnership projects. Exro continues to recruit top talents and increase the awareness of its technologies and progress.

### LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2022, the Company had cash of \$13,114,483 and amounts receivable of \$130,473, which primarily consist of amounts owing to Exro Vehicle Systems Inc. for engineering services performed, and a GST refund. The Company had accounts payable and accrued liabilities of \$4,093,351.

### RESULTS OF OPERATIONS AND SELECTED FINANCIAL DATA

For the nine months ended	Other comprehensive loss	Basic and diluted loss per common share	Weighted average number of common shares
September 30, 2022	\$(26,524,493)	\$(0.20)	134,809,695
September 30, 2021	\$(18,041,594)	\$(0.15)	119,893,151

### OUTSTANDING SHARE DATA

As of November 10, 2022, there were 145,925,620 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	Number outstanding as of	Number outstanding as of
	November 10, 2022	September 30, 2022
Common Shares issued and outstanding	145,925,620	145,825,620
Options	9,840,218	9,740,216
Warrants	17,021,679	17,021,679

### ADDITIONAL INFORMATION

The audited consolidated financial statements and Management's Discussion and Analysis for the year ended December 31, 2021, March 29, 2022, can be viewed at [www.exro.com/investors](http://www.exro.com/investors) or on SEDAR under Exro Technologies Inc. at [www.sedar.com](http://www.sedar.com).

Unless otherwise noted, all figures are in Canadian currency, CDN.

### 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 from all over the world to bring their technology to the electric mobility industries and beyond.

For more information visit our website at [www.exro.com](http://www.exro.com).

To view our Corporate Presentation visit us at [www.exro.com/investors](http://www.exro.com/investors)

Visit us on social media @exrotech.

### CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved". Forward looking statements involve risks, uncertainties and other factors disclosed under the heading "Risk Factors" and elsewhere in the Company's filings with Canadian securities regulators, that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Although the Company believes that the assumptions and factors used in preparing these forward-looking statements are reasonable based upon the

information currently available to management as of the date hereof, actual results and developments may differ materially from those contemplated by these statements. Readers are therefore cautioned not to place undue reliance on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by applicable law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This information is qualified in its entirety by cautionary statements and risk factor disclosure contained in filings made by the Company with the Canadian securities regulators, including the Company's annual information form for the financial year ended December 31, 2021, and financial statements and related MD&A for the financial year ended December 31, 2021, filed with the securities regulatory authorities in certain provinces of Canada and available at [www.sedar.com](http://www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

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