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Exro Announces \$15 million Bought Deal Offering of Secured Convertible Debenture Units

Calgary, Alberta (December 7, 2022) – Exro Technologies Inc. (**TSX: EXRO, OTCQB: EXROF**) (the "**Company**" or "**Exro**"), a leading clean technology company that has developed a new class of power electronics for electric motors and batteries, announces that it has entered into an agreement with Eight Capital, pursuant to which Eight Capital has agreed to purchase for resale, together with a syndicate of underwriters (together with Eight Capital, the "**Underwriters**"), on a bought deal private placement basis, 15,000 units of the Company ("**Units**") at a price of \$1,000 per Unit, for gross proceeds of \$15,000,000 (the "**Placement**"). Each Unit will consist of \$1,000 principal amount senior secured convertible debenture (a "**Debenture**") and 416 common share purchase warrants of the Company (a "**Warrant**"), each having the terms described below.

Exro has granted the Underwriters an option, exercisable in whole or in part at any time up to 48 hours prior to the closing of the Placement, to purchase up to an additional 2,250 Units (being 15% of the number of Units offered in the Placement). If the Underwriters exercises this option in full, the aggregate gross proceeds of the Placement will be \$17,250,000 million.

The Company intends to use the net proceeds from the Placement to fund the commercialization of the Company's power electronic technology, and for working capital and general corporate purposes.

The Debentures

The Debentures will mature on December 31, 2027 (the "**Maturity Date**") and will accrue interest at the rate of 12.0% per annum, payable semi-annually in arrears beginning on June 30, 2023 (the "**Interest**"). Subject to applicable regulatory approvals and provided no Event of Default has occurred and is continuing, at the Company's option, the Interest may be paid in common shares of the Company at a price equal to the volume weighted average price of the Company's common shares on the Toronto Stock Exchange (the "**TSX**") for the 5 days prior to the date such Interest is due.

At the holders' option, the Debentures may be converted into common shares of the Company ("**Conversion Shares**") at any time and from time to time, up to the earlier of the Maturity Date and the date fixed for redemption of the Debentures, at a conversion price of \$2.40 per common share (the "**Conversion Price**"), subject to adjustment in certain circumstances.



The Company will be entitled to redeem the Debentures at 105% of par plus accrued and unpaid interest at any time following December 31, 2024.

The Debentures will be secured by a first priority floating charge over all the Company's present and after-acquired personal property, an assignment of all present and after-acquired intellectual property and a pledge of the securities of the Company's material subsidiaries, provided the Company shall be permitted to incur an operating line of credit of up to \$10 million, secured by inventory and/or the accounts receivable (the "**Permitted Encumbrances**") of the Company, which permitted indebtedness may rank equally with the Debentures.

The Warrants

Each Warrant will be exercisable for one common share of the Company (each a "**Warrant Share**") for a period of five years from the date of issue, at an exercise price of \$2.40 per Warrant Share, subject to adjustment in certain events.

If at any time following the date that is 4 months and one day following the Closing Date, the volume-weighted average trading price (the "**VWAP**") of the common shares of the Company (the "**Common Shares**") on the Toronto Stock Exchange (the "**TSX**"), or such other stock exchange where the majority where the trading volume occurs, exceeds or is equal to \$4.80 per share for a period of twenty consecutive trading days, the Company may, at its sole discretion, elect to accelerate the expiry date of the Warrants to the date that is 30 calendar days after the Company issues a press release announcing that it has exercised such acceleration right.

Additional Information

The Units will be offered and sold (i) in Canada on a private placement basis to "accredited investors" within the meaning of National Instrument 45-106 respecting Prospectus Exemptions and other exempt purchasers in each province of Canada, (ii) in the United States on a private placement basis pursuant to applicable exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and (iii) in other jurisdictions outside of Canada and the United States, in each case in accordance with applicable securities laws provided that no prospectus, registration statement or similar document is required to be filed in such jurisdictions and the Company does not thereafter become subject to continuous disclosure obligations in such jurisdictions.

The Debentures, any common shares of the Company issuable thereunder, the Warrants and any Warrant Shares sold in the Placement will be subject to a four month hold period in Canada commencing on the date of closing.

The Placement is expected to close on or about December 22, 2022 and is subject to customary closing conditions, including listing of the Conversion Shares and the Warrant Shares on the TSX and receipt of any required approvals of the TSX and applicable securities regulatory authorities.



The Debentures and Warrants comprising the Units and any common shares of the Company issuable upon conversion or exercise thereof, as the case may be, have not been and will not be registered under the U.S. Securities Act, or any state securities laws. Accordingly, the Units may not be offered or sold within the United States, its territories or possessions, any state of the United States or the District of Columbia (collectively, the "**United States**") except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of an offer to buy any Units within the United States.

ABOUT EXRO TECHNOLOGIES INC.

Exro Technologies Inc. is a leading clean technology company that has developed new generation power control electronics that change how the world optimizes energy by expanding the capabilities of electric motors and batteries. The company's innovative technologies serve to bridge the performance-cost gap in e-mobility (Coil Driver™) and stationary energy storage (Cell Driver™), and act to accelerate adoption towards a circular electrified economy by delivering more with less – minimum energy for maximum results.

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

To view our Corporate Presentation visit us at www.exro.com/investors

Visit us on social media [@exrotech](https://twitter.com/exrotech).

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Cautionary Statement Regarding Forward Looking Information

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". These forward-looking statements include, but are not limited to, statements relating to the timing and completion of the Placement, the satisfaction and timing of the receipt of required stock exchange approvals and other conditions to closing of the Placement and the intended use of the net proceeds of the Placement. 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 times 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 the six month period ended June 30, 2022, and financial statements and related MD&A for the financial year ended December 31, 2021 and the six month period ended June 30, 2022, filed with the securities regulatory authorities in certain provinces of Canada and available at 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.

Neither the TSX, nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this press release.