Dear Exro shareholders,

Welcome to our launch year! 2023 is poised to be a transformational period for our Company and a potential inflection point for value creation. The stage is set. Customers, materials, and production are all coming together over the next two quarters as we prepare to begin series production for our Coil Driver™ and Cell Driver™ and a meaningful ramp up of revenues.

Since our last Shareholder 'Live' Webcast on November 30, 2022, we have made significant progress advancing our commercialization efforts. We are excited to share with you our latest key achievements:

1 New commercial agreements for Coil Driver™ and vehicle systems support

- → New commercial agreement and purchase order with Italian Original Equipment Manufacturer ("OEM") supplier HB4. Under a non-disclosure agreement ("NDA") for more than two years, the parties have successfully piloted an HB4 motor and Coil Driver™ in a small passenger car with an Italian EV OEM.
- → New commercial agreement for Coil Driver™ Systems with a private Brazil-based retrofitter which includes a pilot program with a major global beverage company. Identities withheld under NDA until successful pilot validation.
- → In December, Exro Vehicle Systems delivered a custom electric powertrain system for a light-duty on-road vehicle for a leading automotive OEM. More recently, Exro Vehicle Systems was awarded its first major services contract of 2023 with an emerging electric vehicle brand.

2 Coil Driver™ product suite preparing for first customer volume deliveries and revenues in Q3 2023

- → Our A020 100V Coil Driver™ reached final design-for-manufacture ("DFM") stage, a significant product and corporate milestone, and is ready for series production.
- → In December, we completed delivery of our high-voltage Coil Driver™ samples to SEA Electric.
- → Also in December, we finalized high-voltage Coil Driver™ samples for Vicinity Motors and are awaiting arrival of Vicinity's pilot vehicle for integration.

3 Cell Driver™ stationary energy storage remains on-track for July deliveries

- → We have entered late-stage discussions with several US-based solar distributors and installers for partnership.
- → Product remains on schedule to complete UL Certification in Q2 2023.

4 Successful fundraising completed on Dec 30, 2022

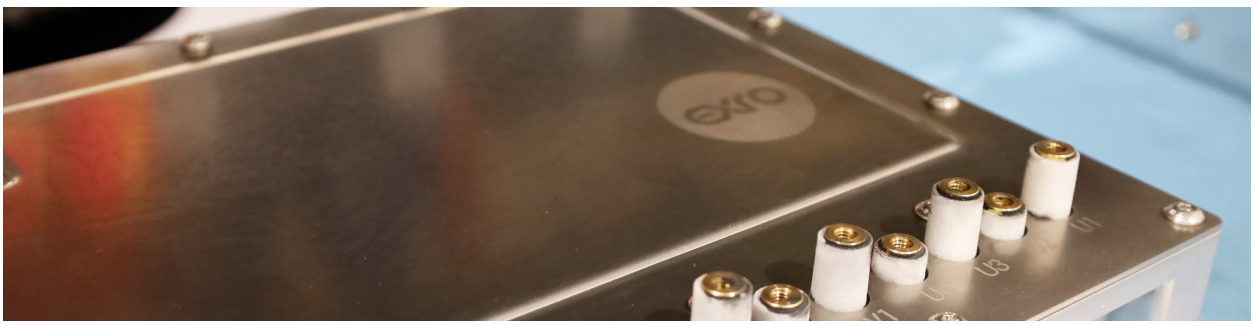
- → Raised gross proceeds of C$15 million via a private placement unlisted convertible debenture.
- → Investment from existing shareholders and new institutional investors.

5 Strategic partner update

- → While we set the ambitious target of securing our next Tier-1 strategic partner by the end of 2022, discussions continue into January.
- → We have entered advanced-stage discussions with several global Tier-1 motor manufacturers and suppliers to OEMs, any of which could significantly amplify our market presence.
- → We are highly encouraged that we will sign our next strategic partner in the short term.

6 Significant progress towards the start of production ("SOP") in Q3 2023

- → All equipment for phase-1 of our world-class manufacturing facility (SMT Line 1) is installed and commissioned.
- → Contract manufacturing in-place to support phase-1 final assembly of Coil Driver™ with first batch samples scheduled for the week of January 16th.



Exro's Value Proposition Builds Commercial Traction

Coil Driver™ – Award Winning Advanced Electronics Technology for Electric Vehicles

At our core, we build advanced power electronics controls for electric vehicles ("EV"). The power controller inside every electric vehicle is called an inverter. It is the brain between the battery and the electric motor with the primary function to convert DC-power from the battery into AC-power to drive the motor. An electric motor is only as smart as the controller telling it how to behave. At Exro, our theory is that if we make the controller smarter, we can increase the performance of the entire powertrain. We accomplish this with a new generation of power control electronics called the Coil Driver™. The patented 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. 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 acting like an electronic gear to expand the operating range of the motor.

This functionality is not offered by any other inverter on the market today. While the Coil Driver™ performs the same functions as every standard 3-phase inverter, our drive allows electric vehicle OEMs significant flexibility in design while providing differentiated vehicle performance:

- **Increased torque and power output** – The Coil Driver™ increases powertrain performance by up to 50%. For delivery vehicles, this translates to improved gradeability, better performance on steep routes, and expansion of routes a vehicle is capable of travelling.
- **Improved efficiency** – The Coil Driver™ delivers increased performance without sacrificing range. Improved efficiency translates into range of the vehicle, extending routes and lowering overall spend on charging.
- **System cost reduction** – Implementation of Exro's technology can lower the vehicle powertrain cost by up to 20% by optimizing the system to reduce weight and complexity: reducing (or eliminating) components such as multiple motors, mechanical gearboxes, battery size, etc.
- **AC fast-charging** – Native to our high-voltage Coil Driver™ products is an ability to AC fast-charge, eliminating the need for an on-board charger (currently a standard component in all electric vehicles). The ability to fast charge using AC instead of DC power leads to potential cost savings of up to 90% on infrastructure.

Since our Shareholder Webcast on November 30, 2022, we have been laser-focused on advancing towards the launch of series production of our core Coil Driver™ products in Q3 2023.

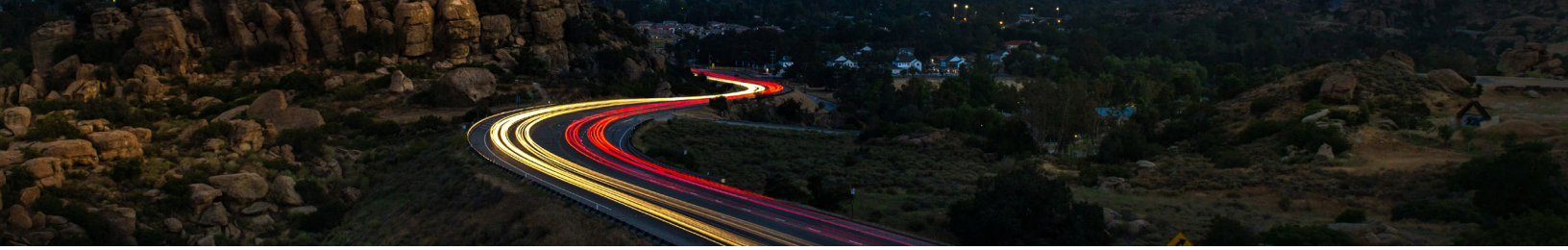
Over the last six weeks we have finalized the design-for-manufacture (DFM) for our A020 100V low-voltage drive.

This is a significant milestone for our Company, having designed and developed a highly complex new-generation drive from concept to ready for the market in just three years. The product has been rigorously tested, optimized, and de-risked for low-voltage applications for performance two-wheel up to small four-wheel passenger vehicles. DFM samples for our high-voltage L040 800V and L080 400V products are following close behind, with final dyno testing and optimization on schedule for the end of Q1 and beginning of Q2. We have a growing list of customers that have pre-ordered DFM samples for integration and validation when ready. High-voltage DFM samples delivered to customers in Q2 hold the potential to translate into new commercial agreements for volume production in late Q3/Q4 2023 following customer validation.

In combination with our product development efforts, we are very pleased to announce our latest two commercial agreements: HB4 based in Italy, and an emerging-growth retrofitter based in Brazil. HB4 joins our partner network as a channel partner capable of expanding outreach and drive into Europe in the light EV and off-highway sector.

HB4 is a Tier-1 OEM supplier of vehicle motors and other components to companies such as Ducati, Ferrari, KTM, Lamborghini, and others.

We have been working with HB4 under NDA for more than two years and recently completed successful integration and validation of our low-voltage Coil Driver™, partnered with an HB4 electric motor, in our first passenger vehicle pilot application – a small passenger car with an italian EV OEM. The agreement sees HB4 place an initial stock purchase order to supply its customers with a baseload of Coil Driver™ beginning in Q3 2023, and growing volumes over an initial 3-year term. Together, HB4 and Exro will co-market our products in Italy and Europe on a non-exclusive basis.



Additionally, we are pleased to announce having entered into a commercial agreement with a Brazil-based emerging growth company to jointly develop electric retrofit kits for commercial vehicles operating in South America – both names withheld under NDA until successful validation. The initial development includes an Exro supplied Coil Driver™, and NDA-partner supplied motor, to be integrated into a prototype vehicle in collaboration with a major global beverage company. This relationship has been developed over a period of more than 12 months and opens the door to a large addressable market in South America where it is important to have a local partner. Under the agreement, Exro will deliver a calibrated motor-drive prototype system to its partner by early Q2 2023, which the partner will integrate into a functional pilot prototype vehicle for delivery to the major beverage company by the end of Q2 2023. Delivery will be followed by a three-to-six-month testing and validation period. Upon successful completion, including achievement of mutually agreed to performance targets, the parties shall enter into a multi-year master sales agreement to co-market the technology with focus on retrofit kits for commercial vehicles in the South American market. In addition to the beverage company retrofit pilot, we are currently negotiating two other projects with our new Brazilian partner. As a reminder, pilots are where we test the Coil Driver™-motor combination with partners in a specific application for complete system validation. These on-road pilots generally represent lower-risk given the proof-of-concept development cycle and accelerate the pathway to market upon demonstrated success.

Rounding out our Coil Driver™ updates, we are also pleased to report that we delivered our high-voltage Coil Driver™ samples to SEA Electric in December. Vehicle integration is underway, and we look forward to on-road piloting in SEA demonstration vehicles in H1 2023. We also readied the high-voltage Coil Driver™ samples for Vicinity Motors and are awaiting the arrival of Vicinity's pilot vehicle for integration. Additionally, we continue to work closely with Linamar Corporation on phase-2 of our co-development integrated e-axle project post completing phase-1 delivery in November 2022. Our combined intent is to work through the validation phase and towards a commercialization agreement for volume production beginning in 2024.

Finally, our Exro Vehicle Systems division completed delivery of its major project awarded in early 2022 – design of a custom electric powertrain system with custom battery pack solution for a light-duty on-road vehicle for a leading automotive Tier-1 supplier. This demonstrator was a new electric vehicle unveiled by an OEM at the 2023 Consumer Electronics Show in Las Vegas. We are also pleased to announce that in January Exro Vehicle Systems was awarded its first major contract of 2023, engineering services to support an emerging electric vehicle brand.

Learn more about Exro Powertrain Kits

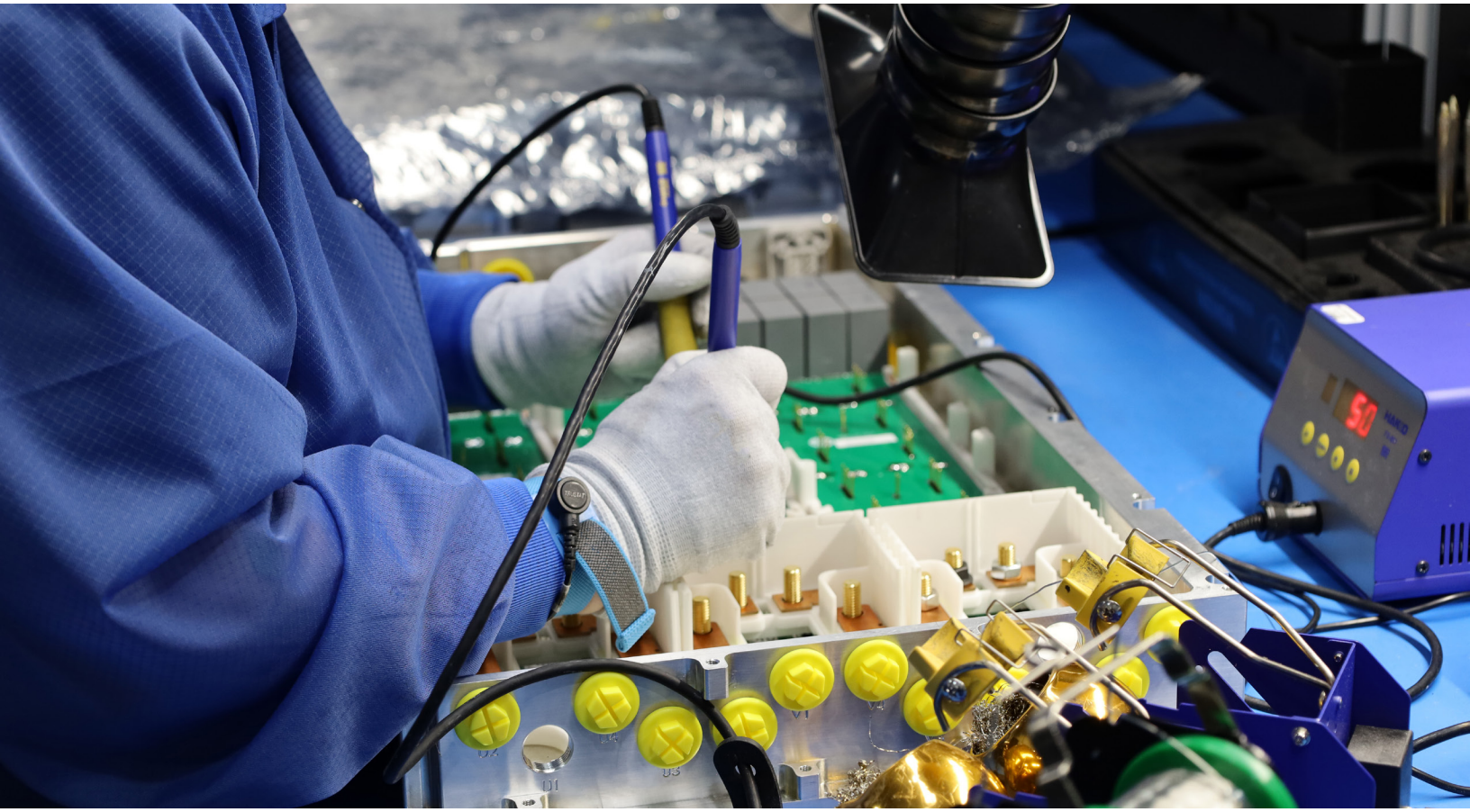
Exro's Cell Driver™ – New Generation Technology for Energy Storage

The Coil Driver™ leverages our expertise in power electronics to expand the capabilities of electric motors. We apply this same power electronics expertise in our Cell Driver™ which expands the capabilities of batteries in energy storage systems for commercial and industrial applications. As the world looks to accelerate adoption rates in the electrification of transportation and energy storage, one of the greatest challenges to be addressed in the next 5-10 years is the supply of batteries. Applicable for both new and used batteries, the Cell Driver™ offers dynamic monitoring and control at the cell-level within an energy storage system resulting in a more efficient state-of-health, state-of-charge, and safety against thermal runaway events. This cell-level monitoring and control provides a compelling value proposition for repurposing used EV and telecom batteries into a second-life application in stationary energy storage.

Our Cell Driver™ remains on schedule to complete UL Certification in late Q2 2023 – certification required to connect to the power grid in North America. As we work towards certification, we continue to execute our go-to market strategy for deliveries beginning in Q3 2023 and have entered late-stage discussions with several US-based solar distributors and installers for partnership.

Exro Successfully Completes Fundraising

On December 30, 2022, we closed a convertible debenture financing for gross proceeds of C$15 million. We are pleased to have such a high-quality group of new and existing investors join our story, capitalizing our company with minimal dilution to existing shareholders, especially in a challenging macro environment. These proceeds will strengthen our balance sheet and greatly extend the runway towards the start of production.



Strategic Partner Update

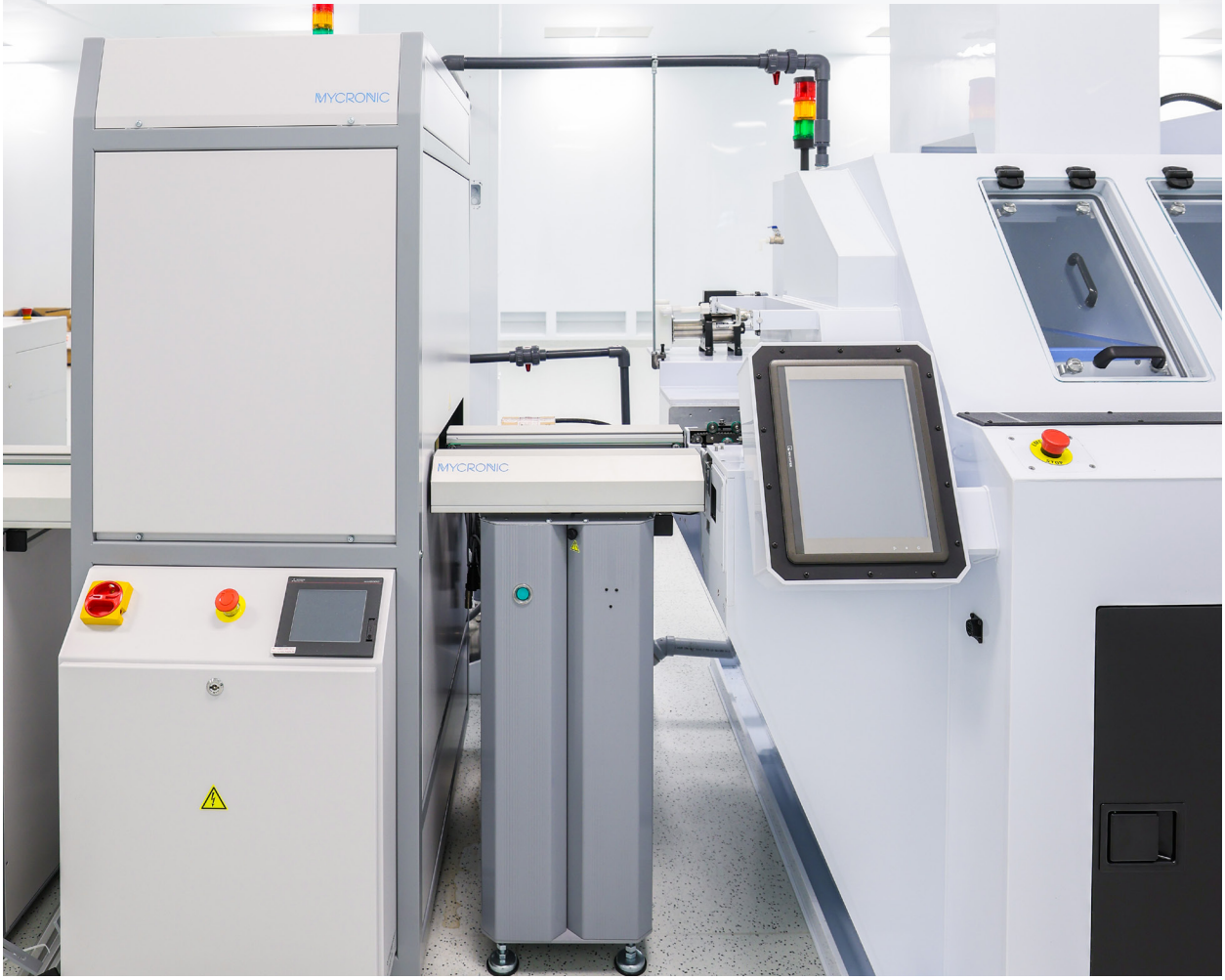
While we set the ambitious goal of securing our next Tier-1 strategic partner by the end of 2022, discussions continue into January. Unfortunately, this is par for the course with commercial negotiations and securing the right deal for you, our shareholders. We have now entered advanced-stage discussions with multiple global Tier-1 motor manufacturers and suppliers to OEMs, any of which could significantly amplify our market presence. Based on the level of negotiations, and in-person executive meetings scheduled in the weeks ahead, we are highly encouraged we will sign our next strategic partner in the short term.

Significant Progress Towards Start of Production

Our technology is proven, independently validated, and award winning.

We will begin SOP in Q3, which kicks off phase-1 of production from Exro's world-class manufacturing facility in **Calgary, Alberta.** The facility offers customers the security of North American supply for **up to 100,000 Coil Driver™ units per year** per 8-hour shift (300,000 units per year at full capacity) with flexibility to accommodate multiple product lines.

Circuit boards for our Cell Driver™ product will also be manufactured at this facility. All equipment for phase-1 production (SMT Line 1) is installed and commissioned with contract manufacturing in place to support phase-1 final assembly. The first batch samples of our low-voltage drive are **scheduled for the week of January 16th.**



Outlook

As we kick-off our launch year, our teams are fully focused on achieving the milestones ahead. While there will be challenges, we are determined to separate the signal from the noise and remain focused on building the most sustainable, and valuable, company possible on your behalf. We are confident we have the right technology and the right team to deliver our new generation of products that capture market share. Thank you for your ongoing support.

In 2023, we will be working full speed towards:

1. Signing additional strategic partners that amplify our market presence
2. Delivery of low-voltage and high-voltage DFM samples for customer validation
3. Delivery of 48V hybrid-diesel samples to our European off-highway NDA-partner in Q1
4. Signing additional multi-year commercial agreements that build our Coil Driver™ order back-log
5. Work through phase-2 validation and towards commercialization agreement with Linamar
6. Growing contract services for software engineering and vehicle integration through Exro Vehicle Systems
7. Achieve Cell Driver™ UL Certification in Q2
8. Signing US Cell Driver™ distribution and installer partnerships and build order back-log
9. Achieve first deliveries and revenues for Coil Driver™ and Cell Driver™ products in Q3
10. Continue to evaluate market conditions for a Nasdaq up-list

Sue Ozdemir

Chief Executive Officer

John Meekison

Chief Financial Officer

Josh Sobil

Chief Commercial Officer

Darrell Bishop

Chief Investment Officer

Eric Hustedt

Chief Technology Officer

Simon Strawbridge

President of Manufacturing

Upcoming Shareholder Events

Shareholder Webcast – Live from the Calgary manufacturing facility Mid-February *(details to follow)*