



Exro Announces Definitive Commercialization Agreement with Linamar and C\$30 Million Bought Deal Financing

Exro and Linamar Corporation sign definitive agreement to serially produce and commercialize the parties' integrated electric beam axle product for Class 3-6 vehicles:

- *The agreement is set for an initial five-year term and follows successful continued testing and validation by Linamar of the Exro Coil Driver™ product samples delivered in Q4 2022*
- *In accordance with the agreement, by Q4 2023 the parties intend to build a product demonstration vehicle to be utilized as a joint marketing asset for the medium duty commercial vehicle market*
- *The agreement contemplates the start of series production by Q4 2024 and includes annual commercial volume targets that build to 25,000 units per annum by 2027*
- *Linamar is granted exclusivity to Exro's Coil Driver™ product for use in medium duty Class 3-6 electric beam axle applications*
- *To meet the capex and working capital requirements associated with the definitive agreement, Exro has entered into a bought deal financing agreement for gross proceeds of C\$30 million*

CALGARY, Alberta (May 15, 2023) – Exro Technologies Inc. (TSX: EXRO, OTCQB: EXROF) (the "Company" or "Exro"), a leading clean-technology company that develops new generation power-control electronics that expand the capabilities of electric motors and batteries, is pleased to announce the signing of a definitive commercialization agreement ("DCA", or "agreement") with strategic partner, and global tier-1 automotive supplier, Linamar Corporation (TSX: LNR) ("the Parties"). The agreement follows successful testing and validation by Linamar of the Parties' co-developed integrated electric axle ("eAxle") utilizing Exro's Coil Driver™ traction inverter and signals a commitment by the Parties to commercialize the product for multi-year series production. Concurrently, to meet the capital expenditure and working capital requirements associated with the DCA, Exro announces that the Company has entered into an agreement with a syndicate of underwriters co-led by Canaccord Genuity Corp., Stifel Nicolaus Canada Inc., and Eight Capital on behalf of a syndicate of underwriters (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 13,500,000 common shares in the capital of the Company (the "Common Shares") at a price of C\$2.25 per Common Share for gross proceeds to the Company of C\$30,375,000 (the "Offering").

Definitive Commercial Agreement

Approximately two years ago, Exro and Linamar established a goal to co-develop a next-generation eAxle utilizing Coil Driver™ technology. In a traditional powertrain, the motor and inverter are in separate housings on the vehicle chassis. An eAxle combines an electric vehicle's motor, gears, and



inverter into the drive axle of the vehicle, providing fleets an opportunity to reduce maintenance requirements and energy consumption, while also reducing costs and complexity. In Q4 2022, Exro supplied 800V Coil Driver™ inverter samples designed for integration into Linamar's eAxle program. Following successful continued testing of the samples by Linamar through the first half of 2023, the Parties have progressed to a definitive agreement intended to commercialize the co-developed eAxle into series production.

"Having worked closely for the last two years, we've witnessed the progressive evolution of Exro's technology", said Kevin Ledford, Global Vice President of Electrification (eLIN) at Linamar. "By integrating Exro's technology into Linamar's full eAxle system, we aim to offer a cost-effective 4-in-1 eAxle which will reduce the integration complexity to our customers as well as offer superior performance to the medium duty truck market beginning in late 2024."

"We are thrilled to achieve this next major milestone with Linamar", said Exro CEO Sue Ozdemir. "The signing of the definitive agreement demonstrates steady progress with a leading tier-1 OEM supplier, further validates the potential of our technology, and signals to shareholders an opportunity for a material increase in production volume in the years ahead. Linamar has been a great partner and we look forward to advancing this combined product to commercialization."

The agreement is set for an initial five-year term with the Parties committing to milestones and commercial volume targets. In accordance with the agreement, by Q4 2023, the Parties intend to build a demonstration vehicle containing the eAxle product to be utilized as a joint marketing asset for commercial vehicle customers. The Parties have committed to investing in their various areas of responsibility in accordance with the agreement, with the intention of beginning series production of the eAxle product to support customer deliveries beginning in late 2024. To this end, Exro will be investing in finalizing its printed circuit board (PCB) manufacturing and beginning the capital expenditures for a final assembly line. Linamar has been granted exclusivity on Exro's Coil Driver™ inverter for use in medium duty Class 3-6 electric beam axle applications. Exro maintains the ability to supply its technology for eAxle products in the Class 1-2 passenger vehicle market, as well as the Class 7-8 heavy duty vehicle market. Of note, the Linamar partnership is Exro's only contemplated eAxle platform for Class 3-6 vehicles. Exro maintains non-exclusivity across all its direct drive Coil Driver™ partnership applications. The direct drive partnerships include customers such as SEA Electric, Vicinity, and others where the powertrain utilizes a motor and inverter direct drive system versus an eAxle. The agreement does not place exclusivity restrictions on Linamar, which will continue to work with other vendors and suppliers to meet its customers' application-specific requirements.

Bought Deal Financing

Exro has entered into an agreement with a syndicate of underwriters co-led by Canaccord Genuity Corp., Stifel Nicolaus Canada Inc., and Eight Capital on behalf of a syndicate of underwriters. The Underwriters have agreed to purchase, on a bought deal basis, 13,500,000 common shares in the



capital of the Company at a price of C\$2.25 per Common Share for gross proceeds to the Company of C\$30,375,000.

The Company has granted the Underwriters an option to purchase up to an additional 2,025,000 Common Shares (the "Over-Allotment Option Common Shares" and together with the Common Shares, the "Offered Securities") to cover over-allotments, if any, and for market stabilization purposes at a price of \$2.25 per Over-Allotment Option Common Share for additional gross proceeds of up to C\$4,556,250 (the "Over-Allotment Option"), exercisable in whole or in part, at any time on or prior to the date that is 30 days following the closing date.

The Company intends to use the net proceeds from the Offering to meet the capital expenditure and working capital obligations associated with the DCA with Linamar Corporation and for general working capital purposes.

The Common Shares will be issued by way of a prospectus supplement that will be filed in all provinces of Canada, other than Quebec, under the Company's base shelf prospectus dated May 8, 2023. The Common Shares may also be sold in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and other jurisdictions outside of Canada provided that no prospectus filing or comparable obligation arises.

The Offering is scheduled to close on or about May 23, 2023, and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and other approvals including the approval of the Toronto Stock Exchange and the securities regulatory authorities.

The securities offered in the Offering have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful.

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.

Contact Information

Investor inquiries: Darrell Bishop, Chief Investment Officer dbishop@exro.com

Media inquiries: media@exro.com

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" in the Company's 2022 Annual Information Form (available at www.sedar.com) and elsewhere in 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. Specific risks associated with the DCA include, but are not limited to: order volumes under the DCA do not materialize as planned; the Company experiencing a significant delay in sourcing the required capital equipment to support the DCA; and the Company experiencing difficulties in the set and commissioning of capital equipment resulting in its inability to deliver products. In the event the Offering is not completed, the Company may need to source alternative forms of financing that may lead to delays in fulfilling its commitments under the DCA. 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, 2022, and financial statements and related MD&A for the financial year ended December 31, 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 that 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 Toronto Stock Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this press release.