



Exro Provides Operations Update with Letter to Shareholders

CALGARY, AB, Oct. 26, 2023 /CNW/ - 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, today provided a Q4 2023 letter to shareholders.

Dear Exro Shareholders,

The transition to an electrified world is not a matter of "if", it's a matter of "when". Our technology is truly disruptive and acts as an accelerator to this new world by solving the total cost of ownership, performance, and return on investment for our customers. At Exro, we are significantly reshaping the way the world consumes energy, solving these key challenges slowing adoption.

We hear your frustration with respect to the recent share price weakness and share it as well. Since our start of production a month ago, we have witnessed an erosion of macro environment fundamentals contributing to this weakness. Recessionary fears, inflation, high interest rates, and ongoing geo-political developments, are dominating investment uncertainty in capital markets. Sometimes with a challenging market backdrop like this, it is difficult to see the progress being made behind closed doors. We would like to provide an update on ongoing activities inside our doors.

We continue to execute our strategy with customers while also taking prudent steps to manage costs to extend our cash runway. All customers' and projects remain on track and in good standing.

1. Initial Coil Driver™ customer vehicle integrations

- Our project with SEA Electric is coming to the final test stages and set to complete track testing by early December. We anticipate using this track test data to market industry leading efficiency and total cost of ownership to new potential clients in the commercial vehicle space.
- In Brazil, our team of application engineers is currently on site in Sao Palo integrating high voltage L040 800V Coil Drivers™ (paired with an undisclosed ("NDA") partner motor) into vehicles destined for a large global beverage company. We anticipate providing further information and lifting the NDA partner name (Company and motor partner), in the near future. With this partnership, we have a global tier-1 motor manufacturer that we are also co-developing and integrating the same motor-inverter system with additional other customers in Q4 2023.
- In September, we launched Coil Driver™ production and have completed initial deliveries to HB4 in Italy. While low volume, this first order not only helps to ensure operational excellence by operating our production line but launches our 12-month manufacturing qualification to be automotive certified. This production launch strategically allows us to work through any inherent challenges that arise with bringing new technology to market. We are pleased with the initial launch and look forward to setting the standard for quality in automotive traction inverters.
- With Vicinity Motors, earlier this month we successfully launched our first electric bus at the APTA Show in Orlando. We are on track to deliver our first batch of Coil Drivers to Vicinity for bus applications across North America by the end of November.

2. European NDA partners

- In Q3 2023, our team successfully completed phase 1 testing of an Exro powered hybrid-diesel engine powertrain with our NDA partner in Europe for an off-highway application. Pleased with the results, we are hosting the NDA partner in Calgary in the coming weeks for an audit and discussions on next steps in the partnership.
- Regarding our European NDA motor partner, we received the motors at Exro last week and are set for testing in Q4. This puts us on track to transition to a definitive agreement discussion through the end of this year.

We understand the challenges with "NDA" partners, and that you want to know names. Believe me, we want nothing more than to disclose names of these major industry players. We continue to progress through milestones that lead to removing NDA's in the near term, just as we have done with others previously (Linamar and HB4 to name a few).

3. Linamar progress

- The next milestone is a demonstration vehicle that includes our next generation e-beam axle equipped with high-

voltage Coil Driver™. Integration is underway at Exro Vehicle Systems in Detroit with the vehicle intended to be co-marketed to potential customers in early 2024.

4. **Leading global automotive OEM innovation project**

- We kicked off the innovation project with our OEM partner in Q3 2023 and continue to progress as planned with regular collaboration meetings between our teams. We remain on-track to complete system design with high-voltage Coil Driver™ plus optimized OEM motor design system by the end of Q4 2023.

5. **Wolong Electric motor pairing**

- Last week, we received the initial batch of motors for pairing with Exro Coil Drivers™ and testing in Q4 2023. We remain on track with dynamometer testing scheduled to begin next month. We anticipate results to be provided in Q4 2023.

6. **Cell Driver™ progress**

- UL certification continues to progress with energy management system (EMS) software that is integral in the communication to the grid. Next steps include continued testing that keeps us on track for UL completion by end of December. We recently installed our first unit on Exro's Calgary manufacturing center, connected to a grid simulator to begin early data collection prior to UL. As we are commercially evaluating first pilots, we anticipate providing information in the weeks ahead.

Outlook

While there will be challenges ahead, 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 have the right technology, and the right team already scaled and in place to deliver. Our new generation of products are now in the market building on-road miles and set to capture market share in 2024 and beyond. We are actively marketing the Exro story to new investors in Canada, the US, and Europe having attended multiple investor conferences over the last several months. In November, we look forward to presenting at Deutsche Bank's 2023 AutoTech Conference on November 9th and National Banks 4th Annual Clean Tech Conference on November 22nd.

I end by referencing the 2023 Strategic Objectives outlined in our January Letter to Shareholders ([LINK](#)). While a few items are still progressing, year-to-date we have achieved the majority of our commitments and are determined to finish the year strong! Thank you for your ongoing support.

January 2023 newsletter objectives, and updates:

1. **Signing additional strategic partners that amplify our market presence** – European NDA motor partner (February), Global leading automotive OEM (July).
2. **Delivery of low-voltage and high-voltage DFM samples for customer validation** – September shipments to HB4 and Vicinity Motors.
3. **Delivery of 48V hybrid-diesel samples to our European off-highway NDA-partner in Q1** – Delivered in Q3 followed by successful testing.
4. **Signing additional multi-year commercial agreements that build our Coil Driver™ order back-log** – The industry is transitioning to electric, albeit at a slower pace than we would all like. HB4, Vicinity, and SEA Electric launched our backlog and supported additional pilots. Orders are building, and more importantly initial samples are progressing successfully in the field and building interest across these market segments.
5. **Work through phase-2 validation and towards commercialization agreement with Linamar** – Phase-2 completed in Q2 and progressed to definitive commercial agreement.
6. **Growing contract services for software engineering and vehicle integration through Exro Vehicle Systems** – 2023 continues to be a successful year for Exro Vehicle Systems, having delivered multiple projects to customers, generating multi millions in revenue year to date.
7. **Achieve Cell Driver™ UL Certification in Q2** – As previously disclosed, UL certification was delayed to Q4 2023. The last month has successfully through EMS certification keeping us on track for Q4 completion.
8. **Signing US Cell Driver™ distribution and installer partnerships and build order back-log** – We have expanded our distribution network to more than 10 partners across North America, all now trained and quoting projects for deliveries in 2024 upon receipt of UL certification. We are optimistic we will be sharing first pilot orders in Q4 2023.
9. **Achieve first deliveries and revenues for Coil Driver™ and Cell Driver™ products in Q3** – Coil Driver™ was completed with first deliveries in Q3, and first revenues expected in Q4 2023. Cell Driver™ first deliveries and revenues were impacted by the previously disclosed UL timelines however; we are backed by a strong pipeline. Current commercial negotiations remain on-track for first half of 2024.
10. **Continue to evaluate market conditions for a Nasdaq up-list** – We have engaged outside counsel and continue

regular dialogue with market professionals surrounding Nasdaq. Given the current market backdrop we will continue to evaluate optimal timing for shareholders to complete our up-list.

Sincerely,

Darrell Bishop
Chief Investment Officer

Sue Ozdemir
Chief Executive Officer

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.

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 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, 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 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 Toronto Stock Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this press release.

View original content to download multimedia:

<https://www.prnewswire.com/news-releases/exro-provides-operations-update-with-letter-to-shareholders-301968363.html>

SOURCE Exro Technologies Inc.

View original content to download multimedia:

<http://www.newswire.ca/en/releases/archive/October2023/26/c5190.html>

%SEDAR: 00035788E

For further information: Investor inquiries: Darrell Bishop, Chief Investment Officer dbishop@exro.com; Media inquiries: media@exro.com

CO: Exro Technologies Inc.

CNW 07:30e 26-OCT-23