



Exro Provides Operational Update in Year-End Shareholder Letter

CALGARY, AB, Dec. 20, 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 an operational update in a 2023 year-end letter to shareholders.

Dear Exro Shareholders,

As we reach the end of Q4 2023, in keeping with our commitment to open communication with shareholders, we would like to provide a succinct year-end operational update. In this letter, we address Cell Driver™ progress towards UL testing completion by year's end, positive developments with named and Non-Disclosure Agreement ("NDA") partners engaged in Coil Driver™ agreements, and details pertaining to upcoming interest payments pursuant to the terms of our convertible debenture.

1. Cell Driver™ UL Certification Progress

Exro has been diligently working towards UL certification and remains on track to complete testing by December 31st, 2023. Since our last update we have successfully passed a series of tests and this week have begun the final test requirement at Intertek Laboratories. As we approach the UL standards milestone, we are pleased to report that we have received verbal confirmation from several parties on pending purchase orders, marking a promising path towards commercialization. These pending purchase orders will span installations throughout North America, reflecting a strong market demand, with verbal commitments for more than 30 units to be delivered in 2024. Shareholders can expect a comprehensive update early in the new year that speak to both the completion of UL standards and purchase orders specifics.

2. SEA-Electric First Track Testing Successfully Completed

Exro has successfully completed first track testing validation requirements for its Coil Driver™ system in its project with propulsion technology partner SEA-Electric. Beyond validating Coil Driver™, these tests underscore our system's exceptional capabilities in increasing performance, marking significant strides for medium-duty commercial vehicle electrification. Notably, we validated gains in efficiency and improved gradeability, with a 20% grade climbed 33% more quickly. These efficiency and performance breakthroughs strengthen our partnership with SEA-Electric and build potential amongst our current respective OEM customers, while positioning Exro as a leader in the sustainable commercial transport sector.

3. NDA Partners Update

As stated in the past, we understand that with NDA partners comes the challenge that our shareholders are eager to learn names. Previously, we indicated that we were targeting to lift at least one of the NDAs by end of year. While we worked hard to take our partners out of NDA, we were not able to achieve this milestone by year-end. That said, this does not reflect great achievements with our NDA partners, and we would like to provide two positive NDA partner updates, both which include promising near-term timeframes for lifting the NDA.

With respect to the innovation project with our leading global automotive OEM partner, we are very pleased to report that Exro was notified today that the project has been approved to progress to the next phase. This marks a significant stage gate and milestone for Exro. Together with our NDA partner, we have completed a rigorous simulation phase to design a Heavy Rare Earth/Rare Earth (HRE/RE) free optimized motor and Coil Driver inverter system. The optimized design demonstrated the ability to meet the stringent performance and efficiency targets for passenger vehicles with this type of machine while meeting challenging mechanical and system criteria. We will now ramp up preparations for the second phase of the project which will consist of the passenger vehicle prototype development for delivery and testing together with our OEM partner in 2024.

Following the customer audit on-site at Exro's Calgary facilities in November, the Exro team completed successful bench testing with our off-highway NDA partner in Europe on site this month in Europe, marking an important milestone for our relationship. With that, we now enter commercial discussions for units and systems with negotiations that involve the lifting of our NDA in early 2024.

Our major European motor partner has also completed testing this month in Mesa, Arizona. We now progress into the next stage of high-torque testing at a third-party facility. This rigorous process akin to OEM-level testing is a testament to our commitment to quality. We are optimistic that upon completion of this testing negotiations will include the lifting of

our NDA.

4. Upcoming Interest Payment

Pursuant to the terms of the C\$15,000,000 secured convertible debentures of the Company issued on December 30, 2022 (the "Debentures"), bearing interest at 12% per annum, payable semi-annually in arrears beginning on June 30, 2023 (the "Due Date"). As at December 20, 2023 the Company has 14,950 debenture units outstanding, and an aggregate amount of interest owing on the Debentures payable of C\$897,000 (the "Interest"). The Company has elected to issue 679,544 common shares in the capital of the Company ("Common Shares") at a deemed price of C\$1.32 to the debenture holders as payment for the interest. Pursuant to the Debentures, the deemed issue price per Common Share is calculated based on the volume weighted average trading price of the Common Shares for the five trading days immediately prior to December 20, 2023. The remaining balance of the Interest will be paid in cash.

The issuance of the Common Shares as payment for interest owing on the Debentures is subject to the terms and conditions of the Debentures as well as the receipt of all requisite approvals, including, without limitation, the approval of the Toronto Stock Exchange.

5. Detailed 2023 Recap and 2024 Roadmap

As tradition dictates, in early Q1 2024, Exro shareholders can anticipate a comprehensive letter that revisits the Company's performance in 2023 and details the 2024 roadmap. This note will take into consideration this past year's significant progress and the 2024 key milestones Exro has defined on its path to profitability. This commitment to transparency with shareholders remains at the forefront of Exro's dedication to keeping its investors informed.

Sincerely,

Sue Ozdemir (Chief Executive Officer) & Darrell Bishop (Chief Investment 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 using 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.

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CO: Exro Technologies Inc.

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