

# Accelerating the Adoption of Electric Vehicles

Through Technology Driven Performance Improvements  
and Cost Reduction

JANUARY 2024



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OPTIMIZING POWER

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# THE PUSH ELECTRIFICATION NEEDS

Combining next generation technology with  
validated electrification

*The world is grappling with numerous  
challenges in the electrification transition,  
success hinges on our ability to execute*

# Exro + SEA: On the Forefront of Industry Consolidation

Capitalizing on Built Value to Accelerate Technology Deployment and Path to Profitability



## TECHNOLOGY SYNERGIES

Full Propulsion System

VCU

Motor Control

Battery Control

## OPERATIONAL SYNERGIES

Industrial Process Expertise

Core Product Partnerships

Drive Innovative Energy  
Efficiency

## SHAREHOLDER VALUE CREATION

Significant Revenue Increase

Decreased Cost Base

Accelerated Path to Profitability

Expanded IP to Commercialize

Combining Next Generation Technology with Blue-Chip Partners



# Bridging the Gap to the Electrification Transition

Short- & Long-Term Synergies

## EXRO

DIFFERENTIATED TECHNOLOGY

DE-RISKED COMMERCIALIZATION PATH

READY FOR AUTOMOTIVE QUALITY MANUFACTURING

BEGINNING ON-ROAD VALIDATION

## SEA ELECTRIC

NOVEL VCU TECHNOLOGY

PROVEN WITH BLUE CHIP OEM CUSTOMERS

READY TO SCALE ASSEMBLY

3+ MILLION MILES DRIVEN

*Combination of Exro and SEA provides scalability and financing  
Backed with proven technology today and differentiating technology for tomorrow*

# Exro Snapshot

## Power Electronics Experts with Next-Generation Motor Control for e-Automotive

- **Next generation power electronics** that expand the capabilities of electric motors and batteries
- **Award winning Coil Driver™ technology** de-risked with 5+ years of R&D, independent testing, and successful customer integrations globally
  - **Electronic gearing** that **bridges the performance-cost gap** in e-mobility
  - **Boost performance** by up to 50%
  - **Reduce system cost** by up to 20%
  - **Improve highway efficiency** by up to 15%
- Comprehensive intellectual property protection with **34 issued patents** and **17 pending applications**





# SEA Snapshot

## Propulsion System Experts with Proven Results Validated by Major OEMs

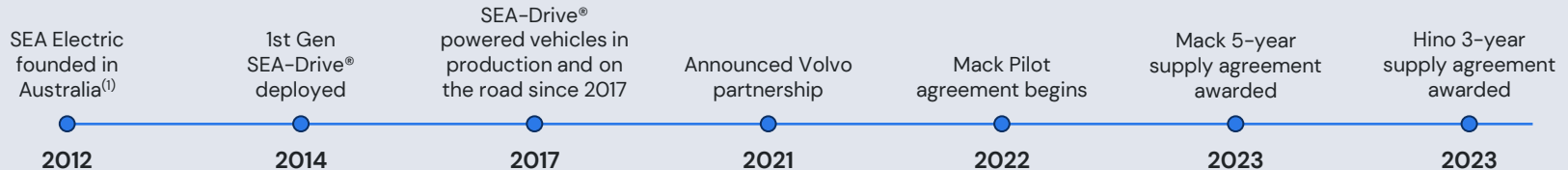
- **SEA-Drive® propulsion technology** controls all components that electrify a vehicle, constantly adjusting to optimize battery & vehicle performance
- **Proprietary technology de-risked** with more than 3 million real-world miles delivering:
  - **Offering OEMs a capital-efficient solution** versus the significant cost and time investment to produce in-house
  - **Quicker time-to-market** allows OEMs to meet customer demands and emissions targets
  - **Fully integrated and adaptable solution** leads to improved production efficiency
- **Patent technology granted across 14 jurisdictions**, including US, Canada, Australia, China, Japan and the EU

### ORDER PIPELINE

**~5,000**  
Class 6-7 Vehicles



**~11,000+**  
Class 4-7 Vehicles



1. SEA was redomiciled to the United States in 2022

# Transaction Overview

## THE OPPORTUNITY

- Exro Technologies (“Exro”) and SEA Electric (“SEA”) are engaged in planning a transformational business combination (the “Merger Transaction”)
  - Merger Transaction to take form of a 100% all-share exchange with the pro forma entity to remain publicly traded on the TSX (EXRO)
- In conjunction with the Merger Transaction, the combined entity (“Exro-SEA” or the “Company”) **will aim to raise \$50M (US\$37M)** to fund the next leg of executing the commercialization of its technology solutions
  - Private placement of subscription receipts for common shares in pro forma Exro-SEA
  - Lead order from a Canadian institutional investor
  - Upon consummation of the Merger Transaction, Exro-SEA is contemplating a reverse stock split



**Technology Synergies:** Combination of complementary EV technology platforms to drive enhanced cost structure and increased market share



**Revenue Synergies:** Shared access to major OEM customers with firm demand ready to execute in Q1 2024



**Cost Synergies:** Headcount consolidation, supply chain negotiations for economies of scale and improved capital utilization – targeting \$47M in 2025 (US\$35M)

Note: USD figures converted to CAD at a USD/CAD FX rate of 1.3415.

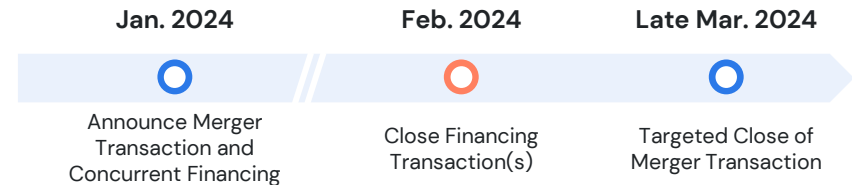
# Transaction Overview

## TRANSACTION SUMMARY

<i>Assuming \$50M (US\$37M) Financing</i>	C\$M	US\$M
SEA Equity Purchase Price	\$341	\$254
SEA Debt	\$70	\$52
SEA Cash on Hand	(\$8)	(\$6)
<b>SEA Acquisition TEV</b>	<b>\$402</b>	<b>\$300</b>
Share Price <sup>(1)</sup>	\$1.11/sh	\$0.83/sh
F.D Shares Outstanding	552.5 MM	
Pro Forma Market Cap	\$613	\$457
Pro Forma Net Debt <sup>(2)</sup>	\$57	\$42
<b>Pro Forma Enterprise Value</b>	<b>\$670</b>	<b>\$499</b>
<i>EV / 2024E Revenue</i>	3.0x	
<i>EV / 2025E Revenue</i>	1.6x	

Pro Forma F.D Ownership <sup>(3)</sup> (Excluding Equity Financing Investors)	Ownership	
	(MM shares)	(%)
Exro Voting Shares	172.6	35%
SEA Voting Shares	156.1	31%
SEA Non-Voting Shares	171.1	34%
<b>Total Exro-SEA Shares O/S</b>	<b>499.8</b>	<b>100%</b>

## TRANSACTION MILESTONES



1. Based on Exro spot share price of \$1.11/share as of January 29, 2024. USD/CAD FX rate of 1.3415.
2. Net debt reflects C\$70 MM of SEA debt and forecasted Exro-SEA cash of C\$13 MM as of March 2024 and inclusive of the offering proceeds.
3. Reflects the cancellation of Exro's existing ownership in SEA.

# Pro Forma Highlights



**Disruptive complimentary technology that accelerates electrification by reducing system cost and improving total cost of ownership**



**First mover advantage from validated technology with blue chip OEMs delivering immediate 2024 revenue and additional opportunities for growth**



**Execution efficiency enabling a defined path to profitability in 12 months<sup>(1)</sup>**



**Substantial upside from continued focus on innovation into e-transition market verticals**

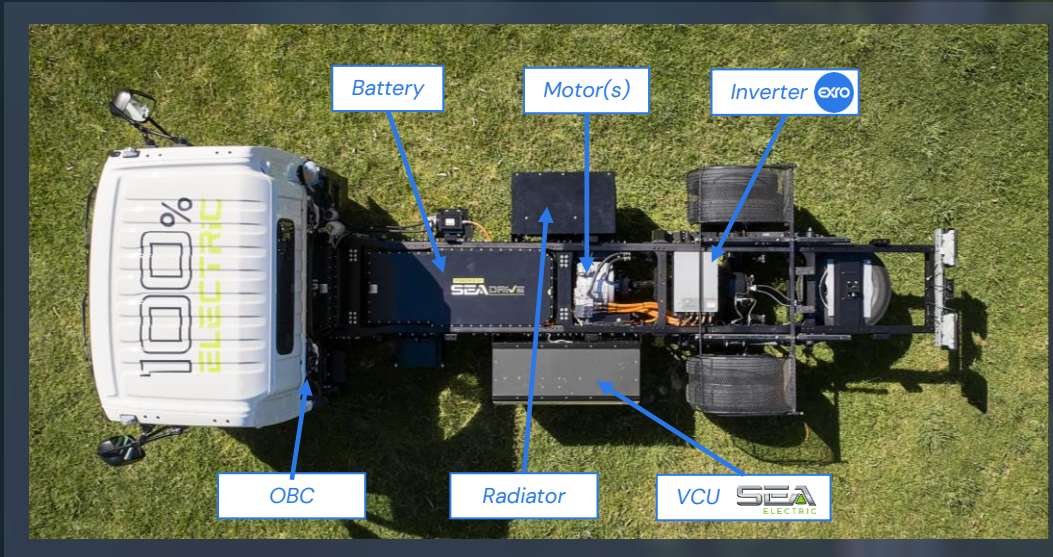


**Strong leadership team which brings deep proven experience in automotive and technology commercialization**

1. Following assumed close of March 31, 2024.

# Electrification 101 – Controlling Everything That Electrifies a Vehicle

A Readily-Scalable Fully-Integrated Technology Solution



- Battery is the fuel tank
- Motor(s) does the work
- Inverter + VCU are the brain of the system, controlling the flow of energy between the individual components in the power system
- Driver turns the key which sends a signal to the VCU to allow voltage to flow from the battery to auxiliary equipment
- Driver steps on accelerator a signal is sent to the inverter (Coil Driver™) to “invert” DC voltage from the battery to AC voltage for the electric motors, which turns the wheels



# Modernizing Electrification with a Proven Technology Platform

Leading the Electrified Consolidation with Highly Complementary Technologies

## WHAT WE DO

### Patented Technology Solution

- Exro patented Coil Driver™ inverts voltage from the battery to motor and enables electronic gearing that drives down the overall system cost by eliminating dependency on mechanical solutions
- SEA patented SEA-Drive® software combined with novel validated electrification kit provides proven system efficiency and optimizes the electrification of all components in the vehicle

**Fully integrated solution offers cost effective best in class performance**

**60+**

Software and hardware patents and patent applications, complemented by deep trade secrets portfolio

## HOW WE DO IT

### Capex-Light Model

- Partnerships with OEM approved contractors to integrate technology
- Co-marketing with dealerships to support Electrification Ecosystem including OEM financing, charging infrastructure and support
- Path to profitability achieved through synergies in resources and facilities

**Combination of Exro-SEA provides 12-month path to profitability**

Line of sight to profitability

**2025**

Estimated to achieve positive EBITDA and FCF

## WHY WE DO IT

### Validated with Blue Chip Customers

- Strong pipeline supported by orders backlog for 2024
- Proven year-over-year growth
- 2024 launch for two major OEM contracts with Mack/Volvo and Hino/Toyota
- 2025 continued growth backed by expanding agreements and launch of Tier 1 partnerships with Linamar and Tier 1 motor OEMs



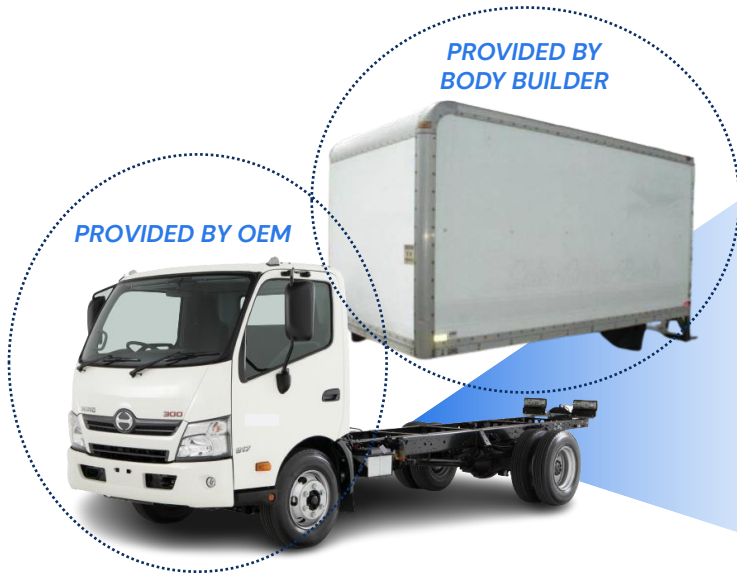
Industry-leading

**3 Million+**

Real-world miles driven on the SEA-Drive®

# Technology-Based Solution

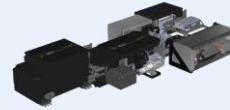
Core Power Electronics and Software Manufactured In-House While High-Capital/Low-Margin Manufacturing and Assembly is Completed Off-Site Through OEM Partnerships



COMPLETE NEXT GEN POWER SYSTEM PROVIDED BY EXRO

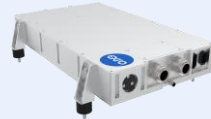


## SEA-DRIVE® PROPULSION SYSTEM



- Controls all components, constantly adjusting to optimize battery & vehicle performance
- Includes battery pack, motor, inverter, heating and cooling systems, power system, braking system, telemetry

## COIL DRIVER™ MOTOR CONTROL



- Inverter – converts voltage between motor and battery and controlling overall performance of the vehicle

## VEHICLE CONTROL UNIT (VCU)

- The VCU module contains the software that communicates with the inverter and controls power distribution between all components that electrify a vehicle

**Exro-SEA's Complete Electrified Propulsion System (Integrated Components and Software)  
... Creates a Step Change in Electrification**

# Significantly Reduced Ownership Cost for Commercial Operators

Proprietary Technology That Delivers Best-in-Class Power System Efficiency (<0.7kwh/mi), Performance (Torque and Gradeability), Weight, and Customer Total Cost of Ownership (“TCO”)

## TOTAL COST OF OWNERSHIP IMPACT

**5%**

System efficiency improvement with SEA-Drive® controlled by Coil Driver™ leads to TCO savings

**10%**

BoM reduction with consolidation of mechanical components including elimination

**40%**

More efficient than medium duty EV competitors

Right sized technology accelerates path to profitability for OEMs

Agnostic technology is adaptable to any electric vehicle – hybrid, fuel cell or battery electric

**Commercial Vehicles:** A truck powered by our propulsion system, provides the ability to achieve on average **>US\$10,000** savings per vehicle. Based on the number of Volvo Trucks sold in 2022, that would equate to **>US\$50M**

**Passenger Vehicles:** A car equipped with Coil Driver™ will see greater system efficiency and drive down rare earth metal utilization. Reduced battery pack size would save **~US\$700/vehicle**, equating for Tesla Model Y in 2022 to **>US\$500M**

Real world driving conditions that offer **unparalleled electric performance** in a competitive packaging

# De-Risked Technology Validated by Blue Chip Customers

Established Distribution Network with Multi-Year Customer Contracts That Will Accelerate Technology Adoption



## SEA – Mack

5-year agreement  
Up to 3,500 units annually



## SEA – Hino

3-year agreement  
Up to 5,000 units annually



## Exro – Tier 1

5-year agreement  
Deliveries expected late 2024



## Both – Other

Small Fleets  
Tier 1 Motor Suppliers

## OUR BLUE CHIP CUSTOMER DISTRIBUTION NETWORK



- Mack / Volvo** → 300+ Locations  
→ 40+ Electric Certified
- Hino** → 200+ Locations
- Small Fleets** → MTE, UPS, APAC

## IT'S NOT IF, IT'S WHEN

Last year, Mack's MD – available in Class 6 and 7 configurations – captured 5.5% of the Canada/U.S./Mexico medium-duty market, Randall said. It's on pace to capture the same market share this year. Mack executives anticipated it would take 60 months to reach the market share it attained in just two years. "It turned out to be a versatile truck," Randall said. "Mack dealers, being who they are, will try to Mackify anything."



Jonathan Randall, President

"Exro came to us with a unique solution for our electric drive program that we believe is a step in the right direction for accelerating the adoption of electric vehicles. This integrated design can pave the way for cost-effective and high-performing electric propulsion systems that are essential to scale the transition to electric mobility."



Linda Hasenfratz,  
Chief Executive Officer

# Path to Profitability

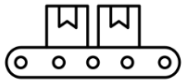
## Forecast Underpinned by Existing Facilities

- 25 propulsion systems delivered in month of January 2024 to Mack
- Ready to scale with established “next-door” OEM approved contract assembly partner facilities, reducing otherwise significant capex and logistics costs
- Recognizing technology synergies beginning in H2 2024 with the integration of Coil Driver™ technology into all SEA propulsion systems

### READY-TO-SCALE ASSEMBLY PROCESS

1

Assembly Line



Opportunity to scale number of assembly lines

8 hr

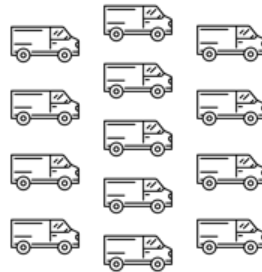
Per Shift



Opportunity to increase number of shifts

13

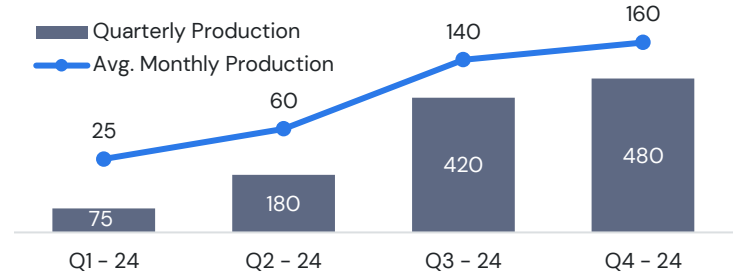
Power Systems Per Week / Per Facility



~2,400/yr

power systems capacity from two existing facilities (based on two shifts per facility)

### ILLUSTRATIVE 2024E POWER SYSTEM DELIVERY RAMP UP



#### Ramping For Success

- ✓ Achieved 25 deliveries in Jan. 2024
- Q1/Q2: Ramp up to full capacity with 1 shift / 1 line per facility
- Q3: Add second shift and set up second line
- Q4: Ramp up to full capacity with 2 shifts / 2 lines per facility

2024 Budget Fully Supported by Capacity at Existing Facilities



# Efficient Operational Execution

## Contracted 2024 Unit Projections Coupled with Right-Sizing Operating Base Drives Profitability

- 2024 is an inflection year for revenue growth with near-term revenue growth supported by firm orders from marquee OEMs
- A capital efficient business model, growing revenue and realizing cost synergies deliver a path to profitability in the near-term
- Certain friction costs will be incurred to realize full cost savings that support cash flow positive position in 2025

**Contracted 2024E order volume represents >\$200M (US\$150M) in combined revenue underpinned by 1,150 Mack and Hino/Toyota SEA-Drive® system volume**

### IMPLEMENTING COST SYNERGIES

<b>Consolidated Team</b>	<ul style="list-style-type: none"> <li>→ Eliminate overlapping workforce and reduced headcount</li> <li>→ Targeting G&amp;A cost savings of <b>\$13M+ (US\$10M+)</b> in 2024E and <b>~\$27M (~US\$20M)</b> in 2025E</li> </ul>	<div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; background-color: #e6f2ff; width: fit-content; margin: 5px auto;"> <b>2024E: \$20M+ (US\$15M)</b> </div> <div style="border: 1px solid #ccc; border-radius: 15px; padding: 5px; background-color: #e6f2ff; width: fit-content; margin: 5px auto;"> <b>2025E: \$47M+ (US\$35M)</b> </div>
<b>Efficiencies in Supply Chain</b>	<ul style="list-style-type: none"> <li>→ Negotiating leverage over supplies to improve costs (i.e., motors, etc.)</li> <li>→ Targeting BOM / supply chain savings of <b>\$7M (US\$5M)</b> in 2024E and <b>~\$20M (~US\$15M)</b> in 2025E</li> </ul>	
<b>Information Technology</b>	→ Streamlined internal process and integration of operational best practices	
<b>Facilities</b>	→ Closure or consolidation of redundant locations	
<b>Sales and Marketing</b>	→ Reduced marketing costs, fees, and other SG&A due to shared efforts	

Note: Please refer to disclaimers on slides 2, 3, and 4 relating to FOPI and forward-looking estimates, including the risks associated with not meeting contracted volume targets. USD figures converted to CAD at a USD/CAD FX rate of 1.3415.

# Forecast Summary

Commercial operations commenced in Q4 2023

All figures in C\$ millions<sup>(1)</sup>

	2023	1H 2024	2H 2024	2024	2025
<b>Revenue</b>	<b>\$25.0</b>	<b>\$49.5</b>	<b>\$171.9</b>	<b>\$221.4</b>	<b>\$420.6</b>
% Annual Growth	n.m.f.	n.m.f.	n.m.f.	n.m.f.	90%
Cost of Goods Sold	(\$21.3)	(\$41.5)	(\$131.6)	(\$173.1)	(\$296.6)
<b>Gross Profit</b>	<b>\$3.7</b>	<b>\$8.0</b>	<b>\$40.3</b>	<b>\$48.3</b>	<b>\$123.9</b>
% Margin	15%	16%	23%	22%	29%
<b>EBITDA</b>	<b>(\$69.4)</b>	<b>(\$27.7)</b>	<b>\$4.3</b>	<b>(\$23.4)</b>	<b>\$48.5</b>
% Margin	n.m.f.	(56%)	2%	(11%)	12%
Change in NWC		\$7.7	(\$21.4)	(\$13.7)	(\$11.0)
Capital Expenditures		(\$2.6)	(\$3.3)	(\$5.9)	(\$6.7)
Other		(\$1.7)	(\$0.0)	(\$1.7)	(\$4.7)
<b>Free Cash Flow</b>		<b>(\$24.3)</b>	<b>(\$20.5)</b>	<b>(\$44.8)</b>	<b>\$26.1</b>

## KEY HIGHLIGHTS

- **Significant revenue growth** with focus on Mack and Hino deliveries
  - Additional upside from potential revenue synergies NOT included in forecast
- **Capital light model** supported by leveraging OEM manufacturing lines
- **Working capital investment** of ~\$27M (US\$20M) required to hit profitability, largely comprised of inventory

**12-Month Runway to Achieving Profitability in 1H 2025, Underpinned by a Strong Backlog of Contracted Orders**

Note: Underlying assumptions can be found on page 28 in the appendix. Please see relevant disclaimers on FOPI and non-GAAP disclosure on pages 2, 3 and 4.

1. USD figures converted to CAD at a USD/CAD FX rate of 1.3415.

# Exro-SEA Management and Operations Team

Experienced in Developing Technology and Converting Into Commercial Use



**Sue Ozdemir**  
Chief Executive Officer

- Led Exro for the past ~5 years to become a leading, commercial power electronics company
- Former CEO of GE's Small Industrial Motors Division – General Electric (NYSE: GE) – responsible for building the division into a highly-profitable \$160mm enterprise
- Proven leader in innovation and manufacturing of electric motors
- Highly-regarded by capital markets, supported by her successful capital raising efforts (~\$100M of bought financings)



**Tony Fairweather**  
Chief Product Officer

- Founder and CEO of SEA Electric since 2012
- 17+ years in the commercial vehicle / transportation logistics industry
- Proven leader in commercial vehicle industry supported by developing key relationships with global, industry leading companies



**Darrell Bishop**  
Chief Financial Officer

- 12+ years in investment banking and capital markets
- Led commercial and investment development and execution over the past 2 years with Exro
- Proven executor in corporate finance roles and capital markets, combined with deep industry relationships



## ADDITIONAL SENIOR LEADERSHIP

Senior leadership with a proven track record of developing and commercializing technology, focused on execution:

- Eric Hustedt (technology / innovation)
- Joe Greenley (engineering)
- Simon Strawbridge (manufacturing / operations)
- Dave Whelan (manufacturing / operations)
- Mike Menyhart (commercial)
- Nathan Copeland (systems engineering)

Pro forma Board of Directors to be comprised of up to 9 members, with Rod Copes serving as Chairman and the remaining members comprised equally of representatives from Exro and SEA

# First 90 Days: Targets Post Deal Close

## KEY H1 2024 CATALYSTS

- ✓ Execution: Deliver 250+ propulsion technology systems in the first 90 days
- ✓ Significant synergy potential based on 20% G&A rightsizing in H1 2024
- ✓ First co-integration partner bringing Coil Driver™ into Hino / Mack systems
- ✓ Supply chain optimization resulting in immediate 5% BoM reduction to drive profitability
- ✓ Additional upside from incremental major partnership announcements
- ✓ Continued innovation with pilot for Class 8 application that increases market share with disruptive tech solution

# Investment Summary

## Exro + SEA: Consolidation modernizes electrification with proven technology platform

→ Highly complementary technology offerings that utilize power electronics hardware and software solutions, bridging the performance-cost gap to drive EV adoption

## Asset-light business model that disrupts the e-mobility space

→ Core power electronics and software manufactured in-house while high-capital/low-margin manufacturing and assembly is completed off-site through OEM partnerships

## Technology platform de-risked through extensive 3<sup>rd</sup> party testing, real-world miles and ready to accelerate commercialization

→ Exro award winning Coil Driver™ technology de-risked with 5+ years of R&D, independent testing and customer integrations; SEA-Drive® validated with 3M+ real-world miles driven

## Delivering revenue with blue-chip OEMs which provide unique leverage through ecosystem of distribution networks

→ Initial partner network includes major commercial vehicle OEM's and Tier-1's Volvo/Mack, Toyota/Hino, Linamar, Wolong and others

## Defined path to profitability backed by multi-year demand and strong backlog

→ Projected cash flow and EBITDA profitability within ~12 months of closing, with visibility through 2026 of 10,000+ projected units with existing customer agreements only

## Substantial upside from continued focus on innovation into e-transition market verticals

→ Near-term R&D pipeline ripe for commercializing – AC fast-charging, induction motor

Note: USD figures converted to CAD at a USD/CAD FX rate of 1.3415.

1. Reflects the full \$50 MM offering less financing fees of \$3 MM and \$12 MM (US\$9 MM) in new convertible debentures.

2. Reflects ownership prior to potential participation in offering.

## USES OF PROCEEDS

	C\$M	US\$M
Exro Convert Offer for Repayment	\$15	\$12
Transaction & Integration Costs	\$24	\$18
Working Cap & Operating Losses	\$17	\$12
Capex Requirements	\$3	\$2
<b>Total Uses of Funds<sup>(1)</sup></b>	<b>\$59</b>	<b>\$44</b>

## ILLUSTRATIVE PRO FORMA OWNERSHIP

	Shares (Millions)		% of Total
	Voting	Non-Voting	
Tony Fairweather	41.4	45.4	16%
Other SEA Insiders	47.2	51.8	18%
<b>Total SEA Insiders</b>	<b>88.6</b>	<b>97.1</b>	<b>34%</b>
Vestcor <sup>(2)</sup>	29.4	15.6	8%
Handelsbanken	8.7	-	2%
Other Exro Shareholders	148.7	-	27%
Other SEA Shareholders	53.2	58.5	20%
Financing Investor(s)	52.6	-	10%
<b>Total PF Shares O/S</b>	<b>381.3</b>	<b>171.1</b>	<b>100%</b>
	Shares	% of Total	
Exro Voting Shareholders	172.6	31%	
SEA Voting Shareholders	156.1	28%	
SEA Non-Voting Shareholders	171.1	31%	
New Investor(s)	52.6	10%	
<b>Total PF Shares O/S</b>	<b>552.5</b>	<b>100%</b>	

Major shareholders and insiders of SEA as well as directors and officers of Exro will enter into a lock-up agreement



# Thank you



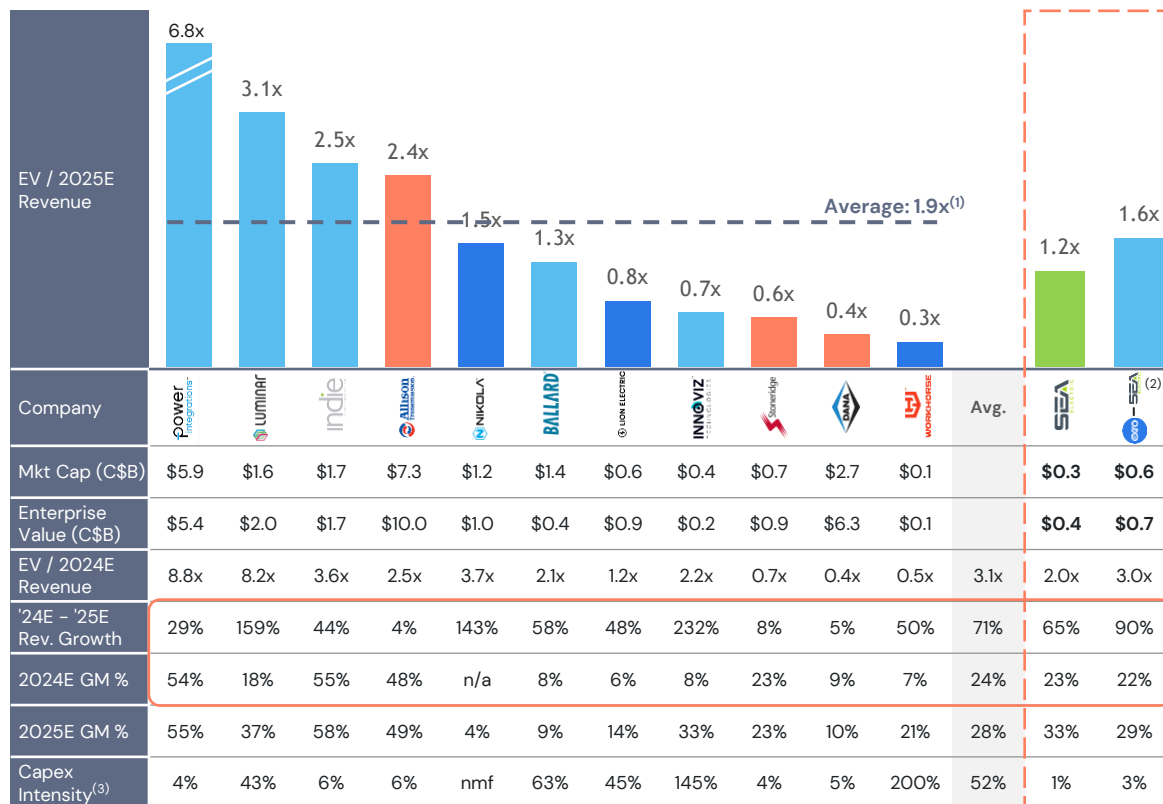
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OPTIMIZING POWER

APPENDIX

# Supplementary Materials

# Comparable Public Peer Analysis



Category	Avg. EV/Revenue Multiples	
	2024E <sup>(1)</sup>	2025E <sup>(1)</sup>
Commercial EV OEMs	1.8x	0.9x
EV and Electronics Components	5.0x	2.9x
Vehicle Component & Power Electronics	1.2x	1.1x
<b>Global Average</b>	<b>3.1x</b>	<b>1.9x</b>

## OBSERVATIONS

- Pro forma EV/2025E revenue at 1.6x compared to peers at 1.9x
- Pro forma EV/2024E revenue at 3.0x compared to peers at 3.1x
- Exro '24E - '25E revenue growth estimated at ~90% compared to peers at ~70%
- Exro 2024E gross margin estimated at 22%, in-line with peers at 24%
- Exro 2024E capex intensity estimated at 3%, compared to peers at 52%

Source: Capital IQ and other publicly available information.

Note: Information as of January 29, 2024. All dollar figures in CAD. Figures calendarized to December year-end.

1. Simple average reflecting the sum of peer multiples divided by the number of peers in the respective category.

2. Valuation is based on an Exro share price of C\$11/share as of close January 29, 2024.

3. Capex Intensity for peer group based on LTM capex as a % of LTM revenue and Exro and SEA based on 2024E capex as a % of 2024E revenue.

# Large TAM Opportunities Supported by Secular Tailwinds

## ELECTRIC VEHICLES ADDRESSABLE MARKET<sup>(1)</sup>

Commercial EV Power Systems Market



**US\$340B+**

Global Traction Inverter Market



**US\$35B+**

Passenger Class 1



→ 1.3 billion est. global fleet<sup>(1)</sup>

Light Duty Class 2 – 4



→ 165 million est. global fleet<sup>(1)</sup>

Medium Duty Class 5 – 7



→ 82 million est. global fleet<sup>(1)</sup>

Heavy Duty Class 8 Regional



(Includes medium + heavy duty)

**Total market opportunity for integrated Coil Driver™ and SEA-Drive® platform is estimated at ±US\$375B<sup>(2)</sup>**

## RAPIDLY-EVOLVING GLOBAL REGULATORY ENVIRONMENT

### The Carrot & The Stick



California Air Resources Board, along with 9 other states, have adopted the requirement for truck manufacturers to sell an increasing percentage of zero-emission trucks **beginning in 2024<sup>(3)</sup>**



California signed the Under2 Climate Coalition's ZEV Pledge that sets aggressive goals to transition fleet composition to **100% ZEV beginning in 2024<sup>(4)</sup>**



Clean Vehicle Tax credit of **up to US\$40,000 per vehicle available** to purchase new commercial clean vehicles under IRA<sup>(5)</sup>



EU instituted a requirement for manufacturers to meet targets set for fleet-wide average CO2 emissions of new trucks **starting in 2025<sup>(6)</sup>**

1. Bloomberg NEF Electric Vehicle Outlook 2023.

2. Based on selling price of SEA-Drive systems and Coil Driver systems multiplied by the expected 2028 annual unit sales of light and medium duty commercial vehicles and buses as per Bloomberg NEF Electric Vehicle Outlook 2023.

3. California.gov, "Advanced Clean Trucks Fact Sheet", August 20, 2021.

4. U.S. Department of Energy.

5. As per summary of Inflation Reduction act filed on democrats.senate.gov on August 11, 2022.

6. Regulation (EU) 2019/1242, June 2019.

# Forecast Assumptions

<p><b>Volume &amp; Revenue</b></p>	<ul style="list-style-type: none"> <li>→ Revenue of \$221M and \$421M in 2024E and 2025E, respectively, underpinned by near-term projected sales volumes backed by current purchase orders</li> <li>→ Exro forecast to generate \$82M in 2025E (\$17M in 2024E) largely driven through Coil Driver™ sales of 10.6k units in 2025E (1.2k units in 2024E)</li> <li>→ SEA forecast to generate \$340M in 2025E (\$205M in 2024E) largely driven through SEA-Drive kit sales of 2.0k units in 2025E (1.2k units in 2024E)</li> </ul>
<p><b>Gross Margin</b></p>	<ul style="list-style-type: none"> <li>→ Gross margin forecast to increase from 22% in 2024E to 29% in 2025E</li> <li>→ Expected reduction in direct costs, specifically relating to per-unit BOM costs of 14–18% in 2025E</li> </ul>
<p><b>SG&amp;A &amp; EBITDA</b></p>	<ul style="list-style-type: none"> <li>→ EBITDA margin expansion in 2025E due in part to forecast revenue growth</li> <li>→ Headcount expected to grow by ~20 FTE between 2024E and 2025E</li> <li>→ All other operating expenses forecast as a % of revenue or by a year-over-year growth rate, as appropriate and based on the nature of expense</li> <li>→ Identified synergies of \$20M+ in 2024E and ~\$47M in 2025E, as described below</li> </ul>
<p><b>Working Capital</b></p>	<ul style="list-style-type: none"> <li>→ Forecast using days assumptions consistent with run-rate terms and requirements, specifically:</li> <li>→ Exro: 65 days DSO, 50 days DIO, and 30 days DPO</li> <li>→ SEA: 10 days DSO (primarily reflecting Mack and Hino terms), 60 days DIO, and 35 days DPO</li> </ul>
<p><b>Capex</b></p>	<ul style="list-style-type: none"> <li>→ Capital light model with \$6M forecast in 2024E and ~\$7M in 2025E (representing ~2–3% of revenue) to reflect any capital requirements outside of ability to leverage OEM manufacturing lines</li> </ul>
<p><b>Synergies</b></p>	<ul style="list-style-type: none"> <li>→ G&amp;A cost savings of \$14M+ in 2024E and ~\$27M in 2025E</li> <li>→ BOM / supply chain savings of \$7M+ in 2024E and ~\$20M in 2025E</li> </ul>

Note: Please see relevant disclaimers on FOPI and non-GAAP disclosure on pages 2, 3 and 4. USD figures converted to CAD at a USD/CAD FX rate of 1.3415.



# Additional Forecast Details

All figures in C\$ millions<sup>(1)</sup>

	FY 2023 PF	1H 2024	2H 2024	FY 2024	FY 2025
<b>EBITDA</b>	<b>(\$69.4)</b>	<b>(\$27.7)</b>	<b>\$4.3</b>	<b>(\$23.4)</b>	<b>\$48.5</b>
Depreciation & Amortization	(\$4.0)	(\$4.7)	(\$6.9)	(\$11.6)	(\$14.4)
<b>EBIT</b>	<b>(\$73.4)</b>	<b>(\$32.4)</b>	<b>(\$2.7)</b>	<b>(\$35.1)</b>	<b>\$34.1</b>
Interest Expense	(\$7.4)	(\$2.0)	(\$4.2)	(\$6.2)	(\$9.1)
Other Expenses <sup>(2)</sup>	(\$1.7)	-	-	-	-
Income Tax <sup>(3)</sup>	-	-	-	-	-
<b>Net Income</b>	<b>(\$82.5)</b>	<b>(\$34.4)</b>	<b>(\$6.9)</b>	<b>(\$41.2)</b>	<b>\$25.0</b>
<b>Net Working Capital</b>					
Accounts Receivable		\$3.2	\$12.3	\$12.3	\$25.0
Inventory		\$9.7	\$35.2	\$35.2	\$43.4
Prepaid Expenses		\$1.3	\$1.4	\$1.4	\$1.4
Accounts Payable		\$8.2	\$21.4	\$21.4	\$31.3
<b>Net Working Capital</b>		<b>\$6.0</b>	<b>\$27.4</b>	<b>\$27.4</b>	<b>\$38.4</b>
<b>Change in Net Working Capital</b>		<b>\$7.7</b>	<b>(\$21.4)</b>	<b>(\$13.7)</b>	<b>(\$11.0)</b>

Note: Underlying assumptions can be found on page 28 in the appendix. Please see relevant disclaimers on FOFI and non-GAAP disclosure on pages 2, 3 and 4.

1. USD figures converted to CAD at a USD/CAD FX rate of 1.3415.

2. Includes share-based payments and finance related charges.

3. Combined net operating losses provide a tax shield on forecast losses generated through 2025E.

# Statutory Rights

## Rights of Rescission

Securities legislation in certain of the provinces of Canada may deem this presentation to be an offering memorandum and accordingly provide purchasers with statutory rights of rescission or damages, or both, in the event this presentation contains a misrepresentation. A "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made. These remedies must be commenced by the purchaser within the time limits prescribed and are subject to the defences contained in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or damages, or both, under securities legislation in certain of the provinces of Canada where that is required to be disclosed under the relevant securities legislation, and as such, is subject to the express provisions of the legislation and the related regulations and rules. The rights described below are in addition to, and without derogation from, any other right or remedy available at law to purchasers of the securities.

## Ontario

Ontario securities legislation provides that where an offering memorandum is delivered to a purchaser and contains a misrepresentation, the purchaser will be deemed to have relied upon the misrepresentation and will, except as provided below, have a statutory right of action for damages or for rescission against the issuer and a selling security holder on whose behalf the distribution is made; if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action. The Ontario

legislation provides a number of limitations and defences to such actions, including: (a) the issuer or any selling security holder is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the issuer shall not be liable for all or any portion of the damages that the issuer or any selling security holder proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

These rights are not available for a purchaser that is: (a) a Canadian financial institution, meaning either: (i) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a province or territory of Canada; (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the Bank Act (Canada); (c) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or (d) a subsidiary of any person referred to in clauses (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

# Statutory Rights

## Saskatchewan

Saskatchewan securities legislation provides that in the event that an offering memorandum, together with any amendments thereto, or advertising and sales literature disseminated in connection with an offering of securities contains a misrepresentation, a purchaser who purchases such securities has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against: (a) the issuer and the selling security holder on whose behalf the distribution is made; (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered; (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them; (d) every person who or company that, in addition to the persons or companies mentioned in clauses (a) to (c), signed the offering memorandum or the amendment to the offering memorandum; and (e) every person who or company that sells securities on behalf of the issuer and the selling security holder under the offering memorandum or amendment to the offering memorandum. If such purchaser elects to exercise a statutory right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that person or company. No such action for rescission or damages shall be commenced more than, in the case of a right of rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of any action, other than an action for rescission, before the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan legislation provides a number of limitations and defences, including: (a) no person or company will be liable if the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in the case of an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation; and (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser. No person or company, other than the issuer, will be liable if the person or company proves that: (a) the offering memorandum or any amendment to it was sent or delivered without the person's or

company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; (b) after the filing of the offering memorandum or any amendment to it and before the purchase of securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it; (c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; (d) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of or an extract from the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert, (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or any amendment to it fairly represented the person's or company's report, opinion or statement, or (ii) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Saskatchewan Securities Commission and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of the amendment to it; or (e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

# Statutory Rights

The Saskatchewan legislation also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement. The Saskatchewan legislation provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of Saskatchewan securities legislation, regulations or a decision of the Saskatchewan Financial Services Commission. The Saskatchewan legislation also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by the Saskatchewan legislation. The Saskatchewan legislation also provides that a purchaser who has received an amended offering memorandum that was amended and delivered in accordance with such legislation has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

## **New Brunswick**

Under New Brunswick securities legislation, certain purchasers who purchase securities offered by an offering memorandum during the period of distribution will have a statutory right of action for damages, or while still the owner of the securities, for rescission against the issuer and any selling security holder in the event that the offering memorandum, or a document incorporated by reference in or deemed incorporated into the offering memorandum, contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of one year from the date the purchaser first had knowledge of the facts giving rise to the cause of action and six years from the date on which payment is made for the securities.

The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or any selling security holder. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer and any selling security holder will have no liability. In the case of an action for damages, the issuer and any selling security holder will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to a New Brunswick purchaser. The foregoing is a summary of the rights available to a New Brunswick purchaser. Not all defences upon which an issuer, selling security holder or others may rely are described herein. New Brunswick purchasers should refer to the complete text of the relevant statutory provisions.

## **Nova Scotia**

Under Nova Scotia securities legislation, certain purchasers who purchase securities offered by an offering memorandum during the period of distribution will have a statutory right of action for damages against the issuer or other seller and the directors of the issuer as of the date the offering memorandum, or while still the owner of the securities, for rescission against the issuer or other seller if the offering memorandum, or a document incorporated by reference in or deemed incorporated into the offering memorandum, contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation.

# Statutory Rights

The right of action for damages or rescission is exercisable not later than 120 days from the date on which payment is made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer or other seller or the directors of the issuer. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, the issuer or other seller and the directors of the issuer will have no liability. In the case of an action for damages, the issuer or other seller and the directors of the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

In addition, a person or company, other than the issuer, is not liable with respect to any part of the offering memorandum or any amendment to the offering memorandum not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation

A person or company, other than the issuer, will not be liable if that person or company proves that (a) the offering memorandum or any amendment to the offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent, (b) after delivery of the offering memorandum or any amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to the offering memorandum, the person or company withdrew the person's or company's consent to the offering memorandum or any amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it, or (c) with respect to any part of the offering memorandum or any amendment to the offering memorandum

purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of the offering memorandum or any amendment to the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

These rights are in addition to, and without derogation from, any other rights or remedies available at law to a Nova Scotia purchaser. The foregoing is a summary of the rights available to a Nova Scotia purchaser. Not all defences upon which an issuer or other seller or others may rely are described herein. Nova Scotia purchasers should refer to the complete text of the relevant statutory provisions.

## **Newfoundland and Labrador**

If an offering memorandum, together with any amendment thereto, contains a misrepresentation, a purchaser has, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for damages against (a) the issuer, (b) subject to certain additional defences, against every director of the issuer at the date of the offering memorandum and (c) every person who signed the offering memorandum, but may elect to exercise the right of rescission against the issuer (in which case the purchaser shall have no right of action for damages against the aforementioned persons).

# Statutory Rights

No action shall be commenced to enforce the right of action discussed above more than: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action for damages, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action. Securities legislation in Newfoundland and Labrador provides a number of limitations and defences to such actions, including:

- no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- in an action for damages, the defendant is not liable for all or any portion of the damages that it proves does not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- in no case shall the amount recoverable under the right of action described herein exceed the price at which the securities were offered under the offering memorandum, or any amendment thereto.

## Prince Edward Island

A “misrepresentation” for purposes of the Securities Act (Prince Edward Island) also includes an omission to state a material fact that is required to be stated by the Securities Act (Prince Edward Island). If this presentation, together with any amendment to this presentation, delivered to an investor resident in Prince Edward Island contains a misrepresentation and it was a misrepresentation at the time of purchase, the investor will be deemed to have relied upon the misrepresentation and will have a right of action against the Company and, subject to certain additional defences, every director of the Company at the date of this presentation for damages or, alternatively, while still the owner of the purchased securities, for rescission against the Company, provided that:

no action shall be commenced to enforce the foregoing rights: (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the date the investor first had knowledge of the facts giving rise to the cause

of the action, or (ii) three years after the date of the transaction that gave rise to the cause of the action

no person or company will be liable if the person or company proves that the investor purchased the Securities with knowledge of the misrepresentation

no person or company (other than the Company) will be liable if it proves that (i) the presentation was delivered to the investor without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person’s or company’s knowledge or consent, (ii) after the delivery of the presentation and before the purchase of the Securities by the investor, on becoming aware of any misrepresentation in the presentation, the person or company withdrew the person’s or company’s consent to the presentation and gave reasonable general notice of the withdrawal and the reason for it, or (iii) with respect to any part of the presentation purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the presentation did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

no person or company (other than the Company) will be liable with respect to any part of the presentation not purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, an opinion or a statement of an expert unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation;

in an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Securities as a result of the misrepresentation relied upon; and

in no case shall the amount recoverable exceed the price at which the Securities were sold to the investor.