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Exro Announces Merger with SEA Electric to Create Leading e-Mobility Technology Company and Concurrent C\$42 Million Capital Raise Transactions

- **Complementary technologies driving significant synergy potential which provides a full scope solution with enhanced performance and reduced cost of ownership**
- **Multi-year commitments from Mack (Volvo) and Hino (Toyota)**
- **Targeting delivery of more than 1,000 propulsion technology systems to OEMs in 2024**
- **Concurrent C\$42 Million capital raise to fund capital expenditures, working capital, and general business requirements**

CALGARY, Alberta (January 30, 2024) – Exro Technologies Inc. (TSX: EXRO, OTCQB: EXROF) (the “Company” or “Exro”) and SEA Electric Inc. (“SEA” or “SEA Electric”) announced today that they have entered into an agreement (the “Merger Agreement”) providing for the acquisition of SEA by Exro (the “Transaction”). This business combination is expected to strengthen Exro’s technology offerings while accelerating revenue growth and Exro’s path to profitability. Following completion of the Transaction, the combined company (the “Combined Company”) will continue to operate under the name Exro Technologies Inc. and trade on the Toronto Stock Exchange (the “TSX”) under the ticker symbol “EXRO”.

“We are pleased to announce the merger between Exro and SEA Electric, which unites our complementary EV technology platforms and unlocks substantial opportunities for growth and path to profitability. Our merger with SEA not only creates significant revenue and cost synergies, but positions Exro to amplify its growth with new partners while continuing to develop our existing relationships. Having come to know SEA and its management team from doing business with them over the past several years, I have great confidence that this acquisition will bolster our competitive positioning in the EV technology space while providing significant value potential for our shareholders”, commented Sue Ozdemir, Chief Executive Officer of Exro.

Compelling Strategic Rationale

The Combined Company aims to accelerate and modernize electrification with a patented, blue chip validated technology platform. SEA Electric produces the SEA-Drive propulsion technology that controls all the components that electrify a vehicle. When integrated with the Exro Coil Driver™, the complementary technologies provide an end-to-end solution with enhanced performance and improved total cost of ownership for commercial vehicles. SEA’s technology has been validated by large blue chip OEM customers with multi-year commitments from Mack (Volvo) and Hino (Toyota). Together, Exro and SEA target delivery of more than 1,000 propulsion technology systems to these OEMs in 2024, with aggregate revenues forecasted to be more than C\$200 million for the calendar



year 2024. Combined with an asset-light business model focused on technology, these targets provide for a defined path to profitability within 12 months of completing the Transaction.

The Combined Company will bring Exro's next generation technology to the full spectrum of e-mobility platforms including passenger vehicles to large commercial trucks and beyond. Together, Exro and SEA will aim to secure the short-term with a strong order book while maintaining a continued focus on disruptive innovation with next generation electric motor and battery control technologies backed by more than 60 patents and patent applications.

Upon completion of the Transaction, Sue Ozdemir will remain as Chief Executive Officer, Tony Fairweather will join Exro as the Chief Product Officer, and Darrell Bishop will become Chief Financial Officer. The board of directors of the Combined Company will consist of up to nine members with Rod Copes serving as Chair and the remaining directors comprised of representatives from both Exro's and SEA's current boards of directors.

Rod Copes, Chairman of Exro's Board of Directors, added "Today marks the beginning of a significant new chapter in Exro's journey as we proactively and strategically lead the consolidation of the e-mobility sector. The Transaction secures first-mover advantage and the path to revenue is robust, backed by a strong leadership team committed to delivering to shareholders on the market opportunity."

SEA is a global e-mobility technology company founded in Australia in 2012 and now headquartered in the USA. After a multi-year, rigorous validation, the SEA-Drive propulsion technology was awarded a five-year contract from Mack for up to 5,000 propulsion systems, securing the contract based on superior performance and cost versus more than fifteen legacy and new competing technologies. Similarly, SEA secured a three-year agreement with Hino for up to 3,500 systems.

Tony Fairweather, Founder and Chief Executive Officer of SEA said "With OEM contracts in-hand and industrialization underway, SEA Electric will benefit greatly from this business combination. Exro provides the resources, capabilities and automotive systems that will ensure the successful execution of these important contracts, as well as offering complementary and differentiating technology in the form of its Coil Driver and Cell Driver. I am very excited about our combined future".

Transaction Terms

The Transaction values SEA Electric at approximately US\$300 million (C\$402 million). Exro will issue, based on Exro's weighted average common share price over the 10 trading days ending January 26, 2024 of US\$0.7680 per share (approximately C\$1.03 per share) (the "Reference VWAP"), a combination of common shares (the "Exro Common Shares") and non-voting convertible preferred shares (the "Exro Convertible Shares") to SEA stockholders.

Pursuant to the Merger Agreement, SEA stockholders will receive approximately 153.8 million Exro Common Shares and 168.7 million Exro Convertible Shares, on a non-diluted basis and excluding existing SEA shares held by Exro, resulting in total implied consideration issued to SEA stockholders of approximately US\$248 million (C\$332 million) (the "Consideration") in aggregate, based on the Reference VWAP. In addition, Exro will assume approximately US\$46 million (C\$62 million) in SEA net



debt as part of the Transaction. The Exro Convertible Shares will be convertible into Exro Common Shares on a one-for-one basis without payment of any additional consideration and upon the satisfaction of certain conditions.

Under the terms of the Merger Agreement, immediately following the closing of the Transaction, Exro shareholders will own an approximate 34.5% economic stake in the Combined Company and SEA shareholders will own an approximate 65.5% economic stake in the Combined Company, on a fully diluted basis and prior to any impacts of the Offering (as defined below). Immediately following the closing of the Transaction, and prior to any conversion of Exro Convertible Shares into Exro Common Shares, current Exro shareholders will hold approximately 52.5% of the voting shares in the Combined Company and current SEA shareholders will hold approximately 47.5% of the voting shares in the Combined Company, on a fully diluted basis and prior to any impacts of the Offering.

The Merger Agreement also contains customary representations, warranties and covenants, including non-solicitation covenants applicable to Exro and SEA.

The Merger Agreement may be terminated in certain specified circumstances, including: (i) if the Transaction is not consummated on or before June 30, 2024, (ii) the approval of the Exro shareholders is not obtained or (iii) if Exro's board of directors makes a change in recommendation or enters into an agreement in respect of a superior proposal. A termination fee of approximately US\$11.4 million (C\$15.3 million) is payable by Exro to SEA if the Merger Agreement is terminated in certain circumstances, including if Exro enters into a superior proposal, and Exro is entitled to a reverse termination fee of approximately US\$11.4 million (C\$15.3 million) from SEA if the Merger Agreement is terminated in certain circumstances.

The foregoing summary is qualified in its entirety by the provisions of the Merger Agreement, a copy of which will be filed under Exro's profile on SEDAR+ at www.sedarplus.com.

Transaction Closing, Required Approvals and Lock-up Provisions

The Transaction is expected to close by the end of Q1 2024, subject to the of approval of Exro shareholders at a special meeting (the "Special Meeting") and other customary closing conditions. Details regarding the Special Meeting, including date and time and full details regarding the background to the Transaction and voting recommendations for Exro shareholders will be issued in due course. The Transaction must be approved by a majority of the votes cast by Exro shareholders at the Special Meeting.

In conjunction with the signing of the Merger Agreement, directors and officers of Exro have entered into customary voting support agreements pursuant to which they have agreed to vote their Exro Common Shares in favour of the Transaction. The Transaction has received the requisite approvals from SEA stockholders.

Pursuant to a lock-up provision contained in the SEA stockholders' agreement, all current holders of SEA common stock and SEA preferred stock are subject to certain restrictions on the sale or transfer of Exro Common Shares received pursuant to the Transaction, or through the conversion of Exro



Convertible Shares into Exro Common Shares, for a period of six months following closing of the Transaction.

Concurrent Capital Raise Transactions

Concurrent with the Transaction, Exro will be raising an aggregate amount of approximately C\$30 million (US\$22 million) through the issuance of subscription receipts of Exro (the "Subscription Receipts"), prior to any exercise of the Underwriters' Option (as defined below). In connection with the Transaction and contemporaneous with the issuance of Subscription Receipts, SEA has also entered into arrangements to receive an aggregate of US\$9 million (C\$12 million) of debt financing (the "Debt Financing") from a Canadian pension fund manager (the "Debt Investor").

In respect of the Subscription Receipts, Exro has entered into an agreement (the "Engagement Agreement") with Canaccord Genuity Corp. and Eight Capital (collectively, the "Co-Lead Underwriters"), for and on behalf of a syndicate of underwriters (collectively, with the Co-Lead Underwriters, the "Underwriters"), for the issuance, on a bought deal basis of 31,600,000 Subscription Receipts at a price of C\$0.95 (US\$0.7082) per Subscription Receipt for aggregate gross proceeds to the Company of approximately C\$30 million (US\$22 million) (the "Offering"), prior to any exercise of the Underwriters' Option (as defined below).

The Underwriters have been granted an option on the Offering (the "Underwriters' Option"), exercisable in whole or in part on the same terms as the Offering, no later than two business days before the Closing Date (as defined below), to issue up to an additional 21,100,000 Subscription Receipts for additional gross proceeds of up to approximately C\$20 million (US\$15 million).

Upon closing of the Transaction, each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration and without further action, an Exro Common Share, plus an amount per Exro Common Share, if any, equal to the amount per Exro Common Share of any cash dividends declared by the board of directors of the Company on the Exro Common Shares to holders of record on a date during the period from, and including, the Closing Date (as defined below) to, but excluding, the date of the closing of the Transaction, net of any applicable withholding taxes. If the Transaction does not close by June 30, 2024, the proceeds from the sale of the Subscription Receipts will be returned to the holders of such Subscription Receipts. The Subscription Receipts will be governed by the terms of a subscription receipt indenture (or equivalent document) (the "Subscription Receipt Agreement") containing customary anti-dilution provisions for a transaction of the nature of the Offering.

The Offering is expected to close on February 15, 2024 (the "Closing Date"), and is subject to certain conditions including, but not limited to, the receipt of all necessary corporate and regulatory approvals, including the approval of the TSX.

The net proceeds from the Offering and from the sale of any additional Subscription Receipts pursuant to the exercise of the Underwriters' Option, if applicable, will be held in escrow pursuant to the terms of the Subscription Receipt Agreement and are intended to be used by Exro to support the business plan of the Combined Company, including but not limited to production, capital expenditures, working capital requirements, and normal course corporate and operating needs.



All securities issued in connection with the Offering are subject to a four-month and one day hold period in Canada, during which time the securities may not be traded.

The Subscription Receipts issued pursuant to the Offering and the additional Subscription Receipts, if any, issued pursuant to the Underwriters' Option will be offered by way of private placement in all provinces of Canada to investors who qualify as "accredited investors" under Canadian securities legislation or who are otherwise exempt from prospectus delivery requirements. Subscription Receipts issued pursuant to the Offering and the additional Subscription Receipts, if any, issued pursuant to the Underwriters' Option, if applicable, may also be sold in the United States to, or for the account or benefit of, U.S. Persons (as such terms are defined in Rule 902 of Regulation S under the *United States Securities Act of 1933, as amended* (the "U.S. Securities Act")) on a private placement basis pursuant to exemptions from the registration requirements under Rule 144A and/or Regulation D of the U.S. Securities Act, in a manner that does not require any of the securities sold pursuant to the Offering to be registered under the U.S. Securities Act or any applicable securities laws of any state of the United States. The Subscription Receipts issued pursuant to the Offering may also be sold in such other international jurisdictions in accordance with applicable law as the Company and the Underwriters may agree.

The terms of the Offering shall be subject to the provisions of a definitive underwriting agreement in respect of the Offering (the "Underwriting Agreement") to be entered into between the Company and the Underwriters, which Underwriting Agreement shall include, without limitation, the provisions set forth in the Engagement Letter as well as such representations, warranties, covenants, conditions, indemnities and termination provisions including standard disaster, material adverse change, material adverse legislation and material breach termination provisions that are usual for transactions such as the Offering.

The Subscription Receipts issued pursuant to the Offering and the additional Subscription Receipts, if any, issued pursuant to the exercise of the Underwriters' Option have not been and will not be registered under the U.S. Securities Act or any applicable securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent such registration or applicable exemption from such registration requirements. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described herein.

Advisors and Fairness Opinion

National Bank Financial Inc. is acting as exclusive financial advisor to Exro. Stikeman Elliott LLP and Dorsey and Whitney LLP are acting as legal advisors to Exro.

Canaccord Genuity Corp. and Eight Capital are acting as financial advisors to SEA. Gibson, Dunn and Crutcher LLP and Blake, Cassels and Graydon LLP are acting as legal advisors to SEA.

In connection with the review and Consideration of the Transaction, Exro engaged National Bank Financial Inc. as its exclusive financial advisor. National Bank Financial Inc. has provided an opinion to the board of directors of Exro and a special committee of independent members of the board of



directors Exro formed to consider the Transaction that, as of the date hereof and based upon and subject to the assumptions, limitations and qualifications set out in its opinion, the Consideration is fair, from a financial point of view, to the Exro shareholders other than Vestcor Inc.

Shareholder Webcast

Exro will host a shareholder livestream webcast to discuss the Transaction on January 30, 2024 at 10:00 AM (Mountain Time). To participate in the event please register [here](#).

About Exro Technologies

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 Investor Presentation visit us at www.exro.com/investors.

Visit us on social media @Exrotech.

About SEA Electric

SEA is a leading automotive and e-mobility technology company that provides 100% electric drivetrain system technology. SEA has a worldwide presence, deploying products in the USA, Canada, Australia, New Zealand, Thailand, Indonesia, India, and South Africa, collectively achieving more than three million miles of service via independent OEM-testing and real-world operation.

Contact Information

Investor inquiries: investors@exro.com

Media inquiries: media@exro.com

Cautionary Statement Regarding Forward Looking Statements

This news release contains forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan",



“anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target” or the negative of these terms or other comparable terminology.

Forward-looking statements are necessarily based on estimates and assumptions made by management in light of management’s experience and perception of historical trends, current conditions and expected future developments, as well as factors management believe are appropriate. Forward-looking statements may include but are not limited to statements respecting: the completion of the Transaction or the realization of the benefits thereof by the Combined Company; the terms and conditions of the Offering and the closing of the Offering; the receipt of all required regulatory and shareholder approvals of the Transaction and the Offering, including but not limited to the approval of the Transaction by the shareholders of Exro at the Special Meeting and the approval of the TSX; the timing and occurrence of the Closing Date; the ability of Exro and the Underwriters to enter into the Underwriting Agreement, on satisfactory terms or at all; all information regarding the Debt Financing, and the Company’s (and following the Transaction, the Combined Company’s) ability to commercialize its technology.

This news release also includes future-oriented financial information about future forecasted revenue of the Combined Company for calendar year 2024 that is not presented in the format of a historical balance sheet, income statement or cash flow statement, and which is based on assumptions about the closing of the Transaction, future economic conditions, courses of action and additional assumptions listed below (the “FOFI”). Actual results may differ from the FOFI in the news release. The FOFI is as of the date of this news release and has been included in this news release to assist readers in understanding the potential benefit of the Transaction in the Combined Company, and readers should be cautioned that the FOFI in this news release may not be appropriate for other purposes. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such FOFI necessarily involves known and unknown risks and uncertainties which may be outside of the Company’s control, and which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such FOFI. These risks and uncertainties include but are not limited to risks associated with the Combined Company realizing on the perceived benefit of the completion of the Transaction, general economic conditions, adverse industry events, loss of markets, access to capital, and other factors listed below and in Company’s most recent annual information form and MD&A.

These forward-looking statements and FOFI are based on the beliefs of the management of Exro and on assumptions which such management believes to be reasonable, based on information available at the time such statements were made. However, there can be no assurance that forward-looking statements and FOFI will prove to be accurate. Such assumptions and factors include, among other things: demand for the technology of the Company (and following the Transaction, the Combined Company); the Company’s (and following the Transaction, the Combined Company’s) ability to maintain existing partners and attract new partners; the impact of competition; the Company’s (and following the Transaction, the Combined Company’s) ability to obtain and maintain existing financing on acceptable terms; the Company’s (and following the Transaction, the Combined Company’s) ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management; volatility of stock price and market conditions; technology risks and risks associated with the commercialization of Company’s (and following the Transaction, the Combined Company’s)



technology; regulatory risks; the Company's reliance on key personnel; the Company's limited operating history; market uncertainties; the protection of patents and intellectual property; conflicts of interest; market competition; and operating in an environment subject to regulation.

The preceding list is not exhaustive of all possible factors. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors.

Please refer to the Company's annual information form and other public continuous disclosure documents filed with the Canadian securities regulators under its profile on SEDAR+ at www.sedarplus.com for additional disclosure respecting the risks affecting the Company and its business.

Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. The Company does not undertake to update any forward-looking information, except as, and to the extent required by applicable securities laws.

Neither the TSX nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this press release.