



Exro Launches Post-Acquisition Transformation and Releases Q1 Financial Results

CALGARY, AB, May 15, 2024 /CNW/ - Exro Technologies Inc. (TSX: EXRO) (OTCQB: EXROF) (the "**Company**" or "**Exro**"), a leading clean-technology company that provides proprietary motor-control and complete electric propulsion system technology for e-mobility, is excited to provide its first update highlighting the Company's transformative shifts following the acquisition of SEA Electric on April 5th, 2024, and announces the release of results for the three months ended March 31, 2024. With the strategic acquisition completed, Exro navigates the integration with focus on the next twelve months' strong growth prospects.

"The progress made since April 5th is a validation to the deal synergies presented in January – Revenue, cost savings and complementary technologies," said Exro CEO Sue Ozdemir. "Immediately upon closing of the deal we began initial SEA-Drive® propulsion system deliveries to key OEM customers, and launched a broad-based integration process focused on significant cost reduction and operational execution for critical customers and programs. We have also identified opportunities within supply chain and operations to further gain efficiencies and reduce cost as we continue to merge and integrate our Coil Driver™ technology into our blue-chip partnerships. We are steadily ramping our output and expect deliveries of over 250 propulsion systems within the first six months post-close and more than 1,000 systems in the 12 months post-close. The combination of Exro's Coil Driver™ inverter with the SEA-Drive® propulsion system provides the industry with a patented and proven solution to bridge the cost-performance gap. We remain committed to our vision and innovation in motor and battery control."

Operational Update

Exro proactively shifted strategies with the acquisition of SEA Electric to create a larger technology company with immediate significant revenue growth and line of sight to profitability, uniquely positioned to be a leader in the electrification transition. The acquisition brings together complementary technologies, poised to address the evolving needs of the commercial EV market segment, which shows a pronounced readiness for electrification driven by regulatory mandates and environmental imperatives. With industry-leading propulsion technology, equipped with Exro's Coil Driver™, the combined entity is well-positioned to cater to both short-term demands and long-term differentiation in the industry. Furthermore, the acquisition brought blue-chip OEM customers, providing a robust platform to grow and demonstrate our proven technologies.

During the first quarter of 2024, Exro's attention was focused both on completing the SEA Electric acquisition, and its continued commitment to driving profitable revenue growth. Notably, Exro successfully delivered Coil Driver™ units to HB4, Giaffone, and Vicinity Motors and concurrently continued the e-Axle program with Linamar. The Company also continued to advance through the second phase of its innovation program with its leading global passenger vehicle NDA OEM partner where the program will reduce the need for rare-earth metals in electric motors, driving unparalleled sustainability in e-mobility.

The closing of the SEA Electric acquisition marked a leap forward in Exro's mission to utilize minimum energy for maximum results and to expand the boundaries of control in e-mobility. In conjunction with the acquisition, management outlined the key areas to build the foundation of the Company's future growth. Below is an update on these focus areas in the first month for the newly combined entity:

- 1. Revenue:** A steady ramp in deliveries with our blue-chip OEM customers will result in strong revenue growth in 2024 and beyond. The newly combined entity provides a combination of complementary skills and experience and has already demonstrated improved operational results. The Company remains committed to delivering over 250 propulsion systems during the first six months post-close and is executing a plan to achieve cash flow positive by Q2 2025.
- 2. Costs:** Exro is implementing rigorous team integration and cost cutting measures which target an annualized reduction in General & Administrative expenses of up to US\$10 million in 2024. Since April 5th, Exro has already recognized an initial US\$5 million in annualized savings through redundancies, supply chain efficiencies, and optimized business operations. The Company has a plan in place to deliver further savings through facilities rationalization, a focus on execution, and continued operational optimization. The Company anticipates additional efficiencies to be realized and aligned with a targeted path to profitability by Q2 2025. In line with this, Exro is also currently in late-stage discussions with financial institutions to secure non-dilutive working capital that will further support its accelerated growth. These discussions reflect the company's commitment to strategically fortifying its financial infrastructure to seize emerging opportunities and drive sustained expansion.
- 3. Technology:** Exro is engaged in technical review discussions with its industry-leading OEM partners to integrate our Coil Driver™ inverters into core propulsion systems. These discussions include existing platforms currently being delivered as well as new programs being developed. Validating our initial acquisition strategic rational, it is anticipated that Coil Driver™ pilots will begin with these partners in Q3 2024, bringing higher performance and lower costs which would support a future where the Coil Driver™ inverter becomes a core component of all existing SEA-Drive® propulsion system agreements.

Exro's innovation program with its leading global passenger vehicle automotive OEM under NDA continues to progress well through phase two, which includes deliveries of Coil Driver™ prototypes with optimized OEM partner's motor in 2024. The intent of this innovation program is to demonstrate the Coil Driver's™ industry disruptive ability to reduce dependency of rare-earth metals in electric motors. This ability has also attracted the attention of other major global automotive OEMs. Exro is optimistic that ongoing discussions with these additional OEMs will lead to a second OEM innovation program announcement by the end of Q3 2024.

Exro remains on track for UL certification of its Cell Driver™ stationary energy storage system in Q2 2024, further enhancing its

product portfolio and market competitiveness.

First Quarter 2024 Financial Highlights

The following is a summary from the Company's consolidated interim financial statements and Management's Discussion and Analysis for the quarter ended March 31, 2024. All dollar figures are in Canadian dollars.

For the three months ended	Revenue	Net loss	Basic and diluted loss per common share	Weighted average number of common shares
March 31, 2024	\$1,263,211	\$(12,867,234)	\$(0.08)	170,077,862
March 31, 2023	\$324,769	\$(8,163,404)	\$(0.05)	149,820,687

Through Q1 2024, Exro began to reposition its business and operations in preparation for the acquisition of SEA in Q2 2024. Coil Driver™ orders were filled and delivered on time for low-volume commitments by HB4, Vicinity Motors, and Giaffone, while Cell Driver™ progressed through final testing requirements towards UL certification.

For the three months ended March 31, 2024, the Company saw revenue generated of \$1,263,211 driven by pilot Coil Driver™ unit sales and engineering services agreements completed during the quarter. While the Company incurred a net loss of \$12,867,234 in Q1 2024, the loss was down from \$18,769,546 for the three months ended December 31, 2023, and in-line with Q2 2023. Included in the Q1 2024 operating loss are one-time costs of \$2,077,145 for transaction costs directly related to the acquisition of SEA Electric, and a non-cash loss on the revaluation of the Company's previously held investment in SEA Electric of \$903,238. These items did not exist in the comparative period, which would have otherwise equated to a loss in-line with Q1 2023.

The condensed consolidated interim financial statements and Management's Discussion and Analysis for the quarter ended March 31, 2024, from which the above information was derived were filed on May 15, 2024, can be viewed at www.exro.com/investors or on SEDAR under Exro Technologies Inc. at www.sedarplus.ca.

ABOUT EXRO TECHNOLOGIES INC.

Exro Technologies Inc., now expanded through the strategic acquisition of SEA Electric, is a leading clean technology company that has developed new generation power control electronics. Its innovative suite of solutions, including Coil Driver™, Cell Driver™, and SEA-Drive®, expand the capabilities of electric motors and batteries and offer OEMs a comprehensive e-propulsion solution with unmatched performance and efficiency. Exro is reshaping global energy consumption, accelerating 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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