Exro Announces Corporate Update Pertaining to Patent Applications, Operational Developments, and Upcoming Interest Payment

At a Glance:

- *Exro has filed two new U.S. provisional patent applications, presenting further powertrain uses for its technology, and strengthening Exro's intellectual property position.*
- *Exro and motor partner Traktionssysteme Austria are set to progress the partnership into its next stage of operations as the companies collaborate on a European co-marketing initiative.*
- *Exro has elected to issue common shares in satisfaction of interest payment due on June 30, 2023, under its C$15 Million convertible debentures.*
- *Exro remains on schedule to begin series production of its Coil Driver™ and Cell Driver™ products in Q3 2023 and, as the company approaches this milestone, will host a monthly livestream event for Shareholders launching at the end of this month.*

CALGARY, AB, June 22, 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 announced a corporate update regarding two new patent applications strengthening its intellectual property ("IP") position, upcoming interest payments pursuant with the terms of the C$15 Million bought deal convertible debenture financing, and operational updates appertaining to both the evolution of its Traktionssysteme Austria ("TSA") partnership and its on-track Coil Driver™ and Cell Driver™ series production scheduling.

New Key Patent Filings

In addition to prioritizing delivery of the Company's motor and battery control products, Exro has been diligently working on advancing several new technologies, which includes two new U.S. provisional patent applications on an electric vehicle powertrain architecture.

"Exro is thrilled to add two new U.S. provisional applications to its comprehensive intellectual property protection program, which includes over 40 patents published and pending and IP wholly owned in 14 patent families providing or seeking global protection in strategic countries," said Exro CEO Sue Ozdemir. "These new technologies are not only examples of Exro's commitment to research and innovation, but also promises of the multifold applications our technology and IP present in powertrains across the e-mobility and energy sectors. Congratulations to the team on these exciting additions to our patent portfolio."

The Company's first U.S. provisional application builds on the Company's Coil Driver™ and Cell Driver™ foundation by combining its two advanced power electronics capabilities (motor and battery control) with predictive control algorithms to deliver significant benefits to EV propulsion. This includes up to 2x increase in battery cell life, seamless integration of fuel cells without requiring additional DC-DC conversion, high level of fault tolerance, as well as the benefits that Coil Driver™ and Cell Driver™ bring individually, including range and system performance increase. While there is growing market demand for hydrogen fuel cell applications, adoption is limited by overall costs; the patent presents a solution to reduce costs and increase performance in these applications.

Exro's second U.S. provisional application is directed to a harmonic motor controller or current source. Today, what is considered state-of-the-art motor control is field-oriented control ("FOC"). FOC measures a motor current and calculates the right voltage to apply to the machine to control current and torque. Though a strong concept, it presents key limitations in addressing real-world motor control challenges, particularly motor harmonics. In contrast, Exro's technology replaces the calculation of the switch states performed by FOC with a proprietary algorithm to greatly simplify motor control. As a result, the technology demonstrates high fault tolerance, responds dynamically to load or line changes, and ultimately improves harmonics across a wide variety of applications. This AC controller technology presents broad applicability to any scenario where DC-to-AC conversion is required.

While Exro will continue to use trade secrets to protect proprietary software and algorithms, it will look to bolster software-related patent filings in the coming quarters.

Operational Update

Exro-TSA Partnership Demand Campaign
Expanding on its existing efforts in North America, Exro and longstanding motor partner TSA are set to launch a European campaign, marking the partnership's next stage of operations, and aligning with Exro's global strategy to increase its presence in European and Asian markets. Said marketing initiative will bolster an unmatched solution for high voltage applications, that uses a TSA motor and an Exro Coil Driver™ to achieve peak system efficiencies.

The campaign will leverage the recent Q2 2023 third-party bench test results that demonstrated that the 800 Volt Exro Coil Driver™ and TSA motor system delivers up to 40% more high-speed power versus the competition without compromising low-speed torque. These results demonstrate the compelling value proposition for Exro and TSA's combined system to the commercial trucking industry, which the campaign expects to target in Europe. Link: Exro-TSA Third Party Test Report.

To date, TSA and Exro have collaborated on high voltage applications for next generation commercial electric vehicles which are scheduled to be integrated into vehicles for customers starting in Q3 2023.

Coil Driver™ Motor Control & Cell Driver™ Stationary Energy Storage Updates

- In Q2 2023, the Company continued to focus on the commercialization of its Coil Driver™ technology for electric vehicles, which remains on track to begin series production this quarter ahead. In Q3 2023, production of the Low-Voltage Coil Driver™ will begin, followed by the High-Voltage Coil Driver™ production in Q4 2023.
- Delivery of low-voltage and high-voltage design-for-manufacture (DFM) samples is progressing as planned with the first series production units underway. Our first low-voltage integrations have been completed in Europe in Q2 2023 and are on-road. Our first high-voltage integrations with customer vehicles are underway with customers with vehicles scheduled to be on-road in August and September. All partnerships remain on track and the Company is optimistic that successful integrations in Q3 will evolve into supply agreements per its May 10, 2023 update (Link).
- In June, initial samples of 48V hybrid-diesel Coil Driver™ inverter-motor systems were delivered to Exro's European off-highway NDA-partner. Of note, this project includes two NDAs under one umbrella partnership – one is a large European OEM that supplies vehicles for off-highway applications, the second is a large European-based motor supplier. The project is progressing to the next stage which includes commissioning and testing by the OEM in Europe in Q3 2023.
- Exro's second European-based NDA project with a large tier-1 strategic partner continues to progress on schedule. Headquartered in Europe with over 25,000 employees worldwide, the partner is a market leader in environmentally sustainable mobility for large-scale automotive OEM customers. Exro anticipates receipt of the NDA-partners motor in Calgary by mid-Q3 2023 followed by pairing with Exro's Coil Driver™. The strategic partnership is intended to leverage Exro's Coil Driver™ technology and the partner's motor design capabilities to develop next-generation powertrain solutions that address the Class 7-8 truck and bus electric commercial vehicle market as well as specialty off-highway applications. The parties shall transition to a definitive agreement

following successful validation of partner motor-Exro L040 800V inverter proof-of-concept.

- Exro Cell Driver™ continues to make progress towards in certification phases and remains on schedule to complete UL Certification in early Q3 2023, per the Company's update on May 8, 2023 (Link). Exro's partnership with ReBuild, also announced in May, is successfully progressing, priming the business for start-of-series production with in-field pilots and deliveries immediately following UL Certification.

Upcoming Interest Payment

Pursuant to the terms of the C$15,000,00 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"), the aggregate amount of interest owing on the Debentures payable on the Due Date is C$900,000 (the "Interest"). The Company has elected to issue 422,533 common shares in the capital of the Company ("Common Shares") at a deemed price of C$2.13 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 June 22, 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.

Shareholder Webcasts

Exro remains focused on Coil Driver™ and Cell Driver™ product series production, which remain on-track for Q3 2023. As the Company approaches these milestones, it will launch a monthly livestream event for shareholders to provide a "*Look Inside*" aspects of the Company's operations and technologies. Register now for the Exro's first monthly *"Look Inside"* event, slated for June 27, 2023, at 1 PM PDT.

Additionally, the Company will launch a quarterly *"Deep Dive"* live steam event to keep stakeholders abreast of important organizational developments as it progresses into its commercialization phase. Exro's first quarterly "Deep Dive" event is contemplated for early July. Details to follow.

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

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved". Forward looking statements involve risks, uncertainties and other factors disclosed under the heading "Risk Factors" and elsewhere in the Company's filings with Canadian securities regulators, that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Although the Company believes that the assumptions and factors used in preparing these forward-looking statements are reasonable based upon the information currently available to management as of the date hereof, actual results and developments may differ materially from those contemplated by these statements. Readers are therefore cautioned not to place undue reliance on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed times frames or at all. Except where required by applicable law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This information is qualified in its entirety by cautionary statements and risk factor disclosure contained in filings made by the Company with the Canadian securities regulators, including the Company's annual information form for the financial year ended December 31, 2022, and financial statements and related MD&A for the financial year ended December 31, 2022, filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

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

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