Exro Technologies Inc. Announces 2020 First Quarter Financial Results

written by Raj Shah | June 2, 2020

June 1, 2020 (Source) – Exro Technologies Inc. (CSE:XRO)(OTCQB:EXROF) (the "Company") is pleased to announce its first-quarter 2020 financial results for the three months ended March 31, 2020.

"Exro is in full force at commercializing its patented Coil Switching Technology. We engaged multiple partnerships with manufacturers during the first quarter such as Finland's Aurora Powertrains Oy ("Aurora") and Clean Seed Capital Group Ltd. ("Clean Seed") along with the partnerships from 2019, Motorino Electric Bike, Potencia and Templar Marine. We are in talks with several potential partners to build prototypes that will be implanted into the field" said CEO Sue Ozdemir.

"We are also in works to open a 6,500 sq. ft. innovation center in Calgary, Alberta, to demonstrate how the Company dramatically improves the performance of the world's electric motors. The Exro Innovation Center ("EIC") will also increase the Company's laboratory space, to expand its service capabilities to customers and showcase where Exro's technology can be applied to key sectors of the economy. The EIC will also host collaborative events to explore advances in energy consumption and power electronics innovations, with participants from Calgary, across Canada and around the world."

FINANCIAL HIGHLIGHTS

The following financial highlights summary is taken from the Company's unaudited consolidated financial statements and Management's Discussion and Analysis for the three months ended March 31, 2020, dated June 1, 2020, which can be viewed on Exro's website at www.exro.com and on SEDAR at www.sedar.com under Exro Technologies Inc. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the fiscal year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts contained herein are expressed in Canadian dollars unless otherwise indicated.

During the three months ended March 31, 2020, the Company incurred a comprehensive loss of $1,525,182 (2019 – $1,024,696).

Professional fees increased from $38,813 to $84,220 during the three months ended March 31, 2020. The $45,407 increase was primarily due to legal fees incurred related to intellectual property.

Share-based payments expense was $144,683 for the three months ended March 31, 2020 (2019 – $140,473). This relates to fair value of options granted during the year as well as amortization of unvested options issued during the year ended December 31, 2019. There were no options issued or vested in the same period last year.

Investor relations expense of $103,163 (2019 – $22,891) an increase of $80,272. The increase is due to efforts by the Company to attract investors as it expands.

Regulatory fees of $31,115 (2019 – $21,960) were incurred during the quarter ended March 31, 2020. The increase is due to additional fees incurred by the Company as a result of its private placement and grant of options.

Payroll and consulting fees increased by $261,271 from $457,306 to $718,577. The increase was a result remuneration paid to new management being higher as well as new management positions created as the company continues its growth.

Research and development of $175,882 (2019 – $155,439) was incurred during the period which represents mainly materials used for development of its technology. The increase is due to additional expenditures incurred as the Company continues to improve its technology in order to achieve its goals for commercialization.

Marketing expense of $76,869 (2019 – $51,983) and travel expense of $68,927 (2019 – $59,908) increased as the Company promotes its technology as well as focuses on attracting potential users of its technology.

OPERATING HIGHLIGHTS

On January 15, 2020, the Company announced plans to open a 6,500 sq. ft. innovation center in Calgary, Alberta, to demonstrate how the Company dramatically improves the performance of the world’s electric motors.

On February 6, 2020, the Company announced a partnership with Aurora, which in 2019 released an all-electric production snowmobile: the “eSled”. The two companies will work to both increase motor performance while decreasing cost for future production. The partnership will see the Company’s technology being added to the Aurora electric powertrain, a further move to global commercialization of the Company technology. According to

the International Snow Machine Manufacturing Association, the snowmobile sector has a global imprint. In 2018 there were 124,786 snowmobiles sold worldwide. ISMMA estimates the economic annual economic impact of snowmobiling to be $26 billion in the US, $8 billion in Canada and $5 billion in Europe and Asia.

On February 27, 2020, the Company completed a private placement of 12,284,545 shares at a price of $0.35 per share for proceeds of $4,299,590. The Company paid finders fees of $289,961 issued 828,463 broker warrants with an exercise price of $0.42 per share with a twelve-month expiry.

On April 28, 2020, the Company announced it signed a collaboration and supply agreement with Clean Seed Capital Group Ltd. (“Clean Seed”) to integrate the Company’s technology into Clean Seed’s high-tech agricultural seeder and planter platforms, advancing the electrification of the world’s heavy-farm equipment. Under the Agreement, Clean Seed will issue a purchase order to integrate the Company’s electric-motor-enhancing technology into Clean Seed’s latest technology offerings and beyond. Clean Seed, in collaboration with the Company, will be building a working prototype that will be implemented in the field by 2021.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2020, the Company had cash of $3,555,560, accounts payable and accrued liabilities of $425,287, and a related party payable of $51,394.

RESULTS OF OPERATIONS AND SELECTED FINANCIAL DATA

Quarter ended	Revenue	Net loss and comprehensive loss	Basic and diluted loss per common share	Weighted average number of common shares
March 31, 2020	$ –	$ (1,525,182)	$ (0.02)	76,314,552
March 31, 2019	–	(1,024,696)	(0.02)	55,440,192

OUTSTANDING SHARE DATA

As of June 1, 2020, there were 82,933,904 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	Number Outstanding as of June 1, 2020	Number Outstanding as of March 31, 2020
Common Shares issued and outstanding	82,933,904	82,880,249
Options	9,399,167	9,432,500
Warrants	650,000	650,000
Broker Warrants	998,926	1,780,831

ABOUT EXRO TECHNOLOGIES INC.

Exro is a Clean Tech company that has developed a new class of control technology for electric powertrains. Exro’s advanced motor control technology, our “Coil Driver”, expands the capabilities of electric motors and powertrains. The Coil Driver enables two separate torque profiles within a given motor. The

first is calibrated for low speed and high torque, while the second provides expanded operation at high speed. The ability to change configuration allows efficiency optimization for each operating mode, resulting in overall reductions in energy consumption. The controller automatically and seamlessly selects the appropriate configuration in real time so that torque demand and efficiency are optimized.

The limitations of traditional electric machines and power technology are becoming more evident. In many increasingly prominent applications, traditional methods cannot meet the required performance. This means either oversizing the equipment, adding additional motors, or implementing heavy mechanical geared solutions. Exro offers a new solution for system optimization through implementation of the technology which can yield the following results: increased drive cycle efficiency, reduced system volume, reduce weight, expanded torque and speed capabilities. Exro allows the application to achieve more with less energy consumed.

For more information visit our website at www.exro.com.

ON BEHALF OF THE BOARD OF DIRECTORS

Sue Ozdemir, Chief Executive Officer

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.

NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ITS REGULATION SERVICES PROVIDER ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS NEWS RELEASE.