

Exro Technologies Inc. Announces 2020 Second Quarter Financial Results

written by Raj Shah | August 29, 2020

August 28, 2020 ([Source](#)) – *Exro Technologies is pleased to announce its 2020 second quarter financial results*

- Successfully closed its marketed short form prospectus offering for gross proceeds of Cdn \$8,000,000
- Added three new high-quality partnerships
- Delivered the customized driver to Potencia at the end of June

Exro Technologies Inc. (CSE:XR0)(OTCQB:EXROF) (the “Company”) is pleased to announce its second quarter 2020 financial results for the six months ended June 30, 2020.

“We are excited that Exro has been able to add three new high quality partnerships over the last four months with Clean Seed Capital Group Ltd. (TSX.V:CSX) (“Clean Seed”), Zero Motorcycles (“Zero”) and SEA Electric Pty Ltd. (“SEA Electric”),” said CEO Sue Ozdemir.

“On the commercialization front, our engineering team delivered the customized driver to Potencia at the end of June. The driver is now undergoing rigorous testing with Potencia’s engineering team,” said CEO Sue Ozdemir. “We’re excited to confirm that the driver has been received and testing has begun on the unit. Our expectation is to complete testing by the end of October. Exro has delivered, and we look forward to continuing to strengthen our relationship.” said Tomas Gottfried, Technical Director at Potencia. After Potencia’s internal testing is complete, the

driver will be installed in a vehicle and road tested. This will provide the first on road application for Exro.

Subsequent to June 30, 2020, Exro successfully closed its short form prospectus offering pursuant to which the Company issued 11,428,571 units of the Company ("Units") at a price of \$0.70 per unit for gross proceeds of Cdn \$8,000,000 (the "Offering"). "The net proceeds from this Offering will be used for further research and development of the coil switching technology for commercialization in the mobility segment including micro, light and commercial electric vehicle programs, marketing, capital investments and general working capital requirements." said CFO John Meekison.

OPERATING HIGHLIGHTS

On April 28, 2020, the Company announced that it signed a collaboration and supply agreement (the "Supply Agreement") with Clean Seed to integrate the Company's technology into Clean Seed's high-tech agricultural seeder and planter platforms, advancing the electrification of one of the world's heavy-farm equipment. Under the Supply 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, anticipates building a working prototype that is expected to be implemented in the field by late 2021.

On June 15, 2020, the Company announced it has initiated a collaboration agreement with Zero to evaluate Exro's patented coil drive technology using Zero's SR/S powertrain platform. Zero is a developer of electric-powered motorcycles offering what it believes to be a superior riding experience. In entering this agreement, Exro and Zero will collaborate to integrate Exro's Coil Drive technology into a Zero ZF75-10 based motorcycle. The agreement will involve motor technology and

integration support from Zero, while Exro will provide power electronics design and supply.

On July 10, 2020, the Company completed a short form prospectus offering of 11,428,571 units at a price of \$0.70 per unit for gross proceeds of \$8,000,000. Each unit consisting of one common share and one-half share purchase warrant. Each whole warrant is exercisable into one common shares at a price of \$0.90 for a period of 24 months from the date of issuance. In connection with the share offering, the Corporation incurred share issuance costs of \$640,000 commission paid in cash, issued 571,428 common shares, and 914,285 broker warrants exercisable at \$0.70 per common share for a period of 24 months from the date of issuance.

On July 15, 2020, the company announced that it is partnering with Australia's SEA Electric to enhance electric powertrain technology for heavy duty trucks and delivery vehicles. Recognized as a global leader in the electrification of commercial vehicles, SEA Electric and Exro will co-develop and test powertrains based on Exro's Coil Driver and the SEA-Drive technologies.

FINANCIAL HIGHLIGHTS

For the three months ended June 30, 2020, compared to the three months ended June 30, 2019, the Corporation reported a comprehensive loss of \$2,246,269 (2019 – \$1,000,865).

- Professional fees remained constant as they only increased from \$79,304 to \$138,081 during the three months ended June 30, 2020, an increase of \$58,777.
- Share based payments expense was \$176,630 for the three months ended June 30, 2020 (2019 – \$61,086).
- Investor relations expense of \$86,831 (2019 – \$9,401) an increase of 77,430.

- Regulatory fees of \$52,939 (2019 – \$32,668) an increase of \$20,271 were incurred during the quarter ended June 30, 2020.
- Payroll and consulting fees increased by \$387,642 from \$482,386 to \$872,028.
- Research and development of \$300,130 (2019 – \$111,217) an increase of 188,913.
- Marketing expense of \$50,151 (2019 – \$69,732) decreased of 19,581 and travel expense of \$6,346 (2019 – \$51,199) a decrease of 44,853.
- Office and rent \$401,296 (2019 – \$76,779) an increase of \$324,517.

For the six months ended June 30, 2020 compared to the six months ended June 30, 2019, the Corporation reported a comprehensive loss of \$3,771,451 (2019 – \$2,025,562).

- Professional fees increased to \$222,301 during the six months ended June 30, 2020 compared from \$118,117 during the corresponding period in 2019.
- Share based payments expense was \$321,313 for the six months ended June 30, 2020 (2019 – \$201,559).
- Investor relations expense of \$189,994 (2019 – \$32,292) an increase of 157,702.
- Regulatory fees of \$84,054 (2019 – \$54,628) an increase of \$29,426 were incurred during the quarter ended June 30, 2020.
- Payroll and consulting fees increased by \$650,913 from \$939,692 to \$1,590,605.
- Research and development of \$476,131 (2019 – \$266,656) was incurred during the period which represents mainly materials used for development of its technology.
- Marketing expense of \$127,020 (2019 – \$121,715) increased and travel expense of \$75,273 (2019 – \$111,107).
- Office and rent \$482,402 (2019 – \$135,518) an increase of

\$346,884.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2020, the Company had cash of \$1,830,407, accounts payable and accrued liabilities of \$571,409, and a related party payable of \$27,435.

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
June 30, 2020	\$ —	\$ (2,246,269)	\$ (0.03)	83,002,396
June 30, 2019	—	(1,000,865)	(0.02)	62,913,714

OUTSTANDING SHARE DATA

As of August 28, 2020, there were 82,880,249 Common Shares issued and outstanding, and other securities convertible into Common Shares as summarized in the following table:

	Number Outstanding as of August 28, 2020 ⁽¹⁾	Number Outstanding as of June 30, 2020
Common Shares issued and outstanding	97,233,990	83,836,229
Options	8,110,000	9,132,500
Warrants	5,762,185	650,000
Broker Warrants	1,326,474	710,801

ADDITIONAL INFORMATION

The unaudited consolidated financial statements and Management's Discussion and Analysis for the six months ended June 30, 2020, dated August 28, 2020, can be viewed on Exro's website at www.exro.com and on SEDAR at www.sedar.com under Exro Technologies Inc.

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

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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.

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