Exro’s CEO Corporate Update Letter

written by Raj Shah | September 3, 2020
September 3, 2020 (Source) –

- ***A reflection on the first twelve months as CEO***
- ***Strong financial position with recent $8M raise in July***
- ***On schedule to close eight commercial partnerships***

Exro Technologies Inc. (CSE:XRO)(OTCQB:EXROF), a leading technology company which has developed a new class of power electronics for powertrains shares a corporate update from the CEO, Sue Ozdemir.

Dear Fellow Shareholders:

It’s hard to believe that is has been a year since I joined Exro. The past 12 months has been so rewarding as we innovate and transform our business. We are positioning ourselves to become leaders as we use the power of our technology to transform the way the world looks at energy consumption. I believe we now have the ideal platform to be successful.

I am extremely proud of the people that surround me, all who play a critical role in our success. Exro has invested in our technology, our people and our future. Thanks to your support we can finance our growth and continue to deliver on our milestones and towards our long-term strategy.

We have been establishing our position in the marketplace: our mission “Minimum Energy, Maximum Results” has become a guiding light for us to continue to develop new and innovative ways to utilize our technology and become a market leader in advanced power electronics within the mobility space. On all fronts we

are executing according to our technology roadmap and the second half of the year is already shaping up to support us in our expectations for the remainder of 2020.

Prioritizing our Partnerships

Our team is continuing to focus our attention on co-development with our partnerships. We are on schedule for all our commercial developments and anticipate the 100V Coil Driver proof of concept to be delivered in early Q4. This will provide the first proof of concept in an electric vehicle later this year. My commitment in September 2019 was to enter into eight commercial partnerships by end of 2020. Since the last corporate update in April we have been successful in securing 3 additional partnerships. This puts us at 7 deals and leaves us at least one more deal by the end of the year. We have a strong pipeline and are optimistic in our ability to meet our commitment to eight deals by the end of 2020. Further, we are gaining global presence as our partners deliver applications in North America, Australia, and Europe.

All of our partnerships provide critical steppingstones to our business plan. Demonstrating the versatility of our technology, we are working with everything from a two-wheel electric bike to a fleet delivery van. Our progress continues to deliver proof of concepts to the market in a variety of different applications and power ratings; providing us the foundation to expand the business with larger partnerships in the future. All our partners have been carefully selected to help showcase our versatility and scalability. This demonstrates our ability to provide our coil-driver technology both in micro applications and large, high performance applications. We have a lot of room for growth and with our execution on these eight partnerships, we will be able to accelerate our conversations and transform the mobility market forever.

Advanced Power Electronics Technology

The engineering team has been working hard to deliver the next phase of the Potencia Industrial, S.A. DE C.V. (“Potencia”) project in early Q4. This Coil Driver will demonstrate our capabilities in an electric vehicle in Mexico City. In parallel, we continue to develop the 400v and 800v drivers for other customers. Some of our next milestones will be:

November 2020- delivery to Potencia (electric car application)

This is an especially pivotal project for Exro as it will become the platform design, reducing design time for future partnerships. It also serves as our first in-car application, demonstrating our ability to transform the automotive power electronics industry.

December 2020 – the IBMS (Intelligent Battery Management System) proof of concept. With the research phase now behind us, this technology development will allow us to provide test bench data to support our simulations and confirm that we are able to provide a solution for first life batteries to be used in second life applications, such as stationary storage for example.

Q4 2020 – We expect the 8th deal will be yet another representation of the versatility and scope of our innovation. We put a lot of effort into how each partnership contributes towards our future growth plan. Finding partners that deliver a new segment, new geography or new application is part of securing our footprint in many market segments. This will position us for a robust and sustainable future.

Early 2021 (Q1)- delivery to Zero Motorcycle (“Zero”) (electric motorcycle application)

If you have not heard of this company, you should visit their

website at www.zeromotorcycles.com. Zero is a world leader in electric motorcycles and this project will demonstrate our “supercharger” abilities as we provide optimized performance for an already great technology.

Intelligent Electrification

As we continue to evolve our brand, I wanted to clarify the key parts of our technology and our focus on the mobility segment:

1. Coil Switching Technology

This is the core patented technology for Exro, allowing us to create two torque profiles within a motor. This provides the ability to supercharge a powertrain, to get more with less energy consumed, to reduce additional motors and/or gearboxes. It has opened a lot of dialogue with our existing and potential partners on how we can optimize a powertrain and change the paradigm on energy consumption. “Minimum Energy, Maximum Results”.

2. IBMS

We are continuing to innovate and develop our IBMS (Intelligent Battery Management System). The results to date have been favorable and we are working towards the utilization of an IBMS Inverter that will allow first life batteries to be used in secondary life applications like stationary storage. I am confident that are IBMS technology will provide a solution to the barriers for second life applications. The Proof of concept will be completed by end of the year and will demonstrate our ability to provide a bankable and technically securable second life battery energy storage system.

Next milestone: Dec. 2020 delivery of proof of concept, pilot application in Q1

3. Generator

We are currently focused on the mobility segment and a variety of traction applications. However, the technology is not tied to a specific type of motor or generator. Most wide torque applications with a combined need for speed (production) and torque are good opportunities for Exro. We continue to work with potential partners in a variety of applications that will demonstrate our technology’s strengths, versatility, and optimization results.

The focus on the mobility segment is a strategic decision to accelerate us to becoming a market leader. Almost all mobility applications contain propulsion: this means that they have a great torque curve for our technology and provide the foundation for the superior optimization. The mobility application includes everything from a scooter, to an e-bike, to an e-bus but also includes mining haul trucks, lift trucks, off road vehicles, trains and the list goes on! This is not an indication of the only segment we can participate it but an optimum place for us to focus and become leaders in.

Calgary is now home

It is taking a bit more time than anticipated as moving and building a new facility is a mix of ups and downs. Our lab space is Victoria was officially closed in June and we have moved all of our equipment to Calgary. In addition, we have ordered our new, large dyno bay allowing us to final test our larger drivers. The Calgary office space is now open, and our team is enjoying collaborating together in the workspace. We are now working with our contractors to complete the testing lab and have everything ready to share with customers and all of you. Tentatively we are looking at an “official” opening date in late October. For anyone coming through the Calgary area please feel

free to reach out for a visit. Due to Covid-19, we are only allowing visitors by appointment. This has allowed us to keep a safe work environment for our employees and their families. For our opening in late October we will host several small events so everyone can share in the success from all the hard work over the past months that got us to this stage.

Building Brand Awareness

We continue with our efforts to build a great company and raise awareness of the Exro technology. There has been some great coverage over the past few months that helps to promote our brand.

Two of my personal favorites are;

- Many thanks to Tom Lombardo for this great article https://www.engineering.com/ElectronicsDesign/ElectronicsDesignArticles/ArticleID/20546/Two-Motors-in-One-Intelligent-Controls-Efficiently-Deliver-Torque-and-Speed.aspx
- Many thanks to Now You Know for interviewing Josh for this great video https://youtu.be/p2Ntq_ao1L8

We are working on a new website and other campaigns that will continue to promote our brand and build our future. Our new marketing strategy will support our recent developments as we drive scalable commercialization.

Summary and Looking Forward

I have shared a few of our achievements and am very excited about the time ahead. We are in a great position to execute on our commitments. Our team is motivated, engaged and confident in the developments ahead and looking forward to sharing more good news with all of you.

Our growth plan is one that will sustain us for a vibrant future. It takes time to build a masterpiece but we have the paint, the brushes, the canvas and all the artists we need to make it happen.

For the steps ahead I encourage you to watch for:

- Completion of our Innovation Center
- The proof of concept for the 100V Coil Driver. This is a major milestone for Exro, as it demonstrates the ability to replace a traditional inverter in an electric vehicle with our first to market Intelligent Coil Driver
- The 8th deal- our commitment is eight by end of 2020. There is never a guarantee, but we are very encouraged about the progress to a future announcement
- Building our board of directors to support our focus on the mobility segment

The world we operate in continues to provide unprecedented challenges. I am proud to represent the team at Exro and to continue delivering on our commitments. Our financial position is strong and our team is motivated to deliver. Over the past twelve months we have invested heavily in our business and we have forged the path for our successful future.

I would like to thank each and everyone of you for your continued support of Exro, your belief in me and my ability to take us to the next level. Our goal remains to change the way the world looks at energy consumption: Minimum Energy, Maximum Results. We now have the right team, the right technology, the right business plan and the right culture to make it happen.

Sincerely
Sue

Sue Ozdemir

Chief Executive Officer



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. Exro offers a new solution for system optimization through implementation of its technology which can yield the following results: increased drive cycle efficiency, reduced system volume, reduced 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

CONTACT INFORMATION

Canada: Jake Bouma
VP of Investor Relations
604-317-3936

United States: Vic Allgeier
TTC Group Inc.
646-841-4220
Email: info@exro.com

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