

EXRO TECHNOLOGIES INC.

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# 2024 ANNUAL REPORT

PREPARED PURSUANT TO THE

*FIGHTING AGAINST FORCED LABOUR AND CHILD  
LABOUR IN SUPPLY CHAINS ACT*



## Introduction

Exro Technologies Inc. (“Exro” or the “Company”), and each of our subsidiaries, are committed to preventing the occurrence of forced labour and child labour in our operations and supply chains. We do not tolerate child labour, forced labour or any other form of slavery and we expect that our suppliers share our commitment to ethical and responsible business practices and support our values.

This report (the “Report”) has been prepared pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) and outlines the actions we have taken during the year ended December 31, 2023, to prevent and reduce the risk of forced labour or child labour occurring in our business. We are also subject to reporting requirements under California’s *Transparency in Supply Chains Act*.

This Report has been prepared as a joint report and applies to Exro Technologies Inc. and all of our subsidiaries that are listed on Schedule A. The use of the words “we”, “us” and “our” refers to Exro Technologies, Inc. and the other reporting entities included in this Report.

This Report has not been prepared as financial or investment advice or to provide any guidance in relation to our future performance. Readers should review the disclaimers beginning on page 7 of the Report.

## Our Structure and Business

Exro Technologies Inc. is a leading clean-technology company focused on developing new generation power-control electronics that expand the capabilities of electric motors and batteries. The Company’s innovative technologies serve to bridge the performance-cost gap in e-mobility (Coil Driver™ traction inverters) and stationary energy storage (Cell Driver™ cabinets), and act to accelerate adoption towards a circular electrified economy by delivering more with less – minimum energy for maximum results.

- Exro Technologies, Inc. is incorporated in British Columbia and headquartered in Calgary, Alberta, Canada.
- Exro Technologies, Inc. is listed on the Toronto Stock Exchange (TSX).
- Operations take place in Canada and the United States.
- As of December 31, 2023, we employ 153 people globally.



## Exro Coil Driver™ – Elevating e-Mobility Through Enhanced Power Control

Electric motors fundamentally operate based on the orchestration of their coils. Traditionally, these coils operate in a fixed configuration, limiting the motor's operational versatility. The Coil Driver™ is Exro's innovative traction inverter solution that introduces dynamic power control to the equation.

At its essence, the Coil Driver™ offers individual coil-level control within an electric motor. This ability allows the motor to switch between different operational profiles in real-time, akin to having multiple gears in a traditional vehicle, but accomplished electronically. By doing so, it broadens the motor's operating range, allowing for enhanced performance and increased efficiency based on the demands of the application.

For manufacturers, the implications are substantial. The Coil Driver™ enables either a significant boost in performance for a minor cost increment, or the option to design systems that are more streamlined and cost-efficient without any compromise on their output capabilities.

Additionally, the Coil Driver™ simplifies the electrical infrastructure within electric vehicles. It merges the functionalities of multiple components, optimizing the system for reduced energy loss and offering design flexibility. This results in cost efficiencies and paves the way for a more accelerated transition towards electric mobility.

On September 20, 2023, Exro announced the official start of production of Coil Driver™ from the company's world-class manufacturing center in Calgary, Alberta. The center is a state-of-the-art power electronics production line with a capacity of 100,000 Coil Driver™ units per year (per eight-hour shift). The start of production allowed the company to launch low volume supply to initial customers for pilots and initial orders, and ready the line for series production in 2024.

## Exro's Cell Driver™ – Setting a New Paradigm in Energy Storage Solutions

The modern world's energy demands are rapidly evolving, with batteries playing a pivotal role in addressing these needs. As the reliance on batteries grows, especially in sectors like electric vehicles and telecommunications, the question of battery lifespan and reuse becomes paramount.

Exro's Cell Driver™ is designed to address this very challenge. Beyond its applications for new batteries, a distinctive feature of the Cell Driver™ is on 'second-life' battery applications. By



rejuvenating and repurposing used batteries, the Cell Driver™ offers a sustainable and economically attractive alternative to discarding or recycling them.

The Cell Driver™ is not merely a repurposing tool. It is a cutting-edge solution that dynamically monitors and controls batteries at the individual cell level. This granular control maximizes the storage and discharge efficiency of these batteries. Businesses and consumers can store excess energy when availability is high and draw from it during peak times, ensuring optimal cost efficiency and energy utilization.

The advent of the Cell Driver™ signifies a strategic shift in how we perceive and utilize energy storage. It presents an approach that is both environmentally conscious and strategically sound for meeting the ever-evolving energy demands.

### Our Supply Chain

The Company's supply chain includes suppliers of goods and services that contribute to the production of our goods produced, sold, distributed, or imported from sourcing the raw materials to the final Coil Driver™ and Cell Driver™ products. This supply chain includes direct and indirect suppliers and service providers located both in Canada and outside Canada.

- Number of Suppliers: 150
- Number of Countries: 25
- Key Commodity Groups: printed circuit boards (PCBs), integrated circuits (ICs), lithium-ion batteries, and other automotive power electronic components.
- Procurement Governance: Long-term agreements (LTAs) and purchase order (POs) terms and conditions.
- Top Supplier Countries by Spend:
  - 1) China
  - 2) United States
  - 3) Taiwan
  - 4) Canada
  - 5) United Kingdom



- Key Leadership: The following individuals are responsible for overseeing our supply chain: Matthew Jenkins (VP, Supply Chain) and Gary Wohlgemuth (Sr. Director, Supply Chain)

#### Our Policies and Due Diligence Processes

*Potential policies that may address forced labour and child labour include:*

- *Supplier Code of Conduct: In November of 2023, we adopted a Supplier Code of Conduct that demonstrates the high standards of professional conduct the Company is committed to maintaining. As we continue to develop relationships with our goods and services suppliers, we strive to operate in a manner that is respectful, transparent, and cooperative. Thus, we attempt to ensure the suppliers we work with understand that they should not use child labor, forced labor, or any other kind of human exploitation or abuse. The Code is available on Exro's website at: <https://www.exro.com/investors/leadership-and-governance>.*
- *Code of Business Conduct and Ethics: Our long-standing Code of Business Conduct and Ethics sets forth standards of conduct for all Company directors, officers, and employees. In addition to these standards, each director, officer, and employee is expected to comply with the laws, rules, and regulations now or subsequently adopted that pertain to their conduct as an agent/fiduciary of the Company and additional policies or laws specific to their position. Failure to comply with these policies, rules, and procedures may subject personnel to disciplinary action, up to and including immediate dismissal.*
- *Whistleblower Policy. The Company has adopted a Whistleblower Policy which allows its directors, officers, and employees who feel that a violation of any of the Company's codes and policies has occurred, or who have concerns regarding corporate fraud, unethical business conduct, questionable accounting or auditing practices, or a violation of provincial or federal securities laws to report such violation or concerns on a confidential and anonymous basis. Such reporting can be made to the Chair of the Audit Committee or via the Company's Whistleblower Hotline ([www.integritycounts.ca/org/EXRO](http://www.integritycounts.ca/org/EXRO)). Complaints may be investigated internally by management, by the Board, or by the appropriate committee or referred to the police or the appropriate regulatory authority. A copy of the Whistleblower Policy is provided to all directors, officers, employees, and consultants of Exro, and is available on Exro's website at <https://www.exro.com/investors/leadership-and-governance>.*



The Company's due diligence processes in relation to forced labour and child labour include:

- Starting to implement standard supplier agreement templates that will include a clause that: "[Supplier] shall act in a manner consistent with the *Exro Supplier Code of Conduct* (available at <https://www.exro.com/investors/leadership-and-governance>) or similar principles, and the Code of Conduct and similar principles shall be communicated to, and complied with by, its personnel."
- Utilization of the *SiliconExpert* ([www.siliconexpert.com](http://www.siliconexpert.com)) BOM (Bill of Materials) Management and SCRM (Supply Chain Risk Management) software tools. These tools are currently used by the Company's supply chain management employees and provide a deeper layer of insights into the factory sites of parts, and risk factors associated with global events.

#### Risks of Forced Labour and Child Labour in our Business and Supply Chains

With respect to our Coil Driver™ and Cell Driver™ products, the Company divides the supply chains into two areas to assess and manage the risk of forced or child labour. These areas are electrical components and mechanical components:

- Exro utilizes the SiliconExpert tool to track and manage our supply chain's compliance with the European Union's REACH and RoHS regulations, but also for forced/slave labour and conflict mineral status for all of our *electric components*.
- For all *mechanical components*, the Company's suppliers are required to provide a signed statement ensuring they do not utilize forced or child labour.

The status of all our suppliers is reviewed semi-annually to ensure compliance.

#### Measures Taken to Remediate Forced or Child Labour

As of the date of this Report, we are not aware that any of our activities and supply chains carry a risk of forced or child labour being used. Thus, the question of remediation is not applicable. Accordingly, the Company has not taken any measures to remediate the loss of income to the most vulnerable families resulting from any measures taken to eliminate forced and child labour in its activities and supply chains.



## Employee Training

To date, we have not implemented any specific employee training on forced and child labour. In the future, we plan to roll out mandatory awareness training to all supply chain management employees from a third-party vendor to be identified.

## Measuring Our Effectiveness

Exro's supply chain management organization will review the supply chain semi-annually to ensure the Company's supply chain is free from forced and child labour. To date, no specific actions have been taken by the Company to assess its effectiveness in preventing and reducing risks of forced and child labour in its activities and supply chains.

## Disclaimers

This Report does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities.

Any references in this Report to dollars or "\$" are to Canadian dollars.

## Forward-Looking Information

This Report may contain certain 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, which 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 Report, and no assurance can be given that such events will occur in the disclosed time 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, 2023, and financial statements and related MD&A for the financial year ended December 31, 2023, filed with the securities regulatory authorities in certain provinces of Canada and available at [www.sedar.com](http://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 that 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 Report.

#### Market and Industry Data

This Report may include or rely on market and industry data that was obtained from third-party sources, industry publications, and publicly-available information, as well as industry data prepared by us or on our behalf based on knowledge of the sector in which we operate. We believe that the market and industry data is accurate and that any estimates and assumptions are reasonable but there can be no assurance as to the accuracy or completeness of this data as it has not been independently verified by us.

#### Board Approval

The Report was approved pursuant to subparagraph 11(4)(b)(ii) of the Act by the Board of Directors of Exro Technologies Inc.

In my capacity as a Chair of the Board of Directors of Exro Technologies Inc., and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

In accordance with the requirements of the Act, and in particular Section 11 thereof, I attest that I have reviewed the information contained in the Report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the





information in the Report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dated this 31<sup>st</sup> day of May 2024.

BY ORDER OF THE BOARD OF DIRECTORS

*"Rodney Copes"*

Rodney Copes  
Chair

SCHEDULE A

Company and its Subsidiaries

