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ElectReon Reports Third Quarter Financial Results

BEIT YANAI, Israel--(BUSINESS WIRE)-- ElectReon (TASE: ELWS.TA), the leading provider of in-road wireless electric vehicle (EV) charging technology for commercial, public service, and passenger vehicles, today reported financial results for the third quarter of 2021 as well as the outlook for the year ahead.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20211130005811/en/>



“ElectReon’s wireless charging technology is unique and revolutionary. We are witnessing a growing interest and appreciation of our technology across Europe and the US as it can be installed almost anywhere and does not limit EV fleet operations as plug-in charging solutions do. Never before have

electric vehicles (EVs) been able to wirelessly charge while on the move, ensuring drivers and fleet owners the ability to maximize EV fleet efficiencies, eliminate range anxiety, save precious real estate, minimize vehicle battery requirements and impacts, and substantially reduce their carbon emissions. Our Charging-as-a-Service (CaaS) business model not only provides accessible charging options that can be customized to meet the needs of unique fleet vehicle operations, but also covers up-front costs empowering fleet operators to transition to electric more seamlessly,” **said Oren Ezer, CEO and Co-founder of ElectReon.**

“Through our public projects, we’re demonstrating that our shared charging infrastructure has the potential to solve some of the greatest challenges in the transition to electric mobility. The challenges include natural resource availability to manufacture batteries for a growing global EV fleet and the ability of our energy grids to meet the power demands of such a large global fleet, and all while keeping on track to achieve the net-zero carbon transport goals set out by national governments.”

Continued Ezer, “This year we have seen an ever-growing interest in Electric Road Systems (ERS), for example, the Michigan Department for Transport (MDOT) released a tender for

one mile of dynamic wireless charging and the Swedish Transport Authority (Trafikverket) released a 26-mile (42 km) ERS tender. We are excited to see the progress we have made in our technological, manufacturing and commercialization capacities in the first three quarters of 2021 as we rapidly expand to meet the growing demand we see from the market for our technology.”

Third Quarter, 2021 Financial Results

In order to deliver on the Company’s current projects, its first large-scale commercial project in Israel, and anticipated upcoming projects in EMENA, ElectReon began scaling its R&D, raw material stocking and manufacturing capacities:

- At the end of this third quarter, the Company’s ending cash balance including short-term deposits was 142 million ILS (\$44 million)
- Due to R&D expenses and the provision of raw materials, the Company’s Net Cash used in operating activities in this third quarter was 10 million ILS (\$3 million), and 36 million ILS (\$11 million) for the first nine months of the year
- In light of the global shortage of raw materials, such as copper and electronic components, the Company significantly increased its purchasing of raw materials for inventory
- The Company began intensive investment to expand its wireless charging technology platforms, to develop its cloud-based charging management software and to obtain regulatory compatibility approvals. Therefore, R&D expenses for the third quarter increased by 16% compared to the third quarter of 2020, and 49% for the first nine months of 2021 compared to the same nine-month period of 2021

2021 - Main Business Highlight

In October 2021, the company announced its first fully-commercial deal with the Dan Bus Company (“Dan”) in Israel. A large-scale commercial deployment of the company’s wireless charging infrastructure at end-terminals for approximately 200 of the operator’s bus fleet over a 5-year period:

- Dan selected ElectReon’s Charging as a Service (CaaS) business model - in which ElectReon finances the charging infrastructure and provides operation, software and maintenance services to the Dan Bus Company
- Dan will pay a monthly fee of 2,500 ILS (~\$780) for every bus utilizing the charging technology in addition to the cost of the electricity for powering the bus
- This deal demonstrates the acceptance of the company’s appealing innovative financial model to its fleet customer segment, its ability to empower public transport operators to accelerate their electric fleet adoption and, the viability of ElectReon’s attractive recurring revenue business model

Highlights of the Company’s growth initiatives in anticipation of upcoming short-term and long-term market opportunities across Israel, Europe, and North America:

- In light of increased OEM interest in the Company’s technology, ElectReon opened an automotive R&D center in Germany. This center is led by Dr Andreas Wendt, a former senior manager from automotive giant, Toyota who led research into wireless EV charging. Dr Wendt joins the Company as Regional Director for R&D activities in

Germany. Dr Wendt, among other responsibilities, will oversee the Company's integration with a Volkswagen (VW) vehicle as part of [the German eCharge project, funded by the Roads Innovation Program of the German Federal Highway Research Institute \(BASt\)](#), a project tender that the Company announced it had won in the first quarter of 2021

- In Europe, in addition [to the Company's Swedish government funded public pilot](#) activities are particularly focused on the German and French markets
- At the end of the third quarter, the Company's total headcount increased by 160% compared to that of September 30th, 2020. The majority of the Company's employee growth came from its R&D, Engineering, Software, Manufacturing and Business Development departments building the capacity for expected upcoming projects in the company's pipeline
- During the past three quarters, the Company co-invested in increasing its manufacturing capacity, together with its leading production partners, in order to increase its capacity for current active projects and expected upcoming projects in the company's pipeline
- The Company began its expansion activities into the United States, by opening a local subsidiary and hiring employees in anticipation of an expected technology pilot and commercial business opportunities that the US Infrastructure Bill presents
- During the second quarter, the company announced that Reuven Rivlin, Israel's tenth and former President, joined ElectReon as Company President. Mr. Rivlin will cultivate relationships with governments around the world, particularly in the United States, to increase the Company's footprint globally

The Company continued to achieve significant milestones in developing and commercializing its wireless charging technology:

- During this third quarter, the Company received its [ECE R10 approval pertaining to ElectReon's proprietary, vehicle-side hardware technology which acts as a power receiver unit during active wireless charging](#). This allows the Company to integrate its vehicle-side technology with all road vehicles
- [The bus in the Company's ongoing public pilot in Sweden is fully-operational and open to the public](#), after the vehicle received both its R10 approval and HIGER, the automotive manufacturer of the bus, authorized the integration of ElectReon's technology onto this vehicle model. Combined with the Company's ECE R10 approval, this is a huge milestone towards fully-commercializing the Company's wireless charging technology as it means bus fleet operators can now purchase HIGER electric buses with the wireless charging technology already embedded.

The Company's Financial Position

Line-item	30 September		31 December
	2021	2020	2020
	ILS 000's		
Cash and cash equivalents	3,803	179,966	35,137
Deposits	138,313	-	135,310
Accounts receivable and credit balances	18,711	4,402	4,086
Pledged deposit	45	45	45

Fixed assets, property, plant and equipment	8,469	5,338	6,980
Long-term prepaid expenses	230	539	510
Right of use assets	1,069	475	437
Total assets	170,640	190,765	182,505
Short term loan	5,000	-	-
Accounts payable, debit balances and suppliers	16,247	9,443	12,030
Lease liabilities	554	498	404
Total Liabilities	21,801	9,941	12,434
Total Equity	148,839	180,824	170,071

Operating Results

Line-item	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	ILS 000's				
Research and development expenses	30,396	20,304	11,740	10,135	35,183
Less R&D participation expenses	(8,275)	(15,601)	(3,587)	(7,095)	(20,068)
Marketing, general and administrative expenses	12,354	5,231	5,724	1,853	7,946
Operating Loss	34,475	9,934	13,877	4,893	23,061
Financing expenses (income), net	(2,373)	140	(967)	77	164
Loss for the period	32,102	10,074	12,910	4,970	23,225
Differentials from translating financial reports for external operations	(118)	(97)	162	(95)	272
Comprehensive loss	31,984	9,977	13,072	4,875	23,497

Cash flow

Line-item	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	ILS 000's				
Cash flows utilized for current operations	(36,333)	(9,540)	(10,214)	(10,535)	(17,274)
Cash flows utilized for investment activities	(2,559)	(1,532)	(893)	(1,400)	(138,407)
Cash flows from financing activities	7,461	178,148	4,903	177,878	178,125
Increase (decrease) in cash and cash equivalents	(31,431)	167,076	(6,204)	165,943	22,444

Disclaimer

The above are highlights of the company's third quarter report. This is not the company's full and binding quarterly report, which will be made available on the company's website.

About ElectReon

ElectReon is the leading provider of wireless charging solutions for electric vehicles (EVs), providing end-to-end charging infrastructure and services to meet the needs and efficiency demands of shared, public and commercial fleet operators and consumers. The company's proprietary inductive technology dynamically (while in motion) and statically (while stopped) charges EVs quickly and safely, eliminating range anxiety, lowering total costs of EV ownership, and reducing battery capacity needs—making it one of the most environmentally sustainable, scalable, and compelling charging solutions available today. ElectReon works with cities and fleet operators on a charging as a service (CaaS) platform that enables cost-effective electrification of public, commercial, and autonomous fleets for smooth and continuous operation. For more information, visit [electreon.com](https://www.electreon.com).

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