

Electreon Reports Fourth Quarter Financial Results

Commercial projects and international reach in the US, Europe, and Israel mark 2021 as Electreon's breakthrough year

BEIT YANAI, Israel--(BUSINESS WIRE)-- [Electreon](#) (TASE: ELWS.TA) (the "Company" or "Electreon"), 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 fourth quarter of 2021, as well as the Company's outlook for the year ahead.

An open letter to Electreon shareholders from Oren Ezer, CEO

A world protected from extreme climate change is only possible with practical, scalable innovation. Electreon's mission is and has always been to accelerate decarbonization by developing wireless electric vehicle (EV) charging technology, which in turn promotes the adoption of EVs. When Electreon was founded in 2013, the climate crisis was not yet at the forefront of global concern and EVs were rare. Fast forward nine years and we see a big shift in opinion and in reality. The world, along with Electreon's technology, has matured.

We all understand that the world is moving towards an electric transportation revolution and needs more creative and environmental solutions to enable a rapid transition. The challenge is particularly great among commercial fleets. Our vision for charging vehicles anytime, anywhere, enabling ongoing operation, battery reduction and energy deployment around the clock, is becoming essential for all vehicle fleets around the world.

In 2021, interest in Electric Road Systems (ERS) grew, presenting new opportunities for Electreon. The Swedish Transport Authority (Trafikverket) released a 42 km (26 mile) ERS tender, and the Michigan Department of Transportation (MDOT) released a tender for 1.65 km (1 mile) of dynamic wireless charging. Germany launched an e-charge project funded by German Federal Highway Research Institute (BASt) and the French government announced a program to fund pilots for wireless charging roads. Throughout 2021, Electreon made great progress in its technological, manufacturing, and commercialization capacities, rapidly expanding to meet the growing demand for our technology.

2021 was a year of great achievements for Electreon. The company was selected as one of [TIME's Best Inventions of 2021](#), and we also announced the [world's largest commercial wireless EV charging infrastructure deal](#) for a fleet of 200 public e-buses.

An increasing number of governments and fleet operators are seeing the benefits of wireless charging road systems. The technology can be installed virtually anywhere, supporting EV fleet operations that were otherwise limited by plug-in charging solutions. For the first time, roads can offer not only the path to a destination but also the power to get there.

Wireless charging offers a solution to fundamental decarbonization challenges:

- **Eliminate range anxiety.** *Wireless dynamic charging enables extended range and in our test pilots and projects, we demonstrated that EVs are able to charge at a rate higher than the rate of their energy consumption, meaning that on a dynamic charging road, EVs would be able to continue driving indefinitely.*
- **Preserve real estate.** *There are no large constructions, grid upgrades, wires, cables, or disruptive infrastructure needed to operate a wireless electric road.*
- **Minimize vehicle battery requirements.** *Wireless charging can substantially reduce carbon emissions from battery productions; EVs operating on wireless charging routes can use batteries up to 90% smaller, compared to EVs reliant on plug-in charging.*
- **Introduce efficient energy consumption for EVs.** *Private passenger EV owners and fleet operators can maximize their EV efficiency with grid-friendly “top-up” charging that extends the battery life and driving range of the EV.*

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 it also covers up-front costs, enabling fleet operators to transition to electric more seamlessly.

We are very proud of the advancements Electreon has made in 2021 and the groundwork we have successfully laid for the next stages of our commercial projects and further technological advancements.

Fourth Quarter, 2021 Financial Results

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

- The company's cash balance, as of the end of 2021, was 124 million ILS (\$39 million) including short-term deposits. The company increased its staff by 130% compared to the year that ended on December 31, 2020 in favor of expanding its R&D, engineering, software, production and business development departments. Expanding its capacity in preparation for anticipated projects in the company’s pipeline.
- Due to R&D expenses and the provision of raw materials, the Company’s Net Cash used for operating activities in the fourth quarter was 15 million ILS (\$4.7 million), and 55 million ILS (\$17 million) for the year that ended on December 31, 2021.
- The Company invested 14 million ILS (\$4.4 million) in recent months in purchasing raw materials in preparation for projects in light of the global supply chain shortage. The Company increased its investment in R&D by 54% compared to 2020 due to the recruitment of capable technical manpower to support the transformation of the technology into a more mature product that will streamline the commercial application. Significant investment was allocated to expand its static wireless technology. In addition, intensive investment was directed to the production, regulatory standards & compliance, and cloud-based management software. Significant R&D focus was directed to developing and enhancing its static charging capabilities.

2021 - Main Business Highlights

In October 2021, the Company announced its first fully-commercial deal with the Dan Bus Company (“Dan”) in Israel. The deal includes a large-scale commercial deployment of the Company’s wireless charging infrastructure at end-terminals for approximately 200 buses

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 Dan.
- 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 buses.
- This deal demonstrates the appeal of the Company's innovative financial model to its fleet customer segment. This model empowers public transport operators to accelerate their adoption of EVs in their fleet, and solidifies 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 automotive original equipment manufacturer (OEM) interest in the Company's technology, Electreon opened an automotive integration center in Germany. The 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 \(BASt\)](#). The Company announced it had won the project tender in the first quarter of 2021. The winning consortium includes VW and Eurovia and the project received €1.9 million (\$2 million) in financing from the German Federal Government.
- During the first quarter, deployment of a 1.65 km (1 mile) ERS was completed on the island of Gotland, Sweden. A 200-meter segment of the road successfully charged a long-haul e-truck traveling at various speeds of up to 60 km/h. Following this success, trials with an e-bus began, including trials to test simultaneous charging. The Electric Road System (ERS) successfully operated as a shared dynamic charging platform. [The bus in the Company's ongoing public pilot in Sweden is fully-operational and open to the public](#), after the vehicle received its R10 approval and HIGER, the automotive manufacturer of the bus, authorized the integration of Electreon's technology onto the 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.
- In Europe, in addition [to the Company's Swedish government-funded public pilot](#), activities are particularly focused on the German and French markets.
- During the third 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 U.S., to increase the Company's global presence.
- During the fourth 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 certification of Electromagnetic Compatibility from the United Nations Economic Commission for Europe (UNECE) allows the Company to integrate its vehicle-side technology with all road vehicles.

- During the past year, 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 anticipated future projects.
- The Company began its expansion activities into the U.S. by opening a local subsidiary and hiring employees in anticipation of technology pilots and commercial business opportunities that the U.S. Infrastructure Bill presents.
- During the fourth quarter, the Company [announced the completion](#) of the installation of an ERS, 1 km (0.62 miles) in length, on a circuit track near the A35 toll road in northern Italy. This pilot is part of the "Arena del Futuro" ("Arena of the Future"), which is the first worldwide collaborative innovation project for zero-emission mobility of people and goods. The section of road is operated via the Company's cloud-based software, which enables the monitoring of a variety of indices (parameters) among which are EV charging and monitoring the energy transmitted from the road. The in-road coil segments were installed in a record time of just two working days (approximately 16 hours). In addition, the road section was paved using four different types of asphalt to test the Company's system performance and deployment.

As part of the pilot, the Company fully integrated the vehicle components of its system, which were developed in two different types of EVs: a Fiat 500 passenger car, produced by Stellantis, and a 12E-Way 12-meter electric bus, produced by IVECO. The integrations were carried out with full cooperation between the Company and both manufacturers.

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

- During the first quarter of 2022, the Company [announced that Corey Johnson](#), who until recently served as Speaker of the New York City Council, joined the Company as a consultant. Mr. Johnson will play a major role in creating a comprehensive strategy for entering the New York transportation market by directing the engagement with different state and city entities, entering into discussions with customers, and providing overall support in bringing the Company's vision and technology to New York.
- The [Michigan Department of Transportation](#) (MDOT) in the U.S. in conjunction with the Michigan Office of Future Mobility and Electrification (OFME) notified the Company that it had won a tender to deploy a wireless charging demonstration project that will include a 1.6 km (1 mile) wireless charging road and static charging stations (the "Michigan Project"). The Michigan Project is expected to launch in 2023 in the Detroit city district, which also serves as automotive manufacturer Ford Motor Company's central transportation innovation district. The Governor of Michigan declared the wireless charging project as an important factor for electrifying vehicle fleets and a significant part of the state's transportation infrastructure construction program. Michigan is a global pioneer in transportation with the view that advancing transportation is important for strengthening the economy, protecting the environment, and curbing carbon emissions by 2050. MDOT will participate in providing \$1.9 million in funding for the Michigan Project. The Michigan Project is being carried out in collaboration with leading companies in the U.S., including: (1) Ford Motor Company, which led with the Company's submission of a bid for the project and will play a key role in it; (2) Jacobs, a leading U.S. engineering company, which will lead the road planning and support project management; (3) DTE, an energy company, which will provide a connection to the electricity grid for the electric road; (4) KIEWIT, one of the

largest infrastructure companies in the U.S., which will support the planning and execution of infrastructure works; (5) the City of Detroit, which will provide municipal support for the project; (6) Next Energy, a local Detroit body that promotes innovation and will be the interface with the local community and other local actors for the project. The Company announced that it has executed a binding memorandum of understanding for a private placement and terms for a strategic [relationship agreement with Jacobs Engineering Group](#) Inc. (NYSE:J) (the “Binding MoU” and “Jacobs”, respectively). The Binding MoU was executed by and between the Company and Jacobs following their collaboration in which the parties jointly won a tender to construct a wireless charging pilot demonstration project in Michigan, and, inter alia, it includes the main principles specified below:

- Strategic relationship. According to the Binding MoU, the Company and Jacobs’ managerial teams will meet on a quarterly basis to discuss purchase opportunities and will collaborate with marketing wireless charging services in the U.S. Additionally, the Binding MoU provides that the Company and Jacobs shall have a mutual right of first refusal to join teaming agreements pertaining to wireless charging projects with particular entities, including a number of the largest city transportation departments in the U.S. Similarly, the parties shall have a mutual right of first offer to join teaming agreements pertaining to any request for proposal (RFP) related to wireless charging projects in North America. Furthermore, Jacobs undertook in the Binding MoU to use commercial efforts to promote the Company’s products to its current and future customers.
 - Investing in the Company: In the Binding MoU, Jacobs declared its intention to make a private placement in the Company in proximity to the time the Company will (if at all) go public via an IPO, this being at the price which shall be set for the IPO, as said, and in an amount which shall be negotiated amongst the parties.
- Electreon announced that the Company and the Advancing Sustainability through Powered Infrastructure for Roadway Electrification (ASPIRE) Engineering Research Center have entered into a joint research agreement. Under the agreement, the Company will deploy a dynamic wireless electric road on the University of Utah campus with the objective of demonstrating the feasibility and commercial readiness of the Company’s technology, developing strategic partnerships which will promote the commercialization of the wireless charging technology, and leveraging the pilot exhibition project to advance additional projects throughout the U.S.

The Company’s Financial Position

Line-item	31 December	
	2021	2020
	ILS 000’s	
Cash and cash equivalents	124,412	35,137
Deposits	300	135,310
Accounts receivable and credit balances	7,882	4,086
Assets in respect of contracts with customers (ST)	7,548	-
Pledged deposit	76	45

Fixed assets, property, plant and equipment	8,488	6,980
Long-term prepaid expenses	29,138	510
Right of use assets	1,487	437
Total assets	179,331	182,505
Accounts payable, debit balances and suppliers	11,989	12,030
Lease liabilities	816	404
Total Liabilities	12,805	12,434
Total Equity	166,526	170,071

Operating Results

Line-item	For the twelve months ended December 31		For the three months ended December 31	
	2021	2020	2021	2020
	ILS 000's			
Research and development expenses	43,616	35,183	13,220	14,879
Less R&D participation expenses	(9,306)	(20,068)	(1,031)	(4,467)
Marketing, general and administrative expenses	24,810	7,946	12,456	2,715
Operating Loss	59,120	23,061	24,645	13,127
Financing expenses (income), net	(1,574)	164	799	24
Loss for the period	57,546	23,225	25,444	13,151
Differentials from translating financial reports for external operations	(1,107)	272	(989)	369
Comprehensive loss	56,439	23,497	24,455	13,520

Cash flow

Line-item	For the twelve months ended December 31		For the three months ended December 31	
	2021	2020	2021	2020
	ILS 000's			
Cash flows utilized for current operations	(55,806)	(17,274)	(19,473)	(7,734)
Cash flows utilized for investment activities	134,920	(138,407)	137,479	(136,875)
Cash flows from financing activities	9,081	178,125	1,620	(23)
Increase (decrease) in cash and cash equivalents	88,195	22,444	119,626	(144,632)

Disclaimer

The above are highlights of the Company's fourth 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 charges EVs dynamically (while in motion) and statically (while stopped) in a quick and safe manner. This technology eliminates range anxiety, can operate as a shared charging platform, and lowers the total costs of EV ownership. It also reduces battery capacity needs, making it one of the most environmentally sustainable, scalable, and compelling EV charging solutions available today. Electreon works with municipalities 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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Public Relations

Janine Ward

On behalf of Electreon

313-536-7806

electreon@antennagroup.com

GK Investor Relations

Ehud Helf

On behalf of Electreon

212 378 8040

electreon@gkir.com

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