



Eguana Announces Third Quarter 2023 Financial Results, Financial, and Business Update

Calgary, AB – (November 29, 2023) – Eguana Technologies Inc. ("Eguana" or the "Company") (TSX-V: EGT, OTCQB: EGTYF) today announced results for its third quarter ended September 30, 2023.

The financial results for the third quarter ended September 30, 2023, continue to reflect the impact of soft consumer spending due to inflation and high-interest rates and the resulting high channel inventory position. These factors constrain Eguana's sales into residential solar markets. The economic downturn in the solar industry globally, in early 2023, was not widely anticipated, and the Company has been managing through 2023 cautiously. Slow collection of the accounts receivable from the Company's primary customer has constrained liquidity and is expected to continue to impact the Company's short-term liquidity. As a result of the slow industry recovery, many renewables stock prices, including Eguana, remain under significant pressure. Until the industry recovers, consumer spending rebounds and/or solar energy incentives increase, management believes residential solar sales, particularly in North American markets, will remain under forecast. Australian and European markets, along with Virtual Power Plant ("VPP") channels, however, appear to be recovering at a faster pace than direct North American consumer sales. Additionally, we expect that the Company's initiatives in VPPs should be significantly less exposed to the above limiting factors given their rebate and financing structures.

On November 23, 2023, the Company announced a private placement, targeted at \$2.0 million, to be closed in multiple tranches. This financing is aimed to ease the current cash flow constraints of the Company. The first tranche of the Offering is expected to close on or about November 30, 2023. Through the end of 2023 and into 2024, management anticipates funding the cash flow needs of the business by continuing to collect historical receivables from our primary customer, creating liquidity from the Company's current assets, increasing sales, and with the proceeds from the Offering. In addition to examining operational restructuring, management, along with the board of directors, continues to pursue a number of additional options to ease liquidity by increasing cash inflows and reducing cash requirements.

Strategically, the Company continues its progress in the VPP space with the acceptance into 7 VPP programs, installer training enrollment numbers surpassing 1,200, and with product development and lab certifications.

The Company has made positive progress pursuing utility and distributed energy resource management ("DERs") partnerships, bringing the Company's participation in VPPs to seven across North America and Australia. The Eguana solution is positioned to work with distributed energy resource provider platforms



that are fully integrated with the Eguana Cloud Platform, and Eguana’s existing product line of energy storage solutions (“ESS”). The Eguana energy storage platform has been developed to support all grid-related VPP functions.

The Company believes increased adoption of ESS in the VPP space will drive sales growth in 2024 as utilities reduce the upfront cost for consumers through rebate, credit, and financing programs. The recent announcement of the multi-year VPP Referral and Promotion partnership with a long-time major utility partner in Australia, is just one example. The announced exclusive, multi-year, partnership with Duesseldorf based FinanzDesk, a modern financial service provider, with a specialty in renewables, is expected to promote and finance the sale of the Eguana Enduro, to its existing residential rooftop solar customers. Further, the Company anticipates that our existing partnerships and additional VPP or strategic partnerships will provide sales momentum and product demand.

Alongside VPP partnerships, Eguana’s installer training, through Eguana University, continues to exceed expectations, with over 1,200 enrollments year to date, representing more than 200 installation companies. Trained installers are key to the consumer interface and experience, through both distribution and VPP channels.

Offsetting these positive strategic successes is the overall lagging industry tied to macro-industry factors. Increased inventory levels from a year ago, coupled with high interest rates impacting consumer access to capital, slowed consumer spending and sell-through in the distribution network and negatively impacted the industry globally.

Business Highlights During the Quarter

- Continued integration with additional DERMS providers, in various markets, to pursue VPP opportunities, spanning the US and Canadian markets.
- Signed a multi-year VPP Referral and Promotion partnership with a long-time utility partner, to deploy Eguana’s ESS to Australian electricity customers. The initial rollout across South Australia, Victoria, Queensland, and New South Wales will engage the utility partner’s retail network of approximately 750,000 customers with direct marketing campaigns outlining upfront rebates and monthly on-bill credits. In addition, the partner has also incentivized referrals for new customers.
- Completed the necessary work and steps for self-certification development and compliance testing and was awarded ISO/IEC 17025 accreditation. The ISO/IEC 17025 accreditation requires a rigorous assessment process to meet very stringent guidelines and minimum standards. This achievement underlines Eguana’s ability to conduct grid compliance and safety tests independently. By having the ability to conduct self-testing processes, Eguana gains a significant advantage to not only certify new products for AC grid interconnection compliance but also introduce alternate components quickly, while saving time and money through the certification process. Self-certification accreditation enables the Company to be in control of our certification schedules and timing, improving speed to market.



- Entered into a new partnership with AutoGrid, an industry leader in harnessing DERs for VPPs, to open additional VPP opportunities for power providers around the globe. Companies are expected to integrate Eguana’s residential ESS into the AutoGrid Flex™ platform, to support utility companies in promoting rapid residential storage adoption and consumer participation in energy transition. AutoGrid Flex™ supports Eguana’s technology by enabling automated demand response during periods of peak demand, directing the energy storage devices to offset home energy loads, discharge energy back into the grid, and charge up when energy cost is low or from renewable sources. As a result, VPP operators can overcome shortfalls in supply, eliminate outages, avoid additional transmission infrastructure, and bypass the need for heavily polluting peaker power plants. Further, Eguana joins AutoGrid’s growing network of device makers aggregated and orchestrated into multi-asset VPPs by AutoGrid’s AI-driven Flex™ platform. In combination, the two companies’ solutions, along with utility rebate programs, are expected to help consumers reduce the initial cost of energy storage, cut their ongoing energy costs, and support the integration of clean, renewable energy into the grid.
- Signed a multi-year, exclusive partnership with Duesseldorf based FinanzDesk, to bring the Eguana Enduro and future Eguana products, to its residential rooftop solar customer base of over 8,000. The Eguana Enduro, which was developed specifically for European markets, is a complete all-in-one custom-engineered energy storage platform. The Enduro provides a simple and fast installation process, dashboard control of all storage and consumption data, and customizable battery management alerts to allow consumers to make better decisions on their energy consumption, optimize power bill savings, and support energy security.
- Launched the Eguana Essential Whole Home ESS, specifically designed for North American mid-sized homes, as an economical option for homes with existing 100-amp service panels. Initial deliveries to Puerto Rico, started in September 2023, spurred by the US Department of Energy’s Puerto Rico Energy Resilience Funding, announced in July 2023, that anticipates 30,000-40,000 residential installations. The Essential Whole Home ESS has simplified installation and remote commissioning processes, delivering installer efficiency and improved homeowner experience, in terms of both cost and installation times.
- Entered into a partnership, along with Virtual Peaker, a cloud-based distributed energy company, to join the Massachusetts Municipal Wholesale Electric Company (MMWEC) NextZero Connected Homes Program. This partnership is the newest addition to its rapidly growing roster of US utility operator partners, as VPPs continue to expand across the United States energy storage market. The Connected Homes program offers customers of participating Member utilities technology to better utilize smart appliances and devices, such as Eguana’s home energy storage battery systems, to better manage their electric load. This is expected to generate cost savings and reduce the carbon footprint of both the utility and its customers. Homeowners are expected to benefit from upfront rebates on Eguana’s systems and monthly rewards for participating in the program. Eguana’s Fleet Control can be tailored for participation in a variety of grid solutions, depending on the utility and grid requirements. Eguana’s Energy Management System (EMS) works in conjunction with its Fleet



Control, to provide one of the industry's best distributed storage solutions, for residential environments.

- Surpassed 1,200 enrollments year to date, representing more than 200 installation companies in Eguana University, Eguana's comprehensive partner training platform, which includes system design, sales, installation, and commissioning.
- ITOCHU Corporation, a strategic investor in the Company, converted \$1,164,493.14 of interest owing under the Company's 7% unsecured convertible debenture into 13,580,094 common shares of Eguana, in full satisfaction of the interest payment due on September 1, 2023. In connection with the interest conversion, Eguana issued 13,580,094 Common Shares at a deemed price of \$0.08575 per share on September 28, 2023. All of the Common Shares are subject to a four-month and one-day hold period, in accordance with applicable Canadian securities laws.

Private Placement

On November 23, 2023, the Company announced its intention to complete a non-brokered private placement offering of up to 50,000,000 units of the Company (the "Units" or "Unit") at a price of \$0.04 per Unit, for aggregate gross proceeds of up to \$2.0 million. The Company has the option, in its sole discretion, to increase the size of the offering to up to \$2.5 million (the "Offering"). For additional details on the Offering, see the Company's news release dated November 23, 2023.

The Company anticipates using the net proceeds of the Offering to fund operations and working capital. Closing of the Offering is expected to occur in one or more tranches, with the first tranche expected to close on or about November 30, 2023. The Offering remains subject to final approval by the TSXV.

Fiscal Q3 2023 Financial Summary

- As a general reference note, the Company changed its fiscal year-end from September 30 to December 31, with December 31, 2022, being the first financial year-end with the new date and comprised of five quarters. As a result, the comparative period for the third quarter of 2023 is technically the fourth quarter of 2022, both at September 30th, in the respective years.
- Overall negative macro-economic factors continue to constrain the renewable energy industry, and consumer spending is soft, due to inflation and high-interest rates. These factors have impacted sales and revenue for the third quarter. Q3 2023 revenue of \$2.6 million, was consistent with the comparative three months ended September 30, 2022, of \$2.6 million. This is related to macro-industry factors, in general, and with respect to consumer spending, which has slowed sell-through within renewable distribution networks. Generally, the rapid increases in consumer interest rates quelled consumer spending, and, in the industry, peer companies have been impacted by elevated inventory positions within the distribution network. Management remains cautious as it approaches the December 31, 2023 year end.



- Q3 2023 gross margin for the three months ended September 30, 2023, after adjusting for inventory impairment, was 4.1%, as compared to gross margin of negative \$249,800 or negative 9.6% in the comparative quarter of 2022. In the comparative quarter of 2022, margin was low due to one-time transactions, which had a negative impact on the margin. Management anticipates improved margin in the coming quarters, as a result of lower freight costs, battery price reductions, and the removal of import tariffs, resulting from a prior shift of certain components and sub-assemblies out of China. The increases in margin are expected to take effect when current inventories procured in 2022 are consumed. Longer-term cost reduction activities are also planned, with battery module and advanced power electronics cost reductions, which are expected to improve margin in 2024.
- As a response to a lagging market, in October 2023, the Company proceeded with a staff rationalization, across all geographies, and reduced headcount by approximately 22 percent. With restructuring of functional areas and focus on near-term priorities, management believes this reduction will not affect near or medium-term operations or objectives. The Company will continue to explore further prudent staff rationalizations.
- Q3 2023 operating loss of \$3.5 million, an increase from a \$3.0 million operating loss for the comparative September quarter in 2022. This increase is largely due to an inventory impairment recorded for certain inventory components for older generation systems, which have limited future economic value. There were offsetting variances in regular expenses such as increases in general and administration of approximately \$0.3 million, sales, marketing, and business development of approximately \$0.2 million, and operations of approximately \$0.2 million. These expense increases are due to overall company growth in geographic regions of the USA and Australia. This was partially offset by saving in product development of \$0.2 million, as less new development or enhancements occurred.
- Working capital at September 30, 2023, was \$17.8 million, a decrease from \$33.7 million at December 31, 2022. The decrease relates to ongoing cash used in operations, and the inventory loss from the product theft, which is detailed below.
- At September 30, 2023, the Company has a large accounts receivable balance from one customer of which approximately \$17.2 million is over 90 days. The customer continues to be delayed in making payments however, progress payments have been received steadily. The Company originally recognized an expected credit loss provision at year-end December 31, 2022, and adjusts the estimate on a quarterly basis, in line with generally accepted accounting principles. For the three months ended September 30, 2023, an additional estimated credit loss was recognized of \$1.2 million. The expected credit loss is calculated based on customer-specific factors, expected timing of future cash receipts, and discount rates to account for time value of money when required, taking into consideration historical default rates, and forecasted economic conditions, amongst other factors. As a major customer, the Company continues to work with the customer to collect payments and review future sales and ordering. Given the close working relationship between the two parties, management believes the full amount will be collected, however, until the industry recovers, consumer spending rebounds



and/or solar energy incentives increase, management believes the slower than usual collection on account receivable will continue to constrain Eguana's financial position, into 2024.

- In June 2023, the Company experienced a theft of three truckloads of inventory components, when it was being transferred between warehouse locations. Through the initial investigation it was discovered that additional truckloads, impacting several companies, including Eguana, were redirected to unknown locations. The Eguana inventory items had a cost of \$2.1M and were written off in the Company records, resulting in a loss reported in Other Expense of \$2.1 million. The theft was immediately reported to the police and all pertinent documentation sent to insurers. In September 2023, the Company received partial insurance proceeds of \$623,913 USD and further proceeds are expected and being pursued with the insurer for the balance of the loss.

The Condensed Unaudited Consolidated Financial Statements and the Management Discussion and Analysis thereof, for the three and the nine months ended September 30, 2023, are available on SEDAR at www.sedarplus.ca.

Conference Call

Given the first tranche closing of the Offering, anticipated on November 30, 2023, management has rescheduled the Eguana conference call from November 29, 2023, at 3:00 p.m. eastern time (ET) to December 1, 2023, at 10:30 a.m. eastern time (ET). Note that the link published in the November 23, 2023 news release is no longer valid, due to the date change. Please use the link below. The quarterly call will provide an overview of Q3 results, a business update, and allow for a question and answer period.

Canada/USA TF: 1-800-319-4610

International Toll: +1-604-638-5340

Link Access: <https://services.choruscall.ca/links/eguanatechnology2023q3.html>

About Eguana Technologies Inc.

Eguana Technologies Inc. (EGT: TSX.V) (OTCQB: EGTYF) designs and manufactures high performance residential and commercial energy storage systems. The Company also markets and sells a suite of micro inverter products, which are integrated with its energy storage platform providing consumers with full solar + storage system architecture, for residential and commercial applications. Eguana has over two decades of experience delivering grid-edge power electronics for fuel cell, photovoltaic and battery applications, and delivers proven, durable, high-quality solutions, from its high-capacity manufacturing facilities in Europe, Australia and North America.

With thousands of its proprietary energy storage inverters deployed, Eguana is one of the leading suppliers of power controls for solar self-consumption, grid services and demand charge applications at the grid edge. Focused on distributed energy storage applications located at the point of energy consumption, Eguana provides cost-effective solutions to modernize the power grid, from the consumer to the electricity retailer, the distribution utility, and the system operator.



To learn more, visit www.EguanaTech.com or follow us on Twitter @EguanaTech.

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Forward Looking Information

The reader is advised that all information herein, other than statements of historical fact, may constitute forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning assigned by National Instrument 51-102 - *Continuous Disclosure Obligations* and other relevant securities legislation.

Forward-looking statements include, among other things, statements regarding the timing and completion of the Offering, the use of proceeds of the Offering, receipt of TSXV approval, successful accounts receivable collection, creating additional liquidity with the Company's current assets, increasing sales, the Company being able to continue business operations due to cash flow constraints, whether the results of the Company's reduction of headcount will help ease cash flow constraints, exploration of alternative refinancing options and operational restructuring, the impact of current economic conditions on the Company's initiatives in VPPs, further reduction of cash requirements, the increase of cash inflows, the positioning of the Eguana solution, the ability of the Eguana energy storage platform to support all grid-related VPP functions, the increased adoption of ESS in the VPP space and the effects of the same, the effects of the partnership with FinanzDesk, the Company's existing partnerships and additional VPP or strategic partnerships ability to increase sale momentum and product demand, the deployment of Eguana's ESS to Australian electricity customers, the timing and effects of the rollout across South Australia, Victoria, Queensland and New South Wales, the effects of Eguana's receipt of ISO/IEC 17025 accreditation the ability to conduct self-testing processes, the effects of the Company's partnership with AutoGrid, the timing and effects of companies integrating Eguana's residential ESS into the AutoGrid Flex platform, the effects of utilizing Eguana's home energy storage battery systems, the improvement of margins in the coming quarters, the effects of the Company's staff rationalization, the Company successfully collecting the full accounts receivable balance from its largest customer, the insurance payout in connection with the theft which occurred in June 2023, and the successful and ongoing strategy with respect to product solutions and product development. Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties. Many factors could cause the Company's actual results, performance or achievements, or future events or developments, to differ materially from those expressed or implied by the forward-looking information. Such factors include, but are not limited to, risks associated with: failure to obtain necessary regulatory approvals to close the Offering; failure by the Company to close the Offering as contemplated; failure by the Company to properly allocate use of proceeds for immediate needs, such as debt service, payroll and payments; failure by the Company to collect accounts receivable in a timely manner; failure by the Company to create additional liquidity from the Company's current assets; failure by the Company to raise additional funds to fund working capital requirements or to solve its current cash flow constraints, which would impact the viability of the business to continue operating as a going concern or the viability of the business to continue operating altogether; the continued weak economic market and business conditions in general and more specifically in the renewable energy industry; competitive factors; failure of the Company to deliver on or execute VPP agreements; warranty or product failures, the Company achieving its strategic objectives; and other factors as set out in the "Risk Factors" section of the Company's management's discussion and analysis for the three and nine months ended September 30, 2023 and annual information form dated November 29, 2023, which may be found on its website or at www.sedarplus.ca.



Readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to forward-looking statements contained herein to reflect events or circumstances that occur after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this news release.