



## EGUANA PROVIDES BUSINESS AND FINANCIAL UPDATES

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Calgary, Alberta - (Newsfile Corp. – **February 7, 2024**) - **Eguana Technologies Inc.** (TSXV: EGT) (OTCQB: EGTYP) ("**Eguana**" or the "**Company**"), a leading developer and manufacturer of high-performance energy storage systems, is pleased to provide various business and financial updates.

### **Financial Update**

The Company continues to take prudent action towards navigating a softer than expected renewable energy sector, which has underperformed due to decreased consumer spending related to inflation, high-interest rates, and increased dealer fees. In North America, renewable markets are drastically lower than forecast, and the timing of market recovery is forecasted for the second half of 2024.

In response, the Company furloughed staff in North America before the December Holiday break, with most staff on leave through January and February, and transferred certain personnel into sales positions within our USA sales channel partner. As previously outlined, the Company also rationalized staff in October 2023, with a global headcount reduction of approximately 22 percent. Associated savings related to the North American business, are projected at approximately \$2.1M for 2024. Operations in Europe and Australia, where market conditions are significantly better than North America, remain unaffected by the furlough. With functional areas restructured and a priority focus on near-term opportunities, management does not anticipate any near or mid-term impact on operational objectives.

To continue managing short term liquidity risk, the Company successfully negotiated the return of obsolete and/or unusable inventory components (the "Inventory Return") to a major supply partner. The two parties have entered into an agreement whereby the Inventory Return would result in cash payments to Eguana at full landed cost. Based on the agreement, Eguana expects the total Inventory Return to yield approximately

\$5.0M in value, including approximately \$3.8M in cash and approximately \$1.2M of credits against the Company's outstanding accounts payable to the supply partner. Shipping arrangements have been confirmed and payment is expected in March 2024.

With 2024 component inventory in a strong position, and to match market conditions, Eguana can also reduce further inventory investments in the near term and will benefit from lower component pricing going forward driving expected gross margin improvements to meet 2024 objectives.

As reported in the Company's financial statements for the period ended September 30, 2023, ongoing delays in accounts receivable collections from a major customer have negatively impacted short-term liquidity. Management continues to work closely with the key customer and has negotiated various offsets that will reduce the receivables balance in exchange for raw materials and finished goods inventory, future manufacturing credits, and a fixed payment schedule, with formalized security rights. The fixed payment schedule is expected to provide a consistent flow of funds to Eguana to fund operating expenses while providing a security interest over the assets held by the customer.

These trade-offs have been carefully considered and given the nature of the industry, long-term potential with the key customer, and a defined payment schedule, Management felt the cooperation was beneficial to both parties and will deliver additional margin opportunity for Eguana in 2024.

With market recovery anticipated in mid-2024, near-term liquidity will remain a key priority for Eguana. This may cause delays in future product development and enhancement initiatives, the return to work for staff, and regular cash payments to vendors.

### **Debt Amendments**

The Company has reached an agreement in principle with its secured lenders under its existing long-term debt (the "Senior Loan"), to make interest only payments for December 2023, January 2024 and February 2024 and to delay the March 2024 payment.

The Company intends to enter into a formal amendment to the original loan agreement, wherein the monthly payments will be reduced and comprised of interest only for three months commencing December 1, 2023, and whereby these payments amounts were delayed. The interest payments due on December 1, 2023 and January 1, 2024 were deferred and paid in early January. The interest payment due on February 1, 2024, will be deferred to February 15th. The regular payment due on March 1, 2024, will be delayed to the end of March. The Senior Loan continues to bear interest at a rate of 12% per annum.

Further, the Company has reached an agreement to defer the upcoming cash interest payment on its unsecured Convertible Debenture, originally due on March 1, 2024, to August 31, 2024.

When completed, copies of the amendments will be posted on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

"Our lenders continue to be supportive, which has given us access to short-term liquidity," said Justin Holland, Chief Executive Officer. "The short-term flexibility has opened up pathways to achieve a multi quarter runway as we continue executing our strategy to improve the balance sheet and realize sales, through our virtual power plant rollouts, and with our various utility and financing partners."

### **Private Placement**

Given the business and financial updates provided above, the Company decided to close the offering of units of the Company ("**Units**") for gross proceeds of up to \$2 million (the "**Offering**") and will review future working capital needs, at a later date. In connection with the Offering, the Company issued 11,300,000 Units for aggregate gross proceeds of \$452,000 and paid no finder's fees. Further information on the Offering can be found in the Company's news releases dated November 23 and December 8, 2023.

### **Business Update**

The Company is anticipating overall market recovery through the second half of 2024, as the impact of interest rates and consumer access to capital continues to stabilize. During the previous two quarters, Eguana has been successful in locking in key partnerships in various markets, including the United States, Canada, Australia, and

Germany. Importantly, the Company has focused on partnerships that offer financial support to homeowners and utility driven virtual power plant (“VPP”) opportunities, which simplify the selling process to the end user.

The Eguana hardware platform was designed to deliver a full suite of VPP grid capability and is fully integrated with the Eguana Cloud, a software platform designed to manage fleets of energy storage systems. to optimize utility operation of the power grid. With both platforms complete, the Company now offers utilities and grid operators full VPP program management capability, and opens software driven recurring revenue streams.

In the North American market, Eguana continues to expand its utility and DERMS (Distributed Energy Resource Management System) partners, in addition to its partnership with Duracell® Power Center. The Company believes utility driven VPPs will shift the renewables focus from rooftop solar to fully integrated energy storage, given the wide array of benefits for both the consumer and the utility. Currently the Company is enrolled in six VPPs spanning 20 utilities, with additional utility pilot programs planned for 2024.

In Australia, market recovery has been much more robust, and the Company has signed a multi-year agreement with Simply Energy to roll out their FCAS (Frequency Control Ancillary Service) VPP. The FCAS VPP, scheduled to begin in January, includes direct marketing campaigns from the utility to its customer base, incentivizing homeowners with monthly bill credits, upfront cash payments and further savings through a reduction of grid purchased power. The utility, on the other hand, will pay a fee to access the energy storage fleet, or the aggregation of individual storage systems, which are used to manage grid frequency in the event of sudden changes to supply or demand. One of the key benefits of aggregated storage systems is rapid response time and cost reduction for the utility, while keeping grid frequency within the mandated targets. The VPP roll out is expected to be accretive to Eguana’s vertically integrated model in Australia, with residential and commercial solar + storage solutions, which has been steadily growing over the last two quarters.

In Europe, Eguana entered into a partnership with Finanzdesk, a German bank with a focus in renewables, to exclusively offer the Eguana Enduro™ to customers with existing Finanzdesk solar lease arrangements. The Enduro™ is designed specifically for the European market, for both new and retrofit installations. Finanzdesk currently has a

customer base of 8,000 with rooftop solar and targets to grow additional solar + storage as a secondary channel. First units were sold to Finanzdesk in late 2023, with direct customer marketing campaigns expected to begin soon.

“2023 has been a difficult year for the industry and particularly Eguana as we continue to work through short term liquidity concerns” commented Holland. “The team has been successful in building out the fully integrated Eguana Cloud platform and opening up recurring revenue streams through our utility partnerships, which we expect to play a key role in the market recovery and the adoption of energy storage technologies.”

### **About Eguana Technologies Inc.**

Eguana Technologies Inc. (EGT: TSX.V) (OTCQB: EGYF) 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 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 North America, Europe, and Australia.

With thousands of its proprietary energy storage inverters deployed in the European and North American markets, 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](http://www.EguanaTech.com) or follow us on Twitter [@EguanaTech](https://twitter.com/EguanaTech)

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## Forward Looking Statements

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. In particular, forward-looking statements include, among other things, statements regarding the projected savings for the North American business related to headcount reductions and associated impact on operational objectives, the total Inventory Return and approximate cash payment to the Company and timing of such payment, timing and certainty of the cash payments and credits against the Company's accounts payable, anticipated effects of the fixed payment schedule negotiated with key customers, 2024 component availability and the Company's ability to reduce inventory investment and associated benefits, including gross margin improvements, anticipated effects of offsets with the company's key customer, including additional margin opportunity for the Company in 2024, the Company's cash flow needs, any anticipated market recovery in 2024, deferral of the February 1 and March 1, 2024 interest payments, the entering into of a formal amendment to the original loan agreement, the use of proceeds of the Offering, the start date for the roll out of FCAS VPP and its anticipated effects, the benefits associated with the aggregated storage systems, the effects of the Company's integrated cloud platform, the success of marketing efforts, ongoing support and future concessions from the Company's lenders and the Company's business operations, cash flow constraints, accounts receivable collections, product solutions, strategy, and product development. Forward-looking statements are not a guarantee of future performance and involves 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 by the Company to improve cash flow which would have a material adverse impact on the viability of the business to continue operating; the use of proceeds of the Offering; timely collection of accounts receivable; effective implementation and deployment of Eguana solutions and building additional partnerships and developing existing partnerships; general economic, market and business conditions; competitive factors; achieving strategic objectives; unanticipated effects of the reduction to headcount; delays to the Company's receipt of payment associated with the Inventory Return, if at all; inability to or delays in sourcing materials; the Company's ability to roll out additional utility pilot programs; the adoption of energy storage technologies may be slower than anticipated; and other factors 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 May 1, 2023, which may be found on its website or at [www.sedarplus.ca](http://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.

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