



Eguana Announces 2023 Annual Financial Results

CALGARY, Alberta, (Newsfile Corp. – May 27, 2024) - **Eguana Technologies Inc.** (TSXV: EGT) (OTCQB: EGTYF) (“**Eguana**” or the “**Company**”), a leading provider of high-performance energy storage systems, announces its annual financial results for the year ended December 31, 2023.

Fiscal 2023 Summary Results

The Company’s year-end was previously changed from September 30 to December 31. Consequently, the financial statements for the twelve-month period ended December 31, 2023 (“F2023”), are being presented with comparative information for the fifteen-month year ended December 31, 2022 (“F2022”).

- Sales decreased 32.1% to \$11,458,590 in F2023 in comparison to \$16,826,875 in F2022. On a simple 12 month prorated basis, F2022 would equate to \$13,461,500, or a normalized 15% decrease. In early 2023, the solar industry was negatively impacted by macro-economic factors, including high interest rates and difficult consumer credit markets, causing elevated inventories throughout major distribution channels and overall, the market contracted. After the first quarter, in F2023 sales declined, due to this demand shift and this low demand market is continuing.
- Overall gross margins remain low as consumers continue to be price sensitive, resulting in aggressive pricing for competitors’ products and services, in a much lower demand environment. Gross margin decreased to negative 17.9%, or negative \$2,120,555, for the year ended December 31, 2023, compared to the period ended December 31, 2022, wherein gross margins were \$233,219, or 1.4%. Margins in F2023 were negatively impacted by inventory impairment charges recorded by the Company of \$2,052,274.
- Operating costs, excluding amortization and share-based compensation expense, in F2023 were \$13,011,943, up from \$11,525,441 for the fifteen months in F2022 representing a 12.9% increase period over period. However, normalized on a simple 12 month prorated basis, F2022 would equate to \$9,220,353, or a 41.1% increase. Expenses in almost all categories increased slightly. Higher expenses were experienced from increased headcount, which was adjusted downward in the fourth quarter of F2023, responding to the slower than expected market recovery, and higher headcount and operational costs with the Australian branch expansion in F2023, to include rooftop solar services.
- Additional provisions were recorded throughout F2023, with respect to a large slow paying customer of Eguana. Total expected credit loss for the year ended December 31, 2023, was \$9.9 million (2022 – \$1.4 million).
- The net loss before tax for the year ended December 31, 2023 of \$35,558,524, increased by \$16,815,380. The increase in net loss before tax can primarily be attributed to low margins, with slightly higher expenses, the large expected credit



loss recorded and also the increase in financing costs associated with the new Senior Loan and ITOCHU debentures, both issued in the later part of F2022.

Strategic Steps

- Much of the strategic activity in early 2023 related to growing USA distribution channels and on-boarding and training installation partners. Eguana University, a robust online training platform, was rolled out with over 1,300 trained installers throughout the year.
- The Company added rooftop solar installation services in Australia, in order to be a turn-key solution, allowing Eguana to secure a contract with a major Australian utility.
- As industry demand slowed and sell-through stalled, the Company strategically shifted to focus on grid connectivity and the value proposition within virtual power plant (“VPP”) applications. For the later part of 2023 and into the 2024 strategic plan, Eguana will remain focused on demonstrating the value of demand response, load management, auxiliary power, and voltage and frequency control for utility companies.
- With a focus on VPP applications, product development shifted to updating cloud services and enhancing cloud solutions, which resulted in the recent launch of Eguana Edge™. The suite of Eguana Cloud solutions is positioning the Company as a power grid software solution, in addition to the existing hardware products like Evolve™, Enduro™ and the Duracell branded microinverters.
- Utility engagement gained traction, as the Company announced partnerships with Virtual Peaker and AutoGrid, along with utility partners, including a Portland General Electric and Massachusetts Municipal Wholesale Electric Company and a major utility company in Australia.
- The collapse of the consumer driven residential solar market created significantly elevated inventories through distribution channels in 2023 and 2024, which led to cancelled and delayed orders, throughout the solar industry supply chains. All industry players were negatively impacted. High interest rates, high inflation and unclear policy and/or tax incentives remain negative factors. The lower demand and a slower than predicted recovery, have created near-term liquidity risk for the Company. Eguana continues to closely manage liquidity, including working with its senior lenders and reviewing additional strategies, to increase liquidity and to allow for execution of the 2024 business strategy.

“After a very difficult year in the residential solar sector, we launched our VPP utility accelerator program, including Eguana Edge™, which provides utilities real time feeder line balancing and voltage control capabilities. To date the program has rollouts in process with multiple utilities across Canada and the US, growing additional utility interest in the Eguana energy storage solutions” commented Justin Holland, CEO. “Success of our technology in these utility channels, where financial markets are less impactful on purchasing decisions, is expected to drive higher storage sales with stronger margins, plus deliver future recurring revenues.”



The Consolidated Financial Statements and the Management Discussion and Analysis thereof are available on SEDAR+ at www.sedarplus.com and the Company's website at www.EguanaTech.com.

The Company will host a shareholders' call, in connection with the filing of its financial statements for the interim period ended March 31, 2024, which are anticipated to be filed by May 30, 2024 and in combination with the recent filing of its financial statements for the annual period ended December 31, 2023. Details will be provided with a news release, in advance of the scheduled call.



About Eguana Technologies Inc.

Eguana's vision is to accelerate grid modernization and resilience, by delivering flexible, modular, and cost-effective alternatives to traditional grid upgrades. Our technology provides value to all key stakeholders - from the consumer, to the electricity retailer, the distribution utility, and the system operator.

Eguana Technologies connects utilities with consumers, through its high-performance commercial and residential energy storage solutions. Eguana's vertically integrated product suite has been designed from the ground up, with both the end user and the utility in mind, to transition the power grid seamlessly.

Manufactured in local facilities across the globe to ensure compliance and quality, Eguana's standardized platform allows the flexibility to ensure each product solution is optimized for use in major grid modernization markets.

To learn more, visit www.EguanaTech.com or follow us on [LinkedIn](#) and [@EguanaTech](#) on X.

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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.

Forward-looking statements are included to provide information about management's current expectations and plans that allows investors and others to have a better understanding of the Company's business plans and financial performance and condition. All statements, other than statements of historical fact included in this news release, regarding the Company's strategy, future operations, prospects, plans and objectives of management are forward-looking statements that involve risks and uncertainties. Forward-looking statements are typically identified by words such as "plan", "expect", "estimate", "intend", "anticipate", "believe", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements in this news release include, but are not limited to: that the Company will remain focused on demonstrating the value of demand response, load management and auxiliary power, and voltage and frequency control for utility companies; and, that the Company's VPP utility accelerator program, including Eguana Edge™, is expected to drive higher storage sales with stronger margins and deliver future recurring revenues.

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; timely collection of accounts receivable; ability to raise capital in debt or equity, as needed, on appropriate terms; unanticipated effects of the reduction to headcount; 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; engagement and adoption of the VPP solutions with utilities; obtaining additional revenue, recurring revenue and higher margins; inability to or delays in sourcing materials; production delays or certification delays: the Company's ability to roll out additional utility pilot programs and demonstrations or deployment; the operational effectiveness and efficiency of the products when in use by utilities; a slower adoption of energy storage technologies 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.

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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