



Eguana Announces First Quarter 2024 Financial Results

CALGARY, Alberta, (Newsfile Corp. – May 30, 2024) - **Eguana Technologies Inc.** (TSXV: EGT) (OTCQB: EGTYF) ("**Eguana**" or the "**Company**"), a leading provider of high-performance energy storage systems, announces its first quarter financial results for the quarter ended March 31, 2024 ("Q1 2024").

First Quarter 2024 Summary Results

- Q1 2024 revenue of \$955,198 was a significant decrease from the comparative quarter in March 2023, which was one of the strongest quarters for Eguana. Q1 2023 was the last strong industry quarter prior to a significant market contraction within global residential rooftop solar markets. Q1 2024 revenues are indicative of the slow market recovery in North America, particularly with micro inverter sales.
- Q1 2024 gross margin was approximately \$70,748, or 7.4%, an improvement from gross margin in the comparative quarter of March 2023. Overall sales mix has shifted for the Company, with the Australian sales branch contributing higher margins in the roof top solar installation services business.
- Q1 2024 operating loss of \$2,000,744, a decrease from a \$3,211,572 operating loss for the comparative March quarter in 2023. The improvement is largely due to lower expenses in categories in the first quarter of 2024, as the Company reduced headcount, development spending and overall expenses.
- Working capital at March 31, 2024 dropped to a negative position, as the total long-term debt remained classified as current. The liquidity position, which continues to be impacted by slow market recovery, is closely monitored and has been reported in prior news releases. In April, the Company added \$3.8 million in cash, from the previously reported inventory return.
- ITOCHU Corporation ("ITOCHU"), a strategic investor in the Company, deferred their interest payment, in cash or shares in lieu, at March 1, 2024, to support the Company's liquidity. The payment has been deferred to August 31, 2024.
- The Company was under a management cease trade order ("MCTO"), from the Alberta Securities Commission for late filing the audited annual consolidated financial statements. As of this release all filings are now current and available on SEDAR+.

Business Updates for the First Quarter

The Company continues to respond and plan to a softer than expected residential rooftop solar sector, which has underperformed due to decreased consumer spending related to inflation, high-interest rates, and increased dealer fees.



- The Company furloughed staff in North America before the December 2023 holiday break and transferred certain personnel into sales positions within our USA sales channel partner; Furloughed staff have since been recalled.
- The Company has reached sequential verbal and written agreements, with its secured lenders under its existing long-term debt (the “Senior Loan”), to make smaller and/or deferred payments from December 1, 2023 through to July 1, 2024. Certain payments were made for interest only, paid later than scheduled or deferred altogether. This gave the Company additional liquidity flexibility.
- In alignment with the Senior Loan, the Company also signed a memorandum of understanding with ITOCHU Corporation, on January 31, 2024, amending the payment deadline for the interest payment, or shares in lieu of interest, which was due on March 1, 2024, to August 31, 2024, with no additional consideration.
- The Company completed the return of obsolete and/or unusable inventory components (the “Inventory Return”) to a major supply partner. Based on the agreement, and subsequent to March 31, 2024, Eguana received \$3.8M in cash and approximately \$1.2M of credits, eliminating the Company’s outstanding accounts payable to this supply partner.
- With respect to the Company’s major customer receivable and related collections, the previously released collaboration agreement, including the fixed payment schedule and the security agreement, are in place. The Company anticipated these cash receipts would support short-term liquidity requirements, however, the customer continues to experience delays, creating uncertainty around the timing of further collections. The Company continues to work closely with the customer on solutions, and Eguana remains cautious about the impacts to near and medium-term cash flows. Further, to accelerate the Company’s virtual power plant (“VPP”) strategy, Eguana negotiated a finished goods energy storage systems inventory return from this customer, as an additional offset to accounts receivable.
- Faced with slow consumer driven demand for energy storage solutions alongside residential rooftop solar, utilities and electricity players with growing needs are shifting to direct procurement of distributed energy storage capacity. The Company has concentrated efforts on partnerships and programs with these players and the Company is currently rolling out multiple VPP programs, with utilities in Canada and the United States. Distributed energy storage systems enable rapid, modular, and flexible deployment of capacity that can provide demand response, frequency response, and operating reserve, while managing feeder loading and voltage profiles, resulting in increased grid efficiency, overall cost reductions and capital deferral for the utility.
- The Company launched the Eguana Edge™, a utility feeder load balancer, and a key element of the Eguana Cloud platform, provides Distribution System Operators (DSO’s) with a fleet of energy storage assets, which can be managed in real time, to stabilize feeder loading and voltage quality. The Eguana Edge™ also presents the aggregated fleet as a single asset for DERMS (distributed energy resource management system) integration, delivering system level ancillary services, including demand response, frequency regulation, and spinning reserve. Eguana is currently demonstrating Eguana Edge™, with utilities in Canada and the USA, on



distressed feeder lines that require end-of-line voltage support or have a high penetration of electric vehicles and renewables.

- Subsequent to quarter-end, the Company determined that formal completion of the business acquisition of Solarlab,, by Eguana Pty Ltd, in Australia was not possible. This determination was made after various delays completing the transaction, and in the context of the overall industry downturn. At December 31, 2023, and March 31, 2024, any costs related to this acquisition were expensed to transaction costs, in other expenses. This determination will have an overall impact on the Company's Australian business. The Company is assessing the impacts and next steps but is presently aiming towards maintaining a presence in Australia for VPP deployment, with a significantly lower cost structure.

“Our VPP utility accelerator program, including Eguana Edge™, which provides utilities and distribution system operators real time control over distressed feeders, continues to gain momentum with units already deployed to multiple utility partners” commented Eguana CEO Justin Holland. “Further, we believe the Eguana energy storage suite of technologies, now with fully integrated hardware and software, offers utilities significant capital deferral opportunities by providing end of line voltage control and balancing. With several utility partnerships with programs rolling out, along with additional utility planned VPP's in discussion, we anticipate revenue channel growth which will now include recurring monthly revenue streams.”

The Condensed Unaudited 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, including its year end December 31, 2023 and this first quarter ended March 31, 2024. Call Details are as follows:

Date: May 31, 2024

Time: 10:00 am Mountain time

Details:

Canada/USA Toll Free: 1-844-763-8274

International Toll: +1-647-484-8814

Webcast Link:

<https://services.choruscall.ca/links/eguanatechnology2023q4.html>

Callers/Attendees should dial in 5 to 10 minutes prior to the scheduled start time and simply ask the operator to join the Eguana 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.

Company Inquiries

Justin Holland, CEO
Eguana Technologies Inc.
+1.416.728.7635
Justin.Holland@EguanaTech.com

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, the risk that the Annual Filings are filed later than anticipated, the risk that the Company's application for an MCTO is not completed shortly or is not successful for any reason, in which case there is a risk that trading in the Company's securities may be halted by the TSX Venture Exchange (the "**TSXV**") and/or cease traded temporarily by the Canadian securities commissions after the Filing Deadline until such time as the Annual Filings are filed on SEDAR+.

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; 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 second payment associated with the inventory return, if at all; inability to or delays in sourcing materials; failure by the Company to improve liquidity; the ability of Eguana to comply with the terms and conditions of its long-term debt and convertible debentures, and other factors as may be set out in the Company's continuous disclosure filings from time to time under the Company's profile on SEDAR+ 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.