



EGUANA ANNOUNCES SECOND QUARTER 2024 FINANCIAL RESULTS

CALGARY, Alberta, (Newsfile Corp. – Aug 29, 2024) - **Eguana Technologies Inc.** (TSXV: EGT) (OTCQB: EGTYF) (“**Eguana**” or the “**Company**”), a leading provider of high-performance energy storage systems, reports financial results for the second quarter ended June 30, 2024.

Second Quarter 2024

- Q2 2024 revenue of \$0.7 million, a decline from the comparative quarter in June 2022 with revenue of approximately \$2.1 million. 2024 revenues remain constrained by a slower than expected recovery of the residential rooftop solar market.
- Q2 2024 gross margin is stronger than prior quarters, at approximately 10% as compared approximately 0% for the prior comparative quarter for June 2023. The positive margin gain was driven by a change in product mix versus the comparative quarter.
- Q2 2024 operating loss of \$2.1 million, a decrease from a \$4.1 million operating loss for the comparative June quarter in 2023. This decrease is due to lower expenses in all expense categories, related to personnel reductions and overall cost reductions.
- Working capital at June 30, 2024 was negative \$1.0 million, a decrease from \$5.0 million at December 31, 2022. The decrease relates to ongoing cash used in operations.
- At June 30, 2024, the Company has a large overdue accounts receivable balance from one customer of which approximately \$7.4 million, which is offset by an expected credit loss (“ECL”) of \$7.4 million, thus showing a net receivable of only \$nil, reflecting slow payments, missed agreed payments and overall collection risk. Although the customer has been delayed in making payments, progress payments have been received consistently over the past 60 days, as the customer developed a new sales channel and has increased sales. The Company reviews the expected credit loss quarterly and where appropriate adjusts the ECL estimate, in line with generally accepted accounting principles. During the three months ended June 2024, a price concession was provided to this customer that resulted in a credit to accounts receivable, with an offset to ECL of

\$415,000 USD. Based on new market information for inventory previously sold to the customer, and in good faith, the Company agreed to a one-time credit, reflecting market pricing through a new sales channel that is now available but only at a lower special selling price. This does not impact the Company's existing inventory. For the three months ended June 30, 2024, the Company recorded other small reductions in ECL to reflect value received from inventory obtained as an offset to net accounts receivable with the major customer and payments received. As a result, the Company has an expected credit loss provision for this customer at June 30, 2024, in the amount of \$7.4 million.

- During June 2024, the Company started the formal process for liquidation of its German subsidiary. The sales opportunities in German did not materialize and the Company made the decision to cut costs and put additional focus and resources on North American Virtual Power Plant ("VPP") utility markets. At June 30, 2024, the Company took a \$0.2 million write down of stock related to the European market and recorded \$0.3 million of accrued liabilities related to estimated personnel and closure costs. The German subsidiary is categorized as discontinued operations and a loss of discontinued operations was recorded for the six months ended June 30, 2024 of \$0.8 million.
- During 2024, the Company negotiated various payment delays and deferrals with the lender of its senior long-term debt (the "Lender"). On May 7, 2024, the Company entered into a forbearance agreement with the Lender whereby the Lender has agreed to a deferral of payments up to and including June 1, 2024, predicated on subjective conditions that if not complied with render the forbearance to be terminated, for which the Company complied. This agreement covered the period ended June 30, 2024. Subsequent to this recent quarter end, the Company missed a negotiated interest only payment in July and an anticipated August regular amortization payment, moving the loan into formal default. In August 2024, the Lender provided an updated forbearance agreement whereby the Lender has agreed to a deferral of payments up to and including September 1, 2024, predicated on the same subjective conditions that if not complied with render the forbearance to be terminated. Negotiations with the lender remain positive and ongoing and the Lender has not taken any action.
- In July 2024, the Company was notified, by the OTCQB in the USA, of the low trading price for the stock and potential removal of the EGTUF stock from the OTCQB marketplace. The Company plans to maintain the listing on the pink market, until such time migration back to the OTCQB is possible and appropriate.



The Condensed Unaudited Consolidated Financial Statements and the Management Discussion and Analysis thereof, for the three and the six months ended June 30, 2024, are available on SEDAR+ at www.sedarplus.ca.

Annual General and Special Meeting (“AGSM”) Date Confirmed

The Company has announced the Company’s AGSM. The AGSM will be held on September 26, 2024, at 10:00 am mountain time, in Calgary Alberta, and virtually with an online portal. Further information regarding the AGSM is included in a management information circular, which has been prepared by the Company and filed on SEDAR+. Given the upcoming AGSM, the regular quarterly conference call is deferred and a full company update will be available immediately after the conference call for the AGSM.

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 Eguana on LinkedIn and [@EguanaTech](https://twitter.com/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. In particular, forward-looking statements include, among other things, statements regarding the Company's ability to collect overdue accounts receivable, including the timing and likelihood of such collections or settlements in kind; the impact of the newly developed sales channel by a major customer on the Company's financial performance; any potential effects of the price concession granted to the customer; the financial implications of the liquidation of the Company's German subsidiary, including the associated costs; the shift in strategic focus to the North American VPP utility markets; the Company's ongoing negotiations and agreements with its long-term debt lender; and the potential risks related to the Company's listing status on the OTCQB marketplace.

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 timely collection of accounts receivable; the impact of ongoing market conditions on inventory valuation; successful negotiations and/or amendments with and to existing long-term debt lenders; continued support and success working with vendors and landlords; the potential effects of late and delayed vendor and contractual payments and any impact on the company's reputation, credit worthiness and supplier relationships; employee morale, departures and productivity loss when working under constrained financial conditions; unanticipated effects of any formal long-term debt default; the financial and operational effects of discontinuing the German subsidiary; the risk of delisting from the OTCQB marketplace; potential legal claims; ability of management to manage cash flow in a low liquidity situation; ability to raise capital in debt or equity, as needed, on appropriate terms; general economic, market and business conditions; competitive factors; achieving strategic objectives; effective implementation and deployment of Eguana solutions and building additional partnerships and developing existing partnerships; the Company's ability to roll out additional utility pilot and VPP programs and demonstrations or deployment; the operational effectiveness and efficiency of the products when in use; a slower adoption of energy storage technologies; stock performance; and other factors as may be set out in the Company's continuous disclosure filings from time to time, 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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