

Eguana Announces First Quarter 2023 Financial Results

CALGARY, Alberta, May 30, 2023 -- Eguana Technologies Inc. ("**Eguana**" or the "**Company**") (TSX-V: EGT, OTCQB: EGYF) today announced results for its first quarter ended March 31, 2023.

"The Eguana team advanced several objectives across hardware and software during the quarter, which will have significant and positive long-term impact on growth and global positioning objectives. These include, to name a few, moving the 10kW whole home product to full scale manufacturing, expanding the Energy Management System software license for direct control from the utility to the ESS, advancing Eguana Cloud development to allow for the recurring revenue, and a doubling of the number of unique enrollments and completions within the Eguana university platform, which already has over 400 unique logins," commented Eguana CEO Justin Holland. "Additionally, the completion of the Solarlab acquisition, LFP product certification to new Australian standards, and entry into the Simply Energy cyber security program has set up Australia very well for the second half of 2023."

Fiscal Q1 2023 Financial Highlights

- The Company previously announced its change in fiscal year-end from September 30 to December 31, to align the Company's financial reporting with the calendar year end and the majority of publicly traded companies. December 31, 2022 was the first financial year end with the new date and time period that was comprised of five quarters. As a result, the comparative period for the first quarter of 2023 is technically the second quarter of 2022, both at March 31st, in the respective years.
- Q1 2023 revenue of \$5.9 million, a significant increase from the comparative quarter in March 2022 with product revenue of approximately \$285,000. This revenue growth is due to expanded products, expanded markets, enhanced business development efforts and overall company growth. The first quarter 2023 was slower than the prior quarter ended December 31, 2022, which follows typical seasonality patterns, however, management is cautious in near-term market growth, as a result of changing consumer buying patterns related to increased interest rates and inflation, and increased inventory levels through distribution. Second half growth is expected to be stronger driven by the early success of our partner training programs.
- Q1 2023 gross margin was approximately \$152,000, or 2.6%, a decline from 25.1%, in the comparative quarter of March 2022, which was uncommonly high due to the impact of inventory adjustments. Margin has remained steady over the last two quarters with further 6%-8% improvement anticipated in the coming quarters as a result of freight cost reduction, battery price reduction, and removal of import tariffs by 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 through manufacturing. Longer term cost reduction activities are also planned with battery module and advanced power electronics, which are expected to drive an additional 12%-15% over the next 18 months.
- Q1 2023 operating loss of \$3.2 million, a slight increase from a \$2.5 million operating loss for the comparative March quarter in 2022. This decline is largely due to higher expenses in product research and development in the first quarter of 2023, supporting sales and growth objectives.
- Working capital at March 31, 2023 was \$32.1 million, a slight decrease from \$33.7 million at December 31, 2022. The working capital position is much improved from the prior year, at March 31, 2022, reported as a deficit of \$12.2 million.
- ITOCHU Corporation ("ITOCHU"), a strategic investor in the Company, purchased 16,666,666 common shares of Eguana, for total proceeds of \$3.3 million, through the exercise of their share purchase warrants, previously issued in an offering which closed on March 16, 2020. Additionally, ITOCHU and Eguana agreed to convert approximately \$1.1 million of interest owing under the Company's 7% unsecured convertible debenture into 4,242,617 common shares of Eguana in full satisfaction of the March 1, 2023 interest payment.

Business Highlights

- Eguana completed its acquisition of Solarlab Pty Ltd ("Solarlab"), based in Adelaide, South Australia. Solarlab has been delivering high value design, sales, installation, and monitoring services in energy storage and residential and commercial solar markets nationally throughout Australia. Alongside its commercial rooftop solar business, Solarlab is a preferred supplier of solar and storage solutions to Embedded Electricity Network operators in the multi-tenant residential market, including low rise apartments and retirement communities. In these developments, the utility serves the Embedded Network as a single microgrid customer, and the Embedded Network operator manages onsite renewables and storage, and individual customer billing, that provide tenants with the lowest energy costs and services to the grid.
- The Company continues to work with long-term partner Pineapple Energy and expanded our license agreement to include the E-Gear EMC, the onsite energy management system used in the Evolve energy storage product line, which completes the full software stack from user interface to utility API's by providing direct control of the connection between the Eguana Cloud and the PCS.
- Ms. Hansine Ullberg was appointed as CFO, as Ms. Sonja Kuehnle left the Company to pursue other opportunities.

Ms. Sonja Kuehnle will remain in an advisory role, for a smooth transition.

- Over 100% increase in installer module enrollments and completions through Eguana University, a comprehensive partner training platform across system design, sales, installation, and commissioning.
- Completed the installation and commissioning of the third Inverter Functional Test Station (IFT), and its first with dual 5kW/10kW testing capability, bringing annualized production capacity in San Jose to 15,000 systems with two additional IFT's in Calgary adding another 9,000 units of capacity.
- As part of expanding manufacturing capacity, the Company has transitioned its 10kW Full Home Evolve solution to full scale production and commenced initial customer shipments. The 10kw Evolve is designed to simplify installation, to provide the highest power and capacity rating in a fully integrated residential storage system, to provide high power expandable solutions for utilities in virtual power plant applications and is listed compliant with Clean Energy Council's ("CEC") California.
- The 10kW/28kWh whole home energy storage systems are now available in North American markets through distribution and dealer direct channels.
- Eguana completed all required certifications for its 5kW Evolve LFP and NMC residential battery energy storage systems (BESSs) to the new Australian and New Zealand grid standards. The BESSs certifications also meet all Australian grid interconnection requirements and are now listed in the CEC's approved list of batteries.
- Enrolled in Simply Energy cybersecurity program in preparation for rolling out frequency control auxiliary services (FCAS) virtual power plant in Australia.
- Post quarter-end, the Company announced the partnership of Eguana and Virtual Peaker, a cloud-based SaaS company that empowers modern utilities with the friendliest distributed energy platform on the planet. The partnership allows for integration of our respective technologies, providing utilities and consumers with dynamic options to leverage batteries to benefit the grid and reduce energy costs, while providing recurring revenue opportunities for the Company.

The Condensed Unaudited Consolidated Financial Statements and the Management Discussion and Analysis thereof are available on SEDAR at www.sedar.com

Conference Call

Eguana Management will also host a conference call on Tuesday May 30th, 2023 at 5:30 p.m. eastern time (EDT) to discuss the results, provide a business update, and hold a question and answer period.

Canada/USA Toll Free: 1-800-319-4610

International Toll: +1-604-638-5340

<https://services.choruscall.ca/links/eguanatechnology2022q4.html>

It has come to our attention that this link, previously shared for the conference call, was an old link. We have refreshed the link and you can now sign up for the call using it. (Please note that you may be required to clear your browser's cache.)

About Eguana Technologies Inc.

Based in Calgary, Alberta Canada, Eguana Technologies Inc. (EGT: TSX.V) (OTCQB: EGTYF) designs and manufactures high performance residential and commercial energy storage systems. 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 Europe, Australia and North America.

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.

To learn more, visit www.EguanaTech.com or follow us on Twitter [@EguanaTech](https://twitter.com/EguanaTech).

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Forward Looking Information

The reader is advised that some of the information herein may constitute forward-looking statements within the meaning assigned by National Instruments 51-102 and other relevant securities legislation. In particular, we include: statements pertaining to the value of our power controls to the energy storage market and statements concerning the use of proceeds, future sales, operating results and liquidity and the Company's ability to obtain necessary approvals from the TSX Venture Exchange.

Forward-looking information is 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. Readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date hereof. Readers are also directed to the Risk Factors section of the Company's most recent audited Financial Statements which may be found on its website or at sedar.com. The Company does not undertake any obligation to release publicly any revisions to forward-looking information 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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