

**Form 51-102F3**  
**Material Change Report**

**Item 1            Name and Address of Company**

Eguana Technologies Inc. (the “Company”)  
Unit 3, 6143 4<sup>th</sup> Street SE  
Calgary, Alberta T2H 2H9

**Item 2            Date of Material Change**

August 8, 2019

**Item 3            News Release**

A news release was issued by the Company on August 8, 2019 through the newswire services of CISION and was filed under the Company’s profile on the System for Electronic Document Analysis and Retrieval.

**Item 4            Summary of Material Change**

The Company closed the second tranche of its previously announced private placement offering on a non-brokered basis pursuant to which the Company issued 1,215 unsecured convertible debentures of the Company (each, a “**Debenture**” and collectively, the “**Debentures**”) at a price of \$1,000 per convertible debenture and 4,050,000 warrants of the Company (each, a “**Warrant**” and together with the Debentures, the “**CD Units**”) for aggregate gross proceeds of \$1.215 Million (the “**Offering**”). A full copy of the news release is attached hereto as Schedule “A”

**Item 5            Full Description of Material Change**

**5.1      Full Description of Material Change**

**a)      Description of Material Change**

On August 8, 2019 the Company closed the second tranche of its previously announced Offering on a non-brokered basis, pursuant to which the Company issued 1,215 Debentures of the Company at a price of \$1,000 per Debenture and 4,050,000 Warrants of the Company for aggregate gross proceeds of \$1.215 Million. The Debentures mature and are repayable on August 8, 2022 (the “**Maturity Date**”) and carry a coupon of 10% per annum payable in cash and compound and payable semi-annually or on such earlier date on which the Debentures are converted. At any time prior to the Maturity Date, the Debentures are convertible into common shares of the Company (each, a “**Common Share**” and collectively, the “**Common Shares**”) at a price of \$0.15 per share. Following the date that is four months and one day from the date of issuance, upon 30 days’ notice, the Company shall be able to require the holders to convert their Debentures into Common Shares in the event the daily volume weighted average trading price of the Common Shares is greater than \$0.30 for 20 consecutive trading days. Each Warrant is exercisable at \$0.20 to acquire one Common Share for a period of 36 months from the date of issuance.

The Company’s largest shareholder DHCT II Luxembourg SARL (“**DHCT**”), the investment vehicle of funds managed by Doughty Hanson & Co Managers Limited subscribed for 1,200 CD Units and Gregory Nelson, a director of the Company subscribed for 15 CD Units. Each of the foregoing constituted a related party transaction within the meaning of Multilateral Instrument 61-101 (“**MI-101**”).

Since neither the fair market value of the gross securities issued under the Offering nor the consideration paid by each Investor exceeds 25 percent of the Company's market capitalization, the Company can rely on the formal valuation and minority approval exemptions available to the Company pursuant to Sections 5.5(a) and 5.7(1)(a) of MI 61-101.

**b) Purpose and business reasons for the transaction:**

The net proceeds of the Offering will be used for general working capital and corporate expenditures of the Company.

**c) The anticipated effect of the transaction:**

The transaction will enable the Company to continue day to day operations.

**d) Description of:**

**i. The interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

DHCT subscribed for 1,200 CD Units and Gregory Nelson, a director of the Company subscribed for 15 CD Units (each, an "Investor"). Each of the foregoing constituted a related party transaction within the meaning of MI-101.

**ii. The anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in sub-paragraph (i) for which there would be a material change in that percentage:**

Prior to the Offering, DHCT held 78,001,182 Common Shares on a fully-diluted basis or approximately 31.59% of the issued and outstanding Common Shares of the Company on a partially-diluted basis (assuming conversion and exercise of all convertible and exercisable securities held by DHCT). Gregory Nelson who also participated in the Offering held 308,264 Common Shares on a fully diluted basis or approximately 0.14% of the issued and outstanding Common Shares of the Company on a partially-diluted basis (assuming conversion and exercise of all convertible and exercisable securities held by Gregory Nelson).

As a result of the Offering, DHCT holds 90,001,182 Common Shares on a fully-diluted basis or approximately 34.76% of the issued and outstanding Common Shares of the Company on a partially-diluted diluted basis (assuming conversion and exercise of all convertible and exercisable securities held by DHCT). Gregory Nelson now holds 458,264 Common Shares on a fully diluted basis or approximately 0.17% of the issued and outstanding Common Shares of the Company on a partially-diluted basis (assuming conversion and exercise of all convertible and exercisable securities held by Gregory Nelson) after giving effect to Offering.

**e) Review and approval process:**

The board of directors reviewed and approved the investments of insiders in this transaction by way of a written resolution. As a result of their respective interests in the Offering, George Powlick and Gregory Nelson declared that they would abstain from deliberations and voting in respect of the approval of the Offering by the directors of the Company. The remaining directors of the Company unanimously approved the Offering. Other than those mentioned above, no materially contrary view was expressed nor was there any material disagreement in the approval process adopted by the directors.

**f) Summary of the formal valuation:**

Not applicable

**g) Disclosure of every prior related valuation:**

**i. That has been made in the 24 months before the date of the material change report:**

Not applicable

**ii. The existence of which is known, after reasonable inquiry, to the Issuer or to any director or senior officer of the Issuer:**

Not applicable

**h) General nature and material terms of any agreement between Issuer or a related party of the Issuer, with an interested party or joint actor with an interested party, in connection with the transaction:**

An investor rights agreement was entered into on May 8, 2009 between DHCT and the Company in connection with an initial offering, and was amended on each of August 23, 2010, March 28, 2011, October 19, 2011, December 27, 2012, April 16, 2013, December 8, 2014, October 1, 2015, February 7, 2019, and August 8, 2019 (the “**Investor Rights Agreement**”), pursuant to which DHCT has the right to appoint one director of the Company and to *ex officio* membership on board of director committees and the right to approve the issuance of securities that are senior to the Common Shares. The Investor Rights Agreement has been filed on SEDAR and is available at [www.sedar.com](http://www.sedar.com) under the Company’s profile.

Except as set out above and the public record of the Company, there are no other agreements in connection with this transaction between the Company and any related party or joint actor with an interested party.

**i) Disclosure of the formal valuation and minority approval exemptions, if any:**

The transaction between the Company and each Investor is considered a related party transaction within the meaning of MI 61-101. However, since neither the fair market value of the gross securities issued under the Offering nor the consideration paid by each Investor exceeds 25 percent of the Company’s market capitalization, the Company can rely on the formal valuation and minority approval exemptions available to the Company pursuant to Sections 5.5(a) and 5.7(1)(a) of MI 61-101.

The Company did not file a material change report 21 days before the closing of the Offering since details were not settled until shortly prior to closing and the Company wished to complete the Offering as soon as possible.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8          Executive Officer**

Justin Holland, CEO  
Telephone: (416) 728-7635

**Item 9          Date of Report**

August 15, 2019

## SCHEDULE "A"



# Eguana Announces Closing of \$1.215 Million Second Tranche Private Placement

**NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES OR DISSEMINATION IN THE UNITED STATES**

**CALGARY, ALBERTA - (August 8, 2019)** - Eguana Technologies Inc. ("Eguana" or the "Company") (TSXV: EGT) (OTCQB:EGTYF) is pleased to announce that it has closed its previously announced upsized private placement offering (June 21, 2019) on a non-brokered basis by issuing 1,215 unsecured convertible debenture units of the Company (each, a "CD Unit" and collectively, the "CD Units") at a price of \$1,000 per CD Unit for gross proceeds of \$1.215 Million (the "Offering"). Eguana closed the first tranche of its private placement on June 21, 2019 by issuing 3,012 CD Units for gross proceeds of \$3.012 Million. In total, Eguana issued 4,227 CD Units for gross proceeds of \$4.227 Million. The net proceeds will be used for general working capital and corporate expenditures of the Company.

Each CD Unit is comprised of one \$1,000 unsecured convertible debenture of the Company (each, a "Debenture" and collectively, the "Debentures") and such number of common share purchase warrants of the Company (each, a "Warrant" and collectively, the "Warrants") equal to the principal amount of the Debenture divided by \$0.30, with each Warrant exercisable at \$0.20 to acquire one common share in the capital of the Company (each, a "Common Share" and collectively, the "Common Shares") for a period of 36 months from the date of issuance (the "Closing Date").

As part of the Offering, to demonstrate continued support of Eguana's growth plans, insiders of the Company subscribed for an aggregate of 1,215 CD Units. The Company's largest shareholder DHCT II Luxembourg SARL ("DHCT"), the investment vehicle of funds managed by Doughty Hanson & Co Managers Limited subscribed for 1,200 CD Units and Gregory Nelson, a director of the Company subscribed for 15 CD Units. Such participation is considered a related party transaction within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The related party transaction is exempt from minority approval, information circular and formal valuation requirements pursuant to the exemptions contained in Sections 5.7(1)(a) and 5.5(a) of MI 61-101, as neither the fair market value of the gross securities issued under the Offering nor the consideration paid by the insiders exceeds 25% of the Company's market capitalization.

The Debentures mature and are repayable three (3) years from the Closing Date (the "Maturity Date"). Each Debenture has a coupon of 10% per annum compounded semi-annually and payable in cash semi-annually or on such earlier date on which the Debenture is converted. Each holder of Debentures is entitled to convert, at any time, the principal amount of Debentures into Common Shares at a price of \$0.15 per Common Share (the "Conversion Price"). Following the date that is four months plus one day from the Closing Date, upon 30 days' notice, the Company can require the holders of Debentures to convert the Debentures into Common Shares in the event the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange (the "TSXV") is greater than \$0.30 for any 20 consecutive trading days.

All securities issued pursuant to the Offering will be subject to a statutory hold period lasting four months and one day following the Closing Date and any applicable US restrictions. The Offering is subject to approval of the TSXV.

As part of the Offering, DHCT has acquired ownership of (i) \$1.2 million principal amount of Debentures convertible at the option of DHCT into 8,000,000 Common Shares, representing approximately 3.53% of the presently issued and outstanding Common Shares and (ii) 4,000,000 Warrants entitling DHCT to subscribe to 4,000,000 Common Shares at a price of \$0.20 per Common Share, representing approximately 1.76% of the presently issued and outstanding Common Shares.

Immediately prior to the acquisition, DHCT owned (i) 58,018,921 Common Shares, representing approximately 25.57% of the presently issued and outstanding Common Shares, (ii) one Series 8 First Preferred Share of the Company, representing 100% of the presently issued and outstanding Series 8 First Preferred Shares of the Company, (iii) 434,860 Series A Preferred Shares of the Company (the “**Series A Preferred Shares**”), representing 100% of the presently issued and outstanding Series A Preferred Shares, which may be converted at the option of DHCT into 18,119,166 Common Shares, and (iv) 1,863,095 warrants to purchase Common Shares (the “**Previous Warrants**”). Assuming the conversion in full of the Series A Preferred Shares and exercise in full of the Previous Warrants, DHCT would have owned, immediately prior to the acquisition, 78,001,182 Common Shares, representing approximately 31.59% of the Common Shares.

Following completion of this acquisition, DHCT owns (i) 58,018,921 Common Shares, representing approximately 25.57% of the presently issued and outstanding Common Shares, (ii) one Series 8 First Preferred Share of the Company, representing 100% of the presently issued and outstanding Series 8 First Preferred Shares of the Company, (iii) 434,860 Series A Preferred Shares, representing 100% of the presently issued and outstanding Series A Preferred Shares, which may be converted at the option of DHCT into 18,119,166 Common Shares, (iv) 5,863,095 warrants to purchase Common Shares, and (v) \$1,200,000 principal amount of Debentures. Assuming the conversion in full of the Series A Preferred Shares and Debentures, and exercise in full of the warrants held by DHCT following the acquisition, DHCT would own 90,001,182 Common Shares, representing approximately 34.76% of the Common Shares.

The securities were acquired through a private placement with the Company as further described above. DHCT has acquired the Debentures and Warrants for investment purposes, and may acquire further securities of the Company, or dispose of its holdings of securities of the Company, both as investment conditions warrant.

### **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 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](http://www.eguanatech.com) or follow us on Twitter [@EguanaTech](https://twitter.com/EguanaTech)

### **Company Inquiries**

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### **Forward Looking Information**

*The reader is advised that some of the information herein 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, we include, among other things: statements pertaining to the use of proceeds, the closing of the Offering, the ability of the Company to comply with terms of the Debentures, including but not limited to the interest payments and payments of the principal and the Company's ability to obtain necessary approvals from the TSX Venture Exchange.*

*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. 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](http://sedar.com) 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 release.*