

Form 51-102F3

Material Change Report

Item 1 Name and Address of Company

Eguana Technologies Inc. (the “**Company**” or “**Eguana**”)
Unit 3636, 7th Street SE, Calgary, Alberta T2G 2Y8

Item 2 Date of Material Changes

August 25, 2022

Item 3 News Release

A news release was issued by the Company on August 26, 2022 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 Changes

Material Change #1:

The Company intends to complete a convertible debenture private placement of C\$33 million in the form of an unsecured convertible debenture convertible into common shares of the Company (each, a “**Common Share**” and collectively, the “**Common Shares**”) at a conversion price of C\$0.50 per Common Share on the terms detailed below with sole subscriber ITOCHU Corporation.

Material Change #2:

The Company intends to complete its second tranche draw with lending partner Western Technology Investment (“**WTI**”), pursuant to a loan agreement between the Company, Eguana Inc. (formerly, Sustainable Energy Systems Inc.), EGT Markets Limited Partnership, Venture Lending & Leasing IX, Inc. and WTI Fund X, Inc. (together with Venture Lending & Leasing IX, Inc., the “**Lenders**”) dated April 1, 2022, as amended (the “**Loan Agreement**”). The Company expects WTI to make the remaining US\$5 million under the second tranche available to the Company on or about August 31, 2022 (collectively, the “**Loan**”). In connection with the Loan, the Lenders have waived the financial milestones required under the Loan Agreement.

Item 5 Full Description of Material Changes

5.1 Full Description of Material Changes

Description of Material Changes:

A full description of the material changes is provided in the news release attached hereto as Schedule “A”.

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 29, 2022

SCHEDULE "A"



Eguana Announces C\$33.0 Million Strategic Investment by ITOCHU Corporation and Provides Update on US\$5 Million Second Tranche Loan from Western Technology Investment

CALGARY, AB, Aug. 26, 2022 /CNW/ - Eguana Technologies Inc. ("**Eguana**" or the "**Company**") (TSXV: EGT) (OTCQB: EGTYF) is pleased to announce a strategic investment by the ITOCHU Corporation ("**ITOCHU**") of C\$33 million in the form of an unsecured convertible debenture (the "**Debenture**") of the Company convertible into common shares of the Company (the "**Common Shares**") at a conversion price of C\$0.50 per share on the terms detailed below.

ITOCHU's investment is expected to expand the two companies' long-term relationship and significantly increase Eguana's immediate access to working capital to achieve business growth objectives globally.

"ITOCHU, a key partner of Eguana for many years, remains at the global forefront of the renewable energy transition with expertise and access throughout the entire renewables supply chain" commented Eguana CEO Justin Holland. "Growth capital of this magnitude will allow us to accelerate key inventory investments across all product lines and expedite Eguana Cloud and battery module/battery management system development."

Use of proceeds from the financing will be allocated to fund working capital and general corporate expenditures of the Company. The financing is subject to other customary conditions and applicable regulatory approvals, including approval by the TSX Venture Exchange (the "**TSXV**"). The financing is expected to close on or around August 31, 2022 (the "**Closing Date**"). All securities issued pursuant to the financing will be subject to a four month and one day hold period in accordance with applicable Canadian securities laws.

In addition, further to the Company's news release dated April 4, 2022, the Company has elected to complete its second tranche draw with lending partner Western Technology Investment ("**WTI**"), pursuant to a loan agreement between the Company, Eguana Inc. (formerly, Sustainable Energy Systems Inc.), EGT Markets Limited Partnership, Venture Lending & Leasing IX, Inc. and WTI Fund X, Inc. (together with Venture Lending & Leasing IX, Inc., the "**Lenders**") dated April 1, 2022, as amended (the "**Loan Agreement**"). Eguana expects WTI to make the remaining US\$5 million under the second tranche available to the Company on or about the Closing Date (collectively, the "**Loan**"). In connection with the Loan, the Lenders have waived the financial milestones required under the Loan Agreement. Additional details regarding the Loan can be found on the Company's profile on SEDAR at www.sedar.com.

"The rapid interest and uptake of storage and micro inverters is expected to accelerate our growth and will be supported by the additional capital from WTI. This additional capital will immediately augment procurement for micro inverters and strengthen our inventory position in North America" Holland added.

Fort Capital Partners acted as sole financial advisor to Company in connection with the financing, Minden Gross LLP acted as legal counsel to Eguana in connection with the financing and the Loan, and Blake, Cassels & Graydon LLP acted as counsel to ITOCHU in connection with the financing.

About the Offering

The Debenture will mature and be repayable on the date that is three (3) years from the Closing Date. The Debenture will bear interest at a rate of 7% per annum, compounded semi-annually and payable semi-annually or on such earlier date on which the Debenture is converted pursuant to its terms. The Company may satisfy its obligation to pay the interest due, in whole or in part, by issuing to ITOCHU such number of Common Shares as is equal to the aggregate amount of interest owing divided by the 5-day volume weighted average trading price of the Common Shares on the TSXV immediately prior to the date on which such interest becomes due and payable.

While the Debenture remains outstanding, at any time following the date that is four months plus one day following the Closing Date, ITOCHU shall have the right (the "**Conversion Right**") to convert all or a portion of the principal amount outstanding under the Debenture into Common Shares at a price of C\$0.50 per Common Share, upon (i) the mutual agreement of the parties (acting reasonably) on and after date that the Company files a financial statement in respect of any three-month period which reports positive stable net income or, (ii) delivering written notice from ITOCHU within the 90 day period after the Company files a financial statement in respect of any three-month period which reports positive stable net income, and if in case of (ii), ITOCHU shall have the Conversion Right on and after the date that 90-day period has passed from such filing of the financial statements of the Company. Assuming the full conversion of the Debenture and all dilutive securities held by ITOCHU, ITOCHU will acquire a 24.08% equity interest in the Company on a partially diluted basis.

Beginning on the date that is four months plus one day following the Closing Date, subject to mutual agreement between the Company and ITOCHU, the Company shall be able to require ITOCHU to convert the Debenture into Common Shares on not less than 30 days' written notice in the event that: (i) the daily volume weighted average trading price of the Common Shares is greater than C\$1.00 for any 20 consecutive trading days; and (ii) the Company has filed financial statements in respect of a three-month period which reports stable positive net income during such three-month period.

Additionally, as a condition to closing of the financing, ITOCHU will provide an undertaking to the TSXV to not acquire Common Shares (including through the exercise of the Debenture) which would result in it owning 20% or more of the Common Shares outstanding, unless the Company has obtained necessary regulatory and shareholder approval in accordance with the policies of TSXV.

No finder's fees will be paid in connection with the financing.

About ITOCHU

The history of ITOCHU Corporation dates back to 1858 when the Company's founder Chubei Itoh commenced linen trading operations. Since then, ITOCHU has evolved and grown over

150 years. With approximately 110 bases in 63 countries, ITOCHU, one of the leading sogo shosha, is engaging in domestic trading, import/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications technology, and finance, as well as business investment in Japan and overseas.

About Western Technology Investment

Founded in 1980, Western Technology Investment (WTI) pioneered the concept of venture debt. The firm provides minimally-dilutive, truly usable capital to high-growth, public and private, technology and life science companies. For more information, please visit westerntech.com.

About Eguana Technologies Inc. Based in Calgary, Alberta Canada, Eguana Technologies Inc. (TSXV:EGT) (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)

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 opportunities resulting from the partnership with ITOCHU, the anticipated stabilization of the Company's supply chain, the anticipated procurement and supply of lithium batteries by ITOCHU, the expected growth opportunities and synergies between the Company and ITOCHU as a result of the financing, the Company's ability to maintain innovation within its industry, the effects of the financing and the Loan, the use of proceeds, the closing of the financing, the Company's ability to successfully draw the Loan, the ability of the Company to comply with terms of the Debenture and the Loan Agreement, including but not limited to the interest payments and payments of the principal, the Company's ability to close on the Loan and the Company's ability to obtain necessary approvals from the TSXV in connection with the financing, and the effects of interest and uptake of storage and micro inverters.

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: closing of the financing; failure to draw the Loan; failure to obtain necessary regulatory or other third party consents and approvals required to complete the financing; failure to complete the financing; ability to make the interest payments on the Loan and the Debenture; Eguana's ability to continue growing; Eguana's ability to secure additional inventory; general economic, market and business conditions; industry capacity; the operations of Eguana's assets, competitive action by other companies, and other factors set out in the "Risk Factors" section of the Company's most recent annual management's discussion and analysis for the three and six months ended March 31, 2022 which may be found on its website or at sedar.com. 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 release.