

**51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1 Name and Address of the Company**

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

**Item 2 Date of Material Change**

November 28, 2024

**Item 3 News Release**

The news release dated November 28, 2024 was disseminated via Newsfile and filed on the System for Electronic Document Analysis and Retrieval+ (SEDAR+).

**Item 4 Summary of Material Change**

The Company announced it agreed with its senior lender to a formal amendment for the long-term debt. The loan amortization will be extended to May 15, 2026, starting on December 15, 2024. All previously deferred payments and accrued interest are included in the loan balance and will be amortized over the longer term of the loan. In exchange for the amendment, the Company will issue 3,000,000 bonus common shares from treasury. The 4,934,309 share purchase warrants issued with the original loan will remain unchanged.

**Item 5.1 Full Description of Material Change**

See the Company’s news release dated November 28, 2024, a copy of which is attached as Schedule “A” hereto.

**Item 5.2 Disclosure for Restructuring Transactions**

N/A

**Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

N/A

**Item 7 Omitted Information**

None

**Item 8 Executive Officer**

Justin Holland, Chief Executive Officer  
Telephone: (416) 728-7635

**Item 9 Date of Report**

December 5, 2024

**SCHEDULE "A"**

**News Release dated November 28, 2024**

*[See attached]*

# Eguana Announces Third Quarter 2024 Financial Results and Business Updates

Calgary, Alberta--(Newsfile Corp. - November 28, 2024) - Eguana Technologies Inc. (TSXV: EGT) ("**Eguana**" or the "**Company**"), a leading provider of high-performance energy storage systems announces results for its third quarter ended September 30, 2024 and provides business updates.

Consumer driven renewable energy markets remain in the early stages of recovery from the economic decline related to the global downturn in 2023, and sales and gross margin results are reflective of this overall market condition. The Company continues to manage cautiously through this recovery period by reducing expenses, creating cash inflows from surplus inventories, working with a major customer to continue collecting outstanding receivables, and accelerating entry into utility driven virtual power plant ("VPP") channels.

Strategically, the Company is advancing its movement in utility channels, with both Direct Purchase and Bring Your Own Device ("BYOD") programs. The Eguana hardware and software energy storage platform has been developed to support all grid-related VPP functions. The Company also continues to work with leading distributed energy resource management system ("DERMS") platforms that are fully integrated with the Eguana Cloud Platform and Eguana's existing product line of energy storage solutions ("ESS").

The Company believes increased adoption of ESS in the VPP space is critical for power grid infrastructure, as utilities across North America begin rolling out programs for adoption. Eguana's recent announcement of an exclusive program with a major Canadian utility, is an example of VPP adoption. Further, the Company anticipates existing relationships, along with additional VPP and strategic partnerships, will provide sales momentum and product demand.

Management continues to review options to deliver additional operational efficiencies, along with assessing opportunities to further reduce cash requirements, while pursuing cash inflows. In line with many renewable companies, the financial position of Eguana remains constrained and may impact future optionality of the business.

## Business Updates

- Eguana recently announced its exclusive collaboration with BC Hydro, to provide direct purchase systems to residential customers, in a 200-unit pilot program, for behind the meter grid-connected load balancing VPP, designed to strengthen specific areas of the grid. This followed two smaller pilots that have been operating since earlier this year demonstrating various grid services.
- Eguana has sold and shipped evaluation systems to a major smart meter manufacturer and a large California Investor-Owned Utility (IOU), who are collaborating to develop next generation grid-edge solutions. The intent of the collaboration is to develop the first fully integrated smart meter plus battery storage solution, for utilities.
- Eguana completed integration with major DERMS provider, EnergyHub. EnergyHub operates energy storage VPP programs in New England across Connecticut, Massachusetts, Rhode Island, and New Hampshire, as well as in New York, California, and other states. Eguana and EnergyHub will first collaborate on targeted consumer offers in New England markets, to continue demonstrating Eguana Edge™ to host utilities and accelerate energy storage adoption under those programs.
- Integrated new battery technology from an established battery module manufacturer into Eguana's Evolve product line, achieving higher density and lower cost. New battery modules are expected to deliver gross margin improvements in our ESS product line.

- Developed easy enrollment features into the Eguana Cloud, a key feature requested by multiple utility partners, to simplify customer outreach and entry into utility BYOD programs.
- Completed cascading product development for the Evolve product line, to allow for multiple unit installation per site providing additional power and capacity for utility and consumer applications, and as a result simplifying product the certification process and cost for the Evolve line. The first certification of the cascading Evolve ESS is planned for the first half of 2025.

## **Fiscal Q3 2024 Financial Summary**

- Overall negative macro-economic factors continue to constrain the renewable energy industry, distribution channel inventories remain high, from the downturn in early 2023, and consumer spending remains soft, due to inflation and the impact of high-interest rates. These factors continue to impact sales and revenue for the third quarter, and throughout the year. Q3 2024 revenue of \$0.3 million, was much lower than the comparative quarter ended September 30, 2023, of \$2.5 million.
- In the quarter ended September 30, 2024, margin remained low because of very low revenue, which was largely from the rooftop solar installation business, which reported margin losses in the quarter and due to inventory write-downs related to rooftop solar. In the comparative Q3 2023, margin was low due to one-time impairments, which had a negative impact on the margin.
- As a result of significant cost reduction efforts, overall expenses, and particularly cash expenses have declined quarter over quarter, and year to date. Total operating expenses, excluding amortization and stock-based compensation for the year-to-date September 30, 2024, were \$4.7 million as compared to the year ended September 30, 2023 of \$9.1 million, or 48.6% lower.
- Q3 2024 operating loss from continuing operations was \$2.7 million, an improvement from a \$5.7 million operating loss for the comparative quarter ended September 30, 2023. This improvement is largely due to reduced expenses in product development of approximately \$0.7 million, in sales, marketing, and business development of approximately \$0.4 million, and for operations of approximately \$0.2 million, plus a swing in the expected credit loss from a negative \$1.2 million charge to a \$1.1 million recovery.
- ITOCHU Corporation, a strategic investor in the Company, agreed to defer any interest due on the convertible debenture, at September 1, 2024 and previously at March 1, 2024, to February 19, 2025, when the next interest payment will be due. The Company has the option of paying the 7% interest owing under the unsecured convertible debenture with shares or cash.
- Working capital at September 30, 2024, was negative \$37.7 million, a decrease of \$37.7 million from December 31, 2023, driven by the full Convertible Debenture liability, due on August 31, 2025, being presented as a current liability. Cash flow used in operations has been minimal or positive during the current year 2024. ITOCHU Corporation, holder of the debenture, has previously agreed to defer interest payments, and the Company anticipates ITOCHU to continue this trend on future payments.
- At September 30, 2024, the Company has a large overdue accounts receivable balance from one customer of approximately \$6.3 million. The customer continues to be delayed in making payments however, progress payments have been received throughout the quarter. The Company originally recognized an expected credit loss provision at year-end December 31, 2022, and adjusts the estimate on a quarterly basis, in line with generally accepted accounting principles. For the three months ended September 30, 2024, a recovery of estimated credit loss was recognized of \$1.1 million, for cash payments received.
- In November 2024, the Board of Directors of the subsidiary Eguana Pty Ltd., made the decision to fully close the operations and pursue formal liquidation. The various assets and liabilities of the subsidiary will be adjusted and reflected in the financial statements for the year ended December

31, 2024. The costs of liquidation, aside from corporate oversight and potential legal costs, will be borne by the liquidator and satisfied from sale proceeds from Eguana Pty Ltd. At December 31, 2024, any Eguana Pty Ltd. financial assets and liabilities, results of operations and cash flows, will be reflected as discounted operations.

- On November 28, 2024, the Company and its senior Lender agreed to a formal amendment for the long-term debt. The amendment was approved by the Board of Directors and has received conditional approval of the TSX Venture Exchange. The loan amortization will be extended to May 15, 2026, starting on December 15, 2024. All previously deferred payments and accrued interest are included in the loan balance and will be amortized over the longer term of the loan. In exchange for the amendment, the Company will issue 3,000,000 bonus shares from treasury. An earlier news release dated November 7, 2024, outlined new share purchase warrants would be issued and the existing 4,934,309 share purchase warrants issued with the original loan would be cancelled. In the final amendment agreement, the parties agreed to a lower number of bonus common shares being issued, and the 4,934,309 share purchase warrants issued with the original loan will remain unchanged. This amendment will be reflected in the financial statements for the year ended December 31, 2024.

Condensed Unaudited Consolidated Financial Statements and the Management Discussion and Analysis thereof, for the three and the nine months ended September 30, 2024, are available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

### **Third Quarter Conference Call**

The Company will hold its Third Quarter shareholders' call on November 29, 2024, at 4:00pm MTN. Call details are as follows:

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

International Toll: +1-647-484-8814

Webcast Link: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=qOe1kgPV>

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 build the grid of the future 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.

Since 1998, Eguana Technologies has connected utilities with consumers through its high-performance commercial and residential energy storage solutions. The Eguana 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](http://www.EguanaTech.com) or follow us on [LinkedIn](#) or [@EguanaTech](#) on X.

### **Company Inquiries**

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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 loan amendment, including the issuance of the bonus shares and the receipt final TSX Venture Exchange and other regulatory approvals; the date or speed for the deployment of solutions with utilities and its anticipated effects; the various benefits associated with the VPP aggregated storage systems and the adoption of ESS in the VPP space; integration of new battery technology into the Company's Evolve product line and the achievement of higher density and lower cost; fleet management and feeder load balancing; the effects of the Company's integrated cloud platform; successful integration with DERMS and benefits to consumers and utilities; the success of marketing efforts; the anticipated benefits of the contract with the utility partner and that the Company will be able to fulfil its obligations under the contract; that the Company's grid transition partners will recognize the benefit of Eguana's hardware and software development in North America; the success of product demonstrations and product solutions, strategy and development; cash flow constraints; the benefit of various partnerships and the effect on sales and product demand; collection of outstanding receivables; and the financially constrained position of the Company and its impact of the optionality of the business.

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 of the Company to obtain final TSX Venture Exchange and other regulatory approvals of the loan amendment; 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; ability to raise capital in debt or equity, as needed, on appropriate terms; effective implementation and deployment of Eguana's products and solutions and building additional partnerships and developing existing partnerships; general economic, market and business conditions; competitive factors; achieving strategic objectives; inability to or delays in sourcing materials; production delays or certification delays; the Company's ability to roll out additional utility pilot programs and demonstrations or deployment; the operational effectiveness and efficiency of the products when in use by utilities; a slower adoption of energy storage technologies and other factors set out in the "Risk Factors" section of the Company's management's discussion and analysis for the three and nine months ended September 30, 2024 and Company's management's discussion and analysis for the year ended December 31, 2023, which may be found on its website or at [www.sedarplus.ca](http://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.



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