



## Day4 Energy Reports First-Quarter 2010 Results

**Burnaby, British Columbia —May 11, 2010—** Day4 Energy Inc. (TSX: DFE), a solar electric technology developer and supplier of premium solar energy solutions, today reported operating results for the first quarter 2010.

“The beginning of 2010 in our industry has been characterized by significant increases in overall product demand, intense speculation regarding the changes to the German PV subsidy and a clear realization that simply making non-differentiated products is not enough to sustainably compete in the new post-2009 environment,” said George Rubin, president of Day4 Energy. “It is the rapidly emerging need for competitive differentiation that we believe will have the most profound impact on the PV industry going forward. We have anticipated the emergence of this trend for some time and have taken the necessary steps to position our company to capitalize on the opportunity that this trend presents.”

Key events of the quarter and subsequent weeks included:

- Achieved highest historical gross margin, surpassing the previous high set in the fourth quarter 2009, despite seasonality and resultant pressure on sales volume that is typically experienced in the first quarter.
- Increased capacity at Jabil to meet demand requirements and further improve manufacturing cost structure with a goal to bring capacity to 120MW per annum by the end of the second quarter 2010.
- Demonstrated progress on the introduction of the 60MC-I product line with the achievement of IEC certification.
- Expansion into new and emerging markets with the announcement of a distribution partnership with Regency Solar for the Australian market.
- Enhancements to the business model to take advantage of the focus on product differentiation with the announcement of an agreement in principle to acquire ACI-ecotec GmbH & Co. KG, a privately owned specialized photovoltaic (PV) equipment design and manufacturing company based in Germany.

“The combination of the Day4 proprietary and patented technology and ACI’s specialized know-how and equipment allows Day4 to immediately launch its highly anticipated turnkey manufacturing technology solution for production of PV cells and PV modules,” added George Rubin. “The key advantage of the franchise model is that not only are we shifting our operational activities to higher margin products we are also implementing a strategy to increase market share in the future.”

### Q1 2010 FINANCIAL RESULTS

#### Worldwide Product Revenues

First quarter revenues of \$23 million increased by \$18.6 million or 428% from the same period in 2009. First quarter 2010 revenues represented a decrease of \$13.7 million or 37% from the fourth quarter of 2009 mainly due to the natural seasonality of the company’s core market in Germany. The significant increase from the same period in 2009 reflects solid recovery in demand in our primary markets following the impact of the global economic recession and financial crisis in the first half of 2009. The decrease from the prior quarter revenues reflected the combination of the typical seasonality that is seen in the first quarter of the year and the impact of sales into projects in the fourth quarter 2009 that were not repeated in the first quarter of 2010.

### **Gross Margins**

Gross margin was \$1.7 million (7%) for the first quarter 2010 as compared to a gross loss of \$0.5 million (11%) in the first quarter 2009 and a gross margin of \$2.6 million (7%) in the fourth quarter 2009. The significant improvement in our margin started from the second half of 2009 as a direct result of the transition to the outsourced manufacturing cost structure. We were able to maintain the 7% gross margins we have seen in the prior quarter despite the effects of an unfavourable foreign exchange impact and the typical seasonal slowdown that we historically experience in our first quarter of the year. Cost relating to low capacity utilization was nil in the first quarter of 2010 compared to \$0.8 million in the fourth quarter of 2009.

### **Expenses**

For the first quarter of 2010, general and administrative (G&A) expenses were \$2.5 million, a decrease of \$0.5 million from the \$3.0 million for the same period in 2009. G&A expenses for the first quarter of 2009 included expenses relating to the workforce reduction plan and the start-up of Jabil offset by a recovery of allowance for doubtful accounts totaling \$0.7 million. Compared to the previous quarter our G&A expenses have increased by \$1.8 million from \$0.7 million. The increase in expenses is primarily attributable to one-time costs relating to the due diligence activities for the acquisition of ACI-ecoTech GmbH & Co. KG (ACI) in the first quarter 2010, and a \$1.6 million recovery of bad debts in the fourth quarter 2009 that did not recur in 2010. We expect to incur additional costs in the subsequent months relating to pre- and post-closing on the acquisition of ACI.

Sales and marketing expenses of \$0.8 million for the first quarter 2010 compared to \$1 million and \$0.7 million in the previous quarter and the same period in 2009 respectively. The greater expenses in the previous quarter primarily reflect seasonal tradeshow activity during the period. In the second half of 2009, we expanded our sales force to meet expectations of the growing European markets with a goal to strengthen the team with the addition of seasoned management experience and leadership. This focused and dedicated effort is a key requirement to address the rapidly expanding field of opportunities in each of our core markets. This expansion contributed to the increased sales and marketing expenses in the first quarter 2010 when compared to the same period expenses in 2009.

R&D expenses in the first quarter were \$0.9 million compared to \$1 million in the prior quarter and \$0.5 million in the first quarter of 2009. The increase in R&D expenses in 2010 compared to the prior year related primarily to the costs associated with our Burnaby facility which is now used almost exclusively for R&D following the transfer of production to Jabil. Starting in the third quarter of 2009, all production equipment, personnel and facility costs, with the exception of Day4® Electrode wire production, have been repurposed from production to R&D.

### **Loss Per Share**

The net loss for the first quarter 2010 was \$1.9 million (\$0.05 per share) compared with a net income of \$0.6 million (\$0.02 per share) for the previous quarter and a net loss of \$2.6 million (\$0.07 per share) for the same period in 2009. Higher net loss in the first quarter 2010 compared to the previous quarter was mainly attributed to a recovery for doubtful accounts of \$1.6 million in the previous quarter. Lower net loss in the first quarter 2010 compared to the same period in 2009 was mainly attributed to the improved gross margin in the first quarter 2010.

### **Cash and Short-Term Investments**

Management made the strategic decision at the beginning of the year to build up inventory during the first two months of the year, when we typically experience seasonal slowdowns, in order to be able to take advantage of the anticipated demand in the subsequent months. The anticipated demand strength was confirmed as weather conditions improved in our core markets. Working capital at the end of the first quarter 2010 was \$31.4 million compared to \$35.9 million at the end of the previous quarter. Cash and cash equivalents including restricted cash and short-term investments were \$16.3 million at March 31, 2010, a decrease of \$10.9 million from \$27.2 million at December 31, 2009. Cash and cash equivalents have decreased since December 31, 2009 primarily due to the build up of inventory from \$11.1 million to \$18.4 million at March 31, 2010.

Detailed financial results and management's discussion and analysis can be found on our website at [www.day4energy.com](http://www.day4energy.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Day4 Energy**

Day4 Energy Inc. is a Canadian company dedicated to providing high performance photovoltaic (PV) solutions for residential, commercial and utility scale installations. By fundamentally improving on the design and assembly of solar cells and modules, the Company produces unique PV panels of high power density, increased lifetime and uncompromised aesthetic appearance. Day4 Energy partners with international technology leaders to develop and deliver IEC- and UL-certified solar products to customers around the world. Day4 Energy is listed on the Toronto Stock Exchange under the symbol "DFE". For more information, please visit [www.day4energy.com](http://www.day4energy.com).

### **Conference Call Information**

Day4 Energy's management will conduct a conference call at 8:30am (ET) May 11, 2010 to review the company's first quarter 2010 financial results. The call can be accessed by dialing 1-800-319-4610 (Canada and US) or 1-604-638-5340 (International) prior to the start of the call. Following the call a recording of the conference call will be archived on Day4 Energy's website, [www.day4energy.com](http://www.day4energy.com)

### **Caution Regarding Forward-Looking Statements**

This news release contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements include, among other things, statements relating to our expectations regarding our revenues, expenses, cash flows, operating performance and future profitability. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target", and similar words suggesting future events or future performance.

The forward-looking statements contained in this news release are based on assumptions, which include, but are not limited to, our ability to continue to successfully outsource the majority of our annual PV manufacturing capacity; our ability to manage and meet demand for our products; our ability to obtain an adequate spread between our module average selling price and cost of raw materials, including PV cells; achieving increased PV cell and PV module efficiencies; expanding our existing product line; building the Day4 brand, attracting customers and developing and maintaining customer and supplier relationships; continuing our strong relationships with our suppliers; effectively managing foreign exchange risks; protecting our intellectual property rights and not infringing on the intellectual property rights of third parties; timely processing by certification agencies of new products; and complying with applicable governmental regulations and standards.

Such forward-looking statements are subject to risks, uncertainties and other factors, including those listed in our Annual Information Form filed with Canadian securities regulatory authorities, many of which are beyond our control and each of which contributes to the possibility that our forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. These risks, uncertainties and other factors include, but are not limited to, the impact of general economic, market or business conditions; risks related to the implementation of outsource manufacturing and our dependence on Jabil for the manufacture of our products; the meeting of conditions precedent to the completion of the acquisition of ACI and the approval of the transaction by the Toronto Stock Exchange; our dependence on a limited number of PV cell suppliers; price fluctuations that may impact relations with existing customers; risks relating to the protection of our intellectual property and intellectual property infringement claims by third parties; our reliance on a limited number of suppliers; government subsidies and economic incentives for PV power could be reduced or eliminated; the financial strength of our competitors; competition from other forms of renewable energy; our ability to manage growth effectively; our ability to open up new markets for our products; demand for PV modules may reduce; technological advances from competitors that may render our products uneconomic or obsolete; the impact of global events; and other factors, many of which are beyond our control.

The forward-looking statements made in this news release relate only to events or information as of the date indicated above. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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