



## Day4 Energy Reports Second-Quarter 2010 Results

**Burnaby, British Columbia —August 10, 2010—** Day4 Energy Inc. (TSX: DFE), a solar electric technology developer and supplier of premium solar energy solutions, today reported operating results for the second quarter 2010.

"Throughout the second quarter we concentrated on building a number of fundamental components of our business that are required to reach the ultimate goal of sustainable long-term operating profitability," said George Rubin, president of Day4 Energy. "In addition to realizing the strongest sales quarter in our history with revenues of \$44.8 million, another really significant event of the quarter was the progress we made in our long-term transition to a solution provider business model. We believe that, when completed, this transition will significantly alter the company's revenue model with higher profit margin sales and royalty streams becoming an increasingly larger component of the company's revenue mix over time."

Other key events of the second quarter:

- Surpassed previous high set in the fourth quarter of 2009 and diversified revenues with almost 20% of total revenues generated outside of our core market in Germany;
- Completed the expansion of our production capacity at Jabil to 10MW per month or 120MW annualized and transitioned most of our production output to the next generation Day4 Guardian Technology™ – 60MC-I modules with intelligent shade protection;
- Worked closely with our manufacturing partners and material suppliers to qualify and certify new production materials. We expect these changes that will be introduced gradually through the third quarter, to result in as much as a 19% reduction in our encapsulation material costs. These costs represent approximately 30% of our module cost;
- Completed construction of two power projects for a total of 2.5MW and \$7.6 million in revenues in record time of less than six weeks, expanding our turnkey power project business and contributing positively to our profit margins; and
- Signed two manufacturing and licensing agreements that are expected to come on-line in 2011 and would provide approximately 1.9 million Euros per year in royalty revenue to Day4.

"During the second quarter the solar sector in general benefited from strong demand ahead of the German subsidy changes; however this was offset by substantial depreciation of the Euro which impacted our gross margin. We believe that, outside the foreign exchange dynamics, the fundamentals of our business have improved during the quarter and the company is positioned to take advantage of its recent investments in new business segments, strengthened teams, improved products and encapsulation cost reductions going forward," added Mr. Rubin.

### Q2 2010 FINANCIAL RESULTS

#### Worldwide Product Revenues

Second quarter revenues of \$44.8 million increased by \$39.1 million or 685% from the same period in 2009 and by \$21.9 million or 95% from the prior quarter. Demand was particularly strong in the second quarter due to our sales efforts combined with the anticipation of the German subsidy adjustment on July 1, 2010.

### **Gross Margins**

Gross margin was \$0.9 million (2%) for the second quarter 2010 as compared to a gross margin of \$1.7 million (7%) in the first quarter and gross loss of \$10.8 million in second quarter 2009. We were able to maintain a positive gross margin in the second quarter despite the volatility experienced in the euro currency. Euro/USD foreign exchange declines contributed to approximately 4% decrease in the gross margin in the second quarter. Negative gross margins in the prior year mainly related to inventory write-down and period cost relating to low capacity utilization. Both of these costs did not occur in 2010.

### **Expenses**

For the second quarter of 2010, general and administrative (G&A) expenses were \$2.8 million, an increase of \$0.8 million from expenses of \$2.0 million for the same period in 2009. The increase in G&A expenses in 2010 primarily relates to costs relating to the due diligence activities for the acquisition of ACI. We expect to incur additional costs in the subsequent months relating to the integration of ACI.

Sales and marketing expenses of \$1.2 million for the second quarter 2010 compared to \$1 million in the same period in 2009. The lower expenditure in 2009 reflected the corporate restructuring and cost reduction activities. As we continue to take advantage of the economic recovery in 2010, we have strategically increased and strengthened our sales and marketing activities with the addition of seasoned management experience and leadership to meet expectations in the growing European markets. This focused and dedicated effort is a key requirement to address the rapidly expanding field of opportunities in each of our core markets as well as to align our infrastructure to roll out our turnkey manufacturing technology solution. Staffing levels in sales and marketing was twenty at June 30, 2010 compared to thirteen at June 30, 2009.

R&D expenses in the second quarter were \$0.6 million compared to \$0.5 million for the same period in 2009. During the quarter, we utilized the equipment in our Burnaby facility as a pilot line to produce our new 60MC-I Guardian technology modules. Most of the modules produced in this line were sold in the quarter resulting in lower R&D expenses compared to the first quarter expense of \$0.9 million.

### **Loss per Share**

The net loss for the second quarter 2010 was \$4.2 million (\$0.12 per share) compared to \$14.1 million (\$0.38 per share) for the same period in 2009. The higher net loss in the second quarter of 2009 was mainly attributed to the inventory write-down and fixed overhead period cost due to low capacity utilization. These costs did not occur in 2010. The net loss of \$4.2 million during the second quarter 2010 was affected by one-time expenses relating to production capacity expansion, transitioning to the new product design and ACI acquisition and restructuring costs. It was further affected by the unfavorable Euro/USD foreign exchange trends that when compared to the first quarter have contributed approximately \$2.0 million to cost of goods sold during the quarter. The total combined negative impact of these events was approximately \$2.9 million.

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

Cash and cash equivalents, restricted cash and short-term investments totaled \$21.0 million at June 30, 2010, an increase of \$4.7 million from \$16.3 million at March 31, 2010 and a decrease of \$6.2 million from \$27.2 million at December 31, 2009. Cash and cash equivalents have decreased since December 31, 2009 primarily due to the utilization of funds to finance operations.

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) August 10, 2010 to review the company's second 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; ACI's ability to fulfill orders in a timely fashion for equipment needed to manufacture Day4 products; 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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