

Sunday, April 12, 2015

Dear partners,

Herein is the periodic update about the latest developments in EGM.

At this time, EGM is focused on two main topics:

1. Production of the first hardware industrialized series; and
2. Marketing.

First series production

EGM currently produces its first industrialized hardware series, aim to complete the pilot in China and to start installation in Israel. Loyal to our policy of being a Fabless company (company with no fabrication/production capabilities), this series is produced at a subcontractor in Israel.

In order to achieve the lowest production costs, EGM is developing an integrated manufacturing and testing software to be used at the manufacturing process of PCB subassemblies, unit assembling, testing, calibration, production records, packing and shipment. All of this ensure adequate control on realization of the products and keep up the high quality.

The software includes an application that manages the user's interface and database of the main components and units at various manufacturing stages, such as:

- Component assembly and testing
- Unit assembly
- Unit testing
- Unit calibration
- Packing and shipment

The software takes care of the whole process with records, printing of labels (bar and QR codes), reading labels and ability to analyze and get reports of the manufacturing process.

In addition, EGM is developing an integrated smart module that takes care of the tests of "smart" board and units containing real time software. This module communicates with the various boards and takes care for programming - test or operational software of the boards and units, performing extensive tests of the boards and units and doing automatic calibration by using reference pre-tested units.

The idea is to save a lot of time and special trained personnel for doing the test, assembly and calibration, and get to the target of about 99% full tests automatically while using standard manufacturing personnel. The failed components can be fixed "off-line" by technicians afterwards and they get the details of the failed chip or function.



EGM is also developing special test software to be loaded to every board to allow this feature of extensive tests.

At the end of the manufacturing line, the units will be loaded with the specific “operational” software’s for each board, suitable for the specific client, packed and shipped after full tests and calibration.

This development runs in parallel to the first series production, and is now in an advanced stage.

All these preparations will enable us to duplicate the production or part of it into other places in the world.

Chinese pilot

Our VP R&D visited the customer in China – which is a petrochemical company with a 30,000 kilometer electricity grid – to visit the pilot that already runs since May 2014 (almost a year!) and to agree on the completion of the pilot stage and move to commercial installation within several months.

The meetings were very successful. The client approved the industrialized hardware and other technical details regarding the next installation.

During this meeting, a delegation from another Chinese petrochemical company got an explanation about our system.

It was agreed that upon completion of the pilot at the first customer, a dialog with the second company will be started, re commercial deployment.

Marketing activities

EGM business goals is to close a commercial deal in China before the end of this year, and to get 3 to 5 significant deployment agreements in the year 2016.

To achieve this goal, we are investing significant efforts in variety of countries: Israel, Australia, UK, Germany, S. Africa and more.

It becomes more and more clear that utilities and other electricity grid owners i.e. electricity driven trains, crucially need our system.

To give you an idea about the potential volume, in Australia alone there are 6 utilities, each one about US\$ 400 million sales potential.

New location

Since its first days, EGM operated from a small and low scaled lab, which posed a challenge to completing the development.



In order to meet the growing demand for our products and technology, and facing the growing need to host customers and partners from around the world, we intend to upgrade our lab, and office.

We will remain modest but the best for our potential customers – which many of them are large and established companies in the market.

Please feel free to contact me should you have any questions or need further information,

Best regards,

Amir Cohen

CEO