MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 2023

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Ltd. ("Eguana", or the "Company") is dated May 29, 2023 and should be read in conjunction with Eguana's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 ("Q1 2023") and March 31, 2022 and the Company's annual audited consolidated financial statements and notes thereto for the fifteen-month period ended December 31, 2022 and year ended September 30, 2021, the Annual Financial Statements.

In the previous year, the Board of Directors changed the Company's year end from September 30 to December 31, to be more comparative with the majority of its industry peers. Consequently, the Annual Financial Statements ended December 31, 2022 included 15 months of financial information and was comprised of five quarters. As a result, the comparative period for the first quarter of 2023 is comprised of the three months ended March 31, 2022.

The Q1 2023 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise indicated, all references to $ in this MD&A are to Canadian dollars. References to US$ or US dollars herein are to United States dollars.

Please read the Forward-Looking Statements section of this MD&A, which provides information on forward looking information and other information. Additional information relating to the Company, including Eguana's financial statements, the Company's most recently completed Annual Information Form, news releases, and other required filing documents are available on SEDAR, at www.sedar.com. The aforementioned documents are issued and made available in accordance with legal and reporting requirements but are not incorporated by reference into this MD&A.

OVERVIEW AND UPDATE

A detailed overview of the Company's core business, its products, the market for Eguana's products, and the Company's business strategy is provided in the MD&A for the fifteen-month period ended December 31, 2022, published on May 1, 2023.

Safe – Reliable - Renewable

Eguana's mission is to become a global leader in residential and small commercial grid tied energy storage systems, which will likely be an essential contributor to electrification and migration to a distributed power grid. In short, to be the leader in power grid modernization. To lever delivering against this mission, the Company recently expanded its power electronics offering, to include a line of micro inverters, a critical component in residential rooftop solar segments, providing energy to storage systems, which in turn plays a key role in power grid transformation, stability and required electric vehicle infrastructure.

Strategically, the Company continues developing distribution partnerships, opening branch locations, and increasing product-to-consumer channels by expanding sales, technical support and training capacity, particularly in North American markets. Additionally, Eguana has vertically integrated its sales operations in Australia, to include full turn-key installation services, which has begun delivering positive growth and margins.

Eguana employees and external partners are critical to its success. The Company continues to expand key hardware and software development team members, to support growth initiatives of new white label partnerships, to achieve regional and country certification requirements, and to improve Eguana cloud, battery management solutions and battery integration and development.

The Company completing financings with long-term strategic investors in 2022 and currently has a strong cash balance, positioning itself for near term growth.

The development and operations approaches will help Eguana in providing a vertically integrated ecosystem, with the electronics platforms and proprietary software, for modernization of the power grid.

Sales and Operations

Compared to a year ago and the comparative quarter ended March 31, 2022, the first quarter of 2023 reported an increase of almost two thousand percent. Although the first quarter 2023 was slower than the prior quarter ended December 31, 2022, which follows the seasonality for residential renewables, the Company believes development efforts are continuing to pay off. These development efforts include both operational and sales strategies that are designed to achieve manufacturing and sales success.

A key component of Eguana's sales strategy is installer and partner training. In November the Company launched Eguana University, its online partner training portal inclusive of training modules covering products, selling, installation, commissioning, and design, among other partner loyalty components. The Company has seen over 100% growth in both unique module enrolments and module completions over the last 90 days compared to unique module enrolments over the first 90 days.

Trained installation sales partners are the Company's voice at the kitchen table, the equivalent of building out the Eguana sales force. This is critical as installer sales personnel influence consumer product selection, features, and design concepts. At present there are over 400 individual modules complete or in process. The Company will continue to build out training with aggressive targets to widen its installer partnerships, which is a leading indicator to future sales growth.

In alignment with our market peers, Eguana has seen elevated inventory levels and congestion within the distribution network through the first quarter along with a lag on sell through to the installer base. Management believes this is a short-term situation driven by recent economic changes that have impacted consumer purchasing decisions. As financial markets and rates stabilize, sales throughput is expected to increase. The Company will continue increasing partner training, optimistic of order growth in the coming months.

Various macro-economic factors, such as higher interest rates and inflation are impacting near-term sales efforts. Management believes consumer behaviour may remain somewhat cautious in the near term. However, we expect to see improved visibility on forward looking revenues, particularly as global supply chains continue to stabilize, strategic inventory investments are made, and customer demand patterns normalize post pipeline fills.

In May 2023, the Company announced its partnership with Virtual Peaker that allows utilities to connect to and control the output of Eguana energy storage systems to deliver grid services such as Demand Response and TOU operation in their service territory. This partnership represents a major development for the company. Building on the Eguana Cloud, this marks the transition to fleet management and VPP service revenues in the North American market.

The Company is seeing additional utility engagements in multiple geographies and believes the market is now at its tipping point driving towards power grid transformation, or the distributed power grid. Eguana has defined revenue opportunities across three segments as the power grid transitions, the cloud (software), the roof (hardware), and the wall (hardware). Eguana's fully integrated stack of products connect utilities and fleet aggregators, through Eguana Cloud, to the consumer. The consumer purchases hardware through Eguana installation partners for the wall, with its suite of energy storage products, and the roof, with its line-up of micro inverters.

In May 2023, the Company also received a $5 million initial order for its 10kW/28kWh whole home energy storage systems. Shipments have commenced with completed installations in Florida, San Jose, and Calgary. The 10kW/28kWh is immediately available in North American markets through distribution and dealer direct channels. Production of the 10kW system has progressed through the start-up phase and the product is ready for high volume.

SUMMARY OF QUARTERLY RESULTS

	2023	**2022**					**2021**	
	Q1	Q5	Q4	Q3	Q2	Q1	Q4	Q3
Sales (2)	5,855,247	10,357,667	2,602,195	2,317,334	285,130	1,264,549	3,121,716	1,381,504
Net loss (2)	(5,314,239)	(6,599,160)	(2,001,516)	(3,163,186)	(2,402,936)	(2,661,474)	(2,480,361)	(2,729,446)
Per share (1)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

(1) Basic and diluted.

(2) Fiscal 2022 represents a fifteen month period due to a change in year end from September to December. Fiscal 2021 represents a typical twelve month period.

2023 OPERATING RESULTS

The following table sets forth a summary of the results of operations for the three months ended March 31, 2023 and March 31, 2022.

	March 31, 2023	March 31, 2022
Sales and engineering services	**5,855,247**	285,130
Cost of goods sold	**5,703,007**	213,482
Gross margin	**152,170**	71,648
Expenses		
General and administrative	**1,067,735**	1,299,125
Selling and marketing	**600,051**	529,262
Product research and development	**1,344,107**	439,418
Operations	**351,849**	323,043
	3,363,742	2,590,848
Operating Loss	**(3,211,572)**	(2,519,200)
Other (expenses) income		
Financing costs	**(2,005,821)**	(43,310)
Expected credit loss	**(78,203)**	-
Unrealized foreign exchange gain	**(101,992)**	(10,144)
Other income	**83,349**	169,718
Net loss before tax	**(5,314,239)**	(2,402,936)
Current tax expense	**-**	-
Net loss	**(5,314,239)**	(2,402,936)

Sales and engineering services

The Company's revenue is primarily derived from the sale of power electronics including fully integrated energy storage solutions ("ESS")' and micro inverters. The ESS' have been designed to be battery agnostic and are available in both NMC (nickel manganese cobalt) and LFP (lithium iron phosphate) chemistries with multiple power and capacity configurations to provide consumer flexibility while meeting regional certification and safety requirements. The ESS' also maintains approximately 90% bill of material consistency throughout the advanced power electronics platform providing a standardized product topology where many of the Company's proprietary patents reside. Each feature rich system is capable of performing consumer related functions, including solar self-consumption and seamless back-up power, as well as a full suite of VPP services for fleet aggregators including frequency and voltage control, reactive power management, and spinning reserve. The micro inverters, an expansion of the Company's power controls offering, are sold under both Eguana Enfuse and premium white label branded names. The suite of micro inverters includes single, dual and quad port configurations, maximizing system flexibility, installation simplicity, and reliability. Micro inverters continue to play a key role in residential rooftop solar and are critical to the energy and power grid transformation. The Company recorded its first sales of the Enfuse in June 2022.

The Company's customer base is addressed primarily through its dealer network inclusive of large residential solar installers and global distributors, who, in turn, market and sell Eguana products through their customer networks to the end consumer. Additionally, in certain markets, the Company has white label products for large scale partners who have the ability to wrap financing around the solutions and target both solar self-consumption consumers, VPP programs, and other fleet aggregation services. Energy storage product installations are highly technical, Eguana, through a series of online and in person training programs, ensures both its customers and installation partners are appropriately educated and trained on all product features, installation best practices, and software-based commissioning prior to selling partners achieving first sales. All installation, maintenance and subscriptions are the responsibility of the distributor or installer, putting additional importance on training.

For the three-month period ended March 31, 2023, power electronic product sales were $5,855,247 (15,168 units comprised of ESS and Microinverters) an increase of 1,953.5% compared to prior year product sales of $285,130 for the same period (38 units comprised of ESS). A significant portion of the current quarter's revenue was from a major USA partner, who has been slow to pay. Management continues to work closely with the partner and does not expect the situation to be long term. Revenue in the prior year were significantly constrained as a result of global supply chain issues and shipping port congestion, which drove delays of certain raw materials. Those delays were not seen in the current period. Sales in the three-month period ended December 31, 2022, were $10,357,667. The decrease in sales in the March quarter is due to typical seasonality curves within the sector, along with elevated inventory positions within the distribution networks, as a result of their higher inventory levels exiting the December quarter of 2022. Cyclically, sales tend to slow post year-end based on distribution network and consumer purchasing patterns.

Gross margin

Gross margin for power electronics decreased to 2.6% or $152,170 for the three months ended March 31, 2023, a decline as compared to the comparative quarter. Power electronics gross margin achieved for the same period in 2022 was 25.1%. This March 31, 2022 margin was uncommonly high due to inventory adjustments, which positively impacted the of gross margin. Gross margin in the recently completed three months ended December 31, 2022, was 3.9%. The slightly higher margin in the December quarter is as result of product mix relative to the March 2023, quarter.

Margin has remained fairly steady over the last two quarters with improvements anticipated in the coming quarters.. Currently, each unit sold has approximately 1.9% in freight cost above standard pre-pandemic freight rates. Additionally, battery costs have seen an increase of 4% per standard 5kW Evolve sold. Both of these costs are expected to normalize through the summer providing approximately an additional 6% margin.

Additional product cost reduction through the summer will result from prior supply chain objectives whereby certain materials and sub assembly procurement activities were transitioned outside of China, which has a direct impact by reducing or removing import tariff costs on components. On components currently in inventory, each 5kW system sold has an additional cost of approximately 2.2% in tariffs, which will fall off as components are consumed through manufacturing. Longer term initiatives relative to battery supply chains and power electronics are expected to launch later this year driving an additional double digit margin gain over the next 18 months.

Expenses

Operating costs for the three months ended March 31, 2023, were $3,363,742, up from $2,590,848 for the comparative quarter ended March 31, 2022, a 29.8% increase year over year.

- Product research and development costs increased by $904,689 for the three months ended March 31, 2023. This increase is due to higher R&D spending related to increased R&D compliance testing and certifications, costs associated with new product design, development, and prototyping and the expansion of key personnel in preparation for new developments related to Eguana Cloud Services and energy management software advancement, new product development, battery management system and micro inverter integration.

  Included in product research and development are costs associated with prototype development and certification, market analysis in support of new product definition, salaries and benefits of the engineering group, and a portion of the Chief Operating Officers ("COO") compensation.

- G&A expenses decreased by $231,390 for the three months ended March 31, 2023. The primary reason for the decrease is due to share-based payments decreasing by 262,737 compared to the three months ended March 31, 2022. This is due to $1.0 million options granted to a capital markets advisory firm in the March 31, 2022, quarter that were fully vested on grant, and therefore fully expensed in that period. Otherwise, G&A expenses remained consistent with the comparable quarter in 2022.

  G&A expenses consist primarily of salaries (including the value of stock options for all employees), employee benefits and overhead expenses that are not otherwise allocated to other categories, occupancy, all professional fees, investor relations costs, travel costs, realized foreign exchange gains and losses and amortization.

- Selling and marketing expenses for the three months ended March 31, 2023, increased by $70,789 as compared to three months ended March 31, 2022. This increase is entirely due to the additional sales and after sales service personnel in the United States to accelerate the Company's growth objectives related to executing and maintaining the PowerCentre+ and microinverter strategies, along with the associated recruiting costs for key personnel.

  Included in these costs are salaries and benefits of personnel employed in marketing and customer account relationships, travel, costs of trade shows, and portions of the Chief Executive Officer's ("CEO") compensation that relate to business development.

- Operations costs increased by $28,806 for the three months ended March 31, 2023. This increase is due to higher operating costs associated with the new and larger warehouse locations and the addition of operations personnel to meet expected growth targets. Travel costs associated with inventory management of overseas inventory locations were also higher in the current quarter.

  Operations costs include salaries and benefits of employees directly allocated to this function, overhead cost allocations to support the operations personnel and portions of the COO's compensation.

Financing costs

Financing costs for the three-month period ended March 31, 2023, were $1,962,511 higher than the comparative period ended March 31, 2022. This is primarily associated with increased accretion on debentures, relating to the unsecured convertible debenture that closed in August 2022. Additionally, accretion on long term debt increased by $641,806 due to the Company executing a new loan agreement in April 2022. Additionally, the change in fair value on the derivative liability is captured in financing costs and represents an additional cost of $130,299, compared to ended March 31, 2022. The overall increase is offset by reductions in lease expense and accretion of other liabilities.

Expected credit loss

The Company has one customer that represents 92% of total accounts receivable. At March 31, 2023, this customer had approximately $7.8 million of accounts receivable over 90 days, The customer continues to be delayed in making payments on its outstanding receivable balance but continues to make progress payments. The Company originally recognized a credit loss provision at year-end December 31, 2022. The estimated credit loss recognized for the three months ended March 31, 2023, is $78,203 (March 31, 2022 - $nil) and represents the time value of money related to the delayed payments. This expected credit loss is calculated based on customer-specific factors, expected timing of cash receipts, and discount rates to account for time value of money when required. The Company also considers historical default rates, forecasted economic conditions in the assessment, amongst other factors. As a major customer, the Company continues to work together with the customer to collect payments and review future sales and ordering. Management believes the full amount will be received from the customer.

Other income

Other income for the three months ended March 31, 2023 was down $86,369 as compared to the comparative period ended March 31, 2022. Other income is primarily compromised of after sales services provided by Eguana, on behalf of a third-party reseller, where the majority of the work was completed in the previous year however, with some additional services in the current year.

Net Loss

Net loss for the three-month ended March 31, 2023 increased by $2,911,303, as compared to the three months ended March 31, 2022. The increase in net loss can primarily be attributed to increased financing costs by $1,962,511, due to higher debt levels in the current period and increased operating expenses of $772,894, due to additional personnel, throughout the organization. Unrealized foreign exchange loss also negatively impacted net loss by $86,369, compared to the same period in 2022. Additionally, the recorded credit loss negatively impacts net loss by $78,203, and no such loss was incurred in the comparison period. This is partially offset by an increase in gross margin in the quarter, from stronger sales, contributing positively by $80,522.

FINANCIAL RESULTS

	March 31, 2023	March 31, 2022
Operating activities		
Net loss	**(5,314,239)**	(2,402,936)
Share-based payments	**228,580**	491,317
Financing costs	**2,005,821**	43,310
Amortization of capital assets and leased assets	**196,238**	139,090
Write down of inventory	**-**	82,913
Warranty provision	**98,099**	(872)
Bad debt expense	**-**	965
Expected credit loss	**78,203**	-
Unrealized foreign exchange loss	**101,993**	10,144
	(2,605,305)	(1,636,069)
Net change in non-cash working capital	**(3,471,026)**	162,466
Cash flow used in operations	**(6,074,198)**	(1,473,603)

Share-based Payments

Share-based payments were $228,580 for the three-month period ended March 31, 2023, down from $491,317 for the comparative period ended March 31, 2022. In February 2022, 1.0 million options were issued to a capital market advisory firm and immediately vested, and therefore fully expensed in that period and resulted in the higher share-based payments for the 2022 comparison quarter. No option grants occurred in the three months ended March 31, 2023.

Subsequent to March 31, 2023, a new grant was provided to a new executive officer for 250,000 options at a strike price of $0.17.

Unrealized Foreign Exchange Loss

Unrealized foreign exchange loss for the three-month period ended March 31, 2023 decreased to $101,992 compared to $10,144 in the same period the previous year. This primarily resulted from an unfavourable shift in foreign exchange on the Company's accounts receivable balance as compared to the previous year.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company manages its capital with the prime objectives of safeguarding the business as a going concern, creating investor confidence, maximizing long-term returns, maintaining an optimal structure to meet its financial commitments, and strengthening its working capital position. At present, the capital structure of the Company is primarily composed of shareholders' equity and debt. The Company's strategy is to access capital primarily through equity issuances, asset based lending, and other alternative forms of debt financing. The Company actively manages its capital structure and adjusts relative to changes in economic conditions and the Company's risk profile.

Eguana received $1,470,711 in financing activities in the quarter ended March 31, 2023 (March 31, 2022 – used $271,429) and used $6,074,198 in cash flow from operating activities (March 31, 2022 – $1,473,603).

Working capital represents the Company’s current assets less its current liabilities. The Company's liquidity, as measured by the Company's working capital at the quarter ended March 31, 2023, was $32,106,884 (December 31, 2022 – $33,668,450).

The Company has accounts receivable totaling $18.9 million as at March 31, 2023, and applies significant judgement to estimate the expected credit loss (“ECL”). The Company considers customer-specific factors, expected timing of cash receipts, and discount rates to account for time value of money when required. The Company also considered historical default rates, forecasted economic conditions in the assessment, amongst other factors. Actual judgements and estimates will change over time and management reviews these frequently and will adjust ECL, based on this changing information. Actual credit losses may differ significantly from ECL. As at March 31, 2023, the Company has one customer that represents 92% of total accounts receivable which at March 31, 2023, has $7.8 million of total accounts receivable that are over 90 days past due and has been delayed in making payments. As a result, the Company has recorded a provision at March 31, 2023 for $1.5 million. Management still believes the full amount will be received from the customer.

The Company has recorded $4,096,348 in accounts payables and accrued liabilities. In addition, the Company has $4,174,143 in short-term debt, $2,571,798 in derivative liability, $238,917 in lease obligations payable over the next 12 months.

The Company is subject to legal claims in the ordinary course of business, and these are disclosed as they occur or evolve. During the quarter there has been no significant change in legal disputes and no change in associated amounts.

Outstanding Debt and Equity

On April 1, 2022, the Company entered into a new loan agreement (the “New Senior Loan”) for general working capital for up to USD$10.0 million with Western Technology Investment (the “Lender”). The first USD $5.0 million was available immediately, while the additional USD$5.0 million is available through August 31, 2022, upon the Company achieving revenue of at least CAD$14.0 million between May 1, 2022, and July 31, 2022, and the Company having unrestricted cash of CAD$10.0 at the time of the draw. The New Senior Loan bears interest at a rate of 12% per annum, per draw, with interest only payments being paid during the first six months, followed by both principal and interest being paid in equal installments over a period of 30 months commencing on the 6-month anniversary of the relevant draw. The Company may prepay the Loan by paying all scheduled but unpaid payments, subject to a scaling discount off future interest owed depending on the date of repayment.

As consideration for the advance of the Loan, the Company agreed to issue warrants entitling the Lender to purchase up to an aggregate of 4,934,309 common shares of the Company at a price of $0.355 per common share, for a period of five years from the date of the New Senior Loan, with 50% of the warrants issued immediately and 50% of the warrants issued ratably on subsequent draws made under the New Senior Loan, all vesting immediately. The vested unexercised warrants will be exchangeable, at the option of the holder, after the earlier of a liquidity event and September 30, 2025, for an amount equal to the sum of: (i) USD$1,500,000; and (ii) the product obtained by multiplying USD$1,500,000 by the percentage of the principal amount of the Loan actually advanced by the Lender relative to US$10,000,000. These warrants are recorded as a warrant derivative liability at fair value through profit or loss. The Company drew USD$5.0 million on April 7, 2022, and issued 3,700,732 warrants and measured the fair value of the warrant derivative liability associated with the loan, with the residual assigned to the New Senior Loan.

On August 31, 2022, the Lender waived the financial milestones required under the Loan Agreement for the second tranche of the New Senior Loan and the Company drew USD$5.0 million. This resulted in the issuance of 1,233,577 warrants.

On August 31, 2022 (the Closing Date), the Company closed a strategic investment by ITOCHU in the amount of $33.0 million in the form of an unsecured convertible debenture (the “Debenture”). The Debenture bears interest at a rate of 7% per annum, paid semi-annually in either cash or with the issuance of shares, and matures on August 31, 2025. While the Debenture remains outstanding, at any time following the date that is four months plus one day following the Closing Date, if the Company files a financial statement in respect of a three-month period, which reports stable positive net income and the parties mutually agree (such consent not to be unreasonably withheld), ITOCHU will be entitled to convert all or part of the principal amount of the Debenture into common shares at a price of $0.50 per common share. Additionally, beginning on the date that is four months plus one day following the Closing Date, if the Company files a financial statement in respect of a three-month period which reports stable positive net income, the daily volume weighted average trading price of the Common Shares on the TSXV is greater than $1.00 for any 20 consecutive trading days, and the parties mutually agree (such consent not to be unreasonably withheld), the Company can require ITOCHU to convert the Debenture into Common Shares at a price of $0.50 per Common Share on not less than 30 days’ notice. Financing fees of $453,420 were allocated between the liability and equity portion of the Debentures.

In March 2023, ITOCHU and Eguana agreed to convert $1,145,507 of interest owing under the Debentures into 4,242,617 common shares of Eguana, in full satisfaction of the interest payment due on March 1, 2023. Additionally, ITOCHU purchased 16,666,666 common shares of the Company through the exercise of their remaining share purchase warrants, for aggregate consideration of $3,333,333.

Shareholders’ Equity and Shares Outstanding

As at May 29, 2023, 424,075,928 common shares are issued and common share purchase warrants representing the right to acquire 4,934,309 common shares are outstanding. These are the balances reported at March 31, 2023.

As at May 29, 2023, the Company has 24,886,537 stock options outstanding, each with a right to acquire one common share. This is an increase of 75,000 from March 31, 2023, relating to 250,000 options issued to a new executive, offset by 175,000 forfeited options. At May 29, 2023, 19,098,226 stock options are vested, with a weighted average exercise price of $0.29 per share.

Off-Balance Sheet Items

As at March 31, 2023, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on Eguana’s financial condition, results of operations, liquidity, or capital expenditures.

Capital Expenditures

For the quarter ended March 31, 2023, capital and intangible expenditures totaled $516,234 (March 31, 2022 - $147,726) and were primarily incurred with respect to the to the purchase of new lab test equipment as well as leasehold improvements and office equipment in the new Calgary, Alberta location. Intangible asset additions related to a software license that was extended.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgements and estimates used in the preparation of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 have been applied consistently for all periods presented and are unchanged from the judgments and estimates disclosed in the notes to the consolidated financial statements as at December 31, 2022.

RISK FACTORS AND RISK MANAGEMENT

Additional information relating to the Company's Risk Factors and Risk Management, can be reviewed in the Financial Statements, the Company's most recently completed Annual Information Form, news releases, and other required filing documents on SEDAR, at www.sedar.com.

Nature of Operations

The Company has cash of $10.2 million at March 31, 2023, due largely to the Company's financing activities in the prior year and providing sufficient liquidity. The Company may continue to rely on equity and debt financings until it is able to start generating sufficient profit and positive cash flows from operations, to pay liabilities, to continue operations and to develop sales channels and product enhancements.

Geo-political Events

In early 2022, Russia's invasion of the Ukraine has raised global concerns over the already susceptible economic constraints. This has disrupted supply chain channels, and in turn material supply constraints. This global situation remains dynamic, and it is currently not possible for the Company to predict the duration or magnitude of the potential adverse impacts of Russia's invasion of the Ukraine or their effects on the Company's ability to raise funds.

Government Regulation and Industry Standards

The operations of Eguana are subject to a variety of federal, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Of particular relevance to Eguana's business, the laws and regulations related to the interconnection of behind the meter energy resources and to the installation of lithium-based batteries are covered by an evolving set of regulations that are similar in scope but differ in detail in each region in which the Company operates. Changes to these regulations often require investment in redesign and recertification of the Company's products and may increase the cost of the product, but they affect Eguana and its competition equally creating a significant barrier to new market entrants thus limiting competition to those who make these investments and deferring any potential commoditization of our product category. Eguana's products are currently certified for use in Germany, the United Kingdom, France, Australia, and North America. The prevalent technical associations that maintain the grid interconnection and safety standards in these countries are VDE, Australian Standards, UL, IEEE, CSA, IEC, EN and FCC. The standards that are typically actively maintained for compliance by Eguana are UL 1741, IEEE 1547, IEEE 2030.5, UL 9540, VDE 4105, G98, AS 4777, IEC 62109 and IEC 61000. Eguana believes that it is currently in compliance with all such laws and regulations. Eguana intends to invest financial and managerial resources to ensure such compliance and will continue to do so in the future; however, it is impossible for Eguana to predict the cost or impact of such laws and regulations on Eguana's future operations.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements (collectively, "forward-looking statements") within the meaning of applicable securities laws that and are based on certain assumptions and analysis made by the Company's management as of the date of this MD&A. Forward-looking statements include, without limitation, statements with respect to investment objectives and strategy, the development plans of the Company, regulatory changes, availability of customers, market penetration, the Company's intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, construction timetables, extent of solar resource usage and future growth and performance opportunities. The words "believes", "expects", "expected", "plans", "may", "will", "projects", "anticipates", "estimates", "would", "could", "should", "endeavours", "seeks", "predicts", "intends", "potential", "opportunity", "target" or variations of such words of similar expressions thereto and the negatives thereof, identify forward-looking statements. In particular, this MD&A includes forward-looking statements with respect to the future dynamics and size of the solar PV and energy storage market and segments thereof; statements concerning the Company's expectations of future relationships as well as the size of the market for power electronics; statements concerning the Company's sales; and statements concerning factors which management believes may be relevant in assessing whether the Company's plans are achievable.

Forward-looking statements are necessarily based upon management's perceptions of historical trends, current conditions and expected future developments, as well as a number of specific factors and assumptions that, while considered reasonable by the Company as of the date of such statements, outside of the Company's control and are inherently subject to significant business, economic and competitive uncertainties and contingencies which could result in the forward-looking statements ultimately being entirely or partially incorrect or untrue. Certain forward-looking statements contained in this MD&A about prospective results of operations, financial position or cash flows may constitute "future oriented financial information", is based on assumptions about future events, is given as at the date hereof and including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Forward-looking statements contained in this MD&A are based on various assumptions, including, but not limited to the following: (i) the Company's ability to achieve its growth strategy; (ii) the demand for the Company's products and fluctuations in future revenues; (iii) the Company's business model and assumptions; (iv) expectations of growth in the industry in which the Company operates and the markets in which the Company's products are sold; (v) sufficiency of current working capital to support future operating and working capital requirements; (vi) the stability of general economic and market conditions; (vii) currency exchange rates and interest rates; (viii) equity and debt markets continuing to provide the Company with access to capital; (ix) the Company's continued compliance with third party intellectual property rights; and (x) that the risk factors noted above, collectively, do not have a material impact on the Company's business, operations, revenues and/or results. By their nature, forward-looking statements are subject to known and unknown risks and uncertainties, many of which are beyond the Company's control, that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law. All of the forward-looking statements contained in this MD&A are qualified by these cautionary statements.