MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Ltd. ("Eguana", or the "Company") is dated November 28, 2024 and should be read in conjunction conjunction with Eguana's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024 ("Q3 2024") and the Company's annual audited consolidated financial statements for the year ended December 31, 2023, the Annual Financial Statements.

The 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.sedarplus.ca 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.

Going Concern

These financial statements were prepared on a going concern basis. The going concern basis of accounting assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments, in the normal course of business. The Company's intention is to continue to fund operations by adding revenue and positive cash flow, collecting outstanding receivables, managing outgoing cash flows, and seeking additional financing in the capital markets, through debt and/or equity. The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements.

There is material uncertainty as to whether sufficient cash will be available to make future loan payments (which would represent events of default) and to address other contractual obligations of the Company. Management will be reliant on the continued support of lenders, suppliers, other providers to the Company, equity investors, and current and new customers, as the Company is forecasting requiring additional cash to continue to fund operations and settle its obligations. There is no guarantee that the Company will be successful in this regard. These facts create material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

At September 30, 2024, the Company had not achieved profitable operations since its inception and had an accumulated deficit of $151.3 million (December 31, 2023 - $139.7 million). For the period ended September 30, 2024, the Company incurred a net loss from continuing operations before tax for the three and nine months ended September 30, 2024 of $2.7 million and $10.4 million, respectively (three and nine months ended September 30, 2023 – $5.6 million and $19.6 million, respectively) and had limited cash flow from operating activities.

At September 30. 2024, the Company had a working capital deficit of $37.7 million. The reclassification of the Convertible Debenture, in the amount of $29.3 million from a long-term liability to a current liability had a large negative impact on working capital. The working capital is highly dependent on cash collections from a major customer who has been slow to pay, and the Company continues working closely with the customer. Based on management's estimates for the timing and amount of collections, the Company expects it will have sufficient liquidity for operations for more than twelve months. If there is a significant delay in the receipt of this receivable, and/or collections from other new sales or assets, it could impact the Company's liquidity position and require the Company to seek additional debt and/or equity financing.

At November 28, 2024, the Company had collected cash, subsequent to the quarter end, and had additional bank funds, with a balance of $1.3 million.

On November 26, 2024, the Company and the Lender of the Senior Loan signed a formal amendment for the long-term debt. The amendment was approved by the Board of Directors and has received conditional TSXv approval. The loan amortization will be extended to May 15, 2026, with a monthly principal and interest amortization payment of $399,349 USD, starting on December 15, 2024. Prior monthly scheduled payments were in the amount of $383,378 USD. All previously deferred and missed payments, along with 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 early 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.

Liquidity remains constrained and management continues to be reliant on the support of lenders, suppliers, and other providers to the Company, as the Company is forecasting requiring additional cash to continue to fund operations and settle its obligations. The Company has begun repaying prior balances to vendor however is still behind in its regular payments. The Company will need the continued support of its existing vendors and lenders, and to create cash inflows either through new sales, further inventory returns, collection of accounts receivable, equity issuances, additional debt financings, and/or sales of business lines, in order to be able to meet both its existing and future obligations. There is no guarantee that the Company will be successful in this regard. If the liquidity situation continues, it may have continued operational impacts, such as impaired reputation, low employee morale and productivity plus employee turnover, negative implications with suppliers, vendors, landlords, lenders and shareholders, and exposure to downgrading credit and legal claims. These facts create material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements do not include any adjustments that would be necessary if the going concern assumption were not appropriate. Failure to continue as a going concern would require adjustments to assets and liabilities, the reported revenues and expenses, and balance sheet classifications used, which could differ materially from the going concern basis.

OVERVIEW

The Company

Eguana Technologies Inc. ("the Company") designs, markets, manufactures, and sells fully integrated energy storage solutions, for residential, commercial, and utility applications, based on its proprietary advanced power electronics platform, for global markets. The Company, incorporated under the Alberta Business Corporations Act, is a publicly traded company headquartered in Calgary, Alberta, Canada, and its shares trade on the TSX Venture Exchange (the "TSX-V") under the symbol "EGT" and on the Over-the-Counter Bulletin Board (OCT-BB) under the symbol "EGTYF".

The Market and Eguana's Strategy

At the grid level, advanced power control and communication networks are enabling Virtual Power Plants ("VPP's"), grid services and power grid efficiency. Once deployed, energy storage solutions ("ESS") will provide a wide range of services to stakeholders including utilities and consumers, as well as the electricity markets, improving its return on investment by stacking both revenue and cost savings streams. Aggregating fleets of distributed ESS units enable deployed systems to deliver low-cost grid services and infrastructure, at the same time as delivering electricity cost savings to consumers. Fleet aggregated solutions, at the home or commercial unit, allow for increased energy and more efficient energy usage, thus enabling utilities to add capacity, without the traditional capital-intensive, long duration, projects of adding production and transmission. The aggregated fleet is always an environmentally friendly way of utilizing assets, at the point of consumption, with renewable solutions.

Eguana designs, manufactures, markets, and manages networked fleets of energy storage systems that deliver a full suite of grid services to utilities to accelerate power grid modernization. The energy transition is driving increased electrification of our energy systems, and energy storage will be a critical enabler of that transition. Eguana's ESS' are installed on customer premises, at the edge of the grid, where electricity is consumed, and operated as an aggregated fleet delivering VPP services through the Eguana Cloud fleet management software platform. Eguana's hardware and software platforms have been completely designed in North America to deliver a fully integrated, single point solution, for utilities and stakeholders. These energy storage systems can be utility or customer owned and deliver value to each stakeholder through a mix of grid services for the utility and backup power and bill savings to the customer, depending on the commercial agreement between the utility and the customer, all managed by the Eguana Cloud platform.

Eguana's proprietary and patented power control system ("PCS") and Cloud platform, which consists of 4 key modules, have been internally developed for specific stakeholders and VPP applications. The Eguana Cloud modules include Engage, consumer drive app, Ensight, installer driven, Exchange, developed for utility and fleet management, and Edge, developed for distribution system operators, form the backbone of the complete Eguana solution. The Company sources battery cells from leading global lithium battery partners, to ensure cost and technology competitiveness, which are then fully integrated with the PCS and Cloud gateway to deliver a complete, fully integrated, VPP enabled Energy Storage solution. Once installed, the networked fleet of ESS' can be programmed and dispatched through Eguana Exchange to deliver system-wide services such as frequency control or demand response, or through Eguana Edge to provide local, real time, support for feeder line management such as load balancing and voltage levelling, to enable additional capacity required to manage increased energy demand from population growth, higher penetration of EV charging, and rooftop solar along the feeder.

This "smart" grid, or grid 2.0, can reduce massive capital deployment requirements for utility while de-risking project size, timeline, and scope as ESS solutions deliver incremental infrastructure requirements as the grid requires, along with additional grid services, including voltage and frequency regulation, spinning reserve, and solar self-consumption or time shifting. From the consumer perspective, residential and small commercial hosts benefit from electricity savings, reduced cost volatility, backup power availability, and additional forms of compensation from the aggregator or fleet owner by participation in VPPs (allowing the utility operator access to the host system from time to time). Management believes that utility and VPP engagement will drive adoption, as intelligent grid infrastructure is required to support on-going electrification and the electric vehicle movement.

Electrification of everything, from household appliances to commercial and consumer vehicles, is significantly increasing demand for power, which continues to complicate planning decisions across the utility landscape. Over the past decade utilities have been managing grid requirements through efficiency gains such a smart thermostats, LED's and high efficiency HVAC, however energy demand has begun outpacing gains, causing utilities to act. Proposals for new generation are major headlines, however industry insiders understand the difficult and important work required for new transmission and distribution infrastructure necessary to bring added electricity to where it is used, at the grid edge. The traditional approach involves large project investments with long lead times. The current approach is advanced electronics and software control, to build flexible capacity, incrementally as and where needed.

Eguana has spent the past two decades commercializing these technologies to support the transition that is happening now. The ESS' have been designed from the ground up to deliver grid services to utilities, at the grid edge and the fleet management tools to enable clear and detailed visibility and metrics into real time grid conditions, along with fast, secure and accurate response to dispatch commands. Eguana products are preferred by contractors for their ease of installation, training and support programs, and long, reliable service-life.

Although thermostats, EV chargers and other flexible loads have contributed to grid infrastructure solutions, ESS are the most flexible, versatile, and valuable asset in VPP environments. These assets can be owned by either the utility, the homeowner, or a third party, who retains control over the priority of services delivered from the asset and can earn compensation from other stakeholders for services delivered to them. Utilities have had success enrolling thermostats and EV chargers through customer-owned Bring Your Own Device ("BYOD") programs but have not been able to translate those early successes into energy storage devices due to the fact that most energy storage systems are sold to customers who are motivated to reduce their dependency on the utility.

In 2024, the Company launched the Eguana Edge™, one of the key modules of the Eguana Cloud platform, is a utility feeder load balancer that provides utilities with a fleet of energy storage assets, which are managed in real time, to stabilize feeder loading and voltage quality. Eguana Edge™ consists of a suite of Eguana's energy storage solution products, combined with Eguana's fleet management software and operations and maintenance services. The Eguana Edge™ presents this fleet as a single asset for DERMS integration, to deliver system level ancillary services, including demand response, frequency regulation, and spinning reserve. Eguana Edge™ can be deployed as a customer owned fleet, however, it delivers the highest value when deployed as utility owned assets, offering resiliency to their customers, in exchange for hosting and accessing the systems. Eguana's strategy is to add utility partnerships and earn recurring revenue from the Cloud services delivered to the utilities. Eguana is currently advancing Eguana Edge™, with utilities in Canada and the USA, on distressed feeder lines that require end-of-line voltage support, demand response programs, or have a high penetration of solar. The recent announcement of the Canadian utility contract, an exclusive contract to roll out one megawatt of its Evolve LFP ESS, is a project that is ideal for the Eguana hardware and software solutions. Eguana believes that utility ownership will be the winner long term, and is continuing to pursue sales with a two-pronged strategy of both utility direct sales and BYOD accelerators, where Eguana partners with local electrical contractors to deliver direct to consumer ESS bundled with the BYOD incentives, avoiding the markups typically associated with solar+storage distribution channels and offering a value proposition based on utility partnership. Currently the Company has installed demonstrations and planned pilots in Western and Eastern Canada, along with the US Northeast and Pacific Northwest.

2024 OPERATING AND FINANCIAL RESULTS – THIRD QUARTER SEPTEMBER 30, 2024

Nature of Operations

These financial statements were prepared on a going concern basis. The going concern basis of accounting assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has incurred losses and has largely funded operations and development through issuance of debt and equity.

The Company's ability to continue as a going concern, fund operations and execute its strategy, until it is able to start generating profit and positive cash flows from operations, is dependent on future profitable operations, cash flow from operations and any necessary financing, to meet its obligations and repay its liabilities arising from normal business operations when they come due. There is material uncertainty as to whether sufficient cash will be available to make future loan payments and to address other contractual obligations of the Company. There are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The following tables set forth a summary of the results of operations, for the three and nine months ended September 30, 2024 and 2023.

	Q3 2024	Q3 2023	**YTD 2024**	YTD 2023
Sales	**294,860**	2,551,092	**1,910,453**	10,473,963
Cost of goods sold	**420,870**	2,447,574	**1,898,073**	10,217,527
Cost of goods sold – impairment	**82,802**	325,763	**82,802**	325,763
Gross margin	**(208,812)**	(222,245)	**(70,422)**	(69,327)
Expenses				
General and administrative	**637,175**	623,826	**2,047,056**	2,489,223
Selling and marketing	**140,580**	516,466	**575,339**	2,065,642
Product development	**425,479**	1,133,326	**1,109,960**	3,967,897
Operations	**224,137**	412,258	**964,768**	1,129,991
Amortization	**183,633**	187,342	**540,002**	592,402
Share-based compensation	**80,401**	235,552	**260,561**	689,970
	1,691,405	3,108,770	**5,497,686**	10,935,125
Operating loss	**(1,900,217)**	(3,331,015)	**(5,568,108)**	(11,004,452)
Financing costs	**(2,020,645)**	(2,064,717)	**(6,138,786)**	(6,028,191)
Expected credit recovery (loss)	**1,110,238**	(1,206,286)	**1,173,851**	(1,788,005)
Unrealized foreign exchange gain (loss)	**93,659**	119,378	**(36,966)**	(242,225)
Other income	**45,779**	17,488	**271,220**	138,717
Other recovery (expense)	**-**	840,933	**(128,451)**	(1,212,251)
Net loss before tax	**(2,671,186)**	(5,624,219)	**(10,427,240)**	(19,580,480)
Current income tax expense	**-**	-	**-**	-
Net loss from continuing operations	**(2,671,186)**	(5,624,219)	**(10,427,240)**	(19,580,480)
Net loss from discontinued operations	**(312,950)**	(177,770)	**(1,142,242)**	(555,927)
Net loss	**(2,984,136)**	(5,801,989)	**(11,569,482)**	(20,136,407)

SUMMARY OF QUARTERLY RESULTS

	2024			2023				2022	
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	Q5	Q4
Sales[(2)]	**294,860**	660,395	955,198	984,627	**2,551,092**	2,067,624	5,855,247	10,357,667	2,602,195
Net loss[(2)]	**(2,984,136)**	(4,834,975)	(3,750,371)	(15,453,344)	**(5,801,989)**	(9,020,179)	(5,314,239)	(6,599,160)	(2,001,516)
Per share[(1)]	**(0.01)**	(0.01)	(0.01)	(0.03)	**(0.01)**	(0.02)	(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. 2022 Q5 is for the quarter ended December 31, 2022 and 2023 Q4 is for the quarter ended September 30.

Quarter over quarter results have remained negatively impacted by the global slowdown in renewable energy markets, negatively impacted by rising interest rates and high inflation, among other macro-economic factors, for the past 15 months. Following the end of 2022 and the start of 2023, sales, particularly in consumer driven channels, declined due to this industry demand shift. In prior strong quarters, sales were made to the major USA partner, who had orders in the distribution channels, and in early 2023 the industry came to a significant halt, which impacted all companies in the solar industry. The following quarter of quarter analysis for the three and nine months ended September 30, 2024, reflects this negative shift.

To adjust to the lower consumer demand, Eguana has actively managed liquidity in the following ways:

- Deferring interest payments where possible and renegotiating with senior lenders
- Adjusting operationally by closing unprofitable locations, temporary staff savings by furlough and reduced work weeks.
- Pursuing short term cash options, deferring expenditures and delaying vendor payments.
- Providing updates to shareholders and outlining going concern in financial disclosures.
- Focusing sales, operational and development efforts on the value proposition to utility companies, who are less sensitive to market and economic dynamics and have clear grid resiliency and grid transition targets.

As a result of significant cost reduction efforts, overall expenses, and particularly cash expenses have declined quarter over quarter, and year to date. Total expenses, excluding amortization and stock-based compensation for the year-to-date September 30, 2024, were $4.7 million as compared to the year-to-date September 30, 2023 of $9.1 million, or 51% lower.

2024 Third Quarter - Three Months Ended September 30, 2024

Sales

For the three months ended September 30, 2024, sales were $295 thousand, a decrease of $2.3 million or 88% from the comparative three months ended September 30, 2023, of $2.6 million.

The decrease in revenue during the quarter was as a result of the solar industry being negatively impacted by rising interest rates and high inflation, among other macro-economic factors, for the past 15 months. Liquidity issues of a key customer, also impacted by the underperforming solar market, negatively impacted sales after the first quarter of 2023 and continue into 2024. The significant impact of this revenue decline is somewhat offset by sales in the Australian rooftop solar business, which was not active in the comparative period in 2023.

Cost of goods sold - impairment

In the three months ended September 30, 2024, the Company recognized inventory write-down of $83 thousand, related to Australia solar inventory, as compared to the prior quarter ended September 30, 2023 of $325.8 thousand, for various older components no longer used. Further, in discounted operations, for the three months ended September 30, 2024, the Company recognized impairment of $285 thousand (2023 - $nil), related to the product and components for the German market, where sales been minimal and where the German subsidiary company is being liquidated.

Gross margin

Gross margin was negative $209 thousand or negative 71% for the three months ended September 30, 2024, a decrease as compared to gross margin of negative $222 thousand or negative 9% in the comparative three months ended of 2023.

At low sales levels, gross margin is negatively impacted by fairly consistent indirect labour and overhead amounts, categorized in costs of goods sold. This impacted the third quarter ended September 30, 2024. There was also a different blend in revenue streams in comparison to the prior year, shifting to a majority of sales in rooftop solar installation services for the third quarter 2024.. During the quarter, as the Company made the decision to reduce operations in international locations, adjustments were booked to close off any work in progress. Lastly overall, gross margin remains low as the industry remains and customers are more price sensitive, with rising interest and high inflation. With low sales volume, in this constrained marketplace, gross margin will be low.

Operating expenses

Expenses for the three months ended September 30, 2024, were $1.7 million as compared to $3.1 million in the three months ended September 30, 2023, a decrease of $1.4 million or 46%. Large overall cost reductions were achieved with lower headcount, decreased spending in all categories and the closure of the Germany location. Overall salaries were lower as staff were reduced to a 4-day work week, with a 20% pay reduction for August and September 2024. Staff returned back to regular hours and pay in October and there was limited impact to medium and long term objectives.

General and administrative expenses ("G&A")

G&A expenses consist primarily of salaries, employee benefits and overhead expenses that are not otherwise allocated to other categories, occupancy, all professional fees, investor relations costs, travel costs, and realized foreign exchange gains and losses.

G&A expenses were flat as compared to the comparative quarter ended September 30, 2023, as a result of the Company making strong efforts to control spending and some personnel reductions in finance and administration, offset by increased costs for insurance, legal and audit.

Selling and business development ("S&BD")

These costs include 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 relates to business development.

For the three months ended September 30, 2024, S&BD costs decreased by $376 thousand as compared to the comparative quarter ended September 30, 2023. The decrease primarily relates to salaries and benefits along with travel and business development costs, as the number of sales personnel was reduced, to respond to current market conditions. Specifically for 2024, the Company no longer maintained a USA sales and support team, who had been focused on consumer and distribution channels, and these roles will be substituted by existing personnel in Canada. This was partially offset by sales costs of the Company's integrated solar operation in Australia, in which additional personnel, marketing and selling efforts continued in the second quarter of 2024, prior to the decision to separate from Solarlab and reduce the ongoing cash costs of Australia.

Product development

Product development costs include prototype development and certification, market analysis in support of new product definitions, salaries and benefits of the engineering group, and a portion of the Chief Operating Officer's ("COO") compensation.

Product development costs decreased by $708 thousand as compared to the comparative quarter ended September 30, 2023. The Company is making strong efforts to control spending and prioritize development projects. Personnel costs decreased as the Company downsized its product development team near the end of 2023, responding to the lower market conditions, which continue in 2024.

Operations

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

For the three months ended September 30, 2024, operations costs decreased by $188 thousand as compared to the comparative quarter ended September 30, 2023. This decrease is primarily due to the Company making strong efforts to reduce spending and strategic cost reductions. Specifically, personnel costs decreased in the second quarter as the Company reduced personnel in Australia relating to not completing the Solarlab business acquisition.

Amortization

Amortization costs are non-cash expenses related to the amortization of the Company's capital assets, intangible assets and right-of-use leased assets.

Amortization costs were consistent for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, as there has not been much spending on new capital assets.

Share-based compensation

Share based compensation expense is a non-cash expense related to the Company rewarding employees and related parties with equity ownership rights. Share-based compensation expense is recognized over the options vesting period.

For the three months ended September 30, 2024, share-based compensation expense decreased by $155 thousand, as compared to the comparative quarter ended September 30, 2023. This decrease in expense is due to less stock options being granted year over year, plus some vesting periods of previous options becoming fully vested.

Expected credit loss ("ECL")

At the end of 2022 and the first quarter of 2023, the Company reported strong revenue growth, mostly in the North American consumer market. A majority of this revenue was from a major customer, who has been and remains slow paying. This customer represents 77% of total accounts receivable, which as at September 30, 2024, had $6.3 million of total accounts receivable past due. This customer continues to be delayed in making payments.

The Company originally recognized a credit loss provision at year-end December 31, 2022, and has been adjusting the provision on a quarterly basis. During the nine months ended September 30, 2024, the Company recorded a reduction in ECL to reflect value received from inventory obtained as an offset to net accounts receivable with the major customer. The Company also received additional payments during the nine months ended September 30, 2024 and recognized a recovery of $1.1 million recorded against the ECL provision. As a result, the Company has a provision for this customer at September 30, 2024, in the amount of $6.2 million.

During the three months ended June 2024, a price concession was provided to a major customer that resulted in a credit to accounts receivable, with an offset to expected credit loss of USD $415,000. Based on new market information for inventory previously sold to the customer, and in good faith, the Company agreed to a one-time credit, reflecting market pricing through a new sales channel that is now available but only at a lower special selling price. This does not impact the Company's existing inventory.

The Company applied significant judgment to estimate the ECL provision based on customer-specific factors, including past payment history, known customer business factors, and customer's access to capital, plus judgements for the expected timing of future consideration, and discount rates, to account for the time value of money. Further general and industry specific economic conditions are also included in the assessment of ECL. As the overall industry has not recovered and industry sell-through remains slow, especially in an industry that generally is stronger towards the end of the year, the collection risk was heightened. In addition, slower than expected payment frequency and amounts were factored into the ECL provision.

Financing costs

Financing costs include non-cash expenses such as accretion, fair value changes and imputed lease liability interest. Financing costs remain consistent and in for the three months ended September 30, 2024, were $2.0 million, as compared to the comparative quarter ended September 30, 2023, of $2.1 million. The amounts are comparable year over year as the makeup of outstanding debts are similar. There are offsetting variance amounts of interest affected by foreign exchange and change in the fair value of derivative liability.

Unrealized foreign exchange loss

The $26 thousand change in unrealized foreign exchange gain for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, is primarily due to fluctuations in the US dollar in 2024.

Other income and expense

For the three months ended September 30, 2024, other expense of $nil thousand was reported, and other income of $46 thousand was reported. The detail of these items is outlined in the financial statements. In the first quarter of 2024, the Company reported other expenses related to transaction costs for the Australian business and other income relating to a gain on return of certain inventories.

With respect to the comparative quarter ended September 30, 2023, the Company experienced a theft of three truckloads of inventory components, when being transferred between Company warehouse locations. The theft was part of a larger targeted operation towards the Company's third-party logistics provider, which included our three truck loads. The theft was immediately reported to the police and insurance and the Company pursued recovery from its insurance provider. The inventory items had a cost of $2.1 million and were written off in the Company records, resulting in a loss reported in Other Expense of $2.1 million in the second quarter of 2023. In the third quarter, the Company received partial insurance proceeds of US$ 623 thousand (CAD $841 thousand)

and recognized the amount in Other Expense to offset the original loss, resulting in a loss for nine months ended September 30, 2023, of $1.2 million.

Other income in the three months ended September 30, 2023, was $17 thousand due to interest income earned in the current quarter on funds invested in short-term saving accounts.

Net loss from continuing operations

Net loss from continuing operations for the three months ended September 30, 2024 of $2.7 million, decreased by $3.0 million, as compared to the three months ended September 30, 2023. The decrease in net loss can primarily be attributed to decreased operating expenses by $1.4 million, due to lower selling and marketing, product development and operations expenses, as the Company implemented cost saving measures across the Company. These measures implemented in the fourth quarter of 2023 continued throughout 2024. Also, the recovery of expected credit loss in the three months ended September 30, 2024, as compared to a charge for expected credit loss in the three months ended September 30, 2024, created a total positive impact of $2.3 million when comparing the two periods. This positive variance is partially offset by the Other Income item for the recovery of insurance proceeds of $0.8 million during the third quarter 2023.

Net loss from discontinued operations

At the end of June 2024, the Company made the decision to close the German business and to liquidate the operations. Net loss from discontinued operations for the three months ended September 30, 2024, was $313 thousand, which included the full severance costs. And when the comparative presentation is presented, the net loss from discontinued operations for the three months ended September 30, 2023 was $178 thousand.

2024 Year to Date - Nine Months Ended September 30, 2024

Sales

For the nine months ended September 30, 2024, sales were $1.9 million, a decrease of $8.6 million or 82% from the comparative nine months ended September 30, 2023, of $10.5 million.

The decrease in revenue during the nine months ended is related to the solar industry being negatively impacted by rising interest rates and high inflation, among other macro-economic factors. Revenue for the nine months ended September 30, 2023, was positively impacted by strong sales in the first three months of 2023, and sales related to the micro-inverter product line, which was not part of the Company's product line in the first nine months of 2022. The significant impact of this revenue decline is somewhat offset by sales in the Australian rooftop solar business, which was not active in the comparative period in 2023.

Cost of goods sold - impairment

In the nine months ended September 30, 2024, the Company recognized inventory impairment and write-down of $83 thousand, as compared to the prior quarter ended September 30, 2023 of $326 thousand. Plus, for the nine months ended September 20 2024, in discounted operations, the Company recognized impairment of $448 thousand, for older components no longer used in production and considered to have limited future economic benefit.

Gross margin

Gross margin for the nine months ended September 30, 2024 was negative $70 thousand or 0%, fairly flat as compared to gross margin of negative $69 thousand in the comparative nine months ended of 2023. The lagging market and inventory impairments in 2024 and 2023 have resulted in lower pricing and negligible margins.

Operating expenses

Expenses for the nine months ended September 30, 2024, were $5.5 million as compared to $10.4 million in the nine months ended September 30, 2023, a decrease of $4.9 million or 47%. Large overall cost reductions were achieved with lower headcount and decreased spending in all categories.

General and administrative expenses (“G&A”)

G&A expenses decreased by $408 thousand as compared to the comparative nine months ended September 30, 2023 as a result of the Company making strong efforts to control departmental spending. This decrease is primarily due to decreased salaries and wages and general expenditures including travel costs. Offsetting these reductions during the quarter are increased insurance, legal and audit fees.

Selling and business development (“S&BD”)

For the nine months ended September 30, 2024, S&BD costs decreased by $1.0 million, as compared to the comparative nine months ended September 30, 2023. The decrease primarily relates to salaries and benefits along with travel and business development costs, as the number of sales personnel was reduced, to respond to current market conditions. This is partially offset from efforts to promote the Company’s integrated solar presence in Australia, in which additional marketing and advertising efforts were continued in the first half of the year 2024.

Product development

Product development costs decreased by $2.9 million as compared to the comparative nine months ended September 30, 2023. The Company is making strong efforts to control departmental spending. Personnel reductions occurred in the fourth quarter of 2023, so the nine months ended September 30, 2024 reflected lower personnel costs. The majority of the company personnel are in the category of development related and the reduction was necessary to reduce spending, to respond to the lower market conditions. Additionally, the Company is spending less on testing and certification, with spending only on critical product enhancements and general product maintenance.

Operations

For the nine months ended September 30, 2024, operations costs decreased by $132 thousand as compared to the comparative quarter ended September 30, 2023. Overall, reductions occurred with the Company making strong efforts to control spending and cost reductions, and personnel costs decreased in the second quarter of 2024, as the Company reduced personnel in Australia. This decrease is slightly offset by additional inventory storage facilities utilized in the USA.

Amortization

Amortization costs decreased by $19 thousand for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023. This decrease is a result of property and equipment disposals and impairments at the end of 2023, with a lower asset base being depreciated and limited new additions in 2024.

Share-based compensation

For the nine months ended September 30, 2024, share-based compensation expense decreased by $429 thousand, as compared to the comparative nine months ended September 30, 2023. This decrease in expense is due to less stock options being granted year over year, plus some vesting periods of previous options becoming fully vested.

Expected credit loss ("ECL")

The Company originally recognized a credit loss provision at year-end December 31, 2022, and is adjusting the provision on a quarterly basis.

During the nine months ended September 30, 2024, the Company recorded a recovery in ECL of $1.2 million for payments received. For the nine months ended September 30, 2023, the expected credit loss recorded was $1.8 million.

During the three months ended June 2024, a price concession was provided to a major customer that resulted in a credit to accounts receivable, with an offset to expected credit loss of USD $415,000. Based on new market information for inventory previously sold to the customer, and in good faith, the Company agreed to a one-time credit, reflecting market pricing through a new sales channel that is now available but only at a lower special selling price. This does not impact the Company's existing inventory.

The ending balance of the expected credit loss provision, at September 30, 2024, was $7.9 million, a compared to the December 31, 2023 balance of $13.1 million.

Financing costs

Financing costs include non-cash expenses such as accretion, fair value changes and imputed lease liability interest. Financing costs for the nine-month period ended September 30, 2024, were $6.1 million, as compared to the comparative nine months ended September 30, 2023, of $6.0 million, comparable year over year as the composition of outstanding debts are similar. The increase is due to offsetting amounts of interest affected by foreign exchange and change in the fair value of derivative liability.

Unrealized foreign exchange loss

The $205 thousand change in unrealized foreign exchange loss for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, is primarily due to the strengthening of the US dollar in 2024.

Other income and expense

For the nine months ended September 30, 2024, other expenses of $128 thousand was reported, and other income of $271 thousand was reported.

For the nine months ended September 30, 2023, other expenses of $1.2 million was reported, and other income of $139 thousand was reported.

With respect to the comparative quarter ended September 30, 2023, the Company experienced a theft of three truckloads of inventory components, when being transferred between Company warehouse locations. The theft was part of a larger targeted operation towards the Company's third-party logistics provider, which included our three truck loads. The inventory items had a cost of $2.1 million and were written off in the Company records, resulting in a loss reported in other expense of $2.1 million in the second quarter of 2023. In the third quarter, the Company received partial insurance proceeds of US 623.9 thousand (CAD $840.9 thousand) and recognized the amount as an offset to the original loss, resulting in a net loss for nine months ended September 30, 2023, of $1.2 million.

For the nine months ended September 30, 2023, miscellaneous income of $179.4 thousand was recorded in other income. During the nine months ended September 30, 2023, the Company returned component items under a warranty claim, which generated other income in the period.

Net loss from continuing operations

Net loss from continuing operations, for the nine months ended September 30, 2024, was $10.4 million, as compared to $19.6 million for the nine months ended September 30, 2023. The decrease in net loss can primarily be attributed to decreased total operating expenses by $4.9 million, due to lower costs in all categories selling, as the Company continued cost saving measures across the Company. These measures were generally implemented in the fourth quarter of 2023 continued in the first nine months of 2024. Also, the recovery of expected credit loss in the nine months ended September 30, 2024, as compared to a charge for expected credit loss in the nine months ended September 30, 2024, created a total positive impact of $3.0 million when comparing the two periods. In addition, the Company did not have to incur a $1.2 million net loss on inventory, in the 2024 period, which was reported in 2023.

Net loss from discontinued operations

At the end of June 2024, the Company made the decision to close the German business and to liquidate the operations. Net loss from discounted operations for the nine months ended September 30, 2024, was $1.1 million. And when the comparative presentation is presented the net loss from discontinued operations for the nine months ended September 30, 2023 was $556 thousand.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company manages its capital closely as it focuses on near and medium-term liquidity, to fund the Company's operating activities and other financial obligations through the current market downturn. At present, the capital structure of the Company is primarily composed of shareholders' equity and debt. The Company's approach has been to access capital primarily through equity issuances, asset based lending, and other alternative forms of debt financing. The Company's operating cash requirements, including amounts anticipated to meet near and medium liquidity requirements, are continuously monitored, and adjusted as input variables and industry conditions change. These key variables include, but are not limited to, timing of receivable collections or other cash inflows, anticipated expenditures, debt payments and cash outflows, and access to equity and debt markets. As these variables change, liquidity risks may necessitate the need for the Company to negotiate with its long-term debt lenders, carefully manage short-term liquidity and pursue other forms of financing. There is no assurance that adequate funds from operations, equity or debt will be available to the Company when needed and in the amounts required, to effectively manage liquidity.

Access for liquidity through the capital markets may be negatively impacted by the downgraded listing in the USA. Eguana was notified, by the OTCQB in the USA, of the low trading price for the stock and removal of the EGTYF stock from the OTCQB marketplace, with a downgrade to the "pink" market and the impact this on future capital is not known at this time.

Working capital represents the Company's current assets less its current liabilities. The Company's liquidity, as measured by the Company's working capital as at September 30, 2024, was a working capital deficit of $37.7 million (December 31, 2023 – $20 thousand). The Company has reported the $29.3 million for the convertible debenture and $8.3 million for the senior long-term debt as current liabilities. The Company also has $7.0 million in accounts payables and accrued liabilities as at September 30, 2024 (December 31, 2023 - $6.8 million).

Cash Flows

From inception, operational activities have not been sufficient, on their own, to finance the Company's requirements. Financing consists primarily of equity offerings that have been used to supplement revenue streams. The development of applications utilizing SAF as well as its production process involve significant financial risks, including the ability of the Company to develop and penetrate new markets, obtain additional financing as required, achieve profitable production and the ability for the Company to be able to successfully assert its intellectual property rights and protect against patent infringement. The Company has incurred significant operating losses and cash outflows from operations.

Cash used in operating activities for the three months ended September 30, 2024, was $10 thousand compared to cash used in operating activities of $0.8 million for the three months ended September 30, 2023. The decrease is related to a reduction in net loss and cash used in non-cash working capital, largely due to the large swing in accounts receivable offset by some increases in accounts payable and accrued liabilities.

Cash used in financing activities for the three months ended September 30, 2024, was $85 thousand compared to $1.0 million for the three months ended September 30, 2023. Cash used in financing in the three months ended September 30, 2024, related to payment on capital leases. Cash used by financing activities for the three months ended September 30, 2023, related to repayments of long-term debt and leases, net of the conversion of common share warrants.

Cash from investing activities for the three months ended September 30, 2024, was $4 thousand compared to cash used of $237 thousand, for the three months ended September 30, 2023. Investing activities relate to the investment in lab equipment for product testing and development, office leasehold improvements, vehicles and software intangible assets.

Capital Expenditures

For the three and nine months ended September 30, 2024, capital expenditures totaled $nil (2023 - $185 thousand) and $5 thousand (2023 - $561 thousand), respectively. During 2023 expenditures were for lab testing equipment and corporate office leasehold improvements. Also in the third quarter of 2023, the Company received a leasehold incentive allowance of $108 thousand for the improvements completed on its corporate head office lease.

For the three and nine months ended September 30, 2024, purchase of intangibles totaled $nil (2023 - $340 thousand) and $5 thousand (2023 - $561 thousand), respectively. During 2023, these purchases were for software.

Lease Liability

The Company recognizes lease liabilities from its leases of real estate and vehicles. During the three months ended June 30, 2024, the Company entered into a lease extension at one of the property locations, resulting in the addition of $655,000 to outstanding lease liabilities, with a corresponding increase to right-of-use assets. During the three months ended September 30, 2024, a property location lease was early terminated, resulting in disposals to right-of-use assets and lease liabilities, with a net gain of $37,544.

Outstanding Debt and Equity

As At	**September 30, 2024**	December 31, 2023	**Increase (Decrease)**	Primary factors explaining the change
Outstanding Debt				
Current portion of long-term debt	**8,322,730**	8,209,409	**113,324**	Increased by foreign exchange fluctuations less any payments made during the year
Derivative liability	**3,374,750**	2,883,556	**491,194**	Increased due to shorter period to exercise date, increasing the fair value. Offset by exchange rate fluctuations.
Convertible unsecured debenture	**29,292,957**	26,735,765	**2,557,192**	Increased due to accretion on debenture, offset by interest, and deferred payments
Total Debt	**42,048,052**	**38,858,534**	**3,189,518**	

Senior Loan

As at September 30, 2024, the Company reflected the long-term debt amounts as a total current liability. Eguana has been and continues to work with the senior lender of this long-term debt and has received payment deferrals since December 1, 2023, and throughout 2024. In May 2024 and again in August 2024, the Company entered into forbearance agreements with the lender whereby the Lender has agreed to a deferral of payments up to and including September 1, 2024, predicated on the same subjective conditions that if not complied with render the forbearance to be terminated. The Lender has not taken any action.

On November 28, 2024, the Company and the Lender of the Senior Loan agreed to a formal amendment for the long-term debt. The amendment was approved by the Board and confirmed by the Lender, subject to TSXv approval. The loan amortization will be extended to May 15, 2026, with a monthly principal and interest amortization payment of $399,349 USD, starting on December 15, 2024. All deferred previously payments and accrued interest were added to the loan balance and are amortized over the longer term of the loan. In exchange for the amendment, the Company will issue 3,000,000 bonus shares from treasury. This amendment will be reflected in the financial statements for the year ended December 31, 2024.

The long-term debt was entered into during 2022 and included the issuance of common share purchase warrants, the details of which are outlined in the notes to the financial statements.

Convertible Debenture

At September 30, 2024, the Company has an outstanding convertible debenture, at face value of $33.0 million The debenture was entered into during 2022. The debenture was split between debt and equity with $29.2 million classified as debt and $7.3 million was recorded as an equity component of the debenture. The details of these items are outlined in the notes to the financial statements.

During 2024, the Company has deferred any interest payments or shares in lieu, by mutual agreement with the debenture holder. On January 31, 2024, the Company signed a memorandum of understanding with the holder of the Debentures amending the payment deadline for the interest payment that was due on March 1, 2024, to August 31, 2024. On August 13, 2024, the Company signed an updated memorandum of understanding with the holder of the Debentures amending the payment deadline for the interest payment that was due on March 1, 2024, and the interest payment due on September 1, 2024, both deferred to March 31, 2025. The memorandum of understanding included language outline that notwithstanding the extensions, the Company will make commercially reasonable best efforts to issue the interest payment as early as possible.

During the year ended December 31, 2023, the holder converted interest earned on the unsecured convertible debenture totaling $2,310,000 into common shares. in lieu of the interest payments due on March 1, 2023 and September 1, 2023, 4,242,617 common shares and 13,580,094 common shares were issued, respectively.

As at September 30, 2024, given the maturity of the Convertible Debentures on August 31, 2025, the full balance of the debt component is reclassified as a current liability.

Shareholders' Equity and Shares Outstanding

The following amounts are current as at November 28, 2024.

- Common shares issued and outstanding for 448,956,022, with no change from September 30, 2024.
- Common share purchase warrants representing the right to acquire 16,234,309 common shares, with no change from September 30, 2024.
- The Company has 15,172,001 stock options outstanding, with no change from September 30, 2024. These stock options entitle the holders thereof to acquire up to 15,172,001 common shares. 11,987,611 stock options have vested as of today's date. The weighted average exercise price of the vested options is $0.30 per share.

OTHER DISCLOSURES

Related Party Transactions

The Company has routine transactions with related parties, and these are outlined in the annual financial statements. The largest transactions are wages and benefits paid to officers and fees paid to directors.

Legal Disputes

The Company is involved in a long-running dispute with a prior customer in Germany, for the cancellation of a supply contract. Eguana has a claim to recover 1.5 million Euros ($2.1 million CAD) for unpaid invoices and interest, along with the option to claim an additional 904 thousand Euros ($1.3 million CAD) for European inventories purchased to fulfil this contract. Litigation is inherently uncertain and while legal counsel advises that the Company has a strong case, the receivable is being carried on the books at near zero value. The above noted prior customer has counter claims for warranty concerns related to the Company's first-generation product. Management believes this counter claim is without merit and that any product failures are tied directly to a fundamental system failure, for which the customer was solely responsible.

On April 29, 2024, the Company received a legal demand from a supplier for payment on an open purchase order. The Company ordered inventory with a deposit (see Note 4) and understood that the supplier would hold the products. The vendor is demanding payment of US $2.3 million and outlining they will dispose of the products. The Company has responded with its own legal letter outlining why there is no dispute or amount owing. The dispute may result in the deposit on the inventory, outlined in Note 5, being forfeited, and hence written off to a loss by the Company. Management is negotiating with the supplier to take back the products and/or refund all or a portion of the deposit paid.

The Company is subject to other legal claims with landlords, suppliers and employees. During the three months ended September 30 2024, the Company agreed to pay costs associated with the early termination of a property lease totaling approximately $40,000, and to payment of any regular rent amounts in arrears.

Subsequent Events

On November 5, 2024, the Directors of Eguana Pty Ltd., the Australia subsidiary, determined it was necessary to formalize the liquidation of Eguana Pty Ltd. This Australia subsidiary struggled with operational and financial success. The directors and sole shareholder, the parent company Eguana Technologies Ltd. approved the liquidation and appointed a nationwide specialist insolvency accounting and advisory firm to act as liquidator. The Australia subsidiary and geographic segment will be treated as discounted operations with the related presentation and disclosure, in the financial statements, for the year ended December 31, 2024.

In November 2024, the Company and the Lender of the Senior Loan (see Senior Loan section above), formalized a loan amendment, extending the maturity to May 15, 2026, updating the principal and interest amortization payment to $399,349 USD monthly, and issuing three million bonus shares.

ACCOUNTING POLICIES

Critical Accounting Judgements and Estimates

The judgements and estimates used in the preparation of the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024, 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, 2023.

IFRS Standards Issued Not Yet Effective and Amendments

There are no standards that have been issued, but not yet effective, that the Company anticipates having a material effect on the consolidated financial statements once adopted.

Reporting Regulations

In June 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures which are effective for annual reporting periods beginning on or after January 1, 2024. These standards provide for transition relief in IFRS S1 that allows a reporting entity to report on only climate-related risks and opportunities in the first year of reporting under the sustainability standards. There is no requirement for public companies in Canada to adopt the ISSB standards until the Canadian Securities Administrators (“CSA”) and Canadian Sustainability Standards Board (“CSSB”) have issued a decision on reporting requirements in Canada.

The CSA are responsible for determining the reporting requirements for public companies in Canada and are responsible for decisions related to the adoption of the sustainability disclosure standard, including the effective annual reporting dates. The CSA issued proposed National Instrument NI-51-107 - Disclosure of Climate-related Matters in October 2021. The CSA intends to consider the ISSB standards in addition to development in United States reporting requirements in its decision relating to development of climate-related disclosure requirements for Canadian reporting issuers. While the Corporation is actively reviewing the ISSB standards, as well as recently released CSSB proposals, it has not yet determined the impact on future financial statements nor has it quantified the costs to comply with such standards.

RISK FACTORS AND RISK MANAGEMENT

As an early stage, growing company active in the renewables industry, the Company faces operational and financial risks inherent in the growth stage in the industry. These risks may affect results of operation and financial condition. To date, the Company has not had net earnings or positive operating cash flows. An investment in Eguana's common shares should therefore be considered speculative. Investors should carefully consider all the risk factors. The Company strives to manage the risks, however, risk management does not eliminate risks. Outlined below are the risks management believes are the most important in our current business context.

Additional information relating to the Company's Risk Factors and Risk Management can be reviewed in the Financial Statements, news releases, and other required filing documents on SEDAR+, at www.sedarplus.com.

Going Concern

As discussed above, the Company will require additional capital in F2024 to continue its operations. The Company is actively pursuing various avenues, including equity and debt financing, to increase its liquidity and capital resources. Although the Company has historically been successful in obtaining financing in the past, there can be no assurances that the Company will be able to obtain adequate financing in the future. This represents a material uncertainty that casts substantial doubt on the Company's ability to continue as a going concern. The financial information presented does not include the adjustments to the amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material. If the Company is not able to raise capital, it may be forced to cease operations.

Inability to Meet Debt and Ongoing Obligations

The Company has deferred various financial obligations as they become due and may continue to struggle to meet its financial obligations in the future.

The Company is reliant on the continued support of lenders, suppliers, and other providers to the Company, as the Company is forecasting requiring additional cash to continue to fund operations and settle its obligations. The Company has various debt obligations, which include monthly payment of principal and interest and semi-annual interest and payment at maturity. The Company is behind in its regular payments to lenders, vendors, various contractual payments and rent payments. The Company will need the continued support of its existing vendors and lenders, and to create cash inflows either through new sales, further inventory returns, collection of accounts receivable, equity issuances, additional debt financings, and/or sales of business lines, in order to be able to meet both its existing and future obligations. There is no guarantee that the Company will be successful in this regard. If the liquidity situation continues, it may have continued operational impacts, such as impaired reputation, low employee morale and productivity plus employee turnover, negative implications with suppliers, vendors, landlords, lenders and shareholders, and exposure to downgrading credit and legal claims. In the event that the Company does not obtain additional financing or achieve positive cash flows, the Company may not have sufficient available capital to meet its obligations.

Operating Losses

The Company is subject to the risks of an early-stage company, including uncertainty of revenues, markets and profitability, and the need to raise additional funding. As is common with companies at this stage, it is likely that marketing and operating costs will exceed net sales revenues. Currently Eguana continues to generate negative cash flow from operations. Eguana's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early-stage, particularly companies in relatively new and evolving markets.

The Company had cash of $0.1 million as at September 30, 2024, providing tight liquidity, due largely to the Company's cash used in operations during the year and the result of a slow paying customer. The Company continues to rely upon completing equity and debt financings until it is able to start generating profit and positive cash flows from operations in the future, in order to pay its liabilities and contractual obligations as they come due and enable the Company to continue operations.

Need for Additional Capital and Access to Debt and Equity Financing

In order to fund its operations, Eguana will need to raise additional capital from lenders and/or equity markets in the future. The capital required to execute on the Company's strategy is tied to working capital, increased investment in new product development, increased investment in human resources including marketing, sales, and after sales service, and investment in realizing additional cost reduction activities. If Eguana is unable to raise the capital on reasonable terms, its growth could be limited, and its operations could be materially and adversely impacted. If Eguana issues Common Shares, or securities convertible into Common Shares, in order to obtain additional financing, shareholders may suffer additional dilution.

There is no assurance that additional debt or equity financing, if required, will be available to the Company when needed or on terms acceptable to Eguana. The Company's inability to obtain additional financing to support ongoing operations or to fund capital expenditures or acquisitions and business combinations may have a material adverse effect upon the Company.

ADVISORY SECTION

Statement of Management Responsibility for Quarterly Filings

This MD&A was prepared by management of Eguana and approved by the Board of Directors of Eguana on August 29, 2024.

Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in these filings. The Audit Committee and Board of Directors of Eguana provide an oversight role with respect to all public financial disclosures by the Company and have reviewed this MD&A and the accompanying condensed interim consolidated financial statements.

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), in accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers Annual and Interim Fillings* ("NI 52-109"), have both certified that they have reviewed the unaudited condensed interim consolidated financial statements and this MD&A (the "Filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the annual filings; and (b) the unaudited condensed interim consolidated financial statements together with the other financial information included in the Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the period presented in the interim filings.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement, on a cost-effective basis, the disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109 will result in additional risks to the quality, reliability, transparency and timeliness of interim filings, annual filings, and other reports provided under securities legislation.

In contrast to the certification required for non-venture issuers under NI 52-109, the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109.

In particular, the CEO and CFO filing this MD&A are not making any representations relating to the establishment and maintenance of:

- Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its filings or other reports filed or submitted under securities legislation is recorded, processed, summarized, and/or reported within the time periods specified in securities legislation; and
- A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IASB reporting.

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 continue as a going concern; (ii) the Company's ability to achieve its growth strategy; (iii) the demand for the Company's products and fluctuations in future revenues; (iv) the Company's business model and assumptions; (v) expectations of growth in the industry in which the Company operates and the markets in which the Company's products are sold; (vi) sufficiency of current working capital to support future operating and working capital requirements; (vii) the stability of general economic and market conditions; (viii) currency exchange rates and interest rates; (ix) equity and debt markets continuing to provide the Company with access to capital; (x) the Company's continued compliance with contractual terms such as debt agreements, vendor agreements, and third party intellectual property rights; (xi) the Company's ability to resolve and avoid significant legal disputes and (xii) that the risk factors noted above and in the Company's December 31, 2023 Management Discussion and Analysis, 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.