



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Ltd. ("Eguana," or the "Company") is dated November 28, 2025, and should be read in conjunction with Eguana's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 ("Q3 2025") and the Company's annual audited consolidated financial statements for the year ended December 31, 2024.

The Q3 2025 financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, under 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, managing outgoing cash flows, and seeking additional financing in the capital markets through debt and/or equity.

At September 30, 2025, the Company had not achieved profitable operations since its inception and had an accumulated deficit of \$163.0 million. The Company incurred a net loss from continuing operations before tax for the three and nine months ended September 30, 2025, of \$2.4 million and \$5.4 million, respectively and had limited cash flow from operating activities.

The Company had a working capital deficit of \$48.7 million as at September 30, 2025.

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, 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 will need both the continued support of its existing lenders, and to raise significant additional financing either through, future sales and 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. 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 (ESS) for utility infrastructure applications, including demand response, frequency and voltage management, and aggregated fleet applications including spinning reserve and grid capacity. Additionally, the integrated solutions deliver self consumption, time of use, and demand peak reduction for consumer and commercial applications. Both utility and consumer/commercial solutions are based on the Company's proprietary advanced power electronics platform.

The Company's power electronics platform is fully integrated with its proprietary energy management software platform, the Eguana Cloud, providing utilities and consumers a fully integrated stack to manage all utility and consumer related functions including fleet aggregation for advanced grid services and virtual power plant (VPP) functions.

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 Eguana Solutions

Fully integrated energy storage solutions consist of four major components, the software controller (the energy management system or "EMS"), the battery module, the advanced power control technology, and cloud-based data management. Eguana has developed and commercialized both hardware and software platforms to accelerate grid modernization and resilience with many of the Company's patents within the hardware, design, and software of the advanced power controls of the ESSs. The Company focused on its vertically integrated ecosystem to provide value to all key stakeholders through the power grid transition, including the electricity retailer, the system operator, the distribution utility, and the consumer. Utilities have begun rolling out virtual power plant programs in earnest to perform critical grid functions including end of line voltage control and demand response to maximize efficiency, and more specifically feeder line efficiencies at the grid edge. Eguana hardware and software solutions were designed and certified to work as single homeowner units, or as an aggregated fleet of systems which can operate as one large system, even when distributed throughout the grid.

The Company's advanced smart power control technology has multiple functions within the ESS with primary functions relating to power conversion and the charging and discharging of batteries or storage devices, in a seamless bi-directional conversion process. Eguana's technology provides the critical central point for connectivity

of the energy ecosystem and provides regulatory and certification control over the interconnection of the ESS, to the power grid and the consumer.

The ESSs are software driven, battery agnostic, and factory assembled energy storage solutions, which provide a host of critical functions, as global power grids transition to intelligent distributed or VPP based solutions. Key features include flexible capacity and power, simple installation processes, remote diagnostic and update capabilities, remote battery recovery, and real time grid edge or feeder visibility and management, which are intended to work seamlessly together and to differentiate Eguana's product offerings.

Eguana's primary focus is on utility driven power grid transition utilizing distributed energy storage solutions located at the point of energy consumption, commonly referred to as the "edge of the power grid" or "behind the meter". The Company believes these applications and storage solutions are the most cost-effective way to manage power grid capacity expansion by delivering maximum efficiency on current grid infrastructure, while delivering multiple value streams to the key stakeholders including the electricity retailer, the distribution utility, the system operator, and the consumer.

Eguana's advanced power controls are one of the Company's core assets including sixteen patents and pending patents globally. At the system level, Eguana maintains competitive advantage through its software-driven open controls architecture, its core technology efficiency advantage, and its energy storage integration capabilities. At the utility or grid operator level, the Company has developed Eguana Cloud, which provides aggregation capabilities and access to fleets of systems that can be dispatched for intelligent grid operations and will provide the Company with recurring revenue models, for access, real time visibility and monitoring, demand response, and other VPP grid functions. The Company has built in a number of additional utility geared features to ensure system and fleet uptime including remote diagnostic and commissioning capabilities, as well as a patented process to remotely recover battery systems.

At the system installer and consumer level, the Company has developed and built-in a range of features to enhance the consumer experience, including expandable storage capacity, simplified system installation, and key dashboard and home user app features.

The vertical integration from battery to cloud has created a strategic position for Eguana as a renewable energy ecosystem, with internal control of its own Power Control System ("PCS"), access to global markets with certified and VPP compliant products, plus self-certification capabilities, a capital light business model and a revenue model with various revenue streams, including recurring SAAS based opportunities related to power grid transition.

The Market and Eguana's Strategy

Renewable energy markets have remained extremely volatile over the past couple of years driven primarily by economic uncertainty through consumer channels, and a reorganizing of global supply chains. From a macro viewpoint however, the demand for energy and electrification continues to accelerate with energy demand anticipated to double within 25 years. Primary electrification drivers, in addition to population growth, include data centers and artificial intelligence, electric vehicles and related charging infrastructure, and transportation electrification. Current grid infrastructure, and primarily the feeder system or after the sub station, will not be able to accommodate this current and future growth. Over the past two decades utilities have been managing growth through efficiency with LED lighting, smart appliances and thermostats, along with changing consumer behaviors with time of use pricing programs, however demand is now outpacing these gains, forcing utilities to take action.

Eguana's mission is to become a global leader in residential and small commercial grid-tied energy storage systems, which will be a key component to electrification and the migration to an intelligent distributed power grid. The Company developed the Eguana Cloud, a secure and scalable cloud services platform to modernize VPP infrastructure, provide fleet and system level access and aggregation, and deliver real time metrics, management, and visibility for utility and grid operators at the edge, delivered through monthly recurring access fees for system and fleet level features.

During 2024, high interest rates and inflation, plus economic policy uncertainty, curtailed demand across the entire renewable industry. This resulted in lagging sales for most companies across the sector, including installers, distributors, and manufacturers. Eguana, along with many peer companies, was significantly impacted by these factors which resulted in lagging sales throughout F2024. As a result, the Company shifted emphasis to deploy the Eguana platforms through utility driven VPP channels, and directly through utility driven partnerships. Throughout the year, Eguana signed multiple utility and DERMS (Distributed Energy Resource Management Systems) partnerships, aimed at bringing the Eguana ESS and Cloud platforms to grid-connected applications.

Global electrification continues to put significant demand on aging power grid infrastructure. At the current growth rates, electricity grids will be required to deliver at least double the energy of today, within twenty-five years. The introduction and advancement of electric vehicles ("EV's"), Data Centers, and Artificial Intelligence is likely to shorten this time frame. This acceleration will increase in power consumption, putting significant pressure on the electricity grid to deliver more power, reliability and at a reasonable cost to commercial and residential consumers.

Generally, renewable energy markets are segmenting into two primary categories, utility driven intelligent grid infrastructure, which is intended to maximize the current aging infrastructure and defer massive capital requirements, and self-generated energy consumption (consumer ESS driven).

Management believes long-term renewable energy markets will be characterized by the transition to an intelligent power grid, whereby advanced smart batteries and other distributed energy resources (DER's) will be aggregated together to deliver demand response capabilities to the utility. Smart batteries, in addition to demand response events, deliver grid frequency and voltage management, and spinning reserve while adding much need capacity across the distributed grid system which will standardize utility control over intermittent renewable generation. Integrated energy storage solutions at the residential level also provide utilities precise control of intermittent renewable generation at the grid edge, a long standing concern for utilities, driving grid efficiency within the power grid's feeder lines.

At the grid level, advanced power control and communication networks are enabling VPP's, grid services and power grid efficiency, for utility companies. Once deployed, energy storage will provide a wide range of services to utilities, as well as the electricity markets, improving its return on investment by stacking both revenue and cost savings streams. Aggregating fleets of distributed energy storage devices can enable deployed systems to deliver low-cost grid services, 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 responsive energy usage, thus enabling utilities to add the additional capacity, without the traditional capital-intensive projects of adding production and transmission. The aggregated fleet is an environmentally friendly way of utilizing current assets at the point of consumption, with green renewable solutions.

In summary, a "smart" grid, or grid 2.0, will reduce significant capital deployment requirements from utilities, while delivering additional grid services, including voltage and frequency regulation, spinning reserve, and solar self-consumption or time shifting, and standardization of intermittent renewable generation. From the consumer perspective, residential and small commercial hosts will benefit from electricity savings, reduced cost volatility, backup power, 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 mass adoption, as intelligent grid infrastructure is required to support on-going electrification across aging infrastructure.

OPERATING AND FINANCIAL RESULTS

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.

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
FINANCIAL RESULTS				
Sales	132,000	121,935	2,060,679	502,678
Cost of goods sold	153,539	291,307	1,196,110	836,907
Gross margin	(21,539)	(169,372)	864,569	(334,229)
Expenses				
General and administrative	489,362	520,017	1,080,371	1,723,651
Selling and marketing	102,072	84,367	331,616	309,485
Product research and development	236,197	425,479	1,008,728	1,109,960
Operations	127,225	152,921	358,797	524,786
Amortization	132,447	147,066	408,379	433,944
Share-based compensation	15,685	80,401	65,040	260,561
	1,102,988	1,410,251	3,252,931	4,362,387
Operating Loss	(1,124,527)	(1,579,623)	(2,388,362)	(4,696,616)
Financing costs	(1,565,143)	(2,004,469)	(5,679,320)	(6,102,922)
Expected credit loss	-	1,110,238	128,986	1,173,851
Foreign exchange (loss) gain	(191,299)	93,815	(45,649)	(36,914)
Other income	439,823	19,598	2,586,262	223,232
Other expense	-	-	-	(9,620)
Net loss before tax	(2,441,146)	(2,360,441)	(5,398,083)	(9,448,989)
Current tax expense	-	-	-	-
Net loss from continuing operations	(2,441,146)	(2,360,441)	(5,398,083)	(9,448,989)
Net loss from discontinued operations after tax	-	(623,695)	(20,831)	(2,120,493)
Net loss	(2,441,146)	(2,984,136)	(5,418,914)	(11,569,482)

		September 30, 2025	December 31, 2024
BALANCE SHEET			
Cash		43,377	307,453
Total Assets		8,479,404	9,481,767
Total Debt		56,293,802	51,965,503
CASH FLOW		Three months ended	Nine months ended
		September 30, 2025	September 30, 2024
Cashflow from (used in) operations from continuing operations	(301,393)	64,065	(696,577)
			635,571

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following tables contains results for the past eight quarters and excludes discontinued operations in the international subsidiaries in Germany and Australia as they were both wound up during 2024.

	2025			2024				2023
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	132,000	880,499	1,048,180	249,191	121,935	167,300	213,443	308,243
Net (loss)	(2,441,146)	(2,159,497)	(818,271)	(6,312,697)	(2,984,136)	(4,834,975)	(3,750,371)	(15,453,343)
Per share ⁽¹⁾	(0.05)	(0.04)	(0.02)	(0.12)	(0.05)	(0.09)	(0.07)	(0.28)

(1) Basic and diluted.

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 24 months. Following the end of 2023 and the start of 2024, sales, particularly in consumer driven channels, declined across the market due to this industry demand shift, which included Eguana. 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 analysis for the three months ended September 30, 2025, reflects this 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.
- 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 share-based compensation for the three months ended September 30, 2025, were \$1.0 million as compared to the three months ended September 30, 2024 of \$1.2 million, an improvement of 19%.

2025 Third Quarter – Three Months ended September 30, 2025, and 2024

Sales

For the three-months ended September 30, 2025, sales were \$132 thousand, which represented a 8.3% increase over sales of \$122 thousand for the same period in 2024.

The increase in revenue during the quarter was because mostly due to sales in utility channels which accounted for 100% of sales for the third quarter. The Company actively transitioned to utility channels, which are less impacted by economic changes including inflation and interest, with focus on its energy storage hardware and software solutions.

Gross margin

Gross margin was negative 16%, or negative \$22 thousand, for the three months ended September 30, 2025, compared to gross margins for the same period in 2024 of negative \$170 thousand, or negative 139%. The company accrues a warranty provision of \$62 thousand quarterly, which has a negative impact on gross margin, and is balanced with actual warranty spends at year end. There were no warranty related costs in the quarter which converts to an Adjusted gross margin of 31%.

While positive sales were made in Q3 of 2025, the increase in gross margin across 2025 of 359% is primarily due to the purchase of discounted finished goods the Company made in 2024 to reduce a receivable owed to the Company from a US based partner that was unable to meet its payment obligations

Operating Expenses

Operating expenses, excluding amortization and share-based compensation, for the three months ended September 30, 2025, were \$1.0 Million as compared to \$1.2 million in the three months ended September 30, 2024, a decrease of \$0.2 million or 19% for the three months ended. Overall cost reductions were achieved with prudence on cost reductions and strategic spending.

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 decreased by \$31 thousand as compared to the comparative quarter ended September 30, 2024, 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 marketing ("S&M")

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, 2025, S&M costs increased by \$18 thousand compared to the comparative quarter ended September 30, 2024, an increase of 21% as compared to the comparative quarter ended September 30, 2024. The increase is related to additional personnel utilized in the utility channel transition.

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.

For the three months ended September 30, 2025, Product development costs decreased by \$189 thousand as compared to the comparative quarter ended September 30, 2024. The Company is making strong efforts to control spending while prioritizing strategic development projects.

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, 2025, operations costs decreased by \$26 thousand as compared to the comparative quarter ended September 30, 2024. This decrease is primarily due to the Company making strong efforts to reduce spending and strategic cost reductions.

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, 2025, as compared to the three months ended September 30, 2024, as there has been minimal 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, 2025, share-based compensation expense decreased by \$65 thousand, as compared to the comparative quarter ended September 30, 2024. 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, offset by new issuances in the current period.

Financing costs

Financing costs include non-cash expenses such as accretion, fair value changes and imputed lease liability interest. Financing costs decreased for the three months ended September 30, 2025, to \$1.6 million, as compared to the comparative quarter ended September 30, 2024, of \$2.0 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 \$285 thousand change in unrealized foreign exchange gain for the three months ended September 30, 2025, as compared to the three months ended September 30, 2024, is primarily due to fluctuations in the US dollar in 2025 and 2024.

Other income and expense

For the three months ended September 30, 2025, other income increased by \$420 thousand as compared to the comparative quarter ended September 30, 2024. The increase is a direct result of a one-time adjustment associated with the conclusion of a collaboration termination agreement.

Net loss before tax from continuing operations

Net loss from continuing operations for the three months ended September 30, 2025 of \$2.4 million, increased by \$0.1 million, as compared to the three months ended September 30, 2024. The increase in net loss can primarily be attributed to increased gross margins and decreased operating expenses by \$0.2 million, due to lower selling and marketing, product development and operations expenses, as the Company implemented cost-saving measures across the board. These measures implemented in the fourth quarter of 2023 continued throughout 2024 and 2025.

Net loss from discontinued operations

At the end of June 2024, the Company made the decision to close its German business and liquidate the operations and during third quarter 2024, the Company also made the decision to close its Australian subsidiary by formal liquidation. Net loss from discontinued operations for the three months ended September 30, 2025, was \$nil and when the comparative presentation is presented, the net loss from discontinued operations for the three months ended September 30, 2024 was \$0.6 million.

2025 Third Quarter – Nine Months ended September 30, 2025, and 2024

Sales

For the nine months ended September 30, 2025, sales were \$2.0 Million, which represented a 310% increase over sales of \$0.5 million for the same period in 2024.

The increase in revenue during the quarter was mostly due to sales in the utility channels which accounted for 97% of sales for the three quarters. The Company actively transitioned to utility channels, which are less impacted by economic changes including inflation and interest, with focus on its energy storage hardware and software solutions.

Gross margin

Gross margins were positive 42%, or \$0.9 million, for the nine months ended September 30, 2025, compared to gross margins for the same period in 2024 of negative \$0.3 million, or negative 66%. While positive sales were made in Q1 and Q2 of 2025, the increase in gross margin in 2025 is primarily due to the purchase of discounted finished goods the Company made in 2024.

Operating Expenses

Operating expenses, excluding amortization and share-based compensation, for the nine months ended September 30, 2025, were \$2.7 million as compared to \$3.7 million in the nine months ended September 30, 2024, a decrease of \$0.9 million or 24%. Overall cost reductions were achieved with prudence on cost reductions and strategic spending.

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 decreased by \$0.6 million as compared to the comparative quarter ended September 30, 2024, 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 marketing (“S&M”)

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 nine months ended September 30, 2025, S&M costs increased by \$22 thousand as compared to the comparative quarter ended September 30, 2024.

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.

For the nine months ended September 30, 2025, Product development costs decreased by \$101 thousand as compared to the comparative quarter ended September 30, 2024. The Company is making strong efforts to control spending while prioritizing strategic development projects.

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 nine months ended September 30, 2025, operations costs decreased by \$166 thousand as compared to the comparative quarter ended September 30, 2024. This decrease is primarily due to the Company making strong efforts to reduce spending and strategic cost reductions.

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 nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, as there has been minimal 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 nine months ended September 30, 2025, share-based compensation expense decreased by \$196 thousand, as compared to the comparative quarter ended September 30, 2024. 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, offset by new issuances in the current period.

Expected credit loss (“ECL”)

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, 2025, the Company recorded a recovery in ECL to reflect value received as an offset to net accounts receivable with the major customer. Additionally, the Company settled the remaining outstanding accounts receivable via a Collaboration Termination Agreement in the quarter. See the notes to the financial statements for further details.

Financing costs

Financing costs include non-cash expenses such as accretion, fair value changes and imputed lease liability interest. Financing costs remain consistent and for the nine months ended September 30, 2025, were \$5.7 million, as compared to the comparative quarter ended September 30, 2024, of \$6.1 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 \$10 thousand change in unrealized foreign exchange gain for the nine months ended September 30, 2025, as compared to the nine months ended September 30, 2024, is primarily due to fluctuations in the US dollar in 2025 and 2024.

Other income and expense

For the nine months ended September 30, 2025, other income of \$2.6 million were reported as compared to the comparative quarter ended September 30, 2024, \$0.2 million. Other income consisted of \$1.8 million of accounts payable forgiven because of a Collaboration Termination Agreement. Another USD \$250 thousand (CAD \$360 thousand) cash was collected per the terms of the Collaboration Termination Agreement.

Net loss before tax from continuing operations

Net loss from continuing operations for the nine months ended September 30, 2025 of \$5.4 million, decreased by \$4.0 million, as compared to the nine months ended September 30, 2024. The decrease in net loss can primarily be attributed to increased gross margins and decreased operating expenses by \$0.9 million, due to lower selling and marketing, product development and operations expenses, as the Company implemented cost-saving measures across the board. These measures implemented in the fourth quarter of 2023 continued throughout 2024 and 2025. Other income of \$2.6 million including the one time forgiveness and proceeds from the Collaboration Termination Agreement contributed to the change in net loss period over period.

Net loss from discontinued operations

At the end of June 2024, the Company made the decision to close its German business and liquidate the operations and during third quarter 2024, the Company also made the decision to close its Australian subsidiary by formal liquidation. Net loss from discontinued operations for the nine months ended September 30, 2025, was \$21 thousand and when the comparative presentation is presented, the net loss from discontinued operations for the nine months ended September 30, 2024 was \$2.1 million.

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 consumer driven solar 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 EGTYPF 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, although management believes any impact will be negligible.

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, 2025, was a working capital deficit of \$48.7 million (December 31, 2024 - \$42 Million). The Company has \$7.6 million in accounts payables and accrued liabilities at September 30, 2025 and the full balance of the Convertible Debenture is classified as current, with its November, 2025 due date.

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 1,479,332 Euros (\$2,138,818 CAD) for unpaid invoices and interest, along with the option to claim an additional 903,584 Euros (\$1,306,402 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.

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.

The Company's reported cash flow used in operations from continuing operations of \$301 thousand during the three months ended September 30, 2025 (three months ended September 30, 2024 – from \$64 thousand). The decrease is related to cash used in non-cash working capital, largely due to accounts receivable offset by accounts payable. The Company also reported cashflow from financing activities from continuing operations of \$68 thousand during the three months ended September 30, 2025 (three-months ended September 30, 2024 – used in \$48 thousand) and cashflow used in investing activities from continuing operations of \$nil during the three months ended September 30, 2025 (three-months ended September 30, 2024 – \$nil). These cash flow amounts do not include discontinued operations, and discontinued operations cash flow results are shown in a separate note to the financial statements.

Senior Loan

As at September 30, 2025, the Company reflected the long-term debt amounts as a current liability based on the payment dates and missing scheduled payment dates. 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 Company made updated payments to the loan in 2024, however subsequent to the year, the Company has not made additional payments. The relationship remains in good standing with scheduled bi-weekly update meetings on progress, 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 was reflected in the financial statements for the year ended December 31, 2024.

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

Convertible Debenture

At September 30, 2025, 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 \$31.2 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.

In August 2025, the Company signed a new memorandum of understanding with ITOCHU Corporation amending the payment deadline for the principal due August 31, 2025 and interest payment that is due on September 1, 2025, and interest payments that were due on March 1, 2024, September 1, 2024, and March 1, 2025. The deadline for these interest payments was extended to November 30, 2025. Notwithstanding the acceptance of the extension, the Company will make commercially reasonable best efforts to issue the interest payment as early as possible.

As at September 30, 2025, given the maturity of the Convertible Debentures on November 30, 2025, the full balance of the debt component is reclassified as a current liability. The Company's are in the process of finalizing a new maturity date for the Convertible Debenture.

Shareholders' Equity and Shares Outstanding

The following amounts are current as of as at November 28, 2025.

- Common shares issued and outstanding for 45,195,602.
- Common share purchase warrants representing the right to acquire 1,892,931 common shares, with no change from September 30, 2025.
- The Company has 1,054,500 stock options outstanding, a decrease of 22,500 from September 30, 2025, due to the forfeiture of stock options. These stock options entitle the holders thereof to acquire up to 1,054,500 common shares and 634,667 stock options have vested. The weighted average exercise price of the vested options is \$2.88 per share.

Other Financial Items

Off-Balance Sheet Items

As at September 30, 2025, the Company does not have any material 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 three and nine months ended September 30, 2025, capital expenditures totaled \$nil (2024 - \$nil).

Related Party Transactions

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

IFRS Standards Issued Not Yet Effective and Amendments

Amendments to existing standards and new accounting requirements have been released that are effective January 1, 2025. The Company does not anticipate the new requirements to have a material impact on the financial statements.

Reporting Regulations

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. There was no significant impact to the Company.

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.

SUBSEQUENT EVENTS

There were various subsequent events, disclosed in the financial statements. The items relate to a variety of liquidity focused operational and financial decisions and are outlined briefly below.

RISK FACTORS AND RISK MANAGEMENT

As an early stage, growing company active in the renewable energy and power grid infrastructure markets, 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 but 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 F2025 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.

Ability 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, and various contractual 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 early stage in deployment of its solutions and is subject to uncertainty of markets, revenues, key customers, gross margin, product performance, profitability, and the likely need to and uncertainty of raising additional funding. Currently, business development and operating costs exceed net sales revenues. Currently Eguana continues to generate negative cash flow from operations. Eguana's business and near-term prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in this early-stage, particularly companies in relatively new and evolving markets.

The Company had cash of \$43 thousand as at September 30, 2025, providing tight liquidity. The Company continues to rely upon completing equity and debt financings and the cooperation of its existing lenders, until it can 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 thus 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.

Share Price Fluctuations

The Company's market capitalization is small and the market price of the Common Shares is likely to be volatile, and investors may not be able to resell shares at, or above, the purchase price paid for such Common Shares due to fluctuations in the market price of the Common Shares, including changes in price caused by factors unrelated to its operating performance or prospects.

Global Instability

Conflict and war, in other parts of the world has led to heightened volatility in the global markets and increased inflation, and consumer cautiousness. At times, governments respond with changing policy frameworks, including sanctions and export control measures, and may impose additional sanctions or export control measures in the future, which have and could in the future result in, among other things, severe or complete restrictions on exports and other commerce and business dealings in certain regions. Currently, the Company does not have any direct exposure or connection to regions undergoing conflict or war, but international impacts can be rapidly changing, and it is uncertain as to how such events and any related economic sanctions will continue to impact the global economy and commodities markets. Any negative developments in respect thereof could have a material adverse effect on the Company's business, operations, or financial condition.

Economic Conditions

Current and future unfavourable economic conditions could negatively impact Eguana's financial viability, increase financing costs, decrease net income, or increase net loss and limit access to the capital markets. Other macro-economic conditions such as reductions, eliminations or expiration of certain government subsidies or incentives, will likely reduce demand for Eguana solutions in consumer driven channels. The Company has successfully transitioned to utility driven channels to reduce these economic impacts.

Foreign Exchange Risk

The Company records sales and expenses in various currencies and US dollar long term debt obligations. Changes in foreign exchange rates can cause fluctuations in the Company's operating expenditures from period to period.

To date the Company has not hedged these transactions except in the form of cash deposits on sales and for the cost of materials, and there are no immediate plans to do so. As a result, there is a risk that margins will be reduced due to adverse changes in these currencies relative to the Canadian dollar.

Interest Rates Uncertainty

High interest rates may impact the Company's ability to finance its future growth, which could negatively impact our financial condition and performance. High interest rates, or an uncertain interest rate environment, will likely negatively impact demand. The Company manages interest rate risk by structuring its financing to stagger the maturities of its debt, thereby mitigating the exposure to interest rate and other credit rate fluctuations. However, there can be no assurance that the Company will be able to continue to stagger and fix its debt in the future on favorable terms or at all.

Inflation in Canada and the U.S. is currently at historically high levels. The rate of inflation impacts the general economic and business environment in which the Company operates. Recent inflationary pressures experienced domestically and globally, external supply constraints, tight labor markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates or wage and price controls as a means of curbing inflationary increases may adversely affect its financial condition and results of operations. If inflation at elevated levels persists and interest rates continue to climb, an economic contraction is possible. Higher inflation and the prospect of moderated growth also negatively impacts the debt and equity markets in which the Company seeks capital, and in turn might impact its ability to obtain capital in the future on favorable terms, or at all. While the Company's market position within Utility channels provides it with flexibility to navigate volatile economic conditions, there can be no assurances regarding the impact of a significant economic contraction on the business, operations, and financial performance of the Company.

Market Acceptance

Market acceptance of Eguana's products may represent a challenge for the Company. While the Company has certain technical, competitive advantages compared to other participants in the energy storage sector, Eguana's relative size and limited financial resources may be a deterrent to some customers. Further, the market's acceptance of Eguana's products depends on a number of factors including, but not limited to, awareness of a product's availability and benefits; the price and cost-effectiveness of our products relative to competing products; general competition; and the effectiveness of marketing and distribution efforts. Any factors preventing or limiting the market acceptance of our products could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company has adjusted its strategy to address this risk through partnering with Utilities, OEMs, private labelling and/or licensing relationships, in order to provide better access to the market.

Competition and Technological Change

The Company is in a highly competitive global growth market. It may not be able to compete effectively in these markets, and the Company may lose or fail to gain market share. Competition and technological change may also result in downward pricing pressure for the Company's products, which could negatively impact sales and gross margins.

Eguana faces a number of competitors, many of whom are larger and have greater resources as compared to Eguana. The Company expects to face increasing competition in the future. Eguana's competitors may develop products based on new or proprietary technology that have competitive advantages over its products. Many of the Company's current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, sales, marketing, technical and other resources. Eguana's competitors may enter into strategic or commercial relationships on terms that increase their competitiveness. These competitors may be able to respond more quickly to changing customer demand, and devote greater resource to developing, marketing, and selling their products.

The Company's business model is highly dependent on market acceptance of the value propositions for its technology. Even if the Company is successful in gaining market acceptance for its value propositions, there is always the possibility that one of more competitors will develop new technology that enables the same value propositions at the same or better cost than the Company is able to achieve and Eguana's business would be adversely affected. It is also possible that one or more of Eguana's competitors will attempt to copy its approach and challenge the validity of its patents. While the Company believes that its patents and other intellectual property are defensible, there is no assurance that a court will not find to the contrary, negatively affecting the value of Eguana.

Future Designs and Tests

Eguana expects to continue to incur costs and invest resources designing and testing batteries for use with, or incorporate into, specific products, which may not translate into revenue for extended periods of time, or at all. The development by the Company of new applications for its products is a complex and time-consuming process. New battery designs and enhancements to existing battery models can require long development and testing periods. Significant delays in new product releases or significant problems in creating new products could negatively impact Eguana's revenues. Significant revenue from these investments may not be achieved for a number of years, if at all.

Failure to Protect Intellectual Property

Eguana utilizes its intellectual property, and the failure to protect that intellectual property, whether patented or not, could adversely affect its expected future growth and success. Failure to protect Eguana's existing intellectual property rights may result in the loss of exclusivity or the right to use its technologies. If Eguana does not adequately ensure its freedom to use certain technology, the Company may have to pay others for rights to use their intellectual property, pay damages for infringement or misappropriation, or be enjoined from using such intellectual property. Eguana relies on patent, trade secret, trademark, and copyright laws to protect its intellectual property. However, some of its intellectual property is not covered by any patent or patent application, and the patents to which it currently has rights expire between 2019 and 2029. Eguana's present or future-issued patents may not protect its technological leadership, and its patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, Eguana's patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope, and enforceability of a particular patent. Accordingly, there is no assurance that: (a) any of the patents owned by Eguana or other patents that third parties license to us will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (b) any of Eguana's pending or future patent applications will be issued with the breadth of claim coverage sought by us, if issued at all. In addition, effective patent, trade secret, trademark and copyright protection may be unavailable, limited, or not applied for in certain countries.

Certain of Eguana's intellectual property has been licensed to it on a non-exclusive basis from third parties, who may also license such intellectual property to others, including the Company's competitors. If necessary or desirable, Eguana may seek further licences under the patents or other intellectual property rights of others. However, Eguana may not be able to obtain such licences, or the terms of any offered licences may not be acceptable to us. The failure to obtain a licence from a third party for intellectual property Eguana uses could cause it to incur substantial liabilities and to suspend the manufacture or shipment of products or Eguana's use of processes requiring the use of such intellectual property.

Eguana may become subject to lawsuits in which it is alleged that it has infringed the intellectual property rights of others and/or commence lawsuits against others who Eguana believes are infringing upon its rights. Eguana's involvement in intellectual property litigation could result in significant expense to the Company, adversely affecting regular operations, whether or not such litigation is resolved in its favour.

Warranty Issues

Warranty claims could negatively impact gross margins and financial performance. There is a risk that warranty accrual estimates are not sufficient and Eguana may recognize additional expenses, including those related to litigation, as a result of warranty claims in excess of current expectations. Such warranty claims may necessitate changes to Eguana's products or manufacturing processes and/or a product recall, all of which could hurt its reputation and the reputation of the Company's products and may have an adverse impact on its financial performance and/or on future sales. While Eguana attempts to mitigate against these risks through product development, quality assurance and customer support and service processes, there can be no assurance that these processes are adequate. Even in the absence of any warranty claims, a product deficiency such as a design or manufacturing defect could be identified, necessitating a product recall or other corrective measures, which could hurt the Company's reputation and the reputation of its products and may have an adverse impact on its financial performance and/or on future sales. New products may have different performance characteristics from previous products.

Manufacturing Cost

Eguana's business model assumes that it will be able to use its capital light, low manufactured cost, and strategy of selling residential and small commercial energy storage systems, based on its software driven proprietary advanced power controls, through its dealer, distribution, and OEM partner networks. Delays in reaching adequate rates and efficiencies in production could impair the profitability of the Company's products. Eguana's ability to produce products that are cost effective depends on reaching efficient production levels.

The Company has minimal control over the cost of its raw materials, including copper and steel. The prices for these raw materials are subject to market forces beyond Eguana's control and have varied significantly in the past and may vary significantly in the future.

The Company may not be able to adjust its product prices, especially in the short-term, to recover the costs of increases in these raw materials. Future profitability may be adversely affected to the extent the Company is unable to pass on higher raw material to compensate for such changes.

Operations and Supplier Risk

There is a risk that critical components, parts, and equipment will not be available on a timely basis or at a reasonable cost, negatively affecting its ability to meet sales on customer purchase orders. In addition, with new products, there may be a risk of failures in quality control, a risk that is increased by the limited resources of the Company. There is also a risk that long lead times for critical components may affect production lead times. Failure by Eguana to plan, source and monitor critical components, parts and equipment could have a material adverse effect on Eguana's business, financial condition, results of operations and cash flow.

Contract Manufacturing and Outsourcing

Eguana utilizes a capital light contract manufacturing strategy for certain sub-assemblies and finished goods within the normal course of its operations, which could become too expensive to operate due to circumstances such as trade wars and import tariffs. Contract manufacturing could lead to products of inferior quality, given the reliance on the contract manufacturer's quality control practices, supplier credit risk and third-party product and financial liability. The Company works with its partners to reduce or eliminate sole sourced items through its Alternative Parts Program; however, portions of our sourcing strategy are managed by our partners, which could lead to a loss of control of Eguana's supply chain for periods of time.

Attracting and Retaining Key Personnel

The Company's future prospects depend to a significant extent on the continued service of its key executives. Furthermore, the Company's continued growth and future success depends on its ability to identify, recruit, and retain key management and engineering personnel. The competition for such employees is substantial and there can be no assurance that the Company's will be successful in identifying, recruiting, or retaining such personnel.

Management of Growth

The Company could experience growth which could put a significant strain on each of the Company's managerial, operational, and financial resources. In order to manage growth, the Company must constantly improve its operational and financial systems and expand, train, and manage its employee base. The Company's operational and management systems could face increased strain as a result of expansion of the Company's technologies. The Company might not be able to effectively manage the expansion of its operations and systems and its procedures and controls might not be adequate to support its operations. Management might not be able to make and execute decisions rapidly enough to exploit market opportunities for the expansion of the Company's products. If the Company is unable to manage its growth effectively, its business, results of operations and financial condition will suffer. Failure to effectively manage growth could also result in difficulty launching new processing technology or enhancing existing processing technology, declines in quality or end-user satisfaction, increases in costs or other operational difficulties and any of these difficulties could have a material adverse effect on its business, prospects, financial condition, results of operations and cash flows.

Government Regulation

The products and 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 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. Eguana's products are currently certified for use in Germany, the United Kingdom, France, Australia, and North America. The technical associations that are prevalent in maintaining 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.

Changes in Laws and Regulations

Changes in tax and trade laws may have a material adverse effect on our business, financial condition, and results of operations. Changes in Canada-USA or China-USA trade relations, laws, or regulations and changes to USA tax or other laws, such as the imposition of or increase in tariffs or other trade barriers, could materially and adversely impact our effective tax rate, increase our costs, and reduce the competitiveness of our products. The U.S. and Canada have imposed and may impose additional quotas, duties, tariffs, or other restrictions or regulations, or may adversely adjust prevailing quota, duty, or tariff levels. Countries impose, modify, and remove tariffs and other trade restrictions in response to a diverse array of factors, including global and national economic and political conditions, which make it impossible for the Company to predict future developments regarding tariffs and other trade restrictions. Trade restrictions, including tariffs, quotas, embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to Eguana or may require Eguana to modify its supply chain or other current business practices. Any of the above risks could harm the business, financial condition, and results of operations as a result of the fact, among others, that Eguana currently sources products and materials from third-party suppliers around the world including in the United States and Eguana products are manufactured in North America and abroad.

International Operations

Because Eguana is an Alberta Company, and because much of its business is done outside of Canada, there is a risk that foreign governments will implement protective measures which make it more difficult to export to these markets. Currently, there are statements from the USA of the potentially imposing import tariffs into that USA. While the risks of these actions are mitigated by Eguana's contract manufacturing strategy, which enables it to easily change where it manufactures its products, there can be no assurance that the various government licenses and approvals or amendments thereto that from time to time may be sought will be granted at all or with conditions satisfactory to the Company or, if granted, will not be cancelled or will be renewed upon expiry, or that income tax laws and government incentive programs relating to the Company's business, and the solar energy industry generally, will not be changed in a manner which may adversely affect the Company.

Potential Breaches and Cyber Risk in its Information Technology Systems

Like many companies, Eguana uses and stores a wide variety of confidential and proprietary information relating to its business. Although Eguana makes significant efforts to maintain the security and integrity of its information technology and related systems, and has implemented measures to manage the risk of a security breach or disruption, there can be no assurance that the Company's security efforts and measures will be effective, or that attempted security breaches or disruptions would not be successful or damaging.

The Company devotes substantial resources to network security, data encryption, and other security measures to protect its systems and data, but these security measures cannot provide absolute security. The techniques used in attempted cyber-attacks and intrusions are sophisticated and constantly evolving and may be difficult to detect for extended periods of time. Eguana may be unable to anticipate these techniques or implement adequate preventative measures. Although to date the Company has not experienced breaches of its systems that have had a material adverse effect on its business, attacks and intrusions on the Company's systems will continue and Eguana may experience a breach of its systems that compromises sensitive company information or customer data. In addition, hardware, software, or applications Eguana develops or procures from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. If Eguana experiences a significant data security breach, it could be exposed to reputational damage and significant costs, including to rebuild its systems, modify its products and services, defend litigation, respond to government enforcement actions, pay damages or take other remedial steps, any of which could adversely affect the Company's business, results of operations, and financial condition.

Eguana may also share information with contractors and third-party providers to conduct its business. Although such contractors and third-party providers typically implement encryption and authentication technologies to secure the transmission and storage of data, those third-party providers may experience a significant data security breach, which may also detrimentally affect Eguana's business, results of operations, and financial condition.

Compliance with Environmental, Health and Safety Laws and Regulations

Eguana's operations are subject to a variety of foreign, federal, provincial, and local environmental, health and safety laws and regulations including those governing, among other things, emissions to air; discharges to water; noise; and the generation, handling, storage, transportation, treatment, and disposal of waste and other materials. Eguana could also be subject to a recall action by regulatory authorities. Violations of or liabilities under such laws and regulations could result in substantial costs, fines and civil or criminal proceedings or personal injury and workers' compensation claims.

Compliance with Anti-Bribery and Corruption Laws

Eguana's operations subject it to laws and regulations of multiple jurisdictions, as well as Canadian and U.S. laws governing international operations, which are often evolving and sometimes conflict. For example, the Foreign Corrupt Practices Act ("FCPA") and comparable U.S. and foreign laws and regulations prohibit improper payments or offers of payments to foreign governments and their officials and political parties by Canadian, U.S. and other business entities for the purpose of obtaining or retaining business. Other laws and regulations prohibit bribery of private parties and other forms of corruption. As Eguana expands its international operations it is exposed to increased risk of unauthorized payment or offers of payment or other inappropriate conduct by one of our employees, consultants, agents, or other contractors, including by persons engaged or employed by a business Eguana acquires, which could result in the Company's violation of various laws, including the FCPA. The safeguards the Company implements to discourage these practices may prove to be ineffective and violations of the FCPA and other laws may result in severe criminal or civil sanctions or other liabilities or proceedings against Eguana, including class action lawsuits and enforcement actions from the Canadian, U.S. or foreign regulators.

Legal Proceedings

Eguana is involved in litigation from time to time in the ordinary course of business. In addition to proceedings to which Eguana is currently a party, legal proceedings could be filed against Eguana in the future. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a materially adverse effect on Eguana.

On April 29, 2024, the Company received a legal demand letter from a supplier for payment on an open purchase order. The Company ordered inventory with a deposit and understood that the supplier would hold the products. The vendor is demanding payment of US \$2.3 million. 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 being forfeited, and hence written off as a loss by the Company.

Dividends

Eguana does not anticipate declaring any cash dividends to holders of Common Shares in the foreseeable future. Consequently, investors may need to rely on sales of Common Shares, after any future price appreciation, which may never occur, as the only way to realize any future gains on their investment.

Termination of Material Contracts

In the event that any material contracts are terminated, the payment of penalties or fees by the Company may be required. The payment of any such penalties or fees or the termination of such contracts could have a material adverse effect on the business, financial position, or results of operation of the Company or the value of the Company's securities.

Force Majeure

The occurrence of a significant event which disrupts the ability of the Company to produce or sell its products may have a material adverse effect on the business, financial position, or results of operations of the Company or the value of the Company's securities.

Forward-Looking Statements May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See "Forward-Looking Statements" for additional information on the risks, assumptions and uncertainties found in this MD&A.

ADVISORY SECTION

Statement of Management Responsibility for Annual Filings

This MD&A was prepared by management of Eguana and approved by the Board of Directors of Eguana on November 28, 2025.

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 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 Filings* (“NI 52-109”), have both certified that they have reviewed the audited 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 audited 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 annual 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 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.