MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Ltd. ("Eguana", or the "Company") is dated May 1, 2023 and should be read in conjunction with Eguana's consolidated financial statements for the fifteen month period ended December 31, 2022 and twelve month period ended September 30, 2021.

The Board of Directors approved changing the Company's year end from September 30 to December 31 to have the Company's year-end financial statements be more comparative with the majority of its industry peers. Consequently, the financial statements for the fifteen month period ended December 31, 2022 ("F2022"), are being presented with comparative information for the twelve month period ended September 30, 2021 ("F2021") and the financial statements for the three months ended December 31, 2022 , are being presented with comparative information for the three months ended December 31, 2021.

The consolidated 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 Advisory Section of this MD&A which provides information on forward looking information and other information. Additional information relating to the Company, including Eguana's Consolidated Financial Statements, the Company's most recently completed Annual Information Form, news releases, and other required filing documents is available on SEDAR at www.sedar.com. The aforementioned documents are issued and made available in accordance with legal requirements but are not incorporated by reference into this MD&A.

OVERVIEW

The Company

Eguana designs, manufactures, markets, and sells a vertically integrated full stack of solutions from the Cloud to the device hardware, the Eguana ecosystem, for residential and small commercial renewable energy applications. The vertically integrated stack is centered around its proprietary advanced power electronics platform and the Eguana Cloud software platform. The ecosystems typically contain all or a combination of fully integrated energy storage systems ("ESS"), micro inverters, and cloud-based software required to aggregate systems into fleets, or power grid assets, delivering a suite of virtual power plant ("VPP") functions. Fully integrated energy storage systems consist of three major components, the software controller (the energy management system or "EMS"), the battery module, and the advanced power control technology. Many of the Company's patents remain within the hardware, design, and software of the advanced power controls of the ESSs.

The Company also markets and sells a suite of micro inverter products, including a single, dual, and quad port design, which are fully integrated with its ESS platform, providing consumers with a complete solar + storage hardware and software platform architecture for residential and commercial applications.

The Company's 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 grids. Key features include flexible capacity and power, simple installation processes, remote diagnostic and update capabilities, and remote battery recovery, which will continue to differentiate Eguana's product offerings. The Company believes this approach, with developed channels in multiple markets, and rapid development processes, will help diversify against regulatory change and market risks typically associated with emerging renewable energy market segments.

Eguana continues to focus on distributed energy storage and residential solar applications 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 while delivering multiple value streams to key stakeholders including the consumer, the electricity retailer, the distribution utility, and the system operator.

Eguana management maintains the opinion that distributed energy storage, as a result of stackable value streams, will continue to show significant growth potential in the global renewable energy marketplace. Eguana's product lines have been standardized, globally patented, and commercially certified for distribution in major markets throughout the world.

Intellectual property relating to Eguana's advanced power controls are one of the Company's core assets including 16 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 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, remote commission and diagnostic capability, and remote battery recovery capability. At the Utility or grid operator level the Company has developed Eguana Cloud which provides access to fleets of systems that can be dispatched for intelligent grid operations and provides the Company with recurring revenue models based on its secure software platform.

The vertical integration from battery to cloud has created a unique position for Eguana as one of the only renewable energy companies with internal control of its Power Control System ("PCS"), access to global markets with certified and VPP compliant products, and self certification capabilities inside a capital light business model.

The Market

Global electrification is putting significant demand on aging power grid infrastructure and at the current rate 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") is likely to shorten this time frame as EV demand continues to accelerate. As a result, renewable energy markets have segmented into two primary categories, intelligent grid infrastructure (VPP driven) and self-generated energy consumption (consumer driven).

At a macro level, with respect to ESS's, decreasing battery costs and advancement in battery technology remain the significant drivers for increasing adoption rates of residential and small commercial energy storage solutions in all markets. Integrated energy storage has now become an economical proposition driving homeowners to utilize and consume self-generated electricity. Advanced power control and communication networks are enabling VPP's, grid services and power grid efficiency. 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.

Management believes long-term renewable energy markets will be characterized by the transition to an intelligent power grid whereby power generation from residential rooftop solar systems delivers electricity to fleets of distributed storage systems that are aggregated and controlled by system operators and energy services companies. This smart grid, or grid 2.0, will significantly reduce capital deployment requirements from utilities while delivering 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 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 operator access to the host system from time to time to deliver grid services).

Host applications define product configurations and bill savings opportunities, and are generally categorized into the two following segments:

Residential Solar and Storage

The evolution of the original value proposition of rooftop solar PV systems is to combine self-generation with cost effective and efficient energy storage. High feed-in tariffs and net metering (where the power grid is essentially used as a battery) originally encouraged consumers to export excess generation to the grid. However, in maturing markets, feed-in tariffs continue to decline and changes to net metering policies are driving homeowners to store excess generation during the day and use it at night. This, combined with the ability to arbitrage time of use rates and to provide backup power during grid outages, has become the economic value proposition for residential consumers.

Demand Charge savings for commercial buildings

In many jurisdictions, rate structures for commercial buildings include Demand Charges, in addition to the energy charges and fixed charges, which are typical of residential rate structures. Demand Charges are based on the "peak" power draw recorded during the previous billing period or over the previous year.

Eguana's Strategy

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 migration to an intelligent distributed power grid. To lever delivering against this mission, the Company expanded its power electronics offering to include a line of micro inverters, a critical component in residential rooftop solar segments, providing energy to storage systems which in turn play a key role in power grid transformation and required electric vehicle infrastructure. Additionally, the Company has developed the Eguana Cloud, a secure and scalable cloud services platform to modernize virtual power plant infrastructure and deliver recuring revenue streams by providing fleet and system level access to utility and grid operators.

For residential customers, the Company will continue developing distribution partnerships, opening branch locations, and increasing product to consumer channels by expanding sales, technical support and training capacity, which is a key lever in building dealer/installer partner loyalty. A typical sales cycle through a distribution to consumer model is approximately six to nine months and includes distributor sell in and training, dealer/installer sales, installation, and commissioning training, and after sales support and service. Dealer/installer loyalty is a key component to success, as such Eguana has developed a virtual training and tools program, Eguana University, to provide required training and support in a scalable and measurable format. Additionally, specific to the Australian market, Eguana has vertically integrated its sales operations to include full turn-key installation services to improve the sales and customer experience.

To open additional utility, VPP, and white label opportunities the Company accelerated its development of Eguana Cloud. The platform, which consists of distributed energy resource ("DER") interfacing and data controls, individual and aggregate level system controls, along with user interface visualization, is a secure and scalable architecture that provides entry into recurring revenue and software as a service ("SaaS") business models. In a distributed grid utilities and operators utilize fleets of energy storage devices for cost saving and efficiency initiatives through enhanced grid management. Services like frequency and voltage control and spinning reserve and day ahead markets become accessible to operators through Eguana Cloud. Management maintains the opinion that utility and VPP engagement will drive mass adoption as intelligent infrastructure is required to support electrification and the electric vehicle movement.

The renewable energy landscape changes quickly with respect to safety, regulatory, new product certifications, and new product requirements and features. As a result, the Company continues to expand key hardware and software development team members to support growth initiatives and global and regional certifications.

Supply Chain and Operations

The Company maintains key supply chain technology advantages through the ownership of its advanced power controls platform, which is the basis for all Eguana energy storage solutions. Platform ownership provides for rapid product development cycles, alternative parts programs including quick selection, test, and replacement, and cost control. These advantages were in full effect through the Covid-19 Pandemic when global supply chains were stressed to breaking points, particularly with circuit board level component procurement. Eguana's development team was successful in changing over 15 key components through immediate inhouse verification testing allowing product development, certification, and production to continue throughout the pandemic.

The Company has also invested in, and strategically positioned, a number of critical components to the ecosystem, including battery modules, micro inverters, and certain circuit board level components to further mitigate ongoing supply chain risks. Component flexibility will remain a key factor going forward as geopolitical disruption continue to add risk to global supply chains.

A key milestone resulting from Eguana's investment in raw materials was the ability to operate within a flow manufacturing environment, which delivers a consistent supply of finished goods and provides enhanced flexibility to changes in demand. Alongside the conversion to flow, the Company transitioned its manufacturing operations to contract manufacturing partner Omega EMS ("Omega"), based in San Jose, California.

Critical to long term success is production capacity, Eguana's capacity is constrained by its inverter functional test processes (IFT's), which currently take forty-five minutes per ESS assembled. Production capacity has recently been increased to +20,000 systems annually with investment into 4 additional IFT's bringing the Company total to 5 (3 in San Jose and 2 in Calgary).

As a result of anticipated residential market growth through the increase in VPP activity and growing demand for Eguana products, the Company has also begun adding to its operations team building out capability along with initiating discussions with potential manufacturing and assembly partners to further increase future capacity for Eguana products. Management believes multiple manufacturing partners will be required as global energy storage markets continue to expand.

Eguana's gross margins remain impacted post Covid-19 by raw material and logistics cost increases experienced at the time of purchase. While logistics costs are becoming stabilized, they are currently more than three times pre pandemic levels. The Company has developed mid- and long-term cost reduction strategies to increase gross margins through battery and battery management system ("BMS"), and electronics platform re-design.

Sales

Eguana sales are broken into two primary segments, hardware and software recurring. Hardware sales are further segmented into residential consumer, which flows through distribution and dealer/installer partners, and VPP grid assets, which is the initial hardware sale enabling the software recurring revenue streams.

In North American markets products selling into residential consumer are sold under a premium brand through a partnership with Duracell Power Center. Currently, through the partnership, national agreements have been signed with five distributors, with branch locations across North America totalling above 2,000. Generally, small to mid size dealer/installers purchase renewable products through distribution. Training is a key component at both the distributor and dealer levels. The Company created Eguana University, and online training and tool kit for partners, to track and train partners for the successful sales, installation, commissioning, and after sales service functions.

Dealer/installer growth and loyalty are key metrics for success in selling renewable energy ecosystems. Much like Eguana competitors, all selling partners must complete installation and commissioning training modules prior to selling and installing Eguana products. Aside from building partner loyalty, this improves both consumer and installer experiences with our products. Typical sales cycles, inclusive of distributor engagement and dealer/installer training, is six to nine months.

VPP grid hardware sales typically flow through utility and aggregation software partners, although may also flow through distributor channels. It's management's view that this channel will drive mass adoption of renewable energy assets as a result of stackable value propositions for stakeholders including the consumer, the utility and the operator. Utilities, in most VPP applications, will pay consumers a one-time sum or an off bill amount over an agreed time period, as well as recurring payments to software providers, like Eguana Cloud, for access to the systems. VPP's, when systems are managed as fleets, provide power grid enhancements including stability and reliability, resource optimization, and frequency control among others.

In Australia the Company has integrated consumer sales and installation capability into its sales cycles. By managing the product sale and installation sales cycles are simplified and shortened while reducing touch points for our utility and home builder partners. By simplifying the sales process management believes hardware growth will accelerate through VPP channels which in turn will increase recurring revenue streams as systems are aggregated into fleets.

Development

Regulatory change and product certification requirements create a significant barrier of entry into residential and small commercial renewable energy markets. The Eguana R&D team has delivered on past key objectives on certifying our development lab as well as completing self certification processes.

Combined, these two objectives provide a competitive advantage in rapid product development and certification, alternative parts programs with self verification and test, and rapid product enhancement.

Research and Development will continue to play a critical role as Eguana continues to build out software capabilities with respect to Eguana Cloud and device level EMS integrations. Cloud focus will remain on VPP features, and SaaS and recurring revenue streams while EMS development will be focused on product improvement features such as smart load management and bidirectional EV charging.

Hardware

Hardware development objectives include certification of a next generation energy storage system with a modular design and scalable in 20kWh building blocks designed for VPP and large residential applications, European Enduro certification update, three phase modular product certification, and PCS platform cost reduction. Alongside PCS cost reduction multiple new battery modules are being integrated into Eguana ESS's which will have cost and warranty advantages.

Additionally, as the company engages with white label partners, new variations of the ESS's will be required to differentiate partner product offerings and applications. All ESS products will embody the Company's core technology platform, however, will have different installation, power, and capacity requirements as required by the partner.

Eguana microinverters

The micro inverters, an expansion of the Corporation's power controls offering, is sold under both Eguana (Enfuse) and premium white label branded names. The suite of micro inverters is inclusive of single, dual and quad port configurations, maximizing system flexibility, installation simplicity, and reliability. Micro inverters continue to play a key role in residential rooftop solar and are critical to the energy and power grid transformation. The Company recorded its first sales of the Enfuse in Q3 2022.

Advanced Battery Integration

Management contends that battery module availability will be one of the defining success factors for residential and commercial energy storage manufacturers. Accordingly, the Company is continuing next generation battery module development as part of its vertical integration strategy based on 24M's semi solid lithium technology. 24M, an MIT technology spin-out of which Eguana partner ITOCHU is an investor, has developed a semi solid electrode with better performance and cost profiles for lithium-based batteries. Eguana has also begun working with multiple 24M licensees for future module development and manufacturing and expects to see first cells in the first half of 2024.

As cells become available the Company will complete development of its BMS which will maximize battery and system level performance. The BMS will also open new channels within the battery module and electric vehicle manufacturers.

Business Outlook

The Company expanded its hardware offering to include micro inverters during its third quarter and immediately commenced initial shipments. Management assumptions were that with a simple supply chain and a more mature North American market, when compared to fully integrated energy storage, micro inverters would outpace storage revenues and drive near term revenue growth.

Micro inverter shipments continued to scale through the Company's last fiscal quarter of 2022, which resulted in its first revenue quarter surpassing $10M CAD. The micro inverters, along with Eguana's

ESS, make up the hardware portion of the Eguana ecosystem, which is fully integrated with the Eguana Cloud Services platform for intelligent VPP grid infrastructure.

Through the three months ended December 31, 2022 the Company continued to make investments in key inventory components, battery modules, and micro inverters. These inventory expenditures were being made in conjunction with recent investments in production capacity in anticipation of significant global market growth. Eguana's production capacity, which is constrained by its inverter function test process, has been increased to 24,000 5kW equivalent systems annually.

First Pass Yield ("FPY") improvement continued through the quarter with production averages sitting slightly above 80%. The FPY metric is the aggregation of pass/fail percentages each time an energy storage system is connected to a proprietary IFT station.

In addition to these investments, and to drive installer and consumer awareness and loyalty, the Company continued expanding its sales team through the quarter with focus on distribution and dealer/installer sales and training. Eguana University, an online partner platform including selling, product knowledge, and installation modules went live. In order to provide the best consumer experience, Eguana markets and sells its products through certified partners, partners can now complete the certification process in an online virtual format. In conjunction with its partner, Duracell Power Center, the Company has opened distribution channels with five national distributors for coverage across the United States. The Distributors remain at varying points of the training onboarding processes which should provide steady growth through 2023.

As renewables penetration continues to increase within the power grid transformation to a distributed format application, specific solutions, particularly with ESS, become increasingly important. Eguana has expanded its certified products to include its 10kW/28kWh whole home back up product. At the time of this MD&A, first production runs have been completed along with initial shipments, installations, and commissioning.

Eguana, through its relationship with a US automaker, now has fully integrated the Eguana Cloud platform with the automaker partner's Distributed Energy Resource Management Software ("DERMS"). This advancement has immediately opened recurring and SaaS revenue streams. At present the Company is engaged in four North American VPP pilots with recurring revenue streams. The pilots are all expected to be executed within calendar 2023.

In Australia, Eguana has now completed its demonstration of compliance with the performance and self-reported verification requirements of the new FCAS ("Frequency Control Ancillary Service") market regulations. This was a critical step in advancing VPP activities with Australian utility partner Simply Energy. First sales into the FCAS VPP are expected to take place within the June 2023 quarter and will include the Company's NMC and its recently certified LFP Australian products.

Eguana continued to improve brand awareness and build capacity to support its vertically integrated solar installation business while growing the rate of installation completion in the South Australia market. With the addition of a consumer finance package and additional team members engaged in sales, management expects to see a step change in Australian revenue contribution. Additionally, home builder relationships are moving forward with key potential partners. Expectation is to deliver multiple home builder pilots through the next two quarters.

The Company has been working directly with a French utility over the last year and has now confirmed additional testing is required. First order and formal partner announcements are expected to occur in the coming months. The utility will begin with Enfuse micro inverter orders followed by development of an application and feature specific ESS later in the second half of 2023.

The Company was recently informed by battery partner LG Chem, because of an ongoing LG Chem module recall, that modules used in the Eguana Enduro will no longer be available for the foreseeable future. The Development team immediately reconfigured and re-certified the Enduro with its LFP battery module. Production of the updated Enduro has commenced with shipments to immediately follow. In anticipation of volume production, the Company will expand its European sales team and market Eguana products directly to consumers in need. Enfuse micro inverters are also being procured to create the Eguana ecosystem for European markets.

SELECT ANNUAL INFORMATION

	2022(1)	2021(2)	2020(2)
Sales and engineering services	**16,826,875**	7,174,589	7,951,678
Net loss	**(16,828,272)**	(10,400,044)	(8,238,652)
Basic and diluted loss per share	**(0.04)**	(0.03)	(0.04)
Total assets	**47,402,629**	14,914,190	3,792,004
Total non-current financial liabilities	**32,653,338**	188,825	13,006,931

(1) Information presented represents the 15 month period from October 1, 2021 to December 31, 2022 due to a change in year end
(2) Information presented represents 12 month period from October 1 to September 31

Revenue

The Company's revenue is primarily derived from the sale of power electronics including fully integrated ESS' and micro inverters. The ESS' have been designed to be battery agnostic and are available in both NMC (nickel manganese cobalt) and LFP (lithium iron phosphate) chemistries with multiple power and capacity configurations to provide consumer flexibility while meeting regional certification and safety requirements. The ESS' also maintain approximately 90% bill of material consistency throughout the advanced power electronics platform providing a standardized product topology where many of the Company's proprietary patents reside. Each feature rich system is capable of performing consumer related functions including solar self-consumption and seamless back-up power, as well as a full suite of VPP services for fleet aggregators including frequency and voltage control, reactive power management, and spinning reserve. The micro inverters, an expansion of the Company's power controls offering, is sold under both Eguana (Enfuse) and premium white label branded names. The suite of micro inverters are inclusive of single, dual and quad port configurations, maximizing system flexibility, installation simplicity, and reliability. Micro inverters continue to play a key role in residential rooftop solar and are critical to the energy and power grid transformation. The Company recorded its first sales of the Enfuse in Q3 2022.

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

Revenue directly related to power electronics product sales increased in F2022 to $16,826,875 up 136.0% from $7,129,037 in F2021. Although achieving record setting product revenues for the fiscal year, revenues were significantly constrained through the first two fiscal quarters as a result of global supply chain issues and shipping port congestion which drove delays with certain raw materials. Supply chain constraints began easing throughout the latter half of the year, with the three month period ended December 31, 2022 accounting for 61.6%, or $10,357,667, of the annualized revenue. Additionally, Eguana maintained considerable focus on its Enfuse launch into US residential solar markets, which is expected to continue to grow in 2023. The increase can also be attributed to the longer fiscal period due to the fiscal year-end date change.

No engineering revenue was generated in F2022, where as in F2021, $45,552 of engineering services made up total revenue. The engineering services in F2021 related to defining battery module and battery management system design for next generation semi solid-state lithium technology with FREYR AS.

Net Loss

The increase in F2022 net loss compared to F2021 is primarily due to a longer fiscal period (fifteen months compared to twelve months ended), higher battery and logistics costs due to higher oversees freight, duties and general inflation. Additionally, the Company saw an increase in financing costs related to new debt and equity raises executed during the year, as well as overall operating expense increases due to increased personnel and facilities to support the sales requirements and demand growth expected and seen in the second half of 2022.

The increase in net loss from 2020 to 2021 is primarily due to lower gross margins, a result of higher material and logistics costs related to the COVID-19 pandemic and higher 2020 engineering service revenue, which yield higher percentage margins. Additionally, the Company saw operating cost increases, due to growth in non-cash share-based expense, as well as increased personnel and facilities costs to align with the growth in 2021.

Total Assets

The increase in assets in 2022 can primarily be attributed to an increase in cash from a strategic investment of $33.0 million by the ITOCHU Corporation ("ITOCHU") in the form of an unsecured convertible debenture as well as entering into and drawing on a $10.0 million US loan. Additional increases are as a result of record revenues for the three months ended December 31, 2022, which in turn saw accounts receivable increase from previous years levels, as well as significant deposits paid near year-end to secure high-value component and associated inventory positioning efforts to de-risk supply chain operations and meet anticipated demand. These increases in assets are offset with increased operational and capital spending.

The increase in assets in 2021 can primarily be attributed to increased inventory levels and higher accounts receivable levels due to increased demand compared to the previous year. Additionally, the Company saw cash increases associated with the special warrant transaction in February 2021.

Total Non-Current Liabilities

The increase in total non-current liabilities in 2022 is primarily due to the issuance of the convertible debentures and the obtaining the $10.0M US senior loan.

The decrease in total non-current liabilities in 2021 is primarily due to full conversion of all outstanding convertible debentures, the Senior loan and preferred shares nearing the end of their terms and moving fully into current liabilities, as well the full prepayment of the Company's contingent liability settlement.

2022 OPERATING RESULTS

The following table sets forth a summary of the results of operations for the three-month periods ended December 31, 2022 and December 31, 2021 and fifteen month period ended December 31, 2022 (F2022) and twelve month period ended September 30, 2021 (F2021).

	Three months ended		Periods ended (1)(2)	
	Dec 31, 2022	Dec 31,2021	**Dec 31, 2022**	Sept 30, 2021
Sales and engineering services	**10,357,667**	1,264,549	**16,826,875**	7,174,589
Cost of goods sold	**9,957,735**	1,254,138	**16,593,656**	6,705,131
Gross margin	**399,932**	10,411	**233,219**	469,458
Expenses				
General and administrative	**1,196,765**	711,775	**4,795,059**	3,477,835
Selling and marketing	**765,801**	613,558	**3,026,939**	2,054,753
Product research and development	**1,227,166**	546,045	**4,297,211**	1,954,402
Operations	**256,632**	346,217	**1,543,360**	1,224,912
	3,446,364	2,217,292	**13,662,569**	8,711,902
Operating Loss	**(3,046,432)**	(2,207,184)	**(13,429,350)**	(8,242,444)
Financing costs	**(2,052,155)**	(242,041)	**(4,044,091)**	(2,235,611)
Unrealized foreign exchange (loss) gain	**(150,286)**	24,393	**(174,861)**	65,960
Expected credit loss	**(1,388,668)**	-	**(1,388,668)**	-
Other income	**38,381**	2,215	**263,826**	12,051
Net loss before tax	**(6,599,160)**	(2,422,617)	**(18,773,144)**	(10,400,044)
Income tax	**-**	-	**(238,857)**	-
Deferred income tax	**-**	-	**2,183,729**	-
Net loss	**(6,599,160)**	(2,422,617)	**(16,828,272)**	(10,400,044)

(1) December 31, 2022 information presented represents the 15 month period from October 1, 2021 to December 31, 2022 due to a change in year end
(2) September 30, 2021 information presented represents 12 month period from October 1,2020 to September 31, 2021

Fifteen and Twelve Months ended December 31, 2022 and September 30, 2021, respectively

Sales and engineering services

Sales derived from power electronics increased 136.0% to $16,828,875 (12,726 units comprised of ESS' and micro inverters) in fiscal 2022 in comparison to $7,129,037 in 2021 (850 units comprised of ESS'), representing the highest product-based revenue in the Company's history. Engineering services consisted of $45,552 in 2021, however there were no comparable engineering services in 2022. Total revenue increase for the fiscal year was 134.5% compared to the subsequent year.

The Company does expect to see improved visibility on forward looking revenues across 2023 as global supply chains continue to stabilize, strategic inventory investments are made, and customer demand patterns normalize post pipeline fills. The Company will maintain its Alternative Parts Program to continue de-risking supply chain activities and port capacity risk.

Gross margin

Gross margins for power electronics decreased to 1.4%, or $233,219, for the period ended December 31, 2022 compared to the period ended September 30, 2021 wherein gross margins were $440,311, or 6.2%. This year over year decrease is primarily due to inventory rationalization related to winding down Canadian supply chain activities and transitioning supply chain and operational activities to Omega in fiscal 2022 as well as worldwide logistics and shipping costs remaining significantly elevated versus pre-pandemic levels. Margins were also negatively impacted by inventory write-offs of obsolete components in 2022, versus no write downs in the previous year. This is offset with growth in product margins as the Company expanded its power controls platforms.

Engineering services contributed $29,147 to the margin for the period ended September 30, 2021 relating to pre-work with FREYR AS related to defining battery module and battery management system design for next generation semi solid-state lithium technology. There was no revenue generated from engineering services in the fiscal year 2022.

Gross margins for the three months ended December 31, 2022, however, increased to 3.9% from the previous quarter of negative 9.6%. Gross margins are expected to continue steadily increasing with the manufacturing operations transition complete, and freight costs beginning to trend downwards. Additional planned cost reduction activities, with focus on the North American Evolve product line, are expected to further improve gross margins. The Company expects to see these continued improvements into fiscal 2023 with the introduction of a new line of ESS's.

Expenses

Operating costs in F2022 were $13,662,569, up from $8,711,902 in F2021 representing a 56.8% increase period over period.

- G&A expenses increased by $1,317,224 for the fifteen-month period ended December 31, 2022. The department saw a 30% growth in administrative personnel year-over-year as well as associated retention costs for pre-existing employees. Additional increases can be attributed to ongoing legal and advisory fees, as well as the implementation and completion of a new ERP system, which began in fiscal 2022. Alongside an overall growth in Eguana in 2022, the Company also saw an increase in its annual insurance costs and requirements. The remaining difference is due to the change in year end, resulting in a fifteen month fiscal period compared to a twelve month fiscal period in the previous year.

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

- Selling and marketing for the period ended December 31, 2022 increased by $972,186 as compared to September 30, 2021. This increase is due to the addition of technical and sales personnel in North America to execute the PowerCenter+ and microinverter strategies. associated recruiting costs to match the company's growth objectives. Correlated with this growth in employee were increased in travel, meals and marketing costs as global travel restrictions eased compared to fiscal 2021. The remaining difference is due to the change in year end, resulting in a fifteen month fiscal period compared to a twelve month fiscal period in the previous year.

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

- Product research and development costs increased by $2,342,809 for the period ended December 31, 2021. More than half of this increase is due to the increase in salaries and wages for the R&D team as the Company significantly expanded its personnel in preparation for new developments related to Eguana Cloud Services and energy management software advancement, new product development, battery, battery management system, and micro inverter integration. The remaining increase is due to the new product design and development expenses. The remaining difference is due to the change in year end, resulting in a fifteen month fiscal period compared to a twelve month fiscal period in the previous year.

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

- Operations costs increased by $318,448 for the period ended December 31, 2022. The increase is almost entirely due to the change in year end, resulting in a fifteen month fiscal period compared to a twelve month fiscal period in the previous year. The remaining increase can be attributed to global freight cost increases and an increase in operational personnel compared to the previous year.

  Operations costs include salaries and benefits of employees directly allocated to this function, overhead cost allocations to support the operations personnel and portions of the COO's compensation (from fiscal 2021 onward).

Financing Costs

Financing costs for the fifteen months ended December 31, 2022 were $1,808,480 higher than the twelve months ended September 30, 2021. The additional three months due to the change in year end was the primary driver as this was accretion with the newly entered into debt arrangements in September of 2022. Specifically, accretion of long-term debt increased by $1,381,507, as well as convertible debenture accretion in the amount of $839,258 associated with the ITOCHU strategic investment at the end of August. This is offset with a decrease in accretion of other liabilities by $130,319 and preferred shares by $690,970 as both were repaid throughout F2022.

Expected credit loss

The Company has one customer, PowerCenter+, that represents 82% of total accounts receivable which, at December 31, 2022, had $2,662,164 of total accounts receivable over 90 days past due and has been delayed in making payments. As a result, the Company has recorded a provision for the year ended December 31, 2022, resulting in an expected credit loss in the amount of $1,388,668 to account for the time value of money relating to the delayed payments. Management still believes the full amount will be received from the customer. No similar loss was accounted for in fiscal 2021.

Three Months ended December 31, 2022 and 2021

Sales

For the three-month period ended December 31, 2022, power electronics sales were $10,357,667 (6,339 units comprised of ESS' and micro inverters)), which represented a 719.1% increase over sales of $1,264,549 (154 units comprised of ESS' and micro inverters) for the same period in 2021. The sales increase was primarily due continued order growth as well as the launch of the Enfuse microinverter product line, which was not available in the comparable quarter.

Gross margin

Gross margins for energy storage systems were 3.9%, or $399,932, for the three months ended December 31, 2022 compared to gross margins for the same period in 2021 of $10,411, or 0.8%. Although gross margins continued to increase versus prior year, they were negatively offset by increases in elevated freight costs associated with shipping container shortages and reduced international freight lane capacity throughout the reporting period.

Expenses

Operating costs for the three months ended December 31, 2022 were $3,230,541, up from $2,217,595 for the three months ended December 31, 2021.

- G&A increased by $484,990 in December 2022 as compared to December 2021. Higher G&A costs can mainly be attributed to increased legal advisory fees related to on-going legal proceedings. Additionally, there was a modest increase in G&A personnel costs related to team growth, recruitment costs, and increased salaries to attract and retain top talent. This is offset by lower non-cash option compensation expense and audit fees due as the year-end date moved this will be incurred in the following quarter.
- Selling and marketing costs in December 2022 increased by $152,243 as compared to December 2021. During the current quarter, the Company underwent a brand refresh to better align with the Company's white label distribution partner. This involves a multi-channel campaign, in which the Company invested in brand assets (expensed in the quarter) and marketing collateral, resulting in an increase in selling and marketing expense.
- Product research and development costs increased by $681,121 in December 2022 compared to December 2021. $289,977 of the increase is due to higher R&D spending related to increased R&D compliance testing and certification along with costs related to new product design and development, including a new product line which is to be launched in the second half of 2023. The remainder of the increase is primarily due to team retention strategies including higher salaries and wages costs for the R&D team as the Company significantly expanded its personnel in preparation for additional new developments, including Eguana Cloud Services, and related certification requirements.
- Operations costs in December 2022 decreased by $89,585 as compared to December 2021. This decrease is primarily related to decreased inventory storage costs due to the reduction in using third-party warehouses for storage services as well as decreased consultant costs as the Company outsourced production to a contract manufacturing partner in California.

Financing Costs

Financing costs in December 2022 were up $1,810,144 as compared to December 2021. $722,061 of this increase is associated with accretion for a new loan agreement (New Senior Loan) which had an initial draw of $5.0M USD at the beginning of April 2022, and an additional draw of $5.0M USD in September 2022. This is compared to December 2021 where the previous loan was repaid in full. Alongside this increase in debt, December 2022 saw accretion of $1,214,148 related to the ITOCHU convertible debentures, issued in August 2022. There were no convertible debentures in December 2021. Offsetting these increases was a reduction in accretion of $183,222 associated with the preferred shares which were converted in December 2021.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

Operating activities	YTD 2022(1)	YTD 2021(2)
Net loss	**(16,828,272)**	(10,400,044)
Share-based payments	**1,455,370**	1,531,263
Financing costs	**4,044,091**	2,235,611
Amortization of capital assets and leased assets	**681,758**	322,962
Write down (up) of inventory	**135,156**	-
Warranty provision	**118,706**	(47,776)
Unrealized foreign exchange loss (gain)	**174,861**	(65,960)
Deferred income tax recovery	**(2,183,729)**	-
Expected credit loss	**1,388,668**	-
Bad debt expense	**22,429**	19,896
	(10,990,862)	(6,404,048)
Net change in non-cash working capital	**(22,705,998)**	(8,434,105)
Cash flow used in operations	**(33,696,960)**	(14,838,153)

(1) Information presented represents the 15 month period from October 1, 2021 to December 31, 2022 due to a change in year end
(2) Information presented represents 12 month period from October 1 to September 31

Net Loss

Net loss in F2022 increased by $6,428,228 over the net loss in F2021. The increase in net loss can primarily be attributed to the increase in financing expenses associated with the new Senior Loan as well as the ITOCHU debentures, both issued in F2022. Additionally, the company booked a provision for an expected credit loss of $1.4 million associated with PowerCenter+ due to delayed payments outside of expected credit terms. Management still believes that this full amount will be received. These two items are offset with a $2.2 million deferred tax recovery associated with the equity component of the new convertible debentures. The remaining increase is due to the new product design and development expenses. The remaining difference is due to the change in year end, resulting in a fifteen month fiscal period compared to a twelve month fiscal period in the previous year.

Share-based Payments

Share-based payments were $1,455,370 for the fifteen months ended December 31, 2022, down from $1,531,263 from for the twelve months ended September 30, 2021. This is due to 2021 expenses associated with the grant of 1.5 million options which vested immediately, and 4.5 million options having accelerated vesting terms of 6 months and a life of 3 years, both to a capital markets advisory firm. This is in comparison to 2022 having 1.0 million of options issued in February and 1.0 million in June with immediate vesting to the same capital markets advisory firm.

Financing Costs

The increase in financing cost in 2022 is primarily due to an additional three months of expenses in fiscal 2022, in particular, increased financing costs in the last quarter of 2022 due to having two new debt arrangements – the new Senior Loan and the ITOCHU convertible debentures, both entered into in the latter half of 2022. Specifically, accretion of long-term debt in the amount of $1,381,507 and accretion associated with the convertible debenture in the amount of $839,258. This is offset with a decrease in accretion of other liabilities by $130,319 and preferred shares by $690,970, as both were repaid throughout the year.

Unrealized Foreign Exchange Loss (Gain)

Unrealized foreign exchange loss for the period ended December 31, 2022 primarily resulted from an unfavourable shift in foreign exchange on the Company's Senior debt, which is denominated in USD, and the legal settlement liability, denominated in Euro's.

Summary of Quarterly Results

	2022(2)					2021			
	Q5	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	10,357,667	2,602,195	2,317,334	285,130	1,264,549	3,121,716	1,381,504	347,582	2,323,787
Net (loss)	(6,599,160)	(2,001,516)	(3,163,186)	(2,402,936)	(2,661,474)	(2,480,361)	(2,729,446)	(2,834,935)	(2,355,302)
Per share (1)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

(1) Basic and diluted

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

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

Eguana received $43,609,195 in financing activities (2021 – received $19,357,043) and used $33,696,960 in operations during F2022 (2021 –$14,838,153).

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 December 31, 2022 was $33,668,450 (September 30, 2021 –$2,706,390).

The Company has recorded $4,228,700 in accounts payables and accrued liabilities. In addition, the Company has $5,847,120 in long-term debt, $2,310,000 in convertible debenture interest and $344,599 in lease obligations payable over the next 12 months.

No unusual trends or fluctuations are expected outside the ordinary course of business.

The Company is currently in a dispute with a prior customer in Germany as a result of the cancellation of a supply contract. A claim has been prepared 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. A favorable outcome in the dispute would increase the current assets of the Company.

The above noted prior customer has made warranty claims related to the Company's first generation, 3-phase Comfort series product. Management believes this claim is without merit and that any product failures are tied directly to a fundamental system failure in the design for which the customer was solely responsible.

Outstanding Debt

In November 2019, the Company entered into a short-term bridge financing transaction ("Bridge Loan") in the amount of $280,000 with certain accredited investors, including the Company's Chief Executive Officer, bearing an interest rate of 12.0% per annum for the initial three-month period, and 24.0% per annum each month thereafter, and holds a maturity date of May 29, 2020. The Company retained the right to prepay at any time a partial or the entire balance of the Bridge Loan outstanding together with accrued interest, without notice, penalty, or bonus. An administrative fee of 10% is due and payable on maturity date. On April 7, 2020 the Company repaid the full amount outstanding on the Bridge Loan.

On March 13, 2020 the Company closed a strategic investment with the ITOCHU and issued 5,000 unsecured convertible debentures at a price of $1,000 per debenture, for total gross proceeds of $5,000,000. Each ITOCHU Debenture is convertible into Units of the Company, at a price of $0.15 per unit. Each Unit consists of one Common Share and one-half of one Warrant. Each whole Warrant shall enable the holder thereof to acquire an additional Common Share at a price of $0.20 per share for a period of three years following the closing date of the issuance of the ITOCHU Debentures. The ITOCHU Debentures bear interest at 10% per annum, paid semi-annually in cash or additional common shares, and mature on March 13, 2023.

On November 2, 2020, the Company issued 1,150 EGTLP Class F partnership units at a price of $1,000 per unit resulting in gross proceeds of $1,150,000. In connection with the issuance, the Company paid the agent a cash commission of $86,250 and issued 574,942 broker warrants at a price of $0.15 per warrant for a period of two years, with an expiry date of November 2, 2022. Legal and other costs of $107,026 related to the issue of the partnership units were incurred and netted against proceeds.

On November 17, 2020, the Company closed a private placement of 10,000,000 common shares at an issue price of $0.15 per common share, for gross proceeds of $1,500,000. In connection with the offering, the Company incurred transaction costs of $196,598, including agent commissions, these were netted against proceeds. Agents received 750,000 broker warrants, at a price of $0.15 per warrant for a period of two years, with an expiry date of November 17, 2022.

On February 19, 2021 the Company elected to exercise its right to convert the remaining principal amounts of its June 21, 2019 and August 8, 2019 debentures into common shares of the company on March 22, 2021 as the volume weighted average trading price of the Company's common shares exceeded $0.30 for a period of 20 consecutive trading days. Holders of $1.7 million in debentures voluntarily elected to convert immediately on February 19, 2021 and entered into debt settlement agreements with the Company, wherein $57,613 of accrued interest was settled by issuing a total of 115,218 common shares at a price of $0.50 per share. The Company incurred transaction costs of $2,000. 16,767 common shares were issued to related parties consisting of directors and executives of the Company.

On February 19, 2021, the Company announced that it has exercised its previously announced right to acquire all 1,150 Class F limited partnership units for 7,665,900 common shares in the capital of Eguana (the "LP Common Shares"). The LP Common Shares issued in exchange for the Units are subject to resale restrictions which expired on March 3, 2021.

On February 25, 2021, the Company closed a private placement of $20,000,000 wherein it issued 50,000,000 special warrants at a price of $0.40. Each special warrant will be convertible into one common share of the Company without any additional consideration upon certain conditions being met. In connection with the special warrant offering, the Company granted the agents 3,500,000 of non-transferable compensation special warrants and incurred transaction costs, including agent commissions, of $1,766,989, which were netted against proceeds.

On March 15, 2021 the Company entered into a shares for debt agreement with ITOCHU. The agreement settled $247,945 of accrued interest through the issuance 590,345 common shares at a price of $0.42 per share. The Company incurred transaction costs of $1,740, which were netted against proceeds.

On March 22, 2021, the remaining $1.9 million of debentures associated with the June 21, 2019 and August 8, 2019 issuance were converted into common shares. The holders had a prior option to convert remaining interest due into common shares or take payment in cash. On April 4, 2021 holders of $2,180 of interest elected to enter into debt settlement agreements, through the issuance of 4,588 common shares at a price of $0.475 per share. The Company incurred transaction costs of $511.

On April 19, 2021 ITOCHU elected to convert its balance of debentures, resulting in 33,333,333 common shares of the Company and 16,666,666 warrants. Each warrant entitles ITOCHU to acquire an additional common share at a price of $0.20 per share until March 13, 2023. The balance of debentures remaining for the Company post ITOCHU conversion is $nil.

In connection with the conversion, the Company entered into a shares for debt agreement with ITOCHU. The agreement settled the remaining $41,096 of interest due through the issuance 90,320 common shares at a price of $0.455 per share. These shares were issued and approved by the TSX-V on August 11, 2021.

In December 2021, DHCT elected to convert all 434,860 Series A preferred shares into 18,119,167 common shares. In respect of the accretive dividend payable on the Series A Shares, the Company paid DHCT $500,000 and issued 1,326,986 common shares at a price of $0.45 for the remaining outstanding dividend amount. Following this transaction and concurrent exercise of warrants, DHCT owns greater than 20% of all outstanding common shares of the Company.

On February 1, 2022, the Company repaid its Senior Loan in full.

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

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

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

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

Shareholders' Equity and Shares Outstanding

As at May 1, 2023 424,075,928 common shares are issued and outstanding, an increase of 20,909,283 from December 31, 2022 due to the exercise of 16,666,666 share purchase warrants by ITOCHU into common shares and the conversion of $1.1 million in interest owing under convertible debt to 4,242,617 common shares.

As at May 1, 2023, there are common share purchase warrants representing the right to acquire 4,934,309 common shares, a decrease of 18,766,666 from December 31, 2022 due to the exercise of 16,666,666 warrants and the expiry of 2,100,000 broker warrants, which were out of the money.

As at May 1, 2023, the Company has 24,771,537 stock options outstanding, a decrease of 900,000 from December 31, 2022, due to the forfeiture of options. These options entitle the holders thereof to acquire up to 24,771,537 common shares. 19,198,226 stock options have vested as of today's date. The weighted average exercise price of the vested options is $0.29 per share.

Off-Balance Sheet Items

As at December 31, 2022, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on Eguana's financial condition, results of operations, liquidity or capital expenditures.

Capital Expenditures

In 2022, capital and intangible expenditures totaled $1,189,827 (2021 - $351,078) and were primarily incurred with respect to the leasehold improvements and purchasing furniture for the new corporate head office.

Related Party Transactions
The Company had the following related party transactions with respect to salary and benefits:

	Fifteen months ended December 31, 2022	Twelve months ended September 30, 2021
General and administrative	**600,600**	424,704
Selling and marketing	**261,890**	178,925
Product research and development	**275,047**	68,276
Operations	**146,270**	58,834
	1,283,807	730,739

Included in accounts payable and accrued liabilities is $419,703 (September 30, 2021 - $676,768) due to key management personnel.

Share based payments to officers and a director was $334,538 (September 30, 2021 - $71,831).

RISK FACTORS AND RISK MANAGEMENT

Nature of Operations

The Company has cash of $15.0 million as at December 31, 2022, providing a sufficient source of liquidity, due largely to the Company's financing activities in the year. 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 liabilities and contractual obligations as they come due and enable the Company to continue operations.

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 capital markets.

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 AIF.

Operating Losses

The Company is in the growth phase of its business and is subject to the risks associated with early stage companies, including uncertainty of revenues, markets and profitability, and the need to raise additional funding. As is common with companies at this stage of development it is likely that marketing and operating costs will exceed net sales revenues during the product launch period. Eguana's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development, particularly companies in relatively new and evolving markets.

Rising Interest Rates

Rising interest rates may impact the Company's ability to finance its future growth, which could negatively impact our financial condition and performance. The Company manages interest rate risk by structuring its financings 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 our 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 our ability to obtain capital in the future on favorable terms, or at all. While the Company's market position 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.

War in Ukraine

The military conflict in Ukraine has led to heightened volatility in the global markets and increased inflation. More recently, in response to Russian military actions in Ukraine, several countries (including Canada, the United States and certain allies) have imposed economic 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 involving Russia, certain regions of Ukraine, and/or particular entities and individuals. While the Company does not have any direct exposure or connection to Russia or Ukraine, as the military conflict is a rapidly developing situation, 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.

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 solar industry and the energy storage sector, Eguana's relatively small size and limited financial resources may be a deterrent to some customers. Further, the market 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 OEMs, private labelling and/or licensing relationships, and solar financing companies in order to provide better access to the market and alleviate customer concerns.

Demand for Distributed Solar Generation in Residential Markets

A significant portion of the demand for Eguana's products assumes that demand for distributed solar in residential markets will continue. Historically, demand for solar power has been incentivized by government pricing policies for solar electricity capital grants and tax credits. The Company believes that this period is coming to an end and solar power must compete on basic economics, where, in many regions, has become the lowest cost of energy.

The Company believes, as do many analysts, that solar is competitive in many high-density markets and that solar power, especially in residential markets, will continue to grow at rates that are similar to the past 3 years. This may not occur and if not, demand growth will likely be slower than anticipated for energy storage connected to new systems.

Need for Additional Capital and Access to Debt and Equity Financing

In order to accelerate its growth objectives, and realize the full potential of its market opportunities, Eguana will likely need to raise additional funds from lenders and/or equity markets in the future. The capital needed to execute on this strategy would be 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. 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 could limit Eguana's growth and may have a material adverse effect upon the Company.

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.

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. 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 believe 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.

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.

Operation and Supplier Risk

At the Company's stage of development, there is a risk that critical components will not be available on a timely basis, negatively affecting its ability to meet delivery commitment on sales contracts and 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. Where possible, the Company addresses these risks by ensuring multiple sources of critical components, working closely with its supply partners through its monthly demand planning cycle of its Management Business Review (MBR), a data collection and decision making process to actively monitoring critical component suppliers and in some cases, investing in additional inventory purchases to secure longer lead-time items.

Dependence on Customer and Managing Customer Expectations
Eguana's strategy depends heavily on the ability of its customers to develop markets for the products into which the Company's components are integrated. The Company mitigates this risk by partnering closely on the demand planning, customer support and marketing Eguana's technology advantage.

Eguana's failure to meet a customer's expectations in the performance of its services, and the risks and liabilities associated with serving customers could give rise to claims against Eguana.

Changes in tax and trade law may have a material adverse effect on our business, financial condition and results of operations.
Changes in U.S.-Canada or U.S.-China trade relations and changes to U.S. tax or other laws, as well as changes in Canadian or Chinese laws and regulations, 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.

Foreign Exchange Risk

Most of the Company's sales are now, and will for the foreseeable future be made in Euros, Australian dollars, or US dollars, whereas most of its production costs are incurred in Canadian and US dollars. 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.

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.

Government Regulation

The operations of Eguana are subject to a variety of federal, provincial and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment, the operation of equipment used in its operations and the transportation of materials and equipment it provides for its customers. Of particular relevance to Eguana's business, the laws and regulations related to the interconnection of behind the meter energy resources and to the installation of lithium-based batteries are covered by an evolving set of regulations that are similar in scope but differ in detail in each region in which the Company operates. Changes to these regulations often require investment in redesign and recertification of the Company's products and may increase the cost of the product, but they affect Eguana and its competition equally creating a significant barrier to new market entrants thus limiting competition to those who make these investments and deferring any potential commoditization of our product category. Eguana 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.

Emerging Market

Distributed energy storage is an emerging market that is highly dependent on growth in the solar power industry, regulatory policies affecting electrical utilities, and the use of grid interactive storage solutions to address increased use of renewable energy. Growth in this market is also highly dependent on the cost of batteries. In such emerging markets, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for Eguana’s products may be affected by many factors, some of which are beyond its control, including the emergence of newer, more competitive technologies and products, the cost of fuels used by Eguana’s products, regulatory requirements, consumer perceptions of the safety of its products and related fuels, and end-user reluctance to buy a new product. If a mass market fails to develop, or develops more slowly than Eguana anticipates, the Company may never achieve profitability. In addition, Eguana cannot guarantee it will continue to develop, manufacture or market its products if sales levels do not support the continuation of the product.

Access to Equipment, Parts and Components

The ability of Eguana to compete and expand will be dependent on Eguana having access, at a reasonable cost, to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors and to the development and acquisition of new competitive technologies. Failure by Eguana to do so could have a material adverse effect on Eguana's business, financial condition, results of operations and cash flow.

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. 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.

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.

Eguana may not be able to achieve commercialization of its products on the timetable it anticipates, or at all

Eguana cannot guarantee that it will be able to develop commercially viable products on the timetable it anticipates. In addition, before Eguana releases any product to market, they subject it to numerous field tests. These field tests may encounter problems and delays for a number of reasons, many of which are beyond its control. If these field tests reveal technical defects or reveal that these products do not meet performance goals, the commercialization schedule could be delayed, and potential purchasers may decline to purchase these products.

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.

Eguana depends on its intellectual property, and the failure to protect that intellectual property could adversely affect its expected furore 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.

Eguana also seek to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable. Eguana can provide no assurance that these agreements will not be breached, that it will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

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 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 the development of sales of the challenged product or intellectual property and diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in its favour.

Potential breaches of 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 long 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.

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.

Future Designs and Tests

Eguana expects to continue to incur significant costs and invest considerable resources designing and testing batteries for use with, or incorporate into, specific products, which may not translate into revenue for long 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. Moreover, these applications may never be profitable and even if they are profitable, operating margins may be low.

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 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.

ACCOUNTING POLICIES

New accounting standards issued but not yet effective

Various amendments to existing standards and new accounting requirements have been released that are effective January 1, 2023. The Company does not anticipate the new requirements to have a material impact on the financial statements.

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 April 27, 2023.

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 Fillings ("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 IFRS 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 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.