MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Inc. ("Eguana", or the "Company") is dated March 2, 2020 and should be read in conjunction with Eguana's condensed interim consolidated financial statements for the three months ended December 31, 2019 ("Q1 2020") and for the three months ended December 31, 2018 ("Q1 2019") and the annual consolidated financial statements for the years ended September 30, 2019 and 2018.

The condensed interim 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 AND UPDATE

A detailed overview of the Company's core business, its products, the market for Eguana's products, and the Company's business strategy is provided in the MD&A for the financial year ended September 30, 2019, published on January 23, 2020.

Eguana's mission is to become a global leader in residential and small commercial grid tied energy storage systems. Strategically, the Company remains committed to delivering continued growth in its distribution channel development by expanding sales, technical support and training, and operational capabilities in high demand markets. As a result, Eguana has delivered a sharp increase in dealer and distribution partners in key markets including North America, Australia, and Europe. The Company believes this approach diversifies against regulatory and market risks associated with emerging renewable energy market segments, including energy storage.

The Company also continues to provide a portfolio of fully integrated, feature rich, advanced energy storage devices in modular capacity sizes that meet customers' needs around the world. Key features including flexible capacity, simple installation, remote diagnostic and update capabilities, and remote battery recovery continue to differentiate Eguana's product offerings.

Eguana continued to expand its sales presence in California through the first fiscal quarter of 2020, which was required to manage its rapid dealer growth as the market responded to the introduction of public safety power shutoffs intended to reduce the incidence of wildfires. The dealer growth generated a significant order backlog at multiple CED Greentech branches, of which the Company is working towards increasing its production capacity and clearing the backlog in Q2 2020. Clearing the back log is critical to enable continued growth in same-dealer sales and new dealer signup, which is expected to increase through the first half of the calendar year.

The Company also put significant focus and resources on increasing shipments to satisfy the recurring order growth coming from the Hawaiian market. Unlike prior years in Hawaii, wherein market demands traditionally decline at the turn of the calendar, demand has carried straight through as the market continues to expand. The Company expects this positive growth to remain consistent across the entire year.

In Europe, the Company's partnership with Q Cells has progressed positively with increasing adoption of the product by Q.Partners, driven primarily by the Enduro's simple installation process. The Q.Home+ Enduro is the only system in the market that can be installed and placed into operation without any configuration of software or parameters required by the installer. The Company will continue to streamline integration with the full range of solar PV solutions offered by Q Cells to provide best in class experience for the Q.Partners. Q Cells has also introduced a financing package for its solar systems, which is presently offered only for systems including Eguana's energy storage product. To appropriately meet the expected growth in Europe the Company has completed its Enduro manufacturing transition to Jabil Circuit, its contract manufacturing partner. Fully integrated systems have been manufactured and tested, with shipments beginning in the first week of March from Italy.

In Australia, Eguana remains focused on the South Australian market and virtual power plant ("VPP") opportunities within the State, notwithstanding the South Australian government's Home Battery Scheme delivering well below industry expectation. Eguana has been successful in achieving dealer growth in Australia based on the Simply Energy VPP and premium backup power applications. Australia will remain an important long term market for distributed energy storage due to its high adoption of rooftop solar, but in accordance with other industry players, the Company has tempered its sales outlook for 2020.

Late in Q1 2020 the Company also signed a development agreement with a major player in the global renewable energy market to be able to offer them a residential energy storage solution using their preferred Energy Management System ("EMS"). This partnership will open new opportunities for Eguana through 2020 in residential fleet aggregation, virtual power plant, and energy storage financing.

Q1 2020 OPERATING RESULTS

The following table sets forth a summary of the results of operations for the three months ended December 31, 2019 and 2018.

	Q1 2020	Q1 2019
Sales and engineering services	**2,802,161**	854,647
Cost of goods sold	**2,387,473**	757,629
Gross margin	**414,688**	97,018
Expenses		
General and administrative	**488,883**	743,368
Selling and marketing	**540,752**	730,688
Product research and development	**217,382**	239,930
Operations	**267,422**	186,983
	1,514,439	1,900,969
Loss before undernoted items	**(1,099,751)**	(1,803,951)
Financing costs	**(486,351)**	(318,526)
Other income	**1**	10
Net loss	**(1,586,101)**	(2,122,467)

Sales and engineering services

The Company's revenue is derived from the sale of energy storage systems. The systems come in multiple size configurations to meet individual customer and regional requirements and are branded as the Evolve, the Enduro, and the Elevate. Each system maintains approximately 90% bill of material consistency through the electronics topology, which is where many of the Company's proprietary patents reside. Each system is capable of performing customer and grid related services including solar self-consumption and back-up power functionality along with a suite of grid services including frequency and voltage control, and VPP's. The Company's customer base is addressed primarily through global distributors and large installers, who in turn market and sell systems to their customer base. Through a series of online and in person training programs, Eguana ensures that its customers are appropriately educated and trained on product features and installation best practices prior to sales, as all installation, maintenance and subscriptions are the responsibility of the distributor or installer.

For the three-month period ended December 31, 2019, product sales were $2,384,799, representing a 179% increase over the product sales of $854,647 for the same period in 2019. The sales increase was as result of consistent order growth and market share, and the associated distribution and sales partnerships.

Sales of engineering service was $417,362 for Q1 2020, compared to $nil for Q1 2019. The increase in engineering services was due to work performed to date for a new development contract, whereby the Company was awarded a total of USD $763,000 to develop and certify proprietary residential storage systems for its partner to distribute through sales channels across global markets.

The Company does expect to continue to see quarterly fluctuations in revenues generated from the Company's various markets, sales regions and sales channels due to variability associated with the timing of customer purchase decisions.

Gross margin

For the three months ended December 31, 2019, product sales resulted in a gross margin of 1.4% or $34,394 as compared to a gross margin on product sales of 11.4% or $97,018 in Q1 2019. Energy storage system gross margins were negatively impacted due to the decision to expedite material deliveries towards the end of the fourth quarter to shorten lead times as a result of increased sales orders, primarily in Hawaii, which extended into the first half of Q1 2020. Additionally, gross margin was impacted by a mix change with the addition of European shipments of the Enduro product, which currently carries a lower gross margin relative to the Evolve and Elevate products.

The Company expects to see gross margins of product sales improve with the completion of the transition to contract manufacturing including North American and Australian products, along with cost reduction activities targeted to roll out through the second and third fiscal quarters of 2020.

Engineering services contributed $380,294 to the margin in Q1 2020 for services provided to a partner to develop and certify proprietary residential storage system. There were no engineering services in Q1 2019.

Expenses

Operating costs for the three months ended December 31, 2019 were $1,514,439, down $386,530 from the same period in 2018.

- General and administrative expenses ("G&A") decreased by $254,485 in Q1 2020 as compared to Q1 2019. The decrease in G&A cost can primarily be attributed to the reduction in share based payments. Q1 2020 had 8,782,316 options outstanding, as compared to 10,209,380 for the same period in 2019, as well as the impact of older option vesting periods expiring. The remaining decrease is largely due to the impact of unrealized foreign exchange gain, versus a exchange loss in 2019, offset slightly by increases in salaries due to the growth of the Company.

  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, unrealized foreign exchange gains and losses and amortization.

- Selling and marketing costs in Q1 2020 decreased $189,936 as compared to Q1 2019. This decrease is due to the non-reoccurring costs associated with the setting up of the Australian and German offices in the first quarter of 2019, including higher travel, advertising, and consulting costs.

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

- Product research and development costs in Q1 2020 remained relatively consistent with Q1 2019 expenses.

  Included in product research and development are costs associated prototype development and certification, market analysis in support of new product definition, salaries and benefits of the engineering group, and a portion of the EVP compensation.

- Operations costs in Q1 2020 were up slightly by $80,439 from the same period in Q1 2019. This increase is due to the added operational staff salary allocations, as well as the addition of an inventory storage facility to support North American growth.

  Operations costs include salaries and benefits of employees directly allocated to this function and overhead cost allocations to support the operations personal.

Financing Costs

Financing costs in Q1 2020 were up $167,825 as compared to Q1 2019. Approximately $170,000 of the increase is due to the accretion of the preferred shares financing in Q2 2019, while $186,000 of the increase is due to the accretion of convertible debentures issued in the second half of fiscal 2019. This increase is offset with a reduction in long term debt accretion due to an amendment with the Company's Senior Lender, wherein the monthly payments were reduced and comprised of interest only for four months commencing November 1, 2019 through February 1, 2020.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

Operating activities	Q1 2020	Q1 2019
Net loss	**(1,586,101)**	(2,122,467)
Share-based payments	**37,916**	138,391
Finance costs	**486,351**	318,526
Amortization of capital assets	**46,019**	36,155
Amortization of leased assets	**43,622**	-
Warranty provision	**53,639**	40,301
Unrealized foreign exchange (gain) loss	**(52,636)**	214,030
	(971,190)	(1,375,064)
Net change in non-cash working capital	**2,224,787**	197,084
Cash flow used in operations	**1,273,597**	(1,177,980)

Net Loss

Net loss for Q1 2020 decreased by $536,366 over the net loss in Q1 2018. The decrease in net loss can be attributed to a decrease in share-based payments and non-reoccurring costs in Q1 2019 associated with the setup of the facilities in Australia and Germany. Additionally, the first quarter of 2020 included engineering revenue associated with a new development contracts, which did not exist in 2019.

Share-based Payments

Share-based payments were $37,916 in the three-month period ended December 31, 2019, down from $138,391 from the same period in 2018. This is due to the passing of time of older option grants, as each tranche is recognized on a grade vesting basis over the period in which the option vests. As of December 31, 2019 there were a total of 8,782,316 options outstanding, as compared to 10,209,380 for the same period in 2018.

Finance Costs

Financing cost for the three-month period ended December 31, 2019 were higher than the same period in 2018 primarily due to the accretion of the preferred shares financing in Q2 2019 and the added accretion of convertible debentures issued in the second half of fiscal 2019. This increase is offset with a reduction in long term debt accretion due to an amendment with the Company's Senior Lender, wherein the monthly payments were reduced and comprised of interest only for four months commencing November 1, 2019 through February 1, 2020.

Unrealized Foreign Exchange (Gain) Loss

Unrealized foreign exchange gain in Q1 2020 resulted from a favourable shift in foreign exchange rates during the period, in particular in regards to debt and deferred revenue denominated in USD. In Q1 2019, the change in foreign exchange rates were unfavourable and resulted in the recognition of a loss for the period.

Summary of Quarterly Results

	2020	2019				2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales	2,802,161	825,492	774,670	973,140	854,647	119,069	1,355,668	1,103,774
Net (loss)	(1,586,101)	(2,629,525)	(2,228,210)	(2,160,438)	(2,122,467)	(1,638,569)	(220,223)	(1,725,937)
Per share (1)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)

(1) Basic and diluted

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 makes adjustments relative to changes in economic conditions and the Company's risk profile.

Eguana received $21,532 from financing activities in Q1 2020 (Q1 2019 - $1,370,442) and received $1,273,597 in operations during Q1 2020 (Q1 2019 –used $1,177,980).

Working capital represents the Company's current assets less its current liabilities. The Company's liquidity, as measured by the Company's working capital deficit at the end of Q1 2019 was $4,442,653 (September 30, 2019 – $3,048,553).

As at December 31, 2019 the Company had net liabilities of $12,574,326, which increased from $11,020,980 at September 30, 2019. This can be primarily be attributed to the receipt of the short-term bridge loan in Q1 2020 and an increase in deferred revenue from deposits collected due to sales growth.

The Company has recorded $4,134,148 in accounts payables and accrued liabilities, of which $1,072,877 is in dispute. In addition, the Company has $333,131 in short-term debt, $1,728,597 in long-term debt, $422,700 in debentures, $233,958 in lease obligations, and $178,714 in other liabilities 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 ($2,213,229 CAD) for unpaid invoices and interest, along with the option to claim an additional 903,584 Euros ($1,351,852 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. 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.

The Company's former contract manufacturer submitted a claim in the Court of Queen's Bench in Alberta against Eguana for 1,534,000 Euros ($2,295,028 CAD) related to the cancellation of the above noted supply contract. The Company is disputing 799,000 Euros ($1,195,389 CAD) of the amount the contract manufacturer has claimed. The Company has recorded in its financial statements the undisputed amount, therefore a successful defense of the claim submitted by the former contract manufacturer would positively impact the Company. The Company has counter claimed the contract manufacturer for 6.8 million Euros ($10.6M CAD).

Outstanding Debt

In December 2017, the Company issued $1,500,000 USD of debt, bearing an interest rate of 12.5% per annum which will be repaid in equal instalments starting in July 2018 for 30 months. In August 2018, the Company drew an additional $750,000 USD bearing an interest rate of 12.5% per annum which will be repaid in equal instalments starting in March 2019 for 30 months. In October 2018, the Company drew the remaining $750,000 USD from its Senior Lender, bearing interest at 12.5% per annum, which will be repaid in equal instalments starting in May 2019 for 30 months. As part of the Senior Loan, the Company issued 2,951,733 warrants which convert into an equal number of shares with an exercise price of $0.17 and an expiry date of December 20, 2022. The exercisable warrants are exchangeable for $1,000,000 USD after the earlier of a liquidity event or September 30, 2021. On December 31, 2019, the Company entered an amendment with its Senior Lender to the original loan agreement wherein the monthly payments were reduced and comprised of interest only for four months commencing November 1, 2019 through February 1, 2020. The Senior Loan will continue to bear interest at a rate of 12.5% per annum and will now be repaid February 1, 2022. In consideration for this, 4,161,333 common share purchase warrants were issued at a price of $0.06 per warrant for a period of five years from the date of issuance, subject to TSX Venture Exchange ("TSXV") approval.

In August 2018, the Company entered into a loan agreement for general working capital for $1,300,000 with its largest shareholder, DHCT II Luxembourg SARL. The loan is due one month after the final Senior Loan payment is made. The loan bore interest at a fixed annual rate of 8%. The interest is paid at the same time the loan is repaid. As consideration for the advance of the DHCT loan, which has a second priority lien on all the assets of Eguana and its material subsidiaries, the Company issued common shares purchase warrants, entitling the Lender to purchase an aggregate of up to 1,238,095 common shares at a price of $0.21 per common share for a period of three years from the date of the loan.

In December 2018, the Company issued 715 Limited Partnership units at a price of $1,000 per unit resulting in gross proceeds of $715,000 via its subsidiary EGT Markets Limited Partnership. In February 2019, Eguana exercised its right to convert 715 EGT Markets Limited Partnership units to common shares of Eguana and issued 3,575,000 shares.

On February 7, 2019, the Company issued 300,000 shares of newly created Series A First Preferred Shares (the "Series A Shares") at $10.00 per Series A Share (the "Issue Price") for aggregate gross proceeds of $3,000,000 (the "Offering"). The Series A Shares were issued and sold to the Company's largest shareholder, DHCT II Luxembourg SARL (the "Investor"), the investment vehicle of funds managed by Doughty Hanson & Co Managers Limited. The Series A Shares are convertible by the Investor at any time into common shares of the Company at a price of $0.24 per common share. The Company may force conversion of the Series A Shares once its TSX-V listed share price is equal to or greater than $0.60 for at least 60 consecutive days. In connection with the Offering, the Company and the Investor also entered into a loan settlement and conversion agreement whereby an additional 134,860 Series A Shares were issued to the Investor at the Issue Price to replace the existing $1,300,000 secured loan facility.

On June 21, 2019, the Company issued 3,012 unsecured convertible debentures ("Debentures") by way of a private placement, at a price of $1,000 per debenture, for total gross proceeds of $3,012,000. Each Debenture is convertible into 6,666.67 common shares and issued with 3,333.33 warrants. The debentures bear interest at 10% per annum, paid semi-annually, and mature on June 21, 2022.

On August 8, 2019, the Company closed the second tranche of the upsized debenture private placement. The Company issued 1,215 non-brokered unsecured convertible debentures at a price of $1,000 per debenture, for total gross proceeds of $1,215,000. The Company's largest shareholder, DHCT II Luxembourg SARL, subscribed for 1,200 of the total debentures issued. The second tranche of the debentures mature on August 8, 2022, with all other terms remaining identical to the first tranche.

In November 2019, the Company entered into a short-term bridge financing transaction ("Bridge Loan") in the amount of $280,000 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 has 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.

Subsequent to quarter end, in January 2020, the TSXV approved the issuance of the aforementioned 4,161,333 associated with the amending Senior Loan agreement.

Shareholders' Equity and Shares Outstanding

As at March 2, 2020 226,943,753 common shares are issued and outstanding, no change from December 31, 2019. As at March 2, 2020, there are common share purchase warrants representing the right to acquire 23,846,759 common shares, an increase of 4,161,333 from December 31, 2019 due to the Senior Loan Debt amendment warrant consideration being approved by the TSXV.

As at March 2, 2020 the Company has 8,762,316 stock options outstanding, a decrease of 20,000 from December 31, 2019 due to the expiration of unexercised options. These options entitle the holders thereof to acquire up to 8,762,316 common shares. 8,098,992 stock options have vested as of today's date. The weighted average exercise price of the vested options is $0.27 per share.

Off-Balance Sheet Items

As at December 31, 2019, 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 Q1 2020, capital expenditures totaled $8,404 (Q1 2019 - $83,831) and were primarily with respect to the purchase of new lab equipment.

RELATED PARTY TRANSACTIONS

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

Salaries and benefits	Q1	
	2020	2019
General and administrative	**113,690**	143,056
Product research and development	**70,043**	98,646
Selling and marketing	**16,269**	19,412
	200,002	261,114

Share based expenses to officers and a director was $19,310 for the three months ended December 31, 2019 (2018 - $56,225).

Included in accounts payable and accrued liabilities is $548,494 (September 30, 2019 - $448,135) due to directors and key management personnel.

During three-month period ended December 31, 2019 the Company paid $42,372 (2018 - $36,318) to its former CEO as part of a settlement agreement and incurred $15,832 (2017 - $19,929) of accretion as the obligation matures.

RISK FACTORS AND RISK MANAGEMENT

Our risk factors and risk management are detailed in the annual MD&A filed on SEDAR at www.sedar.com on January 27, 2020 and have not materially changed since that time.

Going Concern

The condensed interim consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

At December 31, 2019, the Company had not achieved profitable operations since its inception and had accumulated a deficit of $70,254,629 (September 30, 2019 - $68,668,528) and incurred a loss from operations for the three-month period ended December 31, 2019 of $1,099,751 (December 31, 2018 - $1,803,951). Whether and when the Company can attain profitability from operations is uncertain. The lack of profitable operations results in material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

At December 31, 2019 the Company has a working capital deficiency of $4,442,653 (September 30, 2019 – $3,048,553).

The ability of the Company to continue as a going concern is dependent on completing equity or debt financings and generating profitable operations in the future in order to meet liabilities as they come due and enable the Company to continue operations. The ability to continue as a going concern may be adversely impacted by the loss of customers and declining sales per customer. To address its financing requirements, the Company may seek financing through the issuance of common shares, preferred shares, EGT Markets Limited Partnership units, debentures or other securities of the Company or its subsidiaries. The outcome of these matters cannot be predicted at this time.

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 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 with the net effect of 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 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, CSA, IEC, EN and FCC. The specific standards that are actively maintained for compliance by Eguana are VDE 4105, G98, AS 4777, UL 1741, UL 9540, IEC 62109 and IEC 61000.

ACCOUNTING POLICIES

There have been no changes to the Company's critical accounting estimates and policies in Q1 2020 except for the adoption effective October 1, 2019 of IFRS 16, Leases ("IFRS 16") and IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23"). Significant accounting policies are disclosed in note 4 of the annual audited consolidated financial statements for the year ended September 30, 2019.

Recently issued accounting pronouncements

Adoption of new and amended standards

IFRS 16, Leases

Effective October 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The new standard requires a lessee to recognize in the statement of financial position: a liability for future lease payments (the lease liabilities) and an asset for the right to use the underlying leased asset during the lease term (the lease assets).

The Company recognized the initial effect of applying IFRS 16 as an increase in the right-of-use asset in the amount of $551,796, with a corresponding increase to the lease liability in the same amount. The right of use asset was offset with a previously recorded lease inducement of $41,210. Comparative information has not been restated and continues to be reported in accordance with the standards and accounting policies in effect prior to October 1, 2019.

Further details of the transition to IFRS 16 can be found in note 22 of the condensed interim consolidated financial statements ended December 31, 2019.

IFRIC 23, Uncertainty over Income Tax Treatments

Effective October 1, 2019, the Company adopted IFRIC 23, Uncertainty over Income Tax Treatments. There have been no significant changes to disclosures or measurement of income taxes as a result of this application.

Accounting Pronouncements Issued but Not Adopted

There were no new or amended accounting standards or interpretations issued during the three months ended December 31, 2019 that are applicable to the Company in future periods.

ADVISORY SECTION

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.