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

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Inc. ("Eguana", or the "Company") is dated May 30, 2019 and should be read in conjunction with Eguana's condensed interim consolidated financial statements for the three and six months ended March 31, 2019 ("Q2 2019" and "YTD 2019") and for the three and six months ended March 31, 2018 ("Q2 2018" and "YTD 2018") and the annual consolidated financial statements for the years ended September 30, 2018 and 2017.

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

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, 2018.

Strategy and Outlook

Eguana's vision is to become a global leader in residential and small commercial grid tied energy storage systems. Strategically, the Company remains focused on product standardization, with pre-integrated, factory assembled, software driven energy storage systems with flexible capacity to the market.

In Europe, the Company has partnered exclusively with Hanwha Q CELLS to deliver the residential Enduro product as part of their industry leading Q.HOME+ package. A soft launch of the product at local trade shows in Ireland and the Netherlands in March was followed by the German and Europe wide launch at Intersolar/ees in Munich, Germany in May, which garnered widespread industry attention. The first volume delivery to support the contract left the factory on May 28.

Hanwha Q CELLS is one of the world's largest and most recognized photovoltaic manufacturers for its high-performance, high-quality solar cells and modules. They are also the current European market leader for residential rooftop PV installations, a position that has been achieved through superior products and the development of the Q.PARTNER network. The network includes over one thousand Q CELLS trained sales and installation partners throughout Europe. The Eguana Enduro will provide the Q.Home+ package with residential energy storage capability, allowing homeowners to utilize their self generated energy at night. Approximately one out of every two residential solar installations have an accompanying integrated battery. According to Bloomberg, the German market remains the largest market and has topped 5 billion euros and continues to grow at a 10% per year. The agreement with Hanwha Q CELLS has the size and scale required to enter the largest and most competitive market for Eguana.

In North America and Australia, the Company's marketing strategy is to partner with leading solar dealers in specific and specialized markets. Over the past year, the demand planning model for dealer on-boarding and product and installation training, along with defining the process from initial partner/customer contact to recurring partner/customer order profiles has been validated. Onboarding to the dealer program typically occurs within 10-15 days of initial contact and includes the start of partner product marketing. First sales will typically occur within 90 days of entry into the Eguana partner program, with first installations also taking place during this time period.

Upon successful completion of first installations, broader sales efforts are initiated by our partners as they ramp business activities toward stable monthly volumes, which generally occurs over a period of one to four months. Recurring orders and revenues from new partners takes approximately four to five months after the initial partnership agreement, with larger dealer partners taking up to six to eight months.

In North America, the Company has grown the partner network to more than twenty-five dealers, who remain in various stages of the onboarding process. Specific to Hawaii, every solar installation now includes storage (defined as 100% attachment rate), and the Company has seen orders increase to a biweekly release schedule, with indication of increased demand over the next two quarters as customers take advantage of the Investment Tax Credit (ITC). The Company has also extended its reach in the Puerto Rican market with the addition of two new partners. Eguana expects to see increased demand from Puerto Rico through the summer months as a result. Additionally, Georgia has proven to be a consistently growing region with multiple orders received through the quarter.

In Australia, the Company established its Adelaide sales, training, and manufacturing facility, and increased its local staff to support dealer partners locally and across Australia following the same dealer onboarding model aforementioned.

The South Australian market is expected to be one of the fastest growing markets in the world for residential storage based on the government-run Home Battery Scheme which provides grant and loan subsidies for energy storage. Installations have been steadily increasing since the first volume delivery was completed at the end of the quarter. Eguana has also qualified for the Simply Energy virtual power plant (VPP) program, Simply Extra. With 10 installation partners in South Australia and two national distribution partners through the onboarding process, the Company expects to see further growth in orders and revenues from this key region.

Operational objectives in the third quarter will be focused on completing supply chain and manufacturing transition to contract manufacturing to manage global growth expectations. The Company expects to see gross margin increases through greater buying power and supply chain efficiencies. Development efforts will shift to cost reduction activities to further drive incremental margins into the Evolve and Enduro product lines. Additionally, the development team will continue working toward European and Australian certification of the Elevate product for small commercial and electric vehicle applications.

Q2 2019 OPERATING RESULTS

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

	Q2 2019	Q2 2018	**YTD 2019**	YTD 2018
Sales and engineering services	**973,140**	1,103,774	**1,827,787**	2,422,501
Cost of goods sold	**905,370**	953,306	**1,662,999**	2,062,464
Gross margin	**67,770**	150,468	**164,788**	360,037
Expenses				
General and administrative	**658,792**	616,074	**1,402,160**	1,228,124
Selling and marketing	**752,186**	307,820	**1,482,874**	594,612
Product research and development	**274,316**	548,878	**514,246**	795,386
Operations	**193,682**	161,559	**380,665**	311,038
	1,878,976	1,634,331	**3,779,945**	2,929,160
Loss before undernoted items	**(1,811,206)**	(1,483,863)	**(3,615,157)**	(2,569,123)
Financing costs	**(350,526)**	(242,106)	**(669,052)**	(358,747)
Other income	**1,294**	32	**1,304**	244
Net loss	**(2,160,438)**	(1,725,937)	**(4,282,905)**	(2,927,626)

Sales and engineering services

For the six-month period ended March 31, 2019, product sales were $973,140, representing a 12% decrease over the product sales for the same period in 2018. The sales decrease was a result of short-term global battery module shortage by our battery supplier which resulted in $612,000 of back-ordered product. Additional battery capacity has been completed and the Company does not foresee any further battery module disruption going forward. Back orders have since risen to approximately $2.3 million, with the additional battery availability, the Company expects all back orders to be fulfilled during the third and fourth fiscal quarters.

The Company expects 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 March 31, 2019, product sales resulted in a positive gross margin of 7.0% or $67,770 as compared to a gross margin on product sales of 13.6% or $150,468 in Q2 2018. Engineering services contributed $nil to the margin in Q2 2018 and were nil in Q2 2019.

Gross margins for energy storage systems were 9.0% or $164,788 for the six months ended March 31, 2019. Energy storage system gross margins for the same period in 2018 were $360,037 or 14.9%. Engineering service margins were $nil in Q2 2019 and 2018.

The reduction in gross margin was a result of incurring short-term expediting costs on certain long lead materials to support sales. The Company expects to see increased gross margins as it transitions to contract manufacturing and realizes supply chain and manufacturing efficiencies.

Expenses

Operating costs for the three months ended March 31, 2019 were $1,878,976, up $244,645 from the same period in 2018.

- General and administrative expenses ("G&A") increased by $42,718 in Q2 2019 as compared to Q2 2018. The increase in G&A cost is primarily due to an increase in share-based compensation expense from options granted to an investor relation firm and management.

  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 Q2 2019 increased $444,366 as compared to Q2 2018. The increase was primarily due to higher travel costs to support growth objectives in the Australian and European markets along with additions to the sales and customer support team. Company branding and marketing also contributed to the increase.

  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 Q2 2019 decreased $274,562 as compared to Q2 2018.The decrease was primarily due to outsourcing efficiencies as well as well as Q2 2018 having multiple projects going through final prototyping, European, Australian, and North American certifications compared to 2019.

  Included 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 EVP compensation.

- Operations costs in Q2 2019 remained relatively consistent with Q2 2018.

  Operations costs include salaries and benefits of employees directly allocated to this function and direct costs incurred to support manufacturing and supply chain activities.

Operating costs for the six months ended March 31, 2019 were $3,779,945, up from $2,929,160 for the six months ended March 31, 2018.

- General and administrative expenses increased by $174,036 for the six months ended 2019. The increase in G&A cost is primarily due to higher investor relations costs for a new investor relations agreement, as well as higher legal costs related to ongoing litigation in Germany with a prior customer related to the cancellation of a supply agreement.

- Selling and marketing costs for the six months ended March 31, 2019 increased by $888,262 as compared to the six months ended March 31, 2018. The increase was primarily due to higher travel cost associated with increased business development activities in Australia and Europe, and marketing expenses related to branding and trade shows.

- Product research and development costs decreased by $281,140 for the six months ended 2019. The development costs were lower as a result of few products in certification.

- Operating costs increased by $69,627 for the six months ended March 31, 2019 due to higher overhead allocations due to increased production activity.

Financing Costs

Financing costs in Q2 2019 were up $108,420 as compared to Q2 2018, primarily due to the accretion of long-term debt and change in fair value on the derivative liability arising from the funding of the Senior Loan, as the Company drew the remaining $1.5M USD of the loan in Q4 2018 and Q1 2019. Additionally, a preferred share financing in Q2 2019 resulted in additional accretion of $92 (?) in the quarter.

Financing cost for the six-month period ended March 31, 2019 were $310,305 higher than the same period in 2019 due to primarily due to the increase in long term debt which was partially offset by the elimination of the repayment of debentures outstanding in 2017.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

Operating activities	**Q2 2019**	Q2 2018	**YTD 2019**	YTD 2018
Net loss	**(2,160,438)**	(1,725,937)	**(4,282,905)**	(2,927,626)
Share-based payments	**94,922**	32,193	**233,313**	240,081
Finance costs	**350,526**	242,106	**669,052**	358,747
Amortization of capital assets	**38,695**	35,491	**74,850**	64,673
Warranty provision	**12,122**	29,086	**52,423**	45,966
Amortization of deferred lease inducement	**-**	(3,900)	**-**	(7,800)
Unrealized foreign exchange (gain) loss	**(120,337)**	72,843	**93,693**	107,359
	(1,784,510)	(1,318,118)	**(3,159,574)**	(2,118,600)
Net change in non-cash working	**(895,573)**	(242,069)	**(698,489)**	(1,157,846)
Cash flow used in operations	**(2,680,083)**	(1,560,187)	**(3,858,063)**	(3,276,446)

Net Loss

Net loss for Q2 2019 increased $434,501 over the net loss in Q2 2018. The increase is primarily due to reduced gross margin, higher financing costs, and increased general and administrative and selling and marketing expenses related to increased activities in European and Australian markets.

Share-based Payments

Share-based payments were $233,313 in the six-month period ended March 31, 2019, down from $240,081 from the same period in 2018. The option expense in 2019 primarily relates to 1,990,000 options that were granted to employees, officers and directors. 663,000 of the options vested immediately and the remaining two third vesting annually over the next two years. Additionally, 250,000 options were granted to an investor relations firm, of which half vested immediately, with the remainder vesting in April 2019.

Finance Costs

Financing cost for the six-month period ended March 31, 2019 were higher than the same period in 2018 primarily due to the accretion of long-term debt, as the remaining $1,500,000 USD was drawn from the Senior Lender in Q4 2018 and Q1 2019. These higher financing costs were partially offset by the elimination of the change in fair value of the debentures and related accretion upon the redemption of the debentures in December 2017.

Unrealized Foreign Exchange (Gain) Loss

Unrealized foreign exchange gain in Q2 2019 resulted from a favourable shift in foreign exchange rates during the period. However, for the six-month period ended March 31, 2019 there was an overall loss on unrealized foreign exchange due to an unfavorable shift in rates. In 2018 the change in foreign exchange rates were unfavourable and resulted in the recognition of a loss.

Summary of Quarterly Results

	2019		2018				2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	973,140	854,647	119,069	1,355,668	1,103,774	1,318,727	75,169	178,887
Net (loss)	(2,160,438)	(2,122,467)	(1,638,569)	(220,223)	(1,725,937)	(1,201,689)	(1,212,696)	(1,141,311)
Per share (1)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(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 $2,540,830 from financing activities in Q2 2019 (Q2 2018 - $87,568 used) and used $2,680,083 in operations during Q2 2019 (Q2 2018 - $1,560,187).

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 Q2 2019 was $1,802,215 (September 30, 2018 – $1,906,356).

As at March 31, 2019 the Company had net liabilities of $7,175,884, which increased from $4,428,831 at September 30, 2018, primarily due to the receipt of the final tranche of long-term debt from the Senior Lender ($750,000 USD) in Q1 2019, as well as the preferred share loan settlement and conversion in Q2 2019.

The Company has recorded $3,214,327 in accounts payables and accrued liabilities, of which $1,246,282 is in dispute. In addition, the Company has $1,824,355 in long-term debt, $197,073 in other liabilities, and $134,000 in lease obligations payable over the next 12 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.

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.

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

The Company is currently in a dispute with a prior customer as a result of the cancellation of a supply contract. A claim has been prepared to recover 1,479,332 Euros ($2,307,465 CAD) for unpaid invoices and interest, along with the option to claim an additional 903,584 Euros ($1,409,412 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 ($2,392,736 CAD) related to the cancellation of the above noted supply contract. The Company is disputing 799,000 Euros ($1,246,282 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 have no impact on the Company's liquidity. The Company has counter claimed the contract manufacturer for 6.8 million Euros.

Outstanding Debt

The Company had $586,667 of Series II and III debentures outstanding at the beginning of the 2018 fiscal year. In December 2017, the Company called the outstanding debentures at par and repaid principal of $586,667, accrued interest of $3,906 and royalties of $7,265 was also paid.

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.

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 bears 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 DHTC loan, which has a second priority lien on all the assets of the 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 (3) 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.

Shareholders’ Equity and Shares Outstanding

As at May 30, 2019, 226,943,753 common shares are issued and outstanding, an increase of 342,518 from March 31, 2019 due to the exercise of 342,518 share purchase warrants and issuance of 342,518 common shares at $0.12 per common share in April 2019. As at May 30, 2019, there are common share purchase warrants representing the right to acquire 21,130,745 common shares at an average exercise price of $0.29 per share outstanding.

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

The Company has 10,382,316 stock options outstanding entitling the holders thereof to acquire up to 10,382,316 common shares. 5,323,339 stock options have vested as of today’s date. The weighted average exercise price of the vested options is $0.23 per share.

Off-Balance Sheet Items

As at March 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 Q2 2019, capital expenditures totaled $39,633 (Q2 2018 - $40,192) and were primarily incurred with respect to the addition of the Australian office.

RELATED PARTY TRANSACTIONS

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

Salaries and benefits	Three months ended		Six months ended	
	2019	2018	**2019**	2018
General and administrative	**131,938**	70,550	**274,994**	141,100
Product research and development	**72,241**	59,314	**170,887**	118,629
Selling and marketing	**16,747**	14,620	**36,159**	29,241
	220,926	144,484	**482,040**	288,970

Share based expenses to officers and a director was $30,869 and $87,094 for the three and six months ended March 31, 2019 (March 31, 2018 - $12,521 and $162,950).

Included in accounts payable and accrued liabilities is $481,042 (September 30, 2018 - $324,418) due to directors and key management personnel.

During the six-month period ended March 31, 2019 the Company paid $78,690 (2018 - $78,690) to its former CEO as part of a settlement agreement and incurred $42,082 (2018 - $49,404) 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 29, 2018 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 March 31, 2019, the Company had not achieved profitable operations since its inception and had an accumulated deficit of $63,810,793 (September 30, 2018 - $59,527,888) and recognized a cash flow deficiency from operations for the six-month period ended March 31, 2019 of $3,858,063 (2018 - $3,276,446). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. The lack of profitable operations and cash flow deficiency may cast significant doubt on the Company's ability to continue as a going concern.

At March 31, 2019, the Company had a working capital deficit of $1,802,215 (September 30, 2018 – $1,906,356).

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.

ACCOUNTING POLICIES

There have been no changes to the Company's critical accounting estimates and policies in the fiscal year ending September 30, 2019 except for the adoption effective October 1, 2018 of IFRS 9, Financial Instruments ("IFRS 9") and IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). Significant accounting policies are disclosed in note 4 of the annual audited consolidated financial statements for the year ended September 30, 2018.

Recently issued accounting pronouncements

Adoption of new and amended standards

IFRS 9, Financial Instruments

The Company adopted IFRS 9, Financial Instruments, on October 1, 2018. This standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement." IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The adoption did not have any impact on the Company's consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

The Company has also adopted IFRS 15, Revenue from Contracts with Customers, on October 1, 2018 using the modified retrospective method. IFRS 15 establishes a single comprehensive model to address how and when to recognize revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures in order to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. It replaces existing revenue recognition guidance including IAS 18 Revenue and IAS 11 Construction Contracts.

To determine revenue recognition for arrangements that an entity determines are within the scope of IFRS 15, the Company performs the following five steps: (i) identifies the contract(s) with a customer, (ii) identifies the performance obligations in the contract, (iii) determines the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognizes revenue when (or as) the entity satisfies a performance obligation. The Company applies the five-step model to arrangements that meet the definition of a contract under IFRS 15, including when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it provides to the customer. The Company satisfies its performance obligations and recognizes revenue during the reporting period based on delivery of its products or services. Revenue transactions do not contain significant financing components or variable considerations. Payment terms with customers are generally 30 days from invoice date; however, industry practice can extend these terms.

As a result of applying the requirements of IFRS 15, including the application of certain practical expedients, such as the right to invoice method of measuring the Company's progress towards complete satisfaction of its performance obligations, no changes or adjustments to the Company's comparative consolidated financial statements were required. There was no impact to the Company's financial position, results of operations, or cash flows as a result of the adoption.

Accounting Pronouncements Issued but Not Adopted

Recent accounting pronouncement that have been issued but are not yet effective are consistent with those disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2018, except for IFRS 9 and IFRS 15 as noted above.

IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and it replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The company is currently evaluating the impact of adopting IFRS 16.

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.