MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

This Management's Discussion and Analysis ("MD&A") for Eguana Technologies Ltd. ("Eguana", or the "Company") is dated January 21, 2021 and should be read in conjunction with Eguana's consolidated financial statements for the years ended September 30, 2020 and 2019.

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 and manufactures energy storage systems ("ESS") for residential and small commercial grid tied applications based on its proprietary and patented, software driven, advanced power control technology. Fully integrated ESS consist of three major components, the software controller (the energy management system or "EMS"), the battery, and the advanced power control technology.

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 in a seamless bi-directional conversion process. Eguana's technology provides the critical central point for connectivity of the energy storage system and provides regulatory and certification control over the interconnection of the ESS to the power grid and the consumer.

Eguana develops and designs fully-integrated, factory assembled, software driven energy storage solutions. Key features including flexible capacity, simple installation, remote diagnostic and update capabilities, and remote battery recovery will continue to differentiate Eguana's product offerings. The Company believes this approach, with developed channels in multiple markets, will help diversify against regulatory and market risks typically associated with emerging renewable energy market segments.

Eguana continues to focus on distributed energy storage 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 the power grid 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.

The Market

The market for distributed residential energy storage continues to be driven by two primary factors, self-generated energy consumption (consumer) and the need to smooth-out increasing renewable energy generation on local and national electric power grids (infrastructure).

At a macro level, 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, and advanced power control and communication networks are enabling virtual power plants ("VPP"), grid services and power grid efficiency. Once deployed, energy storage can provide a wide range of services to the utility, as well as the electricity market, improving its return on investment by stacking both revenue and cost savings streams. Aggregating fleets of distributed energy storage can enable deployed systems to deliver low cost grid services at the same time as delivering electricity cost savings to the consumer.

Management maintains that in the long-term energy storage markets will be characterized by fleets of distributed storage systems that are aggregated and controlled by system operators and energy services companies to deliver grid services including voltage and frequency regulation, spinning reserve, and 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 + storage

The evolution of the original value proposition of rooftop solar photovoltaic ("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 have been declining 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 ("TOU") 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 that 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. Demand charges typically account for over 60% of a commercial building power bill, therefore the ability to manage and reduce "peak" power can deliver significant value to the building owner. In certain jurisdictions, demand charge reductions alone result in a payback of less than three years on a commercial storage system. Despite these attractive economics, closing sales in the commercial energy storage market shares the same complexity as commercial rooftop solar sales and the market has been slow to develop as solar installers remain focused on kitchen table residential sales and as business owners focus on other options for capital investment.

Regions

Each of the above market segments appears to varying degrees in each region in which Eguana operates. Specific drivers in each regional market are described in more detail below.

United States

The US market continues to show the highest long-term growth potential due to its overall size and the range of innovative, regulatory and financing models currently being developed. While Hawaii continues to show stable demand driven by its interconnection requirements, 2020 was a breakout year for the residential storage market in California, driven by the on-going threat of wildfire and a coronavirus-driven focus on self-sufficiency at home. This momentum is expected to spill over to other states in 2021, as storage is more broadly recognized as a high-performance resiliency solution. This momentum, combined with new regulations, rate structures, and financial products coming into play, is expected to rapidly expand the US market to become the largest global opportunity for distributed energy storage.

While the value proposition for commercial building installations remains strong, the market is relatively untapped as solar installers prefer to focus on the residential market with its simpler value proposition and shorter sales cycles. Eguana will do the same in 2021.

Australia

The Australian market finished flat in 2020 as compared to 2019. Stagnant policy and the hangover from the initial rollout of South Australia's Home Battery Scheme is the main reason for this, with VPPs continuing to roll out slowly and state level incentives due to be refreshed in 2021. The Company believes that Australia will host the first significant roll outs of distributed storage VPPs and will maintaining its position and operations in the market.

Europe

The European market is currently the world's largest market for distributed energy storage and is focused primarily on residential self-consumption applications. Historically, Europe has been dominated by Germany's national market, following Germany's leadership in rooftop solar photovoltaic ("PV") installations. The German energy storage market continues to follow the PV trajectory and is now spreading to other European countries including the United Kingdom, France and Italy.

Eguana's Strategy

Eguana's mission is to become a global leader in residential and small commercial grid tied energy storage systems. As was the case for many, 2020 plans were drastically revised at the onset of the global coronavirus pandemic. While travel restrictions hampered new business development, Eguana was able to remain focused on both its internal teams and external partners to continue its network growth in markets where the Company had established its presence.

In 2021 Eguana will continue to be guided and constrained by the realities of the ongoing global pandemic. Beyond the travel restrictions, there will continue to be unpredictable effects on customer operations, supply chain activities, and global logistics including key ports of entry.

A key objective in 2020 was the introduction of Eguana's cobalt free lithium iron phosphate (LFP) product line, which was achieved despite the limitations driven by the pandemic. This critical milestone diversifies the Company's battery supply chain which minimizes exposure to battery cell shortages from any individual supplier and puts the Company at the forefront of the lithium technology transition currently underway in the United States, eliminating cobalt sourcing issues and thermal runaway concerns. Eguana's Evolve LFP residential ESS is the first LFP-based ESS for the US market that is not priced at a premium to products based on NMC (nickel manganese cobalt) electric vehicle cells. Eguana's flexible platform and advanced integration capabilities ensure that the Company will remain at the forefront of battery technology as the stationary energy storage market matures.

2020's LFP introduction will be followed up in 2021 by the introduction of a larger Evolve product targeted at 'Whole Home' backup applications, in the United States with primary focus in the state of California. As expected, the Public Safety Power Shutoffs throughout California have triggered interest in larger system sizes, which delivers a competitive advantage to Eguana as its platform has been designed with expandable capacity without the need for additional power controls. California has also passed a state mandate that all new residential home construction must have solar installed which is anticipated to drive additional market growth for ESS.

The Company has several key initiatives underway as a result of its partnership with the ITOCHU Corporation (ITOCHU). Upon completion of an earlier development contract, Eguana entered field trials of its Moixa AI based Evolve product for US markets with Sunnova, a leading US residential solar and energy storage provider who formed a strategic relationship with ITOCHU in 2018. The Moixa AI based Evolve was designed to excel in virtual power plant and residential applications. To de-risk battery module supply availability Eguana transitioned its LG Chem battery supply chain to ITOCHU, which also provided for a reduction in working capital requirements enabling the Company to scale more quickly. Additionally, the Company has begun discussions on next generation battery module and battery management system development for future Eguana products.

In Europe, Eguana is supporting the multi-country rollout of the Q.Home+ energy storage system with partner Hanwha Q Cells. The Q.Home+ product has been certified for the United Kingdom and Ireland, the Scandinavian countries, and France as part of the expansion. The Company has completed several development initiatives to increase system features including multi-unit controls for multi unit installations, and remote tunnelling to increase remote analytics and update functions. Sales and installation training continues as sales orders transition to monthly deliveries. With the completion of the Enduro contract manufacturing in Italy, the Company is in position to meet the growth projections throughout Europe.

In Australia, Eguana remains focused on the South Australian market and VPP opportunities in that State. Despite initial challenges with the Home Battery Scheme, Eguana has been successful in establishing a growing dealer network within the State, most of whom have been approved installers

under the Simply Energy VPP program. The Company will continue building its dealer base in other states through its partnership with distributor AC Solar Warehouse who provides national coverage.

Fiscal 2021 operational objectives will be focused on transitioning the Evolve and Elevate product lines to contract manufacturing and continuing gross margin improvement through supply chain activities. Currently, the Enduro has been transitioned with the major Evolve and Elevate sub-assemblies transitioning in the first half of fiscal 2021. Eguana will continue final product assembly in Australia and North America. The additional shift to contract manufacturing partners, which includes having the contractor purchase components on the Company's behalf, will reduce working capital requirements as Eguana continues to scale. Additional synergies will be found through supply chain and logistics, improving inventory turn times, driving manufacturing efficiencies, and the ability to rapidly expand manufacturing capacity.

Eguana is dedicated to providing the best people, products, and technology in the global marketplace. As such, the Company will continue to drive excellence within its culture, including responsibility, accountability, and awareness. Through 2021 Eguana will continue to grow its team, with focus in research and development and sales and marketing to deliver best in class products and world class customer service.

COVID-19 IMPACT

Eguana's employees and partners are critical for its success, and as such the Company places the highest priority on their health and safety. To mitigate and manage the potential spread of COVID-19, a series of measures have been implemented in each location, including remote work, limited office attendance and close interaction, and new sanitation protocols. As a result, to date personnel issues have been minimized.

The COVID-19 global pandemic continues to constrain supply chains, ports, and logistical networks around the world as economies reopen under varying safety measures and government guidance, including certain regions that Eguana operates in on both the supply and demand sides of its business. Although the Company delivered record revenues in fiscal 2020, growth was constrained by battery and component shortages, and increased transit times for both incoming raw materials and outgoing finished goods. There remains an inherent risk with respect to the global pandemic with changing conditions within global supply chains, however, management believes these risks will be primarily related to ongoing transits delays in both ports of exit and entry in Eguana's key markets.

SELECT ANNUAL INFORMATION

	2020	2019	2018
Sales and engineering services	**7,951,678**	3,427,949	3,897,238
Net loss	**(8,238,652)**	(9,140,640)	(4,786,418)
Basic and diluted loss per share	**(0.04)**	(0.04)	(0.02)
Total assets	**3,792,004**	4,552,228	3,529,937
Total non-current financial liabilities	**13,006,931**	8,377,529	2,911,089
Distributions or cash dividends	**Nil**	Nil	Nil

Revenue

The Company's revenue is derived from the sale of energy storage systems which are available in multiple size configurations to meet individual consumer and regional requirements. The systems, which are branded the Evolve NMC, the Evolve LFP, the Enduro, and the Elevate, maintain approximately 90% bill of material consistency throughout the electronics topology providing a standardized product platform which is where many of the Company's proprietary patents reside. Each feature rich system is capable of performing consumer related functions including solar self-consumption with 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 Company's customer base is addressed primarily through a dealer network inclusive of large residential installers and global distributors, who in turn market and sell Eguana systems 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 are targeting roll outs through VPPs and other fleet aggregations services. Through a series of online and in person training programs, the Company ensures both its customers and installation partners 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.

Revenue in fiscal 2020 increased to $7,951,678 from $3,427,949 representing growth of 132%, inclusive of $1,048,415 from engineering services. Revenue directly related to ESS product sales more than doubled in F2020 to $6,903,263, an increase of 101% from $3,427,949 in 2019. The increase in revenue is a result of consistent order growth and increasing global channels.

The decrease in total revenue (Sales + Engineering Services) from fiscal 2018 to 2019 was due to a non-recurring termination fee included in overall revenue in 2018 in the amount of $1,060,957 from Mercedes Benz Energy ("MBE").

Net Loss

The decrease in net loss in 2020 is primarily attributable to higher revenue and gross margin impacts compared to the prior year, influenced by the revenue contributed from engineering services to develop and certify proprietary residential storage systems for the ITOCHU Corporation. There were no engineering services in 2019. Additionally, the Company saw significant reductions in operating costs, including general and administrative, sales and marketing, and research and development costs. This was partially offset with an increase in financing costs, including a non-cash loss on debt extinguishment for an amendment to its Senior debt facility of $491,692.

The increase in net loss in 2019 was primarily attributable to higher selling and marketing expenses associated with the upfront costs for facilities expansion in Australia and Germany, along with the increased personnel in sales and technical sales to support building out the distribution channels, partner

training, and order growth. Additionally, 2018 included a one-time revenue of $1,060,957 from the termination of a sales contract which did not occur in 2019. Higher financing costs due to the addition of Senior debt, preferred share financing, and two tranches of convertible debentures made up the balance of the difference.

Total Assets

The decrease in assets in 2020 can primarily be attributed to faster inventory turn times that has accompanied the growth of revenue and sales throughout the year.

The increase in assets in 2019 is primarily due to the increased buildup of inventory to fulfill customer orders into fiscal 2020 as well as increases in receivables from year over energy storage system revenue growth from 2018

Total Non-Current Liabilities

The increase in total non-current liabilities in 2020 is primarily due to the issuance of $5.0 million in unsecured convertible debentures.

The increase in total non-current liabilities in 2019 is primarily due to the issuance of preferred shares and convertible debenture financings.

2020 OPERATING RESULTS

The following table sets forth a summary of the results of operations for the three-month periods and the years ended September 30, 2020 and 2019.

	Q4 2020	Q4 2019	**YTD 2020**	YTD 2019
Sales and engineering services	**1,330,848**	825,492	**7,951,678**	3,427,949
Cost of goods sold	**1,323,237**	855,629	**7,051,335**	3,353,432
Gross margin	**7,611**	(30,137)	**900,343**	74,517
Expenses				
General and administrative	**752,310**	739,349	**2,195,702**	2,633,414
Selling and marketing	**407,253**	805,756	**1,975,680**	2,975,168
Product research and development	**256,074**	298,857	**887,817**	1,149,588
Operations	**344,536**	200,000	**986,210**	779,642
	1,760,173	2,043,962	**6,045,409**	7,537,812
Loss before undernoted items	**(1,752,562)**	(2,074,099)	**(5,145,066)**	(7,463,295)
Financing costs	**(667,049)**	(547,823)	**(2,787,260)**	(1,617,011)
Loss on debt extinguishment [1]	**-**	-	**(491,692)**	
Unrealized foreign exchange gain (loss)	**200,171**	(8,753)	**(87,644)**	(64,726)
Gain on legal settlement	**270,686**	-	**270,686**	-
Other income	**11**	1,150	**2,324**	4,392
Net loss	**(1,948,743)**	(2,629,525)	**(8,238,652)**	(9,140,640)

(1) Due to an update to the accounting treatment associated with the senior debt amendment in Q2 2020 from a debt modification to a debt extinguishment, the Company recorded a non-cash increase of the net loss for the six-month period ended June 30, 2020 of $491,692 (see note 10 to the annual consolidated financial statements)

Twelve Months ended September 30, 2020 and 2019

Sales and engineering services

Sales derived from energy storage systems increased 101.4% to $6,903,263 in fiscal 2020 in comparison to $3,427,949 in 2019, and combined sales and engineering services revenue increased 132.0% for the year ending September 30, 2020 as compared to 2019, representing the highest revenue in the Company's history. Engineering services consisted of $1,048,415. There was no similar engineering revenue in 2019.

The Company does expect to see continued 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, market growth rates, and continued global impacts of the COVID-19 pandemic on global supply chains.

Gross margin

Gross margins for energy storage systems were 1.0% or $66,923 for the year ended September 30, 2020. Energy storage system gross margins for the same period in 2019 were $74,517 or 2.2%. The

COVID-19 pandemic has created unprecedented risks within global supply chains caused by lockdowns throughout many countries, including some of which remain part of Eguana's supply chain. As a result, the Company incurred additional material costs primarily related to inbound logistics and notes further risk in component and logistics costs as contract manufacturing and supply partners continue recovery efforts. Therefore, an inherent risk remains to realizing the Company's short-term gross margin improvement plans.

Engineering services contributed $833,420 to the margin for the year ended September 30, 2020 for services provided to Itochu Corporation to develop and certify proprietary residential storage system. There were no engineering services in 2019.

Planned cost reduction activities for North American and Australian Evolve products, including both the NMC and LFP, are expected to improve gross margins along with improvements from supply chain and product assembly efficiencies through contract manufacturing partners. The Company expects to see these improvements towards the end of Q1 and into Q2 2021.

Expenses

Operating costs in 2020 were $6,045,409 down from $7,537,812 representing a 19.8% decrease year over year.

- G&A expenses ("G&A") decreased by $437,712 relative to 2019 expenses. The decrease in G&A cost can primarily be attributed to the reduced legal costs associated with the ongoing legal dispute in Germany, as well as a reduction in share-based payments due to older options reaching the end of their graded vesting life. Consulting costs associated with the setup of new foreign operations and with public relations were also reduced. These reductions are offset by increases in realized foreign exchange losses as the US dollar weakened, especially in the fourth quarter, as well as an increase in banking fees associated with the first full year of the company utilizing EDC backed standby letters of credit for certain key supply partners.

  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 year ended September 30, 2020 decreased by $999,488 relative to 2019. This decrease is primarily due to the non-recurring costs associated with the setting up of the Australian and German offices in the first half of 2019, including travel, trade shows, and consultants. Additionally, as a result of the global COVID-19 travel restrictions, overall global travel was significantly reduced, along with restructuring selling resources to increase internal focus on operational activities and aftersales service, primarily in Europe and Australia, which resulted in a decrease of sales personnel. 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 Executive Vice President's ("EVP") and the Chief Executive Officer's ("CEO") compensation that relate to business development.

- Product research and development costs decreased by $261,771 for the year ended 2020. This decrease is due to staff salary allocated to costs of goods sold for time spent on the new engineering development contract, which has decreased time spend on R&D specific projects compared to 2019.

  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.

- Operating costs increased by $206,568 relative to 2019 expenses. This is attributed to an increase in rental space for inventory storage as well as personnel costs to support the Company's growth plans.

  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 for the year ended September 30, 2020 were $1,170,249 higher than the same period in 2019. $1.0 million of the increase is due to the addition of the convertible debenture accretion in Q3 2019, Q4 2019 and Q2 2020. The remaining increase can primarily be attributed to a full year of preferred share accretion for YTD 2020, 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 for November 1, 2019 through February 1, 2020.

In addition to ordinary financing costs, the Company saw a $491,692 non-cash loss on debt extinguishment associated with the debt amendment in Q2 2020. This was associated with the change in new fair value of the debt compared to the book value, as well as the fair value of the warrants granted in consideration for the interest free periods.

Three Months ended September 30, 2020 and 2019

Sales and engineering services

For the three-month period ended September 30, 2020, sales were $1,330,848, represented a 61.2% increase over sales of $825,492 for the same period in 2019. The sales increase was as result of continued order growth through increasing distribution and direct partner channels. Fourth quarter revenues and were primarily in Hawaii, followed with mainland America and South Australia. There was no engineering service revenue in Q4 2020 or 2019.

Gross margin

For the three months ended September 30, 2020, product sales resulted in a gross margin improvement of 4.2% from negative 3.7% (-$30,137) to positive 0.6% (+$7,611). Energy storage system gross margins were negatively impacted due to continued supply plan adjustments as a result of the COVID-19 pandemic. The Company assessed the supply chain risks and took the decision to reroute materials to its Calgary headquarters throughout the year given the uncertainty associated with the logistical capabilities in China and Italy. This increased logistical and expediting costs, however allowed the Company to continue producing product for its customers increasing its sales revenues.

Expenses

Operating costs in Q4 2020 were $1,760,173, down from $2,043,962 in Q4 2019.

- General and administrative expenses ("G&A") remained relatively consistent with costs from the same period in 2019.
- Selling and marketing costs in Q4 2020 decreased by $398,503 as compared to Q4 2019. This decrease is almost entirely due to the reduction in global travel for sales and marketing opportunities associated with global restrictions due to the COVID-19 pandemic, restructuring sales personnel, and cancelled trade shows.

- Product research and development costs in Q4 2020 decreased $42,783 as compared to Q4 2019. This small decrease is due primarily to a reduction in salary costs due to staffing changes and an offset from a government wage subsidy related to the Covid-19 pandemic
- Operations costs in Q4 2020 increased $144,536 as compared to Q4 2019. This increase is due primarily to an increase in personal costs associated with the growth of the Company in global markets.

Financing Costs

- Financing costs in Q4 2020 were up $53,665 as compared to Q4 2019. This increase is due to the accretion of the convertible debentures issued in March of fiscal 2020 and a full quarter of accretion from the August 2019 issuance. This offset by a reduction in the senior loan accretion due to an amendment and debt modification which occurred in Q2 2020.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS

Operating activities	**2020**	2019
Net loss	**(8,238,652)**	(9,140,640)
Share-based payments	**221,833**	335,444
Financing costs	**2,787,260**	1,617,011
Loss on debt extinguishment	**491,692**	-
Amortization of property & equipment	**165,363**	173,113
Amortization of lease assets	**185,420**	-
Warranty provision	**159,015**	102,313
Unrealized foreign exchange loss (gain)	**87,644**	25,135
Write up of inventory	**(150,000)**	(65,000)
Gain on legal settlement	**(270,686)**	-
Bad debt expense	**-**	397
	(4,451,111)	(6,952,227)
Net change in non-cash working capital	**1,774,493**	(455,894)
Cash flow used in operations	**(2,786,618)**	(7,408,121)

Net Loss

Net loss in 2020 decreased by $901,988 over the net loss in 2019. The decrease in net loss can primarily be attributed to a record increase in sales and engineering during the year, along with a decrease in sales and marketing expenses associated with the fiscal 2019 facilities expansion in Australia and Germany. This is offset with an increase in financing expenses, associated primarily with the three tranches of convertible debentures, and a non-cash loss associated with the fair value of the senior loan on debt amendment.

Share-based Payments

Share-based payments were $221,833 for the year ended September 30, 2020, down from $335,444 from the same period in 2019. This is due to the passing of time of older option grants, as each tranche is recognized on a graded vesting basis over the period in which the option vests. This is slightly offset with an increase of options by 2,305,000 in July of 2020 associated with the annual employee stock option grant.

Financing Costs

The increase in financing cost in 2020 is primarily due to the accretion of the convertible debentures issued in the second half of fiscal 2019 as well as the $5.0 million convertible debentures issued in March of 2020.

Unrealized Foreign Exchange Loss (Gain)

Unrealized foreign exchange loss for the year ended September 30, 2020 resulted from an unfavourable shift in foreign exchange, specifically the weakening of the US dollar for the Company's accounts receivable and deferred revenue.

Summary of Quarterly Results

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	1,330,848	2,179,891	1,638,778	2,802,161	825,492	774,670	973,140	854,647
Net (loss) (1)	(1,948,743)	(1,761,235)	(2,942,573)	(1,586,101)	(2,629,525)	(2,228,210)	(2,160,438)	(2,122,467)
Per share (2)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

(1) Due to an update to the accounting treatment associated with the senior debt amendment in Q2 2020 from a debt modification to a debt extinguishment, the Company recorded a non-cash increase of the net loss for Q2 2020 of $491,692 (see note 10 to the annual consolidated financial statements)

(2) 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.

Cash received from financing activities in 2020 was $3,039,834 (2019 –$6,791,892), and the Company used $2,786,618 (2019 - $7,408,121) in operations during the year.

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 the year was $5,232,430 (September 30, 2019 – $3,048,553).

As at September 30, 2020 the Company had net liabilities of $17,456,834, which increased from $11,020,980 at September 30, 2019. This can be primarily be attributed to the issuance of new convertible debentures in Q2 2020.

The Company has recorded $4,051,734 in accounts payables and accrued liabilities. In addition, the Company has $1,468,381 in long-term debt, $1,039,292 in debentures, $200,238 in lease obligations, and $716,789 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 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 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 on January 22, 2020, at a price of $0.06 per warrant for a period of five years from the date of issuance.

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 ("DHCT"). 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 ("EGTLP"). 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, 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 DHCT 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, 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 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 Corporation 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.

Subsequent to year end, in November 2020. EGTLP issued 1,150 EGT Markets Limited Partnership units at a price of $1,000 per unit resulting in gross proceeds of $1,150,000.

Additionally, in November 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.

Shareholders' Equity and Shares Outstanding

As at January 21, 2021 240,444,074 common shares are issued and outstanding, an increase of 11,152,664 from September 30, 2020 due to the closing of a private placement of 10,000,000 common shares in November as well as the conversion of 145 convertible debenture units, exercise of 175,000 employee stock options and exercise of 10,999 warrants. As at January 21, 2021, there are common share purchase warrants representing the right to acquire 25,167,367 common shares, an increase of 1,324,608 from September 30, 2020 due to 1,324,942 agent warrants issued for two private placements, as well as the exercise of broker warrants.

As at January 21, 2020 the Company has 16,792,316 stock options outstanding, an increase of 5,620,000 from September 30, 2020, due to 6,000,000 incentive options issued, offset by the exercise of 175,000 options and expiration of 205,000 options. These options entitle the holders thereof to acquire

up to 16,792,316 common shares. 10,488,995 stock options have vested as of today's date. The weighted average exercise price of the vested options is $0.27 per share.

The Company had the following equity issuances throughout the fiscal 2020 year:

- During Q2 2020, 50 convertible debenture units were exercised, resulting in 333,333 common shares being issued. Additionally, the Company and DHCT entered into a shares for debt agreement, wherein $60,000 of convertible debenture interest was settled through the issuance of 545,454 common shares at a price of $0.11 per common share.
- During Q4 2020, 150 convertible debenture units were exercised, resulting in 999,999 common shares being issued. Additionally, the Company and DHCT settled another $60,000 of convertible debenture interest, through the issuance of 461,538 common shares at a price of $0.13 per common share.
- During Q4, 7,333 warrants were exercised at a price of $0.15 and the equivalent number of common shares were issued

Off-Balance Sheet Items

As at September 30, 2020, 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 2020, capital expenditures totaled $195,473 (2019 - $189,601) and were primarily incurred with respect to the to the purchase of new lab test equipment.

RELATED PARTY TRANSACTIONS

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

	2020	2019
General and administrative	**478,014**	506,996
Selling and marketing	**289,779**	315,290
Product research and development	**66,946**	69,620
	834,739	891,906

Share based expenses to officers and a director was $106,933 during 2020 (2019 - $135,187).

Included in accounts payable and accrued liabilities is $777,194 (2019 - $448,135) due to directors and key management personnel.

During 2020 the Company paid $157,380 (2019 - $157,380) to its former CEO as part of a settlement agreement and incurred $60,460 (2019 - $79,843) of accretion as the obligation matures.

In fiscal 2019, key management personnel and the significant shareholder of the Company purchased 1,321 Convertible Debenture Units at $1,000 a Unit. No similar transaction occurred in fiscal 2020

RISK FACTORS AND RISK MANAGEMENT

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 September 30, 2020, the Company had not achieved profitable operations since its inception and had accumulated a deficit of $76,907,180 (September 30, 2019 - $68,668,528) and incurred a net loss for the year ended September 30, 2020 of $8,238,652 (2019 - $9,140,640). Whether and when the Company can attain profitability from operations is uncertain. At September 30, 2020 the Company has a working capital deficiency of $5,232,430 (September 30, 2019 – $3,048,553). The lack of profitable operations and current liabilities being in excess of current assets results in material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

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.

COVID-19 Based Risk

The COVID-19 global pandemic has created unprecedented risks in Eguana's business, some of which are detailed here. The global supply chain has been disrupted with lockdowns in many countries, some of whose industries are part of Eguana's supply chain. There is a risk of component cost increases due to supply constraints along with expected increases in shipping and logistics costs. The short- and medium-term impacts are unprecedented in modern history and remain difficult to estimate at this time. The extent of the global economic damage remains unknown but is expected to be severe with economic recession, market volatility and political uncertainty may last many months or years as global supply chains, labour forces and credit markets recover. This may impact companies' abilities to reach the targeted sales numbers, gross margin objectives, and safe and healthy work places. Eguana has taken precautionary steps to mitigate the associated risks.

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.

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. The Company has adjusted its strategy to address this risk through partnering with original equipment manufacturers ("OEM's"), private labelling and/or licensing relationships 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.

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.

Competition and Technological Change

The Company is in a highly competitive 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 than the Company. 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 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 address these risks by ensuring multiple sources of critical components, working closely with its suppliers through the demand planning cycle, actively monitoring critical component suppliers and in some cases, investing in additional inventory purchases to secure longer lead-time items.

Dependence on Customers

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.

Foreign Exchange

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 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 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 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, 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

Effective October 1, 2019, the Company adopted IFRS 16 ("IFRS 16"), Leases and IFRS 23 ("IFRS 23"), Uncertainty over Income Tax Treatments. All significant accounting policies, including IFRS 16 and IFRS 23 are disclosed in note 4 of the annual audited consolidated financial statements.

New accounting standards issued but not yet effective

New accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. The Company is currently evaluating the impact of adopting these standards.

IAS 1, Presentation of Financial Statements ("IAS 1")

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. The Company is assessing the impact of this standard.

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 January 21, 2021.

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 Corporation, and have reviewed this MD&A and the accompanying financial statements.

The 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 Corporation, 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 Corporation 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 Corporation 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.