



SPARQ SYSTEMS INC.

Management's Discussion and Analysis

For the years ended December 31, 2025 and 2024

Dated April 29, 2026

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") has been prepared by management of Sparq Systems Inc. (the "**Company**") and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the years ended December 31, 2025 and December 31, 2024 (collectively, the "**Financial Statements**"). The Financial Statements have been prepared using International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. All amounts are in Canadian dollars unless otherwise specified. The Financial Statements may be found under the Company's SEDAR+ profile at www.sedarplus.ca.

This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position and outlook. Management is responsible for the accuracy, integrity, and objectivity of the MD&A, and develops, maintains and supports the necessary systems and controls to provide reasonable assurance as to the accuracy of the comments contained herein.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports prior to filing.

Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements". All statements other than statements of historical fact contained in this MD&A are forward-looking statements. Such statements can, in some cases, be identified by the use of forward-looking terminology such as "expect," "likely," "may," "will," "should," "intend," or "anticipate," "potential," "proposed," "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. The forward-looking statements included in this MD&A are made only as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by applicable securities laws.

Forward-looking statements in this MD&A are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes.

Factors which could cause the actual results to differ materially from current expectations include but are not limited to:

- key contract risk;
- if demand for solar energy solutions does not grow or grows at a slower rate than anticipated, the Company's business will suffer;
- the rapidly changing solar industry makes it difficult to evaluate the Company's current business and future prospects;
- an increase in interest rates or tightening of the supply of capital in the global financial markets could make it difficult for end-users to finance the cost of a solar photovoltaic ("**PV**") system and could reduce the demand for smart energy products and thus demand for the Company's products;
- defects or performance problems in our products could result in loss of customers, reputational damage, and reduced revenue, and the Company may face warranty, indemnity, and product liability claims arising from defective products;
- the Company depends on sole-source and limited-source suppliers for key components and

products. If the Company is unable to source these components and products on a timely basis, the Company will not be able to deliver its products to customers;

- the Company currently depends upon one outside contract manufacturer, and business and operations could be disrupted if the Company encounters problems with this contract manufacturer;
- if the Company or its contract manufacturer(s) are unable to obtain raw materials in a timely manner or if the price of raw materials increases significantly, production time and product costs could increase, which may adversely affect the Company's business;
- manufacturing problems could result in delays in product shipments, which would adversely affect the Company's revenue, competitive position and reputation;
- the Company relies primarily on distributors, installers and providers of solar financing to assist in selling products to customers, and the failure of these customers to perform at the expected level, or at all, would have an adverse effect on the Company's business, financial condition and results of operations;
- mergers in the solar industry among the Company's current or potential customers may adversely affect its competitive position;
- the solar industry is highly competitive, and the Company expects to face increased competition as new and existing competitors introduce products or develop alternative technologies, which could negatively impact its business, financial condition and results of operations;
- the Company's microinverter products may not achieve broader market acceptance, which would prevent the Company from increasing its revenue and market share;
- the Company's recent and planned expansion into existing and new markets could subject it to additional business, financial and competitive risks;
- the Company may fail to capture customers in the new product and geographic markets that the Company is pursuing;
- if the Company fails to retain key personnel or if the Company fails to attract additional qualified personnel, the Company may not be able to achieve its anticipated level of growth and its business could suffer;
- any failure by management to properly manage growth could have a material adverse effect on its business, operating results, and financial condition;
- use of social media may materially and adversely affect the Company's reputation or subject it to fines or other penalties;
- the Company is subject to insurance-related risks;
- credit risk;
- liquidity risk;
- foreign currency risk;
- conflicts of interest;
- if the Company fails to protect or incur significant costs in defending its intellectual property and other proprietary rights, the Company's business and results of operations could be materially harmed;
- third parties may assert that the Company is infringing upon their intellectual property rights, which could divert management's attention, cause the Company to incur significant costs and prevent it from selling or using the technology to which such rights relate;
- the Company's failure to obtain the right to use necessary third-party intellectual property rights on reasonable terms, or the Company's failure to maintain, and comply with the terms and conditions applicable to these rights, could harm the Company's business and prospects;
- the Company may not be able to protect and enforce its trademarks and trade names, or build name recognition in our markets of interest thereby harming its competitive position;
- obtaining and maintaining patent protection depends on compliance with various required procedures, document submissions, fee payments and other requirements imposed by governmental patent agencies, and the Company's patent protection could be reduced or eliminated for non-compliance with these requirements;
- patent terms may be inadequate to protect the Company's competitive position on its products for an adequate amount of time;
- the Company relies on trade secrets;

- changes in laws and regulations;
- the imposition of tariffs;
- the Company's anticipated international sales subject us to additional risks that could adversely affect its business, results of operations and financial condition;
- the Company may be involved in legal proceedings from time to time and, while management cannot predict the outcomes of such proceedings and other contingencies with certainty, some of these outcomes could adversely affect the Company's business and financial condition;
- insufficiency of capital resources;
- the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications could reduce demand for solar PV systems and harm the Company's business;
- the Company's gross profit may fluctuate over time, which could impair the Company's ability to achieve or maintain profitability;
- the Company may be under pressure to reduce the prices of its products, which may adversely affect the Company's gross margins;
- a drop in the retail price of electricity derived from the utility grid or from alternative energy sources, or a change in utility pricing structures, may harm the Company's business, financial condition and results of operations;
- if the Company does not forecast demand for its products accurately, the Company may experience product shortages, delays in product shipment, excess product inventory, difficulties in planning expenses or disputes with suppliers, any of which will adversely affect the Company's business and financial condition;
- parties with whom the Company does business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to the Company;
- natural disasters, public health events, significant disruptions of information technology systems, data security breaches, or other catastrophic events could adversely affect the Company's operations;
- general global economic conditions;
- international conflict;
- inflation;
- access to capital;
- estimates or judgments relating to critical accounting policies;
- quarterly performance variation;
- market for the common shares;
- no history of payment of cash dividends;
- analyst coverage; and
- tax issues.

Please refer to the Company's annual information form dated April 29, 2026 (the "AIF") for a detailed description of the risk factors associated with the Company. A copy of the AIF is filed on SEDAR+ and may be viewed under the Company's profile at www.sedarplus.ca.

Description of the Company's Business

Sparq Systems Inc. (the "**Company**") was incorporated under the *Business Corporations Act* (Ontario) on November 13, 2018. The address of the Company's registered and head office is 945 Princess Street, Box 212, Kingston, Ontario K7L 0E9. The common shares are listed for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "SPRQ". The common shares are also quoted for trading on the OTCQB under the symbol "SPRQF" and on the Frankfurt Stock Exchange under the symbol "M26".

The Company designs and manufactures next generation single-phase microinverters for residential and commercial solar electric applications. The Company has developed a proprietary PV solution called the Quad; the Quad inverter optimizes four PV modules with a single microinverter, simplifying design and installation, and lowering cost for solar power installations when compared to existing market offerings.

Highlights of the year ended December 31, 2025 and to the date of this MD&A

- On March 11, 2026, the Company received confirmation of a purchase order for 30,000 units of its Q2000 Quad Microinverters, representing approximately 60 megawatts, for deployment in the Indian market. The purchase order represents a recurring order under the Company's existing manufacturing and supply agreement announced on February 8, 2024. The order reflects continued growth in international markets and increasing adoption of the Company's microinverter technology, which is designed to reduce hardware complexity, improve reliability, and optimize energy harvesting under varying operating conditions.
- On February 2, 2026, the Company announced that it entered into a consulting agreement with Blaze Capital (the "**Consultant**") to provide corporate communications and investor relations services. The services include initiating and maintaining contact with the financial community, shareholders, investors and other stakeholders to increase awareness of the Company and its activities. The agreement has a term of 12 months and a total value of US\$50,000, payable on a monthly basis. The Consultant is an arm's length party to the Company and the agreement remains subject to approval by the TSXV.
- On January 5, 2026, the Company announced that its Chief Executive Officer, Dr. Praveen Jain, has been named as an Officer of the Order of Canada by the Governor General of Canada, the nation's highest civilian honour. The citation for Dr. Jain's appointment as an Officer of the Order of Canada noted he is a leading inventor in electrical energy processing which has advanced efficient power generation, transmission and use through electronics and that he has shaped the field while mentoring more than 100 trainees, earning recognition as an outstanding educator and innovator.
- On December 1, 2025, the Company announced that its Chief Technology Officer, Dr. Majid Pahlevani, was named as an IEEE Fellow, a prestigious honour awarded to select members of the Institute of Electrical and Electronics Engineers ("**IEEE**") who have made significant contributions to the advancement of technology and engineering. Each year, this honour is limited to no more than 0.1% of the total IEEE voting membership, which comprises nearly half a million members. Dr. Pahlevani received this honour for the development of digital control techniques in high- frequency power conversion. In connection with this recognition, the Company awarded Dr. Pahlevani deferred share units ("**DSUs**") with an aggregate value of \$10,000 under the Company's Omnibus Equity Incentive Plan (the "**Omnibus Plan**"), which vest one year from the date of grant.
- On November 10, 2025, the Company announced the development of an AI- driven grid-power control ("**GPC**") device for residential, commercial and industrial solar applications. With the rapidly growing solar market, there are multitudes of new applications which require precise power control between the solar electricity generation, the load demand, and the power grid. The GPC device can be operated in zero-power-export, static-power-export, and dynamic energy trading modes, as defined by the user. In addition, the GPC device is suitable for single-phase, three-phase, balanced and unbalanced power systems, making it a 'universal' power control device for the residential, commercial and industrial applications. The communication between the power system elements is wirelessly performed allowing a seamless and easy installation.
- On November 6, 2025, the Company announced that it entered into a manufacturer's authorization and supply agreement (the "**Tumi Supply Agreement**") with Tumi Clean Technologies Limited ("**Tumi**") and Rolaz Green Energy Pvt. Ltd., an existing importation and distribution partner of the Company. Under the terms of the Tumi Supply Agreement, Tumi has agreed to purchase microinverters and related products for subsequent distribution and sale in Ghana, West Africa and such other markets in the sub-Saharan African region as the parties may agree following a six-month pilot to validate market readiness. The Tumi Supply Agreement provides a non-binding framework around which Tumi may, if it meets certain minimum level of product orders to be determined by the parties, be provided an exclusive

right of distribution and/or installation of the Company's products within the sub-Saharan Africa region. The Tumi Supply Agreement also provides a non-binding framework to provide Tumi with an exclusive license for the assembly of the Company's products in Ghana, with the intent to sell and distribute such products across the sub-Saharan African region from an assembly unit established by Tumi. The Tumi Supply Agreement shall have an initial term of one (1) year, unless terminated earlier in accordance with its terms, and shall automatically renew for an additional thirty (30) days upon the expiry of the initial term, during which time the parties may agree to extend the Tumi Supply Agreement or enter into a new agreement.

- On October 20, 2025, the Company announced the development of its innovative D1200 Duo Microinverter, featuring dual PV inputs designed for residential, commercial, and industrial applications. This next-generation product supports high-power PV panels (750W and above) and operates seamlessly in both on-grid and off-grid modes. The D1200 Duo Microinverter is ideally suited for balcony solar installations, enabling users to connect directly to a standard household outlet. It also offers built-in Wi-Fi connectivity, eliminating the need for external gateway devices and simplifying system monitoring. With its high-efficiency power processing and versatile design, the Company's D1200 Duo Microinverter delivers exceptional performance across a broad range of solar applications, from compact residential systems to large-scale commercial and industrial projects.
- On June 26, 2025, the Company engaged an investor relations consultant (the "**IR Consultant**") to provide investor relations services to the Company. The mandate of the IR Consultant was, among other things, to initiate and maintain contact with the financial community, shareholders, investors and other stakeholders for the purpose of increasing awareness of the Company and its activities. The initial term of the agreement with the IR Consultant (the "**Investor Relations Agreement**") was one year, unless terminated earlier. Under the terms of the Investor Relations Agreement, the Company agreed to pay the IR Consultant a monthly cash fee of \$10,000 (plus applicable taxes). In addition, the Company granted the IR Consultant stock options (the "**Options**") to purchase up to 50,000 common shares at a price of \$0.75 per share pursuant to the terms of the Omnibus Plan. The Investor Relations Agreement was terminated on October 24, 2025. As a result, all Options have been terminated in accordance with the Omnibus Plan.
- On May 26, 2025, the Company announced the commencement of commercial production of its microinverters in India. Working with its contract manufacturer IL JIN Electronics (India) Private Limited ("**IL JIN**"), a subsidiary of Amber Enterprises India Ltd, the Company successfully commissioned assembly and test lines at IL JIN's manufacturing plant in Noida, India.
- On February 13, 2025, the Company announced that it developed a unique integrated PV and battery Quad microinverter with energy storage capability for residential and commercial applications. The Company believes that this product is revolutionary as it is versatile and compatible with existing technologies, capable of working on grid, off-grid, and with any types of battery technology, such as Lithium-Ion and Lead Acid, among others. Incorporating energy storage into the Quad microinverter is instrumental towards creating resilient solar energy harvesting systems, fully eliminating the dependency on the utility grid. The newly developed Quad microinverter was introduced at the 2025 India Energy Week that was held in New Delhi, India. Given the 2025 approval by the Indian government of a scheme to support the rapid rollout of affordable solar energy to 10 million Indian households, the Company is well positioned to address this market opportunity and the continued expansion of affordable solar energy in the Indian marketplace.
- In February 2025, the Company was included in the TSX Venture 50 list in the Clean Technology and Renewable Energy sector.
- On January 23, 2025, the Company's common shares commenced trading on the Frankfurt Stock Exchange under the symbol "M26".

Selected Annual Information

	As at and for the year ended December 31, 2025 \$	As at and for the year ended December 31, 2024 \$	As at and for the year ended December 31, 2023 \$
Total revenue	2,349,458	1,654,865	189,976
Basic and diluted loss per-share	(0.04)	(0.05)	(0.06)
Net loss	(4,882,838)	(5,654,344)	(4,767,360)
Total assets	7,982,694	11,828,408	4,391,838
Total non-current financial liabilities	180,794	284,403	37,667
Distributions or cash dividends declared	Nil	Nil	Nil

The increase in revenue over the three-year period reflects the Company's transition from early-stage development to commercial production, including the commissioning and optimization of its contract manufacturing operations in India. Net losses have remained relatively consistent over this period as the Company continues to invest in product development, manufacturing readiness and corporate infrastructure. The increase in total assets in the year ended December 31, 2024 compared to the year ended December 31, 2023 was primarily attributable to a financing completed during 2024 and increased investment in inventory to support manufacturing scale-up. The decrease in total assets in the year ended December 31, 2025 reflects the utilization of working capital and inventory to support increased sales activity.

Results of Operations

For the year ended December 31, 2025, the Company incurred a net loss of \$4,882,838, compared to a net loss of \$5,654,344 for the year ended December 31, 2024. The details of the net loss and net comprehensive loss are described below.

Revenue

Revenue for the year ended December 31, 2025 was \$2,349,458, compared to \$1,654,865 in the year ended December 31, 2024. The increase was primarily attributable to higher sales volumes as the Company progressed through the commissioning and optimization of its contract manufacturing operations in India, enabling it to fulfill orders, particularly in the second half of the year. During the year ended December 31, 2025, the Company continued the preparation and commissioning of the manufacturing operations of its contract manufacturer in India, including the implementation of additional process controls during the first three quarters to support operational optimization. The optimization process was completed in Q4 2025, and the facility is currently meeting customer demand.

Cost of Finished Goods Sold

Cost of finished goods sold (excluding inventory write-downs) for the year ended December 31, 2025 was \$2,123,704, compared to \$1,635,371 in the year ended December 31, 2024. The increase was due to an increase in sales during the year. The Company expensed \$100,625 for an impairment of finished goods and raw materials associated with products no longer expected to be manufactured or sold (December 31, 2024 - \$147,121). Inventory is reviewed at the end of each reporting period to assess for obsolescence and necessary write-downs.

The relationship between cost of finished goods sold and revenue reflects the Company's ongoing transition from initial production to more efficient manufacturing. Gross margins remained modest during the year as the Company continued to operate below optimal production scale and incurred higher per-unit costs associated with commissioning activities. Management expects margins to

improve as production volumes increase, and manufacturing efficiencies are realized.

The Company's future performance is dependent on its ability to continue scaling production, manage working capital requirements and secure additional financing as required. These factors are discussed further under "Liquidity and Capital Resources".

To date, inflation has not had a material impact on the Company's operations, although increases in component and logistics costs may affect future margins.

Operating Expenses

For the year ended December 31, 2025 and the year ended December 31, 2024, total operating expenses are detailed as follows:

Expenses		2025	2024
		\$	\$
Research and development	(i)	1,586,417	1,135,322
Sales and marketing	(ii)	186,129	86,799
General and administration	(iii)	2,325,054	2,122,944
Depreciation of property and equipment	(iv)	298,201	215,177
Stock-based compensation	(v)	72,519	1,966,191
		4,468,320	5,526,433

- (i) Research and development costs include expenses such as building prototypes, certification, testing, project personnel salaries, and consulting fees. For the year ended December 31, 2025, research and development costs increased by \$451,095. This increase was primarily attributable to additional R&D personnel, patent-related professional fees, and higher consumption of supplies and materials, as detailed below.

A breakdown of research and development costs for the year ended December 31, 2025 and the year ended December 31, 2024, along with the respective variances, are as follows:

	2025	2024	Variance
Personnel	\$1,229,757	\$876,150	\$353,607
Professional fees	157,508	114,898	42,610
Beta Testing	17,856	42,010	(24,154)
Administration	5,413	-	5,413
Equipment Rental	-	9,392	(9,392)
Lab Supplies and Materials	131,188	87,655	43,533
Certification and Safety Testing	44,695	5,217	39,478
	\$1,586,417	\$1,135,322	\$451,095

- (ii) Sales and marketing expenses include costs related to a sales consultant, a service provider to support capital market initiatives, investor relations, trade show participation, and the development of marketing materials. These expenses increased primarily due to the engagement of the IR Consultant and participation in an international trade show.
- (iii) General and administration expenses are the costs incurred by the Company that are not directly related to the production of goods or services. These expenses include items such as rent, utilities, office supplies, salaries of support staff, legal fees, accounting fees, insurance, and other general costs.

A breakdown of general and administrative costs for the year ended December 31, 2025 and the year ended December 31, 2024, along with the respective variances, are as follows:

	2025	2024	Variance
Professional fees	\$340,123	\$310,979	\$29,144
Salaries	1,166,735	1,006,620	160,115
Management fees	436,000	386,000	50,000
Office and general	300,036	295,642	4,394
Regulatory	82,160	123,703	(41,543)
	\$2,325,054	\$2,122,944	\$202,110

Certain variances in expenses were noted compared to the year ended December 31, 2024. The increase in salaries and management fees reflects operational growth. The reduction in regulatory fees was due to fewer compliance activities. Increases in professional fees and office and general expenses are consistent with normal fluctuations in business activities. Overall, the variances are not considered material to the Company's financial position or results of operations.

- (iv) The increase in depreciation expense was primarily due to the capitalization of an additional office lease as a right-of-use asset during Q2 2024, which led to higher depreciation for the year ended December 31, 2025, relative to the year ended December 31, 2024. The commencement of a new office lease in India during Q1 2025 also contributed to the increase in depreciation expense in the year ended December 31, 2025.
- (v) Stock-based compensation relates to the value of Options issued that vested during the period (a non-cash expense). The decrease in stock-based compensation was primarily due to fewer Options vesting in the year ended December 31, 2025 compared to the year ended December 31, 2024.

Other income (expense items) included:

	2025	2024
Other income (expense)	\$	\$
Interest and accretion	(55,640)	(145,273)
Loss on derecognition of derivative liability	-	(183,287)
Interest income	11,378	32,802
Foreign exchange loss	(335,974)	295,474
	(380,236)	(284)

Liquidity

As at December 31, 2025, the Company had a cash balance of \$4,775,481 (December 31, 2024 - \$6,944,918) and working capital of \$5,993,639 (December 31, 2024 - \$10,740,197). The decrease in cash was due to the cash used in operating activities in the amount of \$1,874,822, lease payments of \$203,329 and \$91,286 of cash used for the purchase of equipment. The Company currently does not generate a sufficient amount of cash flow from its operations to fund its general operating requirements, development activities and growth initiatives.

Cash used in financing activities for the year ended December 31, 2025 consisted of lease payments totaling \$203,329. In comparison, during the year ended December 31, 2024, cash from financing activities was \$11,959,773, primarily reflecting net proceeds from a private placement of \$11,434,651, loan proceeds of \$168,750, proceeds from exercise of warrants and Options of \$482,000, and cash outflow from lease payments of \$125,628.

During the year ended December 31, 2025 the Company used \$91,286 in cash for the purchase of equipment.

Capital Resources

The Company regularly monitors and manages its capital resources to assess the liquidity necessary to fund operations and capacity expansion.

As of the date of this MD&A, the Company believes that its current resources will be sufficient to settle its current liabilities for at least the next 12 months. However, the Company will require additional financing to fund ongoing operations and to execute its long-term business plan beyond that period. The Company does not currently have any firm commitments for capital expenditures. While the Company has been successful in raising financing in the past, its ability to secure additional funding will depend on market conditions, including the liquidity of the capital markets, general economic conditions and investor acceptance of small-capitalisation companies. There can be no assurance that such financing will be available on acceptable terms, or at all, when required. As a result, these conditions give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

As the Company transitions into its initial phase of commercial production at the newly developed manufacturing facility of its contract manufacturer in India, management anticipates the need for additional expenditures to support ongoing operations, maintain production capacity, and execute on the Company's growth strategy.

While no material capital commitments have been made as of the date of this MD&A, the Company expects to incur further capital and operating expenditures, including but not limited to, production optimization, working capital needs, research and development, sales and distribution infrastructure.

Management will actively assess a variety of funding options (including debt and equity issuances) and possible strategic partnerships to meet these anticipated expenditures.

Selected Quarterly Information (all amounts in accordance with IFRS)

The following table summarizes the Company's financial information for the last eight quarters:

Financial Results	Q4 2025 \$	Q3 2025 \$	Q2 2025 \$	Q1 2025 \$	Q4 2024 \$	Q3 2024 \$	Q2 2024 \$	Q1 2024 \$
Revenue	1,105,521	1,081,250	162,687	-	1,275,360	360,285	16,654	2,566
Gross Profit (Loss)	(105,555)	99,297	8,830	(11,926)	(109,991)	25,298	(36,184)	(6,750)
Total Expenses	1,139,324	1,110,946	1,174,121	1,043,930	1,150,794	947,338	2,503,204	925,096
Net Loss	(1,361,906)	(912,282)	(1,538,053)	(1,070,598)	(967,695)	(971,681)	(2,768,911)	(946,057)
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)
Fully-diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)

The Company experienced an increase in revenue in Q3 2025 and Q4 2025 as it completed the commissioning and optimization of the manufacturing operations of its contract manufacturer in India, resulting in increased production capacity and output in the latter half of the year. Gross profit similarly improved in Q3 2025 relative to Q1 2025 and Q2 2025, primarily due to higher sales volumes. As the Company continues to stabilize its manufacturing operations, management expects gross margins to improve in future periods, supported by increased production efficiency and higher throughput.

The Company's level of activity and expenditures during each quarter have been influenced by the availability of working capital, access to external financing, and the status and timing of operational initiatives. As the Company has historically been in a start-up and scale-up phase, no significant seasonality factors or consistent quarterly trends have been identified.

The Company is exposed to foreign exchange risk, primarily related to its manufacturing operations in India; however, fluctuations in exchange rates did not have a material impact on results during the periods presented. The Company has also experienced typical supply chain and input cost variability associated with early-stage manufacturing operations, although no material supply constraints or backlog issues impacted production during the year.

During the year, the Company achieved key operational milestones, including the completion of manufacturing optimization in Q4 2025 and the transition to meeting customer demand on a more consistent basis.

Proposed Transactions

As at the date of this MD&A, there are no proposed transactions.

Off-balance Sheet Arrangements

As at the date of this MD&A, the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company.

Transactions Between Related Parties

- (a) During the year ended December 31, 2025, the Company was charged \$400,000 (December 31, 2024 - \$350,000) for consulting services provided by PE Consultants Inc., an entity which is controlled by Praveen Jain, the Chief Executive Officer of the Company. These expenses have been recorded in research and development and general and administrative expenses. As at December 31, 2025, \$nil (December 31, 2024 - \$nil) of this amount is included in accounts payable and accrued liabilities.
- (b) During the year ended December 31, 2025, the Company was charged \$36,000 (December 31, 2024 - \$36,000) for consulting services provided by CFO Advantage Inc., an entity which is controlled by Kyle Appleby, the Chief Financial Officer of the Company. These expenses have been recorded in general and administrative expenses. As at December 31, 2025, \$nil (December 31, 2024 - \$3,000) of this amount is included in accounts payable and accrued liabilities.
- (c) On June 16, 2022, the Company signed a manufacturing agreement (the “**Manufacturing Agreement**”) with Ti-Lane Precision Electronic Company Limited (“**Ti-Lane**”) to manufacture turn-key Q1200 microinverters for the Company on a high volume basis at Ti-Lane’s facility based in Guangdong Province, China. The Manufacturing Agreement had an initial term of three years and was mutually terminated by the Company and Ti-Lane on November 30, 2024. Ti-Lane is a shareholder of the Company and is controlled by Baojun (Robbie) Luo, one of the Company’s directors. During the year ended December 31, 2024, the Company was charged \$1,119,758 by Ti-Lane for manufacturing services. During the year ended December 31, 2025, the Company incurred \$22,260 in charges from Ti-Lane for residual services following termination. As at December 31, 2025, \$nil (December 31, 2024 - \$2,345) of this amount is included in accounts payable and accrued liabilities.
- (d) Transactions with related parties are incurred during the course of normal operations and initially recorded at fair value. Key management includes directors and officers of the Company. Compensation awarded to key management was comprised of the following for the years ended December 31, 2025 and 2024:

		2025		2024
Short-term compensation	\$	436,000	\$	386,000
Share-based payments		-		1,409,479
Total	\$	436,000	\$	1,795,479

Risks and Uncertainties

The Company's business is subject to a number of risk factors which are described in detail in the AIF. See "Forward-looking Statements" above for a summary of such risk factors.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposure as at December 31, 2025 and 2024 relates to the carrying amount of cash and cash equivalents and accounts receivable. To reduce credit risk, all significant cash balances are placed with major financial institutions. Therefore, credit risk is low.

The Company provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Company does not normally require a guarantee.

The Company's expected credit loss allowance is estimated using historical loss information, current industry conditions and payment practices, as well as reasonable and supportable forecasts of future economic conditions. Credit risk is assessed based on days outstanding and utilizes both internal credit assessments and publicly available credit information. As a result, the allowance reflects anticipated effects caused by recent market deterioration. As at December 31, 2025, the current expected credit loss allowance was \$nil (December 31, 2024 - \$nil).

Credit risk concentration

The Company's accounts receivable are subject to concentration of credit risk. As at December 31, 2025, one customer accounted for approximately 96% of total accounts receivable (December 31, 2024 – 99%).

The Company monitors the creditworthiness of this customer on an ongoing basis and has not experienced significant collection issues.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due. The Company has the following contractual obligations:

	Less than 1 year \$	1 to 5 years \$	Total \$	Carrying value
Accounts payable and accrued liabilities	179,139	-	179,139	179,139
Lease liability	150,584	284,403	434,987	434,987
December 31, 2024	329,723	284,403	614,126	614,126

	Less than 1 year \$	1 to 5 years \$	Total \$	Carrying value
Accounts payable and accrued liabilities	1,161,497	-	1,161,497	1,161,497
Lease liability	143,162	180,793	323,955	323,955
December 31, 2025	1,304,659	180,793	1,485,452	1,485,452

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The loan payable provides for a fixed annual interest rate and therefore exposes the Company to the risk of fair value variation due to interest rate variation because this financial liability is recognized at amortized cost. The other financial assets and liabilities of the Company do not represent interest risk because they do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

(d) Tariff uncertainty

Since 2025, the President of the United States has issued executive orders directing the United States to impose new or increased tariffs on certain of its trading partners, including Canada, as part of broader and rapidly evolving changes to U.S. trade policy. Such measures have contemplated the imposition of broad-based tariffs on imports from Canada, with certain exemptions or reduced tariff rates for specific categories of goods, including certain energy resources such as oil and natural gas. In response to U.S. trade actions, the Government of Canada, as well as other countries, including China, have announced and implemented retaliatory counter-tariffs.

While many of the tariffs implemented by the U.S. government were struck down by the Supreme Court of the United States on February 20, 2026, the full scope and practical impact of that decision remain uncertain. Certain sector-specific tariffs and other trade measures remain in effect, and the United States has also announced or implemented additional tariffs on imports from other jurisdictions, including Mexico and China. There can be no assurance that new tariffs, trade restrictions or other protectionist measures will not be introduced in the future, or that previously implemented measures will not be reinstated, modified or replaced under alternative legal authorities.

The timing, scope and implementation of tariffs and other trade policy changes are uncertain and may change rapidly. To the extent implemented or expanded, such tariffs or retaliatory measures could have a material adverse effect on the Canadian economy and could adversely affect global trade flows, contributing to broader economic uncertainty or disruption. Any such developments may adversely affect the Company's business, operations, costs and expenses, revenue, cash flow, profitability, results of operations and financial condition.

The tariffs currently have no direct impact on the Company. The Company continues to closely monitor developments in U.S. and international trade policy, including the potential availability of tariff refunds arising from recent judicial decisions. However, there can be no assurance that additional changes to U.S. trade policy or retaliatory actions by Canada or other countries will not occur, or that such changes will not have an adverse impact on the Company.

(e) Foreign exchange risk

The Company is exposed to foreign exchange risk from various currencies, primarily the US dollar. Foreign exchange risk arises from sales and purchase transactions as well as recognized financial assets and liabilities that are denominated in a currency other than the Canadian dollar, which is the functional currency of the Company.

The Company's primary objective in managing its foreign exchange risk is to preserve sales values and cash flows and reduce variations in performance. Although management monitors exposure to such fluctuations, it does not employ any external hedging strategies to counteract the foreign currency fluctuations.

The following amounts are denominated in foreign currency:

	Currency	December 31, 2025	December 31, 2024
Cash	US Dollar	\$ 3,337,948	\$ 3,868,986
Cash	Indian Rupee	5,629,901	-
Accounts Receivable	US Dollar	\$ 5,685	\$ 1,169,825
Accounts Receivable	Indian Rupee	54,215,539	-
Accounts Payable	US Dollar	\$ 1,730	\$ 2,956
Accounts Payable	Indian Rupee	64,770,033	-

On December 31, 2025, an increase of 1% in the value of US dollar/Indian Rupee will result in a gain of \$46,000 (December 31, 2024 - \$28,689) in the value of cash, \$8,340 (December 31, 2024 - \$11,698) in accounts receivable and loss of \$9,876 (December 31, 2024 - \$30) in accounts payable. Similarly, a decrease of 1% in the value of US dollar/Indian Rupee will have similar effects but in opposite direction.

Critical Accounting Estimates

Estimated Useful Lives and Depreciation of Property and Equipment

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Valuation of Deferred Tax Assets

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Going Concern Risk Assessment

The assessment of the Company's ability to continue as a going concern and meet its liabilities for the ensuing year involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

Valuation of Research and Development Costs and Tax Credits

The Company claims investment tax credits as a result of incurring scientific research and experimental development expenditures. Investment tax credits are recognized when the related expenditures are incurred, and there is reasonable assurance of their realization. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim.

The Company's claim is subject to audit by Canada Revenue Agency which may allow more than the amount recorded or may disallow all or a portion of the amount recorded.

Fair Value of Options

Stock-based compensation expense is measured by reference to the fair value of the Options at the date at which they are granted. Estimating fair value for granted Options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, interest rate, and rate of forfeitures and making assumptions about them. Expected volatility is estimated using price history of comparable companies that are publicly listed over the expected life of the options granted.

Expected Credit Losses

The Company's accounts receivable are typically short-term in nature, with the exception of holdbacks and the Company recognized an amount equal to the lifetime expected credit losses ("ECLs"). The Company measures ECLs based on historical experience and forecasted economic conditions. The amount of the ECLs is sensitive to changes in future circumstance and economic conditions.

Valuation of Inventory

The Company's inventory is valued at the lower of average cost or net realizable value and management makes an estimate for any item that cannot be sold. If realization of inventory values differs from estimates, future earnings would be affected.

Outstanding Share Data

The Company has the following securities issued and outstanding as at the date of this MD&A:

Securities	Number Outstanding
Common shares	116,935,108
Options ⁽¹⁾	11,166,706
Deferred Share Units ⁽¹⁾	606,666
Compensation Warrants ⁽²⁾	1,468,501

Notes:

(1) The Company has the Omnibus Plan which provides for a wide range of incentive awards, including Options, DSUs, restricted share units, performance share units and other share-based awards to attract, retain and motivate Employees, Directors, Officers and Consultants of the Company (as such terms are defined in the Omnibus Plan). The Omnibus Plan is a "rolling up to 10% and fixed up to 10%" Security Based Compensation Plan, as defined in Policy 4.4 - Security Based Compensation of the TSXV. The Omnibus Plan is a: (a) "rolling" plan pursuant to which the number of common shares that are issuable pursuant to the exercise of Options granted under the Omnibus Plan shall not exceed 10% of the issued and outstanding common shares as at the date of any Option grant; and (b) "fixed" plan under which the number of common shares that are issuable pursuant to all awards other than Options granted under the Omnibus Plan and under any other security based compensation arrangement, in aggregate is a maximum of 11,693,510 common shares, in each case, subject to adjustment as provided in the Omnibus Plan and any subsequent amendment to the Omnibus Plan. The Shareholders approved the initial adoption of the Omnibus Plan at the Company's annual and special meeting held on June 1, 2022.

(2) Issued in connection with the Company's private placement of common shares completed on May 31, 2024 and June 7, 2024. Each compensation warrant entitles the holder to purchase one (1) common share at a price equal to \$0.40 per share for a period of two years from the date of issuance.

Additional Disclosure for Ventures Issuers Without Significant Revenue

For the years ended December 31, 2025 and 2024, the Company's material expensed research and development costs and general and administrative expenses are disclosed and discussed above under "Operating Expenses," including detailed breakdowns of their principal components. The Company did not incur any evaluation assets or expenditures, nor did it capitalise development costs or recognise internally generated intangible assets, during the periods presented. Other material costs incurred by the Company are described elsewhere in this MD&A.

Internal Control Over Financial Reporting

Management has established processes to provide it with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of 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 is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date at and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which 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 certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

1. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
2. 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 generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

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 DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca.

Approval

The Board of Directors has approved the disclosure contained in this MD&A.