



**SPARQ SYSTEMS INC.**

**Management's Discussion and Analysis**

**For the three and nine months ended September 30, 2025 and 2024**

**Dated November 27, 2025**

## ***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 unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2025 and 2024 and the audited consolidated financial statements and notes thereto for the years ending December 31, 2024 and December 31, 2023 (collectively, the "**Financial Statements**"). The Financial Statements have been prepared using International Accounting 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](http://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. 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 for the year ended December 31, 2024 and 2023 (the “AIF”) for a detailed description of the risk factors associated with the Company. The AIF may be found under the Company’s SEDAR+ profile at [www.sedarplus.ca](http://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 nine months ended September 30, 2025 and to the date of this MD&A*

- On November 10, 2025, the Company announced that it developed 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 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 it entered into a manufacturer's authorization and supply agreement (the "**Tumi 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 Agreement, Tumi has agreed to purchase the Company's 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 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 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 Agreement shall have an initial term of one year, unless terminated earlier in accordance with its terms, and shall automatically renew for an additional thirty days upon the expiry of the initial term, during which time the parties may agree to extend the Tumi 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, Sparq'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 CAD\$10,000 (plus applicable taxes) (the "**Monthly Fee**"). In addition to the Monthly Fee, 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 (as defined herein). The Investor Relations Agreement was terminated on October 24, 2025. As a result, 12,500 vested Options remain exercisable until February 22, 2026, and all unvested Options have been terminated.

- 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 has successfully commissioned assembly and test lines at IL JIN's manufacturing plant in Noida, India. The units produced to date have met the relevant quality control requirements.
- 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. This revolutionary product 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.

### ***Results of Operations***

For the three and nine months ended September 30, 2025, the Company incurred a net loss and net comprehensive loss of \$912,282 and \$3,520,932, respectively, compared to a net loss and comprehensive loss of \$971,680 and \$4,686,647, respectively, for the three and nine months ended September 30, 2024. The details of the net loss and net comprehensive loss are described below.

### ***Revenue***

Revenue for the three and nine months ended September 30, 2025 was \$1,081,250 and \$1,243,937, respectively, compared to \$360,285 and \$379,505 for the same periods in 2024. While the Company generated revenue during the period, it continued preparations and commissioning of the manufacturing operations of its contract manufacturer in India, as management implemented additional process controls to support further optimization. The optimization process was completed in Q4 of 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 three and nine months ended September 30, 2025 was \$981,953 and \$1,135,810, respectively, compared to \$334,987 and \$345,295 (for the three and nine months ended September 30, 2024). In Q1 of 2025, the Company expensed \$11,926 of inventory that was not expected to be used in future production. In the three and nine months ended September 30, 2024, the Company recognized inventory write downs of \$nil and \$51,846, respectively, primarily related to an impairment of finished goods and raw materials associated with products no longer expected to be manufactured or sold. Inventory is reviewed at the end of each reporting period to assess for obsolescence and necessary write-downs.

### ***Operating Expenses***

For the three and nine months ended September 30, 2025 and 2024, total operating expenses are detailed as follows:

Expenses		Three months ended September 30		Nine months ended September 30	
		2025	2024	2025	2024
		\$	\$	\$	\$
Research and development	(i)	418,507	276,823	1,132,224	810,804
Sales and marketing	(ii)	51,194	16,476	141,058	62,146
General and administration	(iii)	532,001	585,228	1,769,421	1,657,996
Depreciation of property and equipment	(iv)	74,900	36,590	223,323	102,132
Stock-based compensation	(v)	34,344	32,220	62,970	1,742,559
		<b>1,110,946</b>	<b>947,337</b>	<b>3,328,996</b>	<b>4,375,637</b>

- (i) Research and development costs include expenses such as building prototypes, certification, testing, project personnel salaries, and consulting fees. For the three and nine months ended September 30, 2025, research and developments costs increased by \$141,685 and \$321,421, respectively. 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 three and nine months ended September 30, 2025 and 2024, along with the respective variances, are as follows:

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Variance	2025	2024	Variance
Personnel	\$309,634	\$207,002	\$102,633	\$882,133	\$659,347	\$222,786
Professional fees	50,828	37,751	13,077	133,279	77,038	56,241
Beta Testing	11,024	-	11,024	11,024	10,391	633
Administration	-	7,365	(7,365)	5,413	8,095	(2,682)
Equipment Rental	-	3,041	(3,041)	-	7876	(7,876)
Lab Supplies and Materials	44,821	21,664	23,157	82,775	42,838	39,937
Certification and Safety Testing	2,200	-	2,200	17,600	5,219	12,381
	<b>\$418,507</b>	<b>\$276,823</b>	<b>\$141,684</b>	<b>\$1,132,224</b>	<b>\$810,804</b>	<b>\$321,420</b>

- (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 three and nine months ended September 30, 2025 and 2024, along with the respective variances, are as follows:

	Three months ended September 30			Nine months ended September 30		
	2025	2024	Variance	2025	2024	Variance
Professional fees	\$55,424	\$62,246	(\$6,822)	\$316,185	\$259,743	\$56,442
Salaries	272,993	257,430	15,563	822,184	744,316	77,868
Management fees	109,000	109,000	-	327,000	277,000	50,000
Office and general	80,467	85,180	(4,713)	233,307	256,214	(22,907)
Regulatory	14,117	71,372	(57,255)	70,744	120,723	(49,979)
	<b>\$532,001</b>	<b>\$585,228</b>	<b>(\$53,227)</b>	<b>\$1,769,421</b>	<b>\$1,657,996</b>	<b>\$111,425</b>

Certain variances in expenses were noted during the three and nine months ended September 30, 2025, compared to the prior period. The increase in salaries reflects operational growth. The reduction in regulatory fees was due to fewer compliance activities. Increases in professional fees and office and general expenses for the nine months ended September 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 the second quarter of 2024, which led to higher depreciation for the three and nine months ended September 30, 2025, relative to the comparative periods in 2024. The commencement of a new office lease in India during Q1 2025 also contributed to the increase in depreciation expense in the nine months ended September 30, 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 three and nine months ended September 30, 2025 compared to the three and nine months ended September 30, 2024.

Other income (expense items) included:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
<b>Other income (expense)</b>	\$	\$	\$	\$
Interest and accretion	(13,376)	(1,687)	(43,860)	(108,994)
Loss on derecognition of derivative liability	-	-	-	(98,402)
Interest income	15	19,382	10,199	19,946
Foreign exchange loss	112,728	(67,336)	(254,476)	(105,924)
	99,367	(49,641)	(288,137)	(293,374)

### ***Liquidity***

As at September 30, 2025, the Company had a cash balance of \$5,295,418 (December 31, 2024 - \$6,944,918) and working capital of \$7,307,678 (December 31, 2024 - \$10,740,197). The decrease in working capital was primarily due to the cash used in operating activities in the amount of \$1,409,267. 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.

As noted above, the cash used in operating activities for the nine months ended September 30, 2025 was \$1,409,267 (September 30, 2024 - \$4,372,836). These cash outflows were mainly attributable to the net loss for the period and the impact of changes in working capital items.

Cash used in financing activities for the nine months ended September 30, 2025 consisted of lease payments totaling \$152,779. In comparison, during the nine months ended September 30, 2024, cash from financing activities was \$11,593,663, primarily reflecting net proceeds from a private placement of \$11,444,980, proceeds from loans of \$175,000, and cash outflow from lease payments of \$26,317.

During the nine months ended September 30, 2025, the Company used \$87,454 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's current resources are sufficient to settle its current liabilities for the next 12 months. The Company currently does not have any commitments for capital expenditures. Management may need to raise additional capital to execute its business objectives and meet ongoing general and administrative requirements beyond the next 12 months. The Company has been successful in the past at raising necessary funds but the timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance by investors of small cap companies. There can be no guarantee that the Company will be able to secure any required financing. Given the volatility in financial markets it may be difficult to raise financing when needed. Failure to implement the Company's business plan could have a material adverse effect on its financial condition and financial performance. Accordingly, there are material risks and uncertainties that cast significant doubt over 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, R&D and product development, sales and distribution infrastructure.

Management will actively assess a variety of funding options and possible strategic partnerships to meet these anticipated expenditures.

The Company has received a payment demand from one of its suppliers with respect to a prior purchase order. The total amount of the demand is approximately \$1.38 million although management of the Company believes that the supplier is in default of the purchase order and therefore the Company does not have an obligation to make such payment. No provision has been recorded with respect to this demand.

***Selected Quarterly Information (all amounts in accordance with IFRS)***

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

<b>Financial Results</b>	<b>Q3 2025</b>	<b>Q2 2025</b>	<b>Q1 2025</b>	<b>Q4 2024</b>	<b>Q3 2024</b>	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>Q4 2023</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,081,250	162,687	-	1,275,360	360,285	16,654	2,566	189,976
Gross Profit (Loss)	99,297	8,830	(11,926)	(109,991)	25,298	(36,184)	(6,750)	(1,048,650)
Total Expenses	1,110,946	1,174,121	1,043,930	1,150,794	947,338	2,503,204	925,096	757,034
Net Loss	(912,282)	(1,538,053)	(1,070,598)	(967,695)	(971,681)	(2,768,911)	(946,057)	(1,922,200)
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)
Fully-diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)

The Company experienced an increase in revenue in Q3 2025 while it continued preparations and commissioning of the manufacturing operations of its contract manufacturer in India. Gross profit similarly increased in Q3 2025 relative to Q1-Q2 2025. This variance was mainly due to increased sales in Q3 2025. 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 expenditure during a specific quarter have been influenced by the availability of working capital, the availability of additional external financing and the status of projects and level of expenditure required to complete them. Given the past start up phases of the Company, there have been no seasonality factors or other trends that have affected the quarterly results.

***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 nine months ended September 30, 2025, the Company was charged \$300,000 (nine months ended September 30, 2024 - \$250,000) 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 September 30, 2025, \$nil (December 31, 2024 – \$nil) of this amount is included in accounts payable and accrued liabilities.
- (b) During the nine months ended September 30, 2025, the Company was charged \$27,000 (nine months ended September 30, 2024 - \$27,000) 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 September 30, 2025, \$12,000 (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 nine months ended September 30, 2024, the Company was charged \$340,975, under the Manufacturing Agreement. During the nine months ended September 30, 2025, the Company incurred \$23,917 in charges from Ti-Lane for residual services following termination. As at September 30, 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 three and nine months ended September 30, 2025:

	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Short-term compensation	\$ 109,000	\$ 109,000	\$ 327,000	\$ 277,000
Share-based payments	-	-	-	1,229,445
<b>Total</b>	<b>\$ 109,000</b>	<b>\$ 109,000</b>	<b>\$ 327,000</b>	<b>\$ 1,506,445</b>

## ***Risks and Uncertainties***

The Company's business is subject to a number of risk factors which are described in detail in this MD&A. 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 September 30, 2025 and December 31, 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 may provide credit to customers in the normal course of business. In such cases, it would perform ongoing credit evaluations and establish an allowance for expected credit losses based on historical experience and forward-looking information consistent with management's expectations. The Company does not normally require a guarantee. As at September 30, 2025, 99% of the Company's accounts receivables were comprised of outstanding balances from one customer (December 31, 2024 - 99%).

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 September 30, 2025, the current expected credit loss allowance was \$Nil (December 31, 2024 - \$Nil).

### (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:

	<b>Less than 1 year \$</b>	<b>1 to 5 years \$</b>	<b>Total \$</b>	<b>Carrying value</b>
Accounts payable and accrued liabilities	1,113,957	-	1,113,957	1,113,957
Lease liability	152,087	212,159	364,246	364,246
<b>September 30, 2025</b>	<b>1,266,044</b>	<b>212,159</b>	<b>1,478,203</b>	<b>1,478,203</b>

  

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

(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 Company's exposure to interest rate risk is limited primarily to cash balances (earning interest at market rates). Lease liabilities bear fixed rates. The Company does not use financial derivatives to decrease its exposure to interest risk.

(d) Tariff uncertainty

In 2025, the United States implemented targeted trade actions that may affect certain inputs relevant to the Company. These measures are continuously evolving.

Due to the current macroeconomic uncertainty relating to the tariffs, the potential financial impact (if any) on the Company's costs and supply chain cannot be reasonably estimated at this time. While the extent of the impact cannot be quantified at this time, these measures may have an adverse effect on the Company's operations.

(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 were denominated in foreign currency:

	Currency	September 30, 2025	December 31, 2024
Cash	US Dollar	\$ 3,705,998	\$ 3,868,986
Accounts Receivable	US Dollar	\$ 5,685	\$ 1,169,825
Accounts Payable	US Dollar	\$ 2,451	\$ 2,956

On September 30, 2025, an increase of 1% in the value of US dollar will result in a gain of approximately \$371,000 (December 31, 2024 - \$28,690). Similarly, a decrease of 1% in the value of US dollar 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 receivables 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 authorized capital of the Company consists of an unlimited number of common shares.

The Company has an omnibus equity incentive plan (the "**Omnibus Plan**") which provides for a wide range of incentive awards, including Options, deferred share units, 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. The Company has the following securities issued and outstanding as at the date of this MD&A:

<b>Securities</b>	<b>Number Outstanding</b>
Common shares	116,935,108
Options	11,179,206
Deferred Share Units <sup>(1)</sup>	551,979
Compensation Warrants <sup>(2)</sup>	1,468,501

**Note:**

(1) On November 27, 2025, the Company granted an aggregate of \$91,352 of Deferred Share Units (“DSUs”) to certain executive and non-executive employees with an effective grant date of November 27, 2025. The DSUs vest one year following the date of grant. The number of DSUs granted will be determined by the quotient of \$91,352 divided by the greater of: (i) the Market Price (as such term is defined in the Corporate Finance Manual of the TSX Venture Exchange) on the date of grant; and (ii) the volume-weighted average trading price of the common shares five business days after the last day of the Company’s black-out period.

As the final number of DSUs has not yet been determined, this issuance is not included in the total DSUs outstanding reflected in the table above.

(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.

***Internal Control Over Financial Reporting***

Management has established processes to provide them 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](http://www.sedarplus.ca).

***Approval***

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