



Aurora
Solar Technologies

AURORA SOLAR TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED 31 MARCH 2024 AND 2023

Stated in Canadian Dollars

DATE: 29 JULY 2024

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TO OUR SHAREHOLDERS

The following information should be read in conjunction with the Consolidated Financial Statements of Aurora Solar Technologies Inc. (“the Company”, or “Aurora”) for the years ended 31 March 2024 and 2023, and the related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). This discussion covers the years ended 31 March 2024 and 2023 and the subsequent period up to the date of the issuance of this Management Discussion and Analysis (“MD&A”). All amounts are expressed in Canadian dollars, unless otherwise indicated.

Additional information about the Company, including the audited Consolidated Financial Statements, and the notes thereto, for the years ended 31 March 2024 and 2023, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com.

Discussion of the Company, its operations and associated risks are further described in the Company’s filings, available for viewing at www.sedar.com. A copy of this MD&A will be provided to any applicant upon request.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may be deemed to be “forward-looking statements”. All statements in this discussion other than statements of historical facts, that address future events or developments that the Company expects, are forward-looking statements. Forward-looking statements reflect current expectations of management regarding future events and operating performance as of the date of the MD&A. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, investors are cautioned that such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements relate to future events or future performance and reflect the Company’s current estimates and expectations or beliefs regarding future events and include, without limitation, information or statements concerning the Company’s expectations of financial resources available to fund operations; general business and economic conditions; the Company’s ability to successfully execute its plans and intentions; the Company’s ability to obtain financing at reasonable terms through the sale of equity and/or debt commitments; dependence on a small number of key personnel; the Company’s ability to attract and retain skilled staff; political instability; market competition; future supply and demand, ability to procure inventory, production capabilities and price of products; the timing and amount of estimated future production; costs of production; government regulation, operations, limitations of insurance coverage; delays in obtaining governmental approvals or financing or in the completion of development activities; and the ability of the Company to continue as a going concern. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those



described in forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully, and thus, readers should not place undue reliance on the Company's forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. These forward-looking statements are made as of the date hereof.

GENERAL

The Company was incorporated under the laws of the Province of British Columbia, Canada on 26 October 2006.

On August 25, 2022, Aurora acquired 100% of the outstanding share capital of BT Imaging Pty. Ltd. ("Bti"), a global leader in photoluminescence (PL) imaging tools and instruments for photovoltaic ("PV") material inspection and quality control. Bti was incorporated in 2007 in the State of New South Wales, Australia as a private limited company to commercialize imaging technology originally developed at the University of New South Wales School of Photovoltaic and Renewable Energy Engineering. The purpose of this strategic acquisition was to transform the Company by combining metrology expertise, intellectual property, and smart factory concepts associated with machine vision products, defect characterizations and manufacturing understanding to create an innovative PL platform for the solar industry ecosystem. This innovative PL platform is based on proprietary imaging tools and predictive learning software capabilities to provide end users with intelligent analytics and artificial intelligence ("AI") to improve quality, reliability and cell-to-module efficiencies.

As background, the majority of solar panels or modules seen on rooftops and large-scale "solar energy farms" are made from purified silicon that is formed into ingots, sawn into silicon wafers and then produced to create solar cells then modules. In solar cell research and production design applications, Bti's R series products are used to inspect and characterize wafer materials, examine experimental and production cell design results, and to verify their electrical performance for comparison to design objectives for manufacturing purposes. Bti's R series products are state of the art metrology tools used to evaluate new cell materials and processing steps to improve cell efficiency, including multi-junction, perovskite and thin film solar cells. In silicon wafer production, the R series products are used to determine optimal wafer slicing locations in each ingot by sensing the extent and locations of impurities that can affect finished cell performance.

Bti's W series products are used later in wafer production or at the incoming stage of cell production for quality assurance and classification of the as-cut wafers. As chemical and thermal processes transform the wafers from inert substrates to energy-generating solar cells, Bti's W and C series products are utilized for inline production inspection and quality control purposes. Solar cells are then wired together and framed to form modules. Performance of finished modules is largely determined by the wafer material quality, the cell design and manufacturing quality control, and the module assembly quality control. Bti's M series products are used for module quality control and process optimization during production. The W, C and M series products are strategically important to the

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Company's growth strategy for inline production applications and is an integral component of its intelligent PL platform.

To improve manufacturing plant performance, the Company is able to combine BT Imaging's machine vision and non-contact PL metrology measurement products with the ability to characterize data to improve cell-to-module efficiencies as an intelligent PL based platform. Through machine vision, data provided from the Company's measurement and inspection products provides the means through proprietary machine learning and defect characterizations to perform real time diagnostics for quality assurance and reliability purposes. The Company expects its intelligent PL platform to provide advanced cell and module manufactures with a competitive advantage and is positioned to mitigate risk associated with reliability and bankability on behalf of power project developers.

The address of the Company's corporate and administrative office and principal place of business is Suite 900, 2025 Willingdon Avenue, Burnaby, BC V5C 0J3.

MARKET POSITION AND DEVELOPMENT

The Company's focus is on top-tier manufacturers of PV products and strategic members of the solar ecosystem who value the benefits of integrated measurement and process control and its intelligent PL platform. Currently, the majority of the world's solar product manufacturing is conducted by Chinese companies in China and in other locations, primarily in the Southeast Asia region. In addition, new market opportunities are expected to emerge in Australia, North America, Asia Pacific and Europe. The Company has sales agent agreements in place to develop market opportunities in India, Asia Pacific and Europe and intends to expand to the United States. The combined business has sales and technical service facilities in China with sales, product development and technical support in Sydney, Australia and Vancouver, Canada.

The solar or PV energy industry is fast-growing with rapid technological advancements that is gaining importance within the energy sector. Wafer, cell and module configurations have all changed, with increasing sizes, advanced materials and performance demands. The pace of change is not slowing with new government initiatives recently announced in Australia, North America, India, Europe and China. In addition, geo-political risks associated with PV manufacturing and supply chains including, those within the Chinese and United States markets are expected to adjust quickly to meet the increasing demand for solar power. This changing industry landscape presents growth opportunities for the Company based on its contactless intelligent PL platform that embraces emerging trends with the reduction of high value metals, greater automation, integrated facilities, and next generation of solar cells and modules. As a result of the BT Imaging acquisition, the Company is better positioned to bring its intelligent PL platform and expertise deeper into the evolving PV ecosystem.

HIGHLIGHTS, SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

During the year ended 31 March 2024, the Company achieved \$10.9M in revenue, a record performance by BT Imaging and the highest amount of revenue and product orders since the Company's inception.

Leadership's focus on corporate restructuring and reinvigorating the sales and technical capabilities of the combined business has led to improved financial and operating performance during the year ended 31 March 2024, including an adjusted EBITDA of \$1,016,652 as compared to the same period last year of (\$2,016,741). The

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Company is self-funding and has been successful in attracting expertise and is investing in its intelligent PL platform to diversify and grow the business. During the three months ended 31 March 2024 the Company achieved an adjusted EBITDA¹ of \$383,348, as compared to the same period last year of (\$478,819). These achievements validate the transition of the merged business.

During the year ended 31 March 2024, the Company signed a sales agreement for certain customer opportunities in India and received its first product order in July 2024.

During the year ended 31 March 2024, the Company secured its initial module and inline wafer product sales in the United States.

On 17 March 2024, the Company announced a stock option grant of 5,250,000 options exercisable at \$0.05 for a 5-year period term.

During to the year ended 31 March 2024, the Company amicably resolved the Shanghai International Arbitration Center (“SHIAC”) matter as disclosed in Note 18 of the consolidated financial statements.

On 16 November 2023, the Company announced the appointment of Mr. James Tunkey to the Board of Directors as an independent director. The Company also announced a stock option grant of 1,000,000 options exercisable at \$0.05 for a five-year period term. In addition, the Company provided a status update on organizational restructuring and that it is actively positioning for growth beyond the existing BT Imaging product market segments in order to leverage its expertise and technology platform.

On 15 September 2023, the Company provided a corporate update regarding the integration of Bti, and the PV solar energy product manufacturing market growth. The Company announced that it is capitalizing in this expanding PV market and that it has started to realize synergies. The Company is generating sufficient cash flow to support an expanded product and market roadmap. The Company has increased engineering headcount to develop these new diversification opportunities, including product lifecycle improvements and inline PL production applications.

On 10 July 2023, the Company announced the formal creation of an advisory board that includes Budi Tjahjono a solar industry expert with strong manufacturing and supply chain experience and Wang Wei a specialist within the chemical and energy industry in China. The Company also announced the granting of an aggregate of 17,800,000 stock options to certain directors, officers, consultants, and employees. The stock options are exercisable at \$0.05 per share, for a period of 5 years and vest over 3 years.

On 10 July 2023, the Company also announced the appointment of Mr. Brett Freeman as the Managing Director of Bti, based in Sydney, effective 14 August 2023. As part of Mr. Freeman’s long-term incentive package, the Company announced a stock option grant of 8,500,000 options exercisable at \$0.05 per share for a period of 5 years, vesting over 3 years.

¹ Defined in the “ADDITIONAL GAAP AND NON-GAAP MEASURES” section of this document.

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During the year ended 31 March 2024, the Company commissioned a third-party market survey to develop its product and market strategy. This survey focused on customers and strategic suppliers to assess competitive advantage of existing products and opportunities associated with machine learning and smart factory solutions that leverage the Company's core imaging products for in line production purposes.

On 22 June 2023, the Company provided a corporate update regarding the integration of Bti with efficiencies that included the closing of the Aurora Chinese office and maximizing synergies among sales, technical and administration teams.

During the year ended 31 March 2024, representatives from both the Company and Bti attended the SNEC 16th Photovoltaic Power Generation and Smart Energy Conference held in Shanghai, China. Bti presented its new R-MJ (multi-junction) product at the SNEC conference for the characterization of next generation of tandem solar cells.

To validate strategic direction initiatives with its product and market roadmap, the Company met with key industry partners at the US PV Tech Conference held in San Francisco, United States. The Company also presented at the 50th IEEE Photovoltaic Specialists Conference ("PVSC") held in San Juan, Puerto Rico and attended the EU PVSEC 2023 held in Lisbon, Portugal for business development purposes.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD END

Subsequent to the year ended 31 March 2024, the Company provided a corporate update regarding the restructuring, strengthened capabilities, market growth and positioning within the PV solar energy product manufacturing market growth. The Company announced that it was on track for record revenue within the history of BT Imaging, which it achieved. Year over year sales growth as measured by a combination of orders and product shipments that drive revenue and was anticipated to be approximately 20% for the fiscal year 2024 as compared to fiscal year 2023, which it achieved. The Company has a solid balance sheet, is self-funding and its sales pipeline is diversifying with vetted product opportunities in the United States and India. The Company announced it had successfully imaged tandem cells for the first time with its new R-MJ (multi-junction) product where customer interest is starting to emerge for the next generation of solar cells. The Company also announced that it had issued 5,250,000 options to an officer and consultants exercisable at \$0.05 for a five-year term, vesting over three years. It is expected several of these consultants will join the Company full time during the second half of 2024.

Subsequent to the year end, the Company issued an additional 1,250,000 options to employees of the Company, with a five-year term, vesting over three years.

Subsequent to the year end, Bti received a favourable ruling from the Board of Appeals of the German patent office relating to a third-party objection of certain claims with one of its European patents.

Subsequent to the year end, Bti has entered into a third-party collaboration arrangement to validate an inline PL platform application that is expected to lead to its first commercial sale prior to the end of the calendar year.



Also subsequent to the year end, Bti is in the process of finalizing a AUD2,000,000 trade facility that is expected to close in Q2 of Fiscal 2025 (subject to certain conditions).

RESULTS OF OPERATIONS

The total comprehensive loss attributable to the shareholders for the fiscal year ended 31 March 2024 was \$60,042 compared to the comprehensive loss of \$4,320,208 during the fiscal year ended 31 March 2023. The net loss and comprehensive loss for the three months ended 31 March 2024 was \$257,741 compared to the comprehensive loss of \$1,612,479 for the three months ended 31 March 2023. The primary difference in operational results is due to the acquisition of BT Imaging, restructuring of the combined business and disciplined working capital management to self-fund development to build strategic value and position for growth. During the three months ended 31 March 2024 the Company expensed \$Nil (2023-\$692,375) in acquisition related costs.

The reasons for the fluctuations in the results of operations are as follows*:

Rounded (000's)	12 Months 2024	12 Months 2023	3 Months 2024	3 Months 2023
Product sales	\$ 10,915,000	\$ 5,509,000	\$ 1,960,000	\$ 1,728,000
Variance increase (decrease)	5,406,000		232,000	

During the fiscal year ended 31 March 2024, product sales are mostly derived from the Company's metrology tools. For the twelve and three months ended 31 March 2024, revenues increased over the past year following the acquisition, largely due to enhanced efforts in integrating Bti's operations, optimizing cross-functional teams, targeting new and existing sales opportunities and improving shipping turnaround times; revenue recorded was consistent with management's expectation post-acquisition. For the comparable fiscal year ended March 31, 2023, Aurora acquired Bti mid-year and subsequently recognized associated sales on a proportional period basis.

Rounded (000's)	12 Months 2024	12 Months 2023	3 Months 2024	3 Months 2023
Cost of sales	\$ 4,702,000	\$ 2,754,000	\$ 901,000	\$ 974,000
Variance increase (decrease)	1,948,000		(73,000)	

During the fiscal year ended 31 March 2024, costs of sales increased during the twelve months as a result of the increased sales revenue. Cost of sales consists primarily of raw materials, direct labour, transportation costs and indirect overhead. Factors that affect the cost of sales include raw material prices, particularly high-quality specialized components, which are difficult to source and, the cost of continuous improvement for product technical advancements. For the comparable fiscal year ended March 31, 2023, Aurora acquired Bti mid-year and subsequently recognized associated cost of sales on a proportional period basis.

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Rounded (000's)	12 Months 2024	12 Months 2023	3 Months 2024	3 Months 2023
Sales and Marketing	\$ 1,518,000	\$ 1,293,000	\$ 491,000	\$ 522,000
Variance increase (decrease)	226,000		(31,000)	

The increase in costs from the same comparable period last year is attributable to the combined operations net of restructuring synergies. During the twelve months ended 31 March 2024, the Company made technical presentations and business development initiatives at the SNEC 16th Photovoltaic Power Generation, and Smart Energy Conference in Shanghai, China, at the 50th IEEE PVSC held in San Juan, Puerto Rico and EU PVSEC 2023 held in Lisbon, Portugal and the US PV Tech Conference held in San Francisco, USA. Sales and marketing costs will increase or decrease period over period based on business development activities and as commission and other third-party agency costs directly correspond to fluctuations in sales. For the comparable fiscal year ended March 31, 2023, Aurora acquired Bti mid-year and subsequently recognized associated sales and marketing costs on a proportional period basis.

Rounded (000's)	12 Months 2024	12 Months 2023	3 Months 2024	3 Months 2023
General and administrative	\$ 3,277,000	\$ 2,500,000	\$ 1,056,000	\$ 886,000
Variance increase (decrease)	777,000		170,000	

The increase in costs from the same comparable period last year is attributable to the combined operations that have incremental higher revenues and greater complexity of operations net of cost savings derived from synergies. During the twelve months ended 31 March 2024, the Company reallocated merged resources to focus on key product lifecycle improvements, new product developments, operational improvements, financial reporting and business development to support strategic growth initiatives. In addition, during the twelve and three months ended 31 March 2024 the Company recorded audit fees of \$233,000 (2023-\$213,000). For the comparable fiscal year ended March 31, 2023, Aurora acquired Bti mid-year and subsequently recognized associated general and administrative costs on a proportional period basis.

Rounded (000's)	12 Months 2024	12 Months 2023	3 Months 2024	3 Months 2023
Research and development	\$ 839,000	\$ 1,411,000	\$ 215,000	\$ 150,000
Variance increase (decrease)	(572,000)		65,000	

The decrease in costs from the same comparable period last year is attributable to the combined operations net of restructuring synergies and R&D investment. During the twelve months ended 31 March 2024, the Company reallocated merged R&D resources to support Bti's product and market roadmap and eliminated Aurora specific activities and facilities. During the twelve months ended 31 March 2024, the Company has focused its sustaining R&D investment in lifecycle product enhancements and product development associated with its intelligent PL platform for inline cell and module applications.

[*Aurora's acquisition of Bti closed 25 August 2022, and Bti's accounts were recognized subsequent to that date, for the comparable period ended 31 March 2023.]

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SELECTED ANNUAL INFORMATION

Financial Data for the past four annual periods:

Fiscal Year Ended Rounded (000's)	Mar-2024	Mar-2023 ⁽²⁾	Mar-2022	Mar-2021 ⁽¹⁾
Total Revenues	\$ 10,915,000	5,509,000	-	1,866,000
Loss from Continuing Operations	\$ (334,000)	(3,768,000)	(4,382,000)	(3,771,000)
Loss and Comprehensive Loss for the Year	\$ (60,000)	(4,320,000)	(4,247,000)	(3,520,000)
Loss per Share (Basic and Diluted)	\$ (0.00)	(0.02)	(0.03)	(0.03)
Total Assets	\$ 10,195,000	9,422,000	3,189,000	3,816,000
Working Capital ⁽³⁾	\$ 3,826,000	3,732,000	2,017,000	2,511,000

⁽¹⁾ For comparative purposes, information for the year ended 31 March 2021 was restated due to a change in presentation for Finance Cost which was formerly included in "Loss from Continuing Operations" and is now included in "Loss and Comprehensive Loss for the Year". There is no impact on net income, retained earnings, or assets and liabilities as a result of this change.

⁽²⁾ The first fiscal year with the inclusion of 100% wholly-owned subsidiary, Bti.

⁽³⁾ "Working Capital" is defined as current assets minus current liabilities.

FINANCIAL DATA FOR LAST EIGHT QUARTERS

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited condensed interim consolidated financial statements prepared by management. The Company's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three Months Ended	24-Mar	23-Dec	23-Sept	23-Jun	23-Mar	22-Dec	22-Sept	22-Jun	22-Mar
Total Revenues	1,959,955	4,289,597	2,742,761	1,922,309	1,728,676	3,393,453	386,608	-	-
Income (loss) from continuing operations for the period	(342,873)	514,533	(182,369)	(206,928)	(2,018,143) ⁽¹⁾	(347,976)	(1,110,678)	(1,003,006)	(1,132,672)
Income (loss) per share (Basic and diluted)	(0.002)	0.004	(0.001)	0.000	(0.009)	(0.002)	(0.006)	(0.007)	(0.008)
Total assets	10,195,179	11,842,949	11,030,812	10,241,811	9,422,304	11,615,282	13,719,459	2,171,565	3,188,774
Working capital	3,826,257	4,201,003	3,124,523	3,420,888	3,731,861	4,778,553	4,990,697	1,110,750	2,017,393

⁽¹⁾ Final purchase price adjustment recognized in the period.

Management has allowed Working Capital to remain greater than expected outflows in each quarter, despite variations in timing of sales orders.

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OUTSTANDING SHARES

As of 31 March 2024, the Company had 222,194,076 common shares issued and outstanding. The fully diluted amount of 263,760,740 represents Nil warrants and options of 41,566,664.

As of the date of this MD&A, the Company had 222,194,076 common shares issued and outstanding. The fully diluted amount of 265,010,740 represents Nil warrants and options of 42,816,664.

During the fiscal year ended 31 March 2024, the following options expired or were forfeited:

30,000 options expired from the 23 April 2018 issuance,
250,000 options expired from the 8 August 2018 issuance,
1,900,000 options expired from the 30 October 2018 issuance,
283,336 options forfeited from the 24 February 2021 issuance,
150,000 options forfeited from the 25 March 2022 Issuance, and
1,850,000 options forfeited from the 10 July 2023 issuance.

Subsequent to the fiscal year ended 31, March 2024, 1,250,000 options were issued to an employee of the Company.

LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY

The Company's Working Capital surplus on 31 March 2024, was \$3,826,257 compared with \$3,731,861 on 31 March 2023.

Cash (used in) provided by investing activities during the period ended 31 March 2024 totalled (\$262,903) (31 March 2023 – \$2,238,239).

Cash (used in) provided by financing activities during the period ended 31 March 2024 totalled (\$236,033) (31 March 2023 - \$910,470).

Actual future funding requirements may vary from those planned due to several factors, including timing of sales and changes in the pace of research and development with respect to current and future products and potential value enhancing transactions to support growth.

Management believes it will be able to raise debt or equity financing as required in the long-term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions through the capital markets and most recently through the acquisition of self-funding entities, such as, the Bti transaction.

Although the Company has been successful in the past in obtaining financing through the capital markets, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

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CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustment to it, based on the funds available to the Company, to support the development of the Company's measurement technologies as well as the Company's operations. The Company includes components of equity in its managed capital. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance investments of the Company.

Management reviews its capital management approach on an ongoing basis and believe that this approach, given the size of the Company, is reasonable. The Company currently is not subject to externally imposed capital requirements.

RELATED PARTY TRANSACTIONS

Key management personnel include the members of the Board of Directors and executive officers of the Company.

Related party transactions are recorded as part of the general and administrative expenses on the Consolidated Statement of Loss and Comprehensive Loss, and include the following expenses recognized during the period:

Principal Position Rounded (000's)	31 March 2024	31 March 2023
Wages and short-term benefits	\$ 901,000	\$ 561,000
Share based payments	268,000	377,000
Total Remuneration	\$ 1,169,000	\$ 938,000

Included in amounts payable on the Consolidated Statement of Financial Position is \$150,000 (31 March 2023 - \$31,989) due to related parties with respect to professional fees, wages and short-term benefits, and expense reimbursements, and are non-interest bearing.

During the fiscal year ended 31 March 2024, the Company incurred \$15,000 (2023 - \$78,050) in legal fees from a company in which a director is a partner. The Company also incurred \$113,678 (2023 - \$299,364) in consulting fees from companies in which directors are owners. These indirect costs are in the normal course of business operations and are measured at fair value.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as of 31 March 2024, and as of the date hereof.



ADDITIONAL GAAP AND NON-GAAP MEASURES

This MD&A makes reference to certain additional GAAP and non-GAAP financial measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. The Company uses Loss from Operations as an additional GAAP measure and uses non-GAAP financial measures, including Adjusted Earnings Before Interest, Tax and Amortization ("Adjusted EBITDA"), to provide investors with supplemental measures of its operating performance and to highlight trends in their core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Gross profit and Gross margin

The Company defines "gross profit" as revenue less cost of sales and "gross margin" as gross profit as a percentage of revenue. Gross profit and gross margin should not be construed as an alternative for revenue or net loss determined in accordance with IFRS. The Company believes that gross profit and gross margin are meaningful metrics in assessing the Company's financial performance and operational efficiency.

Loss from Operations

The Company uses Loss from Operations as an additional GAAP financial measure within the financial statements and MD&A, but it is not a defined term under IFRS to assess performance. Management believes that this measure provides useful supplemental information to investors and is computed consistently for each reporting period. Loss from Operations is calculated as total revenues less total operating expenses derived from the Statement of Comprehensive Loss. This measure provides an indication of financial performance excluding the undernoted items such as foreign exchange, other income, and expenditures (which typically include non-recurring transaction) and interest expense. As a result, management believes that this metric provides a clearer picture of the ongoing financial performance of the Company from operating activities. This metric is used by management to analyze operating performance, but it is not intended to represent an alternative to net earnings or other measures of financial performance in accordance with IFRS.

Adjusted Net Income (Loss) from Operations

Management believes that Adjusted Net Income (Loss) from Operations is a useful measure of performance that can facilitate period-to-period comparisons, as it excludes items that do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance. Adjusted Net Income (Loss) from Operations is calculated as Loss from Operation less non-cash items. The exclusion of non-cash items in Adjusted Net Income (Loss) from Operations does not, however, imply that these items are necessarily non-recurring. These measures do not have any standardized meaning prescribed by GAAP and therefore, may not be comparable to similar measures presented by other companies.

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The following table summarizes the Company's Loss from Operations for the twelve and three months ended 31 March 2024 and 2023:

	For The Year Ended 31 March 2024	For The Year Ended 31 March 2023	Three Months Ended 31 March 2024	Three Months Ended 31 March 2023
Revenue	\$ 10,914,622	\$ 5,508,737	\$ 1,959,955	\$ 1,728,676
Cost of sales	(4,701,702)	(2,753,972)	(728,067)	(974,364)
Gross margin	6,212,920	2,754,765	1,231,888	754,312
Operating expenses	6,546,863	6,522,775	1,982,125	2,213,357
Loss from operations	\$ (333,943)	\$ (3,768,010)	\$ (750,237)	\$ (1,459,045)
Adjustment for non-cash items	1,085,584	1,318,655	218,579	663,466
Adjusted net income (loss) from operations for the period excluding non-cash items	\$ 751,641	\$ (2,449,355)	\$ (531,658)	\$ (795,579)

Adjusted EBITDA

Adjusted EBITDA should not be construed as an alternative to net earnings, cash flow from operating activities or other measures of financial results determined in accordance with GAAP as an indicator of the Company's performance. The Company defines "Adjusted EBITDA" as loss before income taxes less interest, depreciation, and amortization, provision for arbitration, acquisition related expenses, net other expenditures (income), and stock-based compensation. The Company believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives. Adjusted EBITDA for the twelve and three months ended 31 March 2024 and the comparable period in fiscal 2023 was as follows:

	For The Year Ended 31 March 2024	For The Year Ended 31 March 2023	Three Months Ended 31 March 2024	Three Months Ended 31 March 2023
Net income (loss) after tax	\$ (217,637)	\$ (4,479,803)	\$ (342,873)	\$ (1,850,182)
Income tax	142,632	192,884	420,629	192,884.00
Depreciation and amortization	519,448	495,907	144,940	203,726
Interest expense	19,907	19,030	2,932	7,314
Other expenses	45,333	317,385	172,656	211,307
Provision for arbitration	233,844	-	24,894	-
Acquisition cost	-	894,008	-	692,375
Share based compensation	273,125	543,848	(39,830)	63,757
Adjusted EBITDA	\$ 1,016,652	\$ (2,016,741)	\$ 383,348	\$ (478,819)



CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the critical judgements and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Consolidated Financial Statements.

Critical judgements in applying accounting policies

Revenue recognition

The amount of revenue recognized is adjusted for expected returns, which are estimated by management based on the historical data for the related types of goods sold. Actual results may differ from management estimates. Revenue is recognized once the control of a good or service is transferred to a customer and is available to make use of the good or service. Contracts detail the specific performance obligations associated with the distinct service or good provided. In the instance of a contract that does not specify distinct goods and services, the one performance obligation may include several goods or services that are provided to a customer and delivered against a performance metric. Judgement is used to determine whether multiple promised goods or services in a contract should be accounted for separately or as bundle. Judgement is also exercised to the extent of determining the stand-alone price to be allocated to each of the promised goods and services.

Key sources of estimation uncertainty

Inventory valuation

The Company's raw inventory is only valuable to the extent that it can be turned into saleable product. Inventory must be measured at lower of cost and net realizable value and the Company must estimate that the measurement criteria used has not changed. The Company reviews its inventory to determine whether its carrying value exceeds the net amount realizable upon the ultimate sale of the inventory. This requires the Company to determine the estimated selling price of its units less the estimated cost to convert the inventory on-hand into a finished product.

Estimates of net realizable value require assessment of the impact of technological changes and estimates of salvage values if products or components are judged obsolete. Any future changes in the estimated inventory valuation could have a material adverse impact on our financial condition and results of operations.

Impairment testing

The Company assesses impairment of tangible and intangible assets with finite lives when an impairment indicator arises (e.g. change in use or discontinued use, obsolescence or physical damage). If indication of impairment exists, the assets recoverable amount is estimated. In the case of goodwill and intangibles within infinite lives, the Company tests at least annually for impairment, in accordance with IAS 36 Impairment of Assets. The recoverable amounts of cash-generating units ("CGU") are determined based on the greater of their fair value less costs of disposal and value in use which require the use of estimates and judgements.



When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the CGU level. In assessing impairment, the Company compares the carrying amount of the asset or CGU to the recoverable amount, which is determined as the higher of the asset or CGU's fair value less costs of disposal and its value-in-use. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. An impairment loss is recognized whenever the carrying amount of the asset or CGU exceeds its recoverable amount and is recorded in the consolidated statements of loss and comprehensive loss.

The Company tests goodwill and indefinite life intangible assets for impairment on an annual basis at 31 March or whenever events or changes in circumstances indicate that the asset's carrying amount may be less than its recoverable amount.

For impairment tests performed as at 31 March 2024, the recoverable amount of the CGU was determined based on its value-in-use using a discounted cash flow approach. Discounted cash flows were based on five-year cash flow projections derived from financial budgets or forecasts approved by management and the Board of Directors that include certain estimates and assumptions regarding annual growth rates, operating margins, and discount rates. These future cash flows consider the CGU's past performance, market share, economic trends, specific and market industry trends, and corporate strategies.

For the year ended 31 March 2024, the Company used the below assumptions, as presented in the following table, to ascertain the estimated recoverable amount of the CGU. Based on the assumptions used, no impairment for goodwill arose in fiscal year ended 31 March 2024.

	For the Year Ended 31 March 2024	For the Year Ended 31 March 2023
Compound annual growth rate on revenues	11.0%	5.0%
Pre-tax adjusted discount rate	21.4%	26.3%

Sensitivity Analysis

The following sensitivity have been performed for the CGU:

- estimated future profitability 5% lower than managements estimates;
- terminal value assuming zero growth; and
- pre-tax discount rate 5% higher than managements estimates.

Applying these assumptions resulted in the value-in-use still being in excess of the assets carrying values. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.



Amounts receivable

The Company estimates the recoverability of amounts receivable based on assessments of client credit ratings, payment history and other related items. Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, as well as observable charges in and forecasts of future economic conditions that affect default risk.

Provisions and contingent liabilities

A provision is recognized if the Company has a present legal or constructive obligation, as a result of past events, that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation for product liability, accrual of product warranties, liabilities for potential litigation claims and settlements. Management must use judgement in determining whether all the above three conditions have been met to recognize a provision or whether a contingent liability is in existence at the reporting date. Should an event change that impacts the recognition of a provision or a contingency, the impact could be materially different from management's initial estimate and affect future Consolidated Financial Statements.

During the fiscal year ended 31 March 2024, the Company settled the arbitration awarding the Customer with a non-cash settlement of USD165,000 to be applied against a new equipment purchase contract. Please refer to Note 18 of the Company's Audited Financial Statements for the year ended 31 March 2024.

Accounting for acquisitions

Determining the fair value of assets acquired and liabilities assumed and resulting goodwill, if any, requires that management make certain judgements and estimate taking into account information available at the time of acquisition about future events, including, but not restricted to, future supply, future demand, inventory, production and price of products and the timing and amount of future production.

The judgments made in determining the estimated fair value assigned to the net identifiable assets acquired, as well as the estimated useful life of non-financial assets, could impact the net income of subsequent periods through depreciation and amortization, and in certain instances through impairment charges. The Company believes that the estimated fair values assigned to the net identifiable assets acquired are based on reasonable assumptions that a marketplace participant would use. While we use our best estimates and assumptions to accurately value the net identifiable assets acquired at the acquisition date, estimates are inherently uncertain and subject to refinement. To estimate the fair value of the customer relationships of Bti, a multi-period excess earnings method ("MEEM") was used to value customer relationships and the relief from royalty method approach to value the patents and software. Significant judgment is applied in estimating the fair value of customer relationships and the technology acquired, which involves the use of significant assumptions, such as an EBITDA margin, application of a discount rate and projected revenues. During the measurement period, for up to 12 months following the acquisition, we recorded adjustments to the initial estimate of the net identifiable assets acquired based on new information obtained that would have existed as of the date of the acquisition.



FINANCIAL INSTRUMENTS AND RISK FACTORS

a) Fair value measurement

The Company classifies its fair value measurements with a fair value hierarchy, which categorizes into three levels the inputs used in making the measurements. The three levels of hierarchy are:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

b) Classification of fair values of financial assets and liabilities

Financial instruments of the Company carried on the Consolidated Statements of Financial Position are carried at amortized cost or fair value through profit or loss.

The Company's financial assets classified as amortized cost include cash and amounts receivable. Amounts payable and accrued liabilities are classified as financial liabilities at amortized cost. The carrying value of these financial assets and liabilities approximate the fair value because of their short-term nature.

Lease liabilities and the term loan are also classified as other financial liabilities at amortized cost and are subsequently measured using the effective interest method.

c) Other risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operations and budgets accordingly.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is both from its bank accounts as well as from credit sales. The Company is exposed to credit risk by holding cash, which are all held in financial institutions in Australia, Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant. The Company's other exposure to credit risk is through its amounts receivable that are made up



of a small number of customers. Management assesses the credit risk of new customers as well as monitors the creditworthiness of existing customers through a review of the trade receivables' aging analysis. The Company determines the allowance using an expected credit loss ("ECL") model. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. As at 31 March 2024 the Company has \$604,974 (2023 - \$1,183,456) in trade amounts receivable.

e) Interest rate risk

Interest rate risk is the risk of losses that arise because of changes in contracted interest rates. The Company maintains cash in accounts at Canadian chartered banks, a Chinese state-owned commercial bank and an Australian big four bank, that all bear interest at nominal rates. The Company's lease liabilities and long-term debt are based on fixed interest rates. The Company's exposure to interest rate risk is nominal.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk, as it deals with customers and vendors in currencies other than its functional currency. A 5% change in exchange would impact the financial statements by (\$19,000) (31 March 2023- \$61,000). As at 31 March 2024, the Company held currency totalling the following:

Rounded (000's)	Sensitivity (CAD\$)	31 March 2024	31 March 2023
Cash in United States dollars	5% \$ (109,000)	\$ 1,614,000 USD	\$ (118,000) USD
Cash in Chinese RMB	5% \$ (2,000)	\$ 173,000 RMB	\$ (1,000) RMB
Cash in Australian dollars	5% \$ (29,000)	\$ 668,000 AUD	\$ (18,000) AUD
Cash in Euros	5% \$ -	\$ 6,000 EURO	\$ - EURO
Amounts receivable in United States dollars	5% \$ (30,000)	\$ 442,000 USD	\$ (54,000) USD
Amounts receivable in Australian dollars	5% \$ (7,000)	\$ 159,000 AUD	\$ (3,000) AUD
Amounts payable in United States dollars	5% \$ 10,000	\$ (142,000) USD	\$ 14,000 USD
Amounts payable in Chinese RMB	5% \$ 5,000	\$ (522,000) RMB	\$ 5,000 RMB
Amounts payable in Australian dollars	5% \$ 27,000	\$ (619,000) AUD	\$ 17,000 AUD
Amounts payable in Euros	5% \$ -	\$ (1,000) EURO	\$ 2,000 EURO
Deferred Revenue in United States Dollars	5% \$ 116,000	\$ (1,713,000) USD	\$ 95,000 USD



g) Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company’s objective in managing this is to maintain readily available reserves to meet its liquidity requirements at any point in time.

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. The Company’s ability to fund its operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, and regulatory conditions, and other factors, some of which are beyond its control. The Company’s primary short-term liquidity needs are to fund its net operating losses and lease payments. The Company’s medium-term liquidity needs primarily relate to lease payments. The Company’s long-term liquidity needs primarily relate to potential strategic plans.

In an effort to manage liquidity prudently while the Company moves toward profitability and positive cash flows, the Company, during the year ended 31 March 2023, completed the acquisition of Bti, a revenue-generating and cash-flow positive entity and implemented an operational restructuring of the combined business.

The above initiative provided the Company with increased liquidity and flexibility to meet its financial commitments and continue operations.

The table below presents the contractual maturity of the Company’s financial liabilities, including both principal and interest payments as at 31 March 2024:

	Less than 1 year	1 to 3 years	Total¹
Amounts payable and accrued liabilities	\$ 1,272,525	\$ -	\$ 1,272,525
Lease Liabilities	212,721	110,194	322,194
Term Loan	9,847	37,747	47,594
	\$ 1,495,093	\$ 147,941	\$ 1,643,034

¹ The Company has no contractual obligations greater than 3 years.

Further, it is management’s opinion that the Company is not exposed to significant credit, interest rate, liquidity, or market risks in respect of these financial instruments. The Company continues to monitor its policies and processes for managing risks associated with its financial instruments.

The Chinese Renminbi held in China are not freely convertible into other currencies, and the exchange risk is, therefore, less easily managed. However, under China’s Foreign Exchange Control Regulations and the Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Further, the cash balances held in Industrial Commercial Bank of China accounts represent only a small portion (2024-\$36,822; 2023-\$40,008) of the Company’s total cash resources and the exchange risk is, therefore, proportionally small.



OTHER RISK FACTORS AND UNCERTAINTIES

a) Geographic Risk

Geographic risk is the risk that the concentration of the Company's business and financial results may be adversely affected by growing geo-political trade and diplomatic matters. The Company manages this risk through its presence in China with its Chinese representative office and local Chinese staff along with its presence in Canada and Australia.

b) Product Risk

Product risk is the risk that the Company's current and next generation of technology might not be successful and/or may require further technical development before customer acceptance. The Company's future growth is dependent on the continued sales success of Bti's R, W, C and M series products including, fit for purpose lifecycle improvements. Product fit and go to market strategy with its intelligent PL platform for inline cell and module applications has yet to be widely adopted and may not gain market traction. The Company's future growth is dependent on the Company's products maintaining competitive advantage through expertise, technology and innovation.

c) Intellectual Property Risk

The Company regards its software as proprietary and attempts to protect it with patents, copyrights, trademarks, and trade secret measures, including restrictions on disclosure and technical measures. Despite these precautions, it may be possible for third parties to copy the Company's programs or aspects of its trade secrets. The Company could incur substantial costs in protecting and enforcing its intellectual property rights. Moreover, from time to time third parties may assert patent, trademark, copyright, and other intellectual property rights to technologies that are important to the Company. In such an event, the Company may be required to incur significant costs in litigating a resolution to the asserted claim. There can be no assurance that such resolution would not require that the Company pay damages or obtain a license of a third party's proprietary rights in order to continue selling its products as currently offered, or, if such a license is required, that it will be available on terms acceptable to the Company. The Company is not aware of any infringement of any third party's patent rights, copyrights, trade secrecy rights or other intellectual property disputes in the development or support of its products.

INVESTOR RELATIONS ACTIVITIES

With respect to public relations, the Company's policy is to provide information from its corporate offices to investors and brokers directly.

MANAGEMENT

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.



APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis.

A CAUTIONARY TALE

This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects, the future supply, demand, inventory, production and price of products, the timing and amount of estimated future production, costs of production, requirements for additional capital, government regulation operations, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Respectfully submitted,
On behalf of the Board of Directors,

“Kevin Dodds”
Kevin Dodds, CEO