



AURORA SOLAR TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

TABLE OF CONTENTS

Condensed Interim Consolidated Statements of Financial Position.....	1
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss	2
Condensed Interim Consolidated Statements of Changes in Equity	3
Condensed Interim Consolidated Statements of Cash Flows.....	4
Notes to the Condensed Interim Consolidated Financial Statements.....	5
1) Nature of operations and going concern	5
2) Basis of preparation – statement of compliance	5
3) Material accounting policies	6
4) Critical accounting judgements and key sources of estimation uncertainty	6
5) Financial instruments and risk management	8
6) BTi acquisition	11
7) Amounts receivable.....	11
8) Inventory	11
9) Intangibles – intellectual property	12
10) Other assets	12
11) Equipment	13
12) Right of use assets.....	14
13) Lease liability	14
14) Share capital and reserves	15
15) Related party transactions and balances	17
16) Supplemental information for statements of net loss and comprehensive loss	17
17) Revenue.....	18
18) Provisions	19
19) Capital management	19
20) Income taxes	20
21) Segmented disclosure	20

AURORA SOLAR TECHNOLOGIES INC.

Stated in Canadian Dollars (Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	30 June 2024	31 March 2024
Assets		
Current Assets		
Cash	\$ 2,150,313	\$ 2,850,338
Amounts receivable (7)	720,741	920,936
Prepaid expenses	499,076	618,860
Inventory (8)	4,133,096	3,634,738
	<u>7,503,226</u>	<u>8,024,872</u>
Non-current Assets		
Right of use assets (12)	257,040	299,070
Intangibles (9)	725,036	740,484
Other assets (10)	60,585	60,585
Equipment (11)	467,180	345,487
Deferred tax (20)	114,232	95,754
Goodwill (6)	628,927	628,927
	<u>2,253,000</u>	<u>2,170,307</u>
	<u>\$ 9,756,226</u>	<u>\$ 10,195,179</u>
Liabilities		
Current Liabilities		
Amounts payable and accrued liabilities (15)	\$ 771,111	\$ 1,272,525
Lease liabilities (13)	213,009	199,262
Short-term loan	6,947	6,801
Deferred revenue (17)	2,531,246	2,318,057
Provisions (18)	305,643	401,970
	<u>3,827,956</u>	<u>4,198,615</u>
Non-current Liabilities		
Lease liabilities (13)	56,514	108,694
Long-term loan	30,328	32,120
Deferred tax (20)	-	-
Provisions (18)	191,624	39,324
	<u>4,106,422</u>	<u>4,378,753</u>
Equity		
Share capital (14)	27,706,728	27,706,728
Contributed surplus – options (14)	3,073,841	2,980,090
Contributed surplus – warrants (14)	225,203	225,203
Accumulated other comprehensive income	496,775	317,190
Deficit	(25,852,743)	(25,412,785)
	<u>5,649,804</u>	<u>5,816,426</u>
	<u>\$ 9,756,226</u>	<u>\$ 10,195,179</u>

Nature of operations and going concern..... (1)

On behalf of the Board of Directors:

“Kevin Dodds”

Kevin Dodds, Director

“David Toyoda”

David Toyoda, Director

AURORA SOLAR TECHNOLOGIES INC.

Stated in Canadian Dollars (Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

	Note	Three Months Ended 30 June 2024	Three Months Ended 30 June 2023
Revenues			
Product sales	(17)	\$ 1,907,351	\$ 1,922,309
Cost of sales	(8)	(810,585)	(933,897)
Gross margin		1,096,766	988,412
Expenses			
Sales and marketing	(16)	301,856	279,939
Research and development	(16)	245,471	165,763
General and administrative	(16)	877,559	593,456
Net foreign exchange loss		42,669	158
Depreciation cost	(9)(11)(12)	134,144	141,941
Share-based payments	(14)	93,751	19,475
Impairment of intangibles	(9)	-	18,382
		1,695,450	1,219,114
Net loss from operations		\$ (598,684)	\$ (230,702)
Other income			
Other income		\$ 305	\$ 54
Other expenses			
Finance cost	(13)	(4,730)	(3,376)
		(4,425)	(3,322)
Loss before income taxes		\$ (603,109)	\$ (234,024)
Income tax	(20)	\$ 163,151	\$ 27,096
Net loss after taxes		(439,958)	(206,928)
Other comprehensive Income			
Foreign currency translation of foreign operations		179,585	(90,026)
Total comprehensive loss for the period		\$ (260,373)	\$ (296,954)
Net Income Loss per Common Share – Basic and Diluted		\$ (0.00)	\$ (0.00)
Weighted Average Number of Shares Outstanding - Basic and Diluted		222,194,076	222,194,076

AURORA SOLAR TECHNOLOGIES INC.

Stated in Canadian Dollars (Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shares	Amount	Warrants	Amount	Options	Amount	Accumulated Other Comprehensive Income	Deficit	Equity
Balance 31 March 2023	222,194,076	\$ 27,706,728	11,833,750	\$ 225,203	13,480,000	\$ 2,706,965	\$ 159,595	\$ (25,195,148)	\$ 5,603,343
Options forfeited	-	-	-	-	(30,000)	-	-	-	-
Share-based payments	-	-	-	-	-	19,475	-	-	19,475
Net loss for the period	-	-	-	-	-	-	(90,026)	(206,928)	(296,954)
Balance 30 June 2023	222,194,076	\$ 27,706,728	11,833,750	\$ 225,203	13,450,000	\$ 2,726,440	\$ 69,569	\$ (25,402,076)	\$ 5,325,864
Balance 31 March 2024	222,194,076	\$ 27,706,728	-	\$ 225,203	41,566,664	\$ 2,980,090	\$ 317,190	\$ (25,412,785)	\$ 5,816,426
Options issued	-	-	-	-	1,250,000	-	-	-	-
Warrants expired	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	93,751	-	-	93,751
Net loss for the period	-	-	-	-	-	-	179,585	(439,958)	(260,373)
Balance 30 June 2024	222,194,076	\$ 27,706,728	-	\$ 225,203	42,816,664	\$ 3,073,841	\$ 496,775	\$ (25,852,743)	\$ 5,649,804

AURORA SOLAR TECHNOLOGIES INC.

Stated in Canadian Dollars (Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended 30 June 2024	For the Year Ended 31 March 2024
Operating Activities		
Net Loss for the Period	\$ (439,958)	\$ (217,637)
Items not Affecting Cash		
Depreciation	134,144	519,448
Share-based payments	93,751	273,125
Impairment of intangible assets	-	18,382
Impairment of inventory	-	172,656
Finance cost	(4,730)	19,907
Disposal of property, plant & equipment	344	344
Early termination of ROU asset	-	(32,344)
Recovery on lease liability	-	(4,626)
Income tax benefit	(18,478)	(237,219)
	(234,927)	512,036
Net Change in Non-cash Working Capital		
Amounts receivable	200,195	398,331
Prepaid expenses	119,783	(527,431)
Inventory	(498,358)	(574,317)
Amounts payable and accrued liabilities	(501,413)	60,061
Income tax	-	19,936
Provisions	55,973	111,043
Deferred revenue	213,188	409,815
	(410,632)	(102,562)
Net cash (used in) provided by operating activities	(645,559)	409,474
Investing Activities		
Purchase of equipment	(167,033)	(337,565)
Purchase of other assets	-	(8,523)
Purchase of patents	(1,418)	(36,341)
Disposal of equipment	-	119,526
Net cash used in investing activities	(168,451)	(262,903)
Financing Activities		
Loan payment	(1,646)	-
Lease liability payment	(52,871)	(236,033)
Net cash used in financing activities	(54,517)	(236,033)
Net Decrease in Cash	(868,527)	(89,462)
Cash position – beginning of year	2,850,338	2,801,217
Net effect - foreign exchange	168,502	138,583
Cash Position – End of Period	\$ 2,150,313	\$ 2,850,338

AURORA SOLAR TECHNOLOGIES INC.

FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Aurora Solar Technologies Inc. (“Aurora” or the “Company”) was incorporated under the laws of the Province of British Columbia, Canada on 26 October 2006. 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.

On 25 August 2022, the Company acquired all the outstanding shares of BT Imaging Pty Ltd. (“BTi”) through a share purchase agreement (Note 6). BTi is a private, Australian limited liability corporation who is a well-established leader in photoluminescence (PL) imaging tools for photovoltaic (PV) material inspection and quality control during production, and for laboratory use during product development.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue to operate for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations.

Since inception and prior to the BTi acquisition, the Company experienced recurring operating losses and relied heavily on external financing to meet its ongoing cash needs. The acquisition of BTi has significantly improved the Company’s financial position, and recent performance trends indicate that the Company is moving towards achieving profitability. However, despite these positive developments, certain economic and market conditions continue to pose risks that could impact the Company’s ability to sustain operations and achieve its financial goals. There are adverse conditions that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to raise adequate equity financing and the successful execution of the Company’s business strategy are important factors in mitigating business critical risks. The Company is of the view that these objectives can be met, and that the going concern assumption is appropriate.

If the going concern assumption were not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the condensed interim consolidated statement of financial position classifications used, and such adjustments could be material.

A material adverse effect on our employees, customer, suppliers and/or logistics providers could have a material adverse impact on us.

2) Basis of preparation – statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and note disclosures normally included in the audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB and interpretations of the International Financial Reporting Standards Interpretation Committee (“IFRIC”) have been omitted or condensed. As a result, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2024 (“Annual Financial Statements”).

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance on 29 August 2024.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at their fair value.

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

3) Material accounting policies

Basis of consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. These condensed interim consolidated financial statements include the accounts of the Company and its 100% wholly-owned subsidiaries, Aurora Solar Technologies (Canada) Inc. ("ASTC"), BTi, and BT (Jiaxing) Semiconductor Technology Co., Ltd ("BTJ").

Control exists when the Company is exposed to or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entities. Subsidiaries are all entities over which the Company has control. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

4) 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 condensed interim consolidated financial statements.

a) 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.

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

b) 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 with 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.

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

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 financial statements.

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 or 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.

5) Financial instruments and risk management

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 Condensed Interim Consolidated Statements of Financial Position are carried at amortized cost.

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 loans are also classified as other financial liabilities at amortized cost, applying a market rate of interest, and are subsequently measured using the effective interest method.

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 30 June 2024 the Company has \$623,063 (31 March 2024 - \$604,974) in trade amounts receivable.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company maintains cash in accounts at Canadian, Australian, and China Chartered Banks that bear interest at nominal rates. The Company's lease liabilities and short-term debt are based on fixed interest rates. The Company's exposure to interest rate risk is minimal.

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 condensed interim consolidated financial statements by \$19,000 (31 March 2024- (\$19,000)). As at 30 June 2024 the Company held currency totalling the following:

Rounded (000's)	Sensitivity	30 June	31 March
	(CAD\$)	2024	2024
Cash in United States dollars	5% \$ (69,000)	\$ 1,005,000 USD	\$ (109,000) USD
Cash in Chinese RMB	5% \$ (8,000)	\$ 810,000 RMB	\$ (2,000) RMB
Cash in Australian dollars	5% \$ (22,000)	\$ 475,000 AUD	\$ (29,000) AUD
Cash in Euros	5% \$ -	\$ 2,000 EURO	\$ - EURO
Amounts receivable in United States dollars	5% \$ (17,000)	\$ 241,000 USD	\$ (30,000) USD
Amounts receivable in Australian dollars	5% \$ (18,000)	\$ 400,000 AUD	\$ (7,000) AUD
Amounts payable in United States dollars	5% \$ 4,000	\$ (58,000) USD	\$ 10,000 USD
Amounts payable in Chinese RMB	5% \$ 2,000	\$ (164,000) RMB	\$ 5,000 RMB
Amounts payable in Australian dollars	5% \$ 19,000	\$ (418,000) AUD	\$ 27,000 AUD
Amounts payable in Euros	5% \$ 1,000	\$ (8,000) EURO	\$ - EURO
Deferred Revenue in United States Dollars	5% \$ 127,000	\$ (1,848,000) USD	\$ 116,000 USD

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

g) Liquidity

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 debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans.

The table below presents the contractual maturity of the Company's financial liabilities, including both principal and interest payments as at 30 June 2024:

	Less than		
	1 year	1 to 5 years	Total¹
Amounts payable and accrued liabilities	\$ 771,111	\$ -	\$ 771,111
Lease liabilities	213,009	56,514	269,523
Term loan	9,847	35,285	45,132
	\$ 993,967	\$ 91,799	\$ 1,085,766

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

The Company monitors its level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables regularly.

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 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 ("ICBC") accounts represent only a small portion of the Company's total cash resources and the exchange risk is, therefore, proportionally small. As at 30 June 2024, the Company held cash balances in ICBC of \$163,163 (31 March 2024-\$40,008)

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6) BTi acquisition

On 25 August 2022, the Company acquired 100% of the outstanding shares of BTi through a share purchase agreement. In consideration for the acquisition of BTi, the Company paid \$1,205,310 in cash and issued 62,969,351 common shares of the Company to BTi shareholders. During the fiscal year ended 31 March 2024, the final tranche of the 42,934,348 were released from escrow.

In accordance with IFRS 3 – *Business Combinations*, the Company accounted for the acquisition as a business combination using the acquisition method whereby the net assets acquired, and the liabilities assumed were recorded at fair value.

The revised and final purchase price allocated to BTi’s identifiable assets and liabilities based on their estimated fair values on the acquisition date is summarized as follows:

Purchase consideration		
Cash consideration	\$	1,205,310
Fair value of common shares issued		5,544,772
Total purchase consideration	\$	6,750,082
Fair value of net assets acquired		
Goodwill		628,927
Total fair value of net assets acquired	\$	6,750,082

7) Amounts receivable

	30 June 2024	31 March 2024
Trade receivables	\$ 623,063	\$ 604,974
GST receivable and other taxes recoverable	97,679	315,962
Total amount receivable	\$ 720,741	\$ 920,936

For the three months ended 30 June 2024, the Company did not record a credit loss provision given the nature of the receivables and the Company’s historical collectability. During the three months ended 30 June 2024, the Company recognized a loss on trade amounts receivable in the amount of \$Nil (31 March 2024-\$16,485).

8) Inventory

	30 June 2024	31 March 2024
Raw materials	\$ 2,660,737	\$ 2,553,860
Work-in-process	1,327,248	988,896
Finished goods	145,111	91,982
Total inventory	\$ 4,133,096	\$ 3,634,738

Inventory expensed to cost of sales during the three months ended 30 June 2024 was \$584,747 (31 March 2024 – \$3,569,321).

During the three months ended 30 June 2024, the Company wrote off \$6,277 of inventory related to slow moving and/or obsolescent products (31 March 2024 – \$172,656).

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9) Intangibles – intellectual property

	Total
Cost:	
Balance, 31 March 2023	\$ 1,010,403
Additions	36,341
Impairment	(18,382)
Impact of foreign exchange	1,280
Balance, 31 March 2024	\$ 1,029,642
Additions	1,418
Impact of foreign exchange	9,548
Balance, 30 June 2024	\$ 1,040,608

Accumulated Depreciation:	
Balance, 31 March 2023	\$ (124,133)
Additions	(165,026)
Balance, 31 March 2024	(289,159)
Disposal	1,291
Additions	(27,704)
Balance, 30 June 2024	\$ (315,572)

	Total
Carrying Amount	
Balance, 30 June 2024	\$ 725,036
Balance, 31 March 2024	\$ 740,484

10) Other assets

	Balance
Balance as at 31 March 2023	\$ 52,062
Additions	8,523
Balance as at 31 March 2024	60,585
Additions	-
Balance as at 30 June 2024	\$ 60,585

AURORA SOLAR TECHNOLOGIES INC.

FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

11) Equipment

	Leasehold Improvement	Furniture, Fixtures and Equipment	R&D Tools and Equipment	Warehouse, Lab and Prototype Equipment	Total
Cost:					
Balance, 31 March 2023	\$ 21,604	\$ 63,074	\$ 422,768	\$ 72,513	\$ 579,959
Additions	-	35,288	209,218	93,059	337,565
Disposals	-	-	(119,182)	(344)	(119,526)
Impact of foreign exchange	(475)	(453)	(820)	(803)	(2,551)
Balance, 31 March 2024	\$ 21,129	\$ 97,909	\$ 511,984	\$ 164,425	\$ 795,447
Additions	-	3,996	136,886	26,151	167,033
Disposals	-	-	-	-	-
Impact of foreign exchange	225	1,083	6,897	2,026	10,230
Balance, 30 June 2024	\$ 21,354	\$ 102,988	\$ 655,767	\$ 192,602	\$ 972,711
Accumulated Depreciation:					
Balance, 31 March 2023	\$ (4,014)	\$ (44,161)	\$ (245,683)	\$ (31,224)	\$ (325,082)
Additions	(6,505)	(15,718)	(61,199)	(41,457)	(124,879)
Balance, 31 March 2024	\$ (10,519)	\$ (59,879)	\$ (306,882)	\$ (72,681)	\$ (449,961)
Additions	(1,840)	(4,535)	(34,220)	(14,975)	(55,570)
Balance, 30 June 2024	\$ (12,359)	\$ (64,414)	\$ (341,102)	\$ (87,655)	\$ (505,531)
Carrying Amount					
Balance, 30 June 2024	\$ 8,994	\$ 38,574	\$ 314,665	\$ 104,946	\$ 467,180
Balance, 31 March 2024	\$ 10,610	\$ 38,030	\$ 205,102	\$ 91,744	\$ 345,487

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

12) Right of use assets

The right of use asset is amortized on a straight-line basis over the term of its leases related to its Sydney office.

	Balance
Balance as at 31 March 2023	\$ 220,864
Additions	398,758
Depreciation	(229,543)
Disposal	(89,539)
Impact of foreign exchange	(1,470)
Balance as at 31 March 2024	299,070
Depreciation	(50,869)
Impact of foreign exchange	(9,378)
Balance as at 30 June 2024	\$ 257,040

13) Lease liability

During the year ended 31 March 2024, the Company successfully transferred out of its lease obligation relating to the head office space located in North Vancouver. Subsequently, the Company signed a new month-to-month operating lease for the new head office location in Burnaby.

The Company also holds lease liabilities for leases related to its Sydney office. The incremental borrowing rate for the three months ended 30 June 2024 ranged between 4% - 7% (31 March 2024 – ranged from 4% - 7%). During the year ended 31 March 2024, the Company extended its Sydney office leases for an additional 1-year term.

	Balance
Balance as at 31 March 2023	\$ 253,303
Additions	386,065
Lease accretion	19,907
Payments	(236,033)
Disposal	(113,293)
Impact of foreign exchange	(1,993)
Balance as at 31 March 2024	\$ 307,956
Lease accretion	4,730
Payments	(52,871)
Impact of foreign exchange	(9,708)
Balance as at 30 June 2024	\$ 269,523
Lease liability – current portion	213,009
Lease liability – non-current portion	56,514
Total lease liability	\$ 269,523

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

14) Share capital and reserves

a) Authorized

The authorized share capital is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting of only common shares are fully paid. There were 222,194,076 (31 March 2024 – 222,194,076) fully paid common shares issued and outstanding as at 30 June 2024.

b) Issued and outstanding and fully paid

During the year ended 31 March 2024

The share purchase warrants (“Warrant”) issued in the year ended March 31, 2023 consisting of 11,833,750 warrants with an exercise price of \$0.20 per warrant expired.

During the year ended 31 March 2024, the Company granted 32,550,000 options (31 March 2023 – 3,700,000 options) to directors, officers, employees, and consultants of the Company.

The Company has adopted a stock option plan (the “Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferrable options to purchase common shares exercisable under the Plan for a period of up to 10 years from the date of grant. Vesting terms are determined by the Board of Directors for each grant of options.

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free rates, dividend yields, historical volatility of the underlying share price, forfeiture rates and expected life of the options.

During the three months ended 30 June 2024

The Company granted 1,250,000 options (31 March 2024 – 32,550,000) to directors, officers, employees and consultants of the Company. During the three months ended 30 June 2024, the Company recognized \$93,751 (2023 - \$19,475) in share-based payments on granted options.

Stock option transactions and the number of stock options outstanding are summarized below:

	For the Three Months Ended 30 June 2024	Weighted average exercise price	For the Year Ended 31 March 2024	Weighted average exercise price
Balance – beginning of period	41,566,664	\$ 0.11	13,480,000	\$ 0.16
Granted	1,250,000	0.05	32,550,000	0.05
Expired/Forfeited	-	-	(4,463,336)	0.07
Balance – end of period	42,816,664	\$ 0.11	41,566,664	\$ 0.11

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Details of stock options outstanding are as follows:

Expiry Date	Exercise price	30 June	30 June	31 March	31 March
		2024	2024	2024	2024
		Outstanding	Exercisable	Outstanding	Exercisable
7 April 2025	\$ 0.10	1,100,000	1,100,000	1,100,000	1,100,000
24 February 2026	\$ 0.54	2,316,664	2,316,664	2,316,664	2,316,664
25 March 2027	\$ 0.10	3,750,000	3,750,000	3,750,000	3,750,000
25 August 2027	\$ 0.11	3,700,000	3,700,000	3,700,000	3,700,000
10 July 2028	\$ 0.05	15,950,000	5,574,995	15,950,000	5,574,995
15 August 2028	\$ 0.05	8,500,000	1,416,666	8,500,000	1,416,666
15 November 2028	\$ 0.05	1,000,000	-	1,000,000	-
17 March 2029	\$ 0.05	5,250,000	-	5,250,000	-
27 May 2029	\$ 0.05	1,250,000	-	-	-
		42,816,664	17,858,325	41,566,664	17,858,325

The outstanding options have a weighted average exercise price of \$0.09 (31 March 2024 – \$0.09) and the weighted average remaining life of the options is 3.77 years (31 March 2024 – 3.98 years).

The fair values of the options granted during the three months ended 30 June 2024 and the year ended 31 March 2024 were determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	For the Three Months Ended 30 June 2024	For the Year Ended 31 March 2024
Risk free interest rate	3.55%-4.05%	3.55%-4.05%
Expected life of options (years)	5	5
Expected annualized volatility	73.85%-77.37%	73.85%-76.36%
Expected dividend yield	Nil	Nil
Weighted average Black-Scholes value of each option	\$0.01-\$0.03	\$0.01-\$0.03

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized below:

	For the Year Ended 31 March 2024	Weighted average exercise price
Balance – beginning of period	11,833,750	0.20
Issued	-	-
Agent’s warrants issued	-	-
Warrants expired	(11,833,750)	0.20
Balance – end of period	-	-

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

15) Related party transactions and balances

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 Condensed Interim Consolidated Statement of Comprehensive Loss, and include the following expenses recognized during the three months ended 30 June 2024:

	For the Three Months Ended 30 June 2024	For the Three Months Ended 30 June 2023
Principal Position Rounded (000's)		
Wages and short-term benefits	\$ 221,000	\$ 129,000
Share based payments (Note 14)	57,000	4,000
Total remuneration	\$ 278,000	\$ 133,000

Included in amounts payable on the Condensed Interim Consolidated Statement of Financial Position is \$Nil (31 March 2024 - \$150,000) due to related parties with respect to professional fees, wages and short-term benefits, and expense reimbursements, and are non-interest bearing.

During the three months ended 30 June 2024, the Company incurred \$Nil (2023 – \$4,267) in legal fees from a company in which a director is a partner. The Company incurred \$13,665 (2023 - \$36,796) 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.

16) Supplemental information for statements of net loss and comprehensive loss

	For the Three Months Ended 30 June 2024	For the Three Months Ended 30 June 2023
The sales and marketing expense consisted of the following:		
Salaries and wages	\$ 168,017	\$ 71,055
Promotion, marketing and travel	350	24,493
Commission and other fees	133,489	184,391
Total	\$ 301,856	\$ 279,939

	For the Three Months Ended 30 June 2024	For the Three Months Ended 30 June 2023
The research and development expense consisted of the following:		
Salaries and wages	\$ 227,998	\$ 159,294
Professional and consulting	14,565	3,452
Product research	2,908	3,017
Total	\$ 245,471	\$ 165,763

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

	For the Three Months Ended 30 June 2024	For the Three Months Ended 30 June 2023
The general and administrative expense consisted of the following:		
Salaries and wages	\$ 577,524	\$ 272,846
Professional and consulting	176,884	217,298
Office expense	97,451	93,312
Directors fees	26,000	10,000
Total	\$ 877,859	\$ 593,456

17) Revenue

	For the Three Months Ended 30 June 2024	For the Three Months Ended 30 June 2023
Contract revenue - photoluminescence imaging tools and instruments	\$ 1,890,958	\$ 1,914,188
Tool maintenance and service revenue	16,393	8,121
Total Revenue	\$ 1,907,351	\$ 1,922,309

Revenues that will be recognized subsequent to the three months ended 30 June 2024 relating to contracts partially completed is \$670,940 (31 March 2024-\$609,777).

	For the Three Months Ended 30 June 2024	For the Year Ended 31 March 2024
Deferred revenue		
Deferred revenue, beginning	\$ (2,318,057)	\$ (1,908,242)
Additional deferred revenue in the period	(614,891)	(2,318,057)
Recognized as revenue during the period	401,702	1,098,242
Deferred revenue, ending	\$ (2,531,246)	\$ (2,318,057)

The Company recognizes two different revenue streams, which includes, contract revenue relating to the imaging hardware, with the embedded software, and the related bundled service to install the tools and supplementary maintenance and customer service. Deposits received against a contract is recognized as deferred revenue liability until such time that the title has transferred to the customer or, the related services has been performed, at which point the related performance obligation has been met, and revenue is recognized. Revenue on supplementary services is recognized once the service has been completed and the obligation to the customer met.

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

18) Provisions

Warranty

The Company provides a basic one-year product warranty (“warranty period”) on its tool sales. Under the terms of this warranty the Company will replace or repair components in the hardware if it fails to perform in accordance with the published specifications, during the warranty period. These assurance-type warranties are not considered to be performance obligations, so revenue is not allocated to them. As at 30 June 2024, the Company estimates the costs relating to these warranties at \$65,335 (31 March 2024 – \$63,348).

Employee long-service leave

Employees reach an unconditional legal entitlement to long-service leave when they work for the same Company for a qualifying period of service (typically ten years). For shorter periods, long-service leave may be payable on exit in some (but not all) circumstances. As at 30 June 2024, the Company estimates the costs relating to employee long-service leave at \$198,088 (31 March 2024 – \$144,101).

The estimated costs of the warranties and employee service leave are recognised as provisions under IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’.

	For the Three Months Ended 30 June 2024	For the Year Ended 31 March 2024
Warranty provision	\$ 65,335	\$ 63,348
Employee long-service leave	198,088	144,102
Arbitration award (inclusive of legal fees)	233,844	233,844
Total Provision	\$ 497,267	\$ 441,294

Provision for arbitration

The Company recognizes a provision for arbitration when there is a present obligation that is a result of a past event and in which a reliable estimate of the obligation can be determined. During the year ended 31 March 2023, an inactive subsidiary of the Company received an adverse notice of award from the Shanghai International Arbitration Centre (“SHIAC”) relating to a historical contract dispute in China. For the fiscal year ended 31 March 2024, the Company had provisioned for the arbitrated award in the amount of USD\$165,000 (CAD\$233,844) plus related fees (2023 - \$Nil). During the three months ended 30 June 2024, the Company amicably settled the arbitration, and any uncertainty relating to an award amount is now closed.

19) 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 believes that this approach, given the size of the Company, is reasonable. The Company currently is not subject to externally imposed capital requirements.

AURORA SOLAR TECHNOLOGIES INC.
FOR THE THREE MONTHS ENDED 30 JUNE 2024 AND 2023

Stated in Canadian Dollars (Unaudited)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

20) Income taxes

A reconciliation of income taxes at statutory rates (combined Canadian federal and BC provincial rate of 27%) with reported taxes is as follows:

	30 June 2024	31 March 2024
Net loss for the year	\$ (604,109)	\$ (360,269)
Current tax expense (recovery)	(145,000)	29,000
Deferred tax recovery	(18,000)	(172,000)
Total income tax recovery	\$ (163,000)	\$ (143,000)

Movement in net deferred tax balances is described below:

	30 June 2024	31 March 2024
Beginning balance	\$ 95,754	\$ (75,779)
Recovery through profit and loss	18,478	171,533
Net deferred tax asset	\$ 114,232	\$ 95,754

Tax attributes are subject to review, and potential adjustments by tax authorities.

21) Segmented disclosure

The Company operates in one reportable operating segment, being the development, manufacturing and marketing material inspection and inline quality control systems for the solar polysilicon, wafer, cell, and module manufacturing industries.

The geographic segmentation of the Company's non-current assets is as follows:

	As at 30 June 2024	As at 31 March 2024
Non-current assets*		
Canada	\$ 188,224	\$ 190,810
Australia	1,950,544	1,883,743
Total	\$ 2,138,768	\$ 2,074,553

*(excluding deferred tax assets)

The geographic segmentation of the Company's sales based on customer location is as follows:

	As at 30 June 2024	As at 31 March 2024
Asia	\$ 1,613,665	\$ 10,876,033
Europe	-	-
International	293,686	38,589
Total Contract Revenue	\$ 1,907,351	\$ 10,914,622

The Company's sales for the three months ended 30 June 2024 of \$1,907,351 (2023 – \$1,938,967) were concentrated in Asia. While the Company is exposed to significant concentration in that region, the Company did not depend on any single customer for more than 10% of its revenues for the period.