



Aurora
Solar Technologies

AURORA SOLAR TECHNOLOGIES INC.

**REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS**

FOR THE YEAR ENDED 31 MARCH 2021

Stated in Canadian Dollars

DATE: 29 JULY 2021

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TO OUR SHAREHOLDERS

The following information should be read in conjunction with the condensed interim consolidated financial statements of Aurora Solar Technologies Inc. (“the Company”, or “Aurora”) for the year ended 31 March 2021 and the related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards (“IFRS”). 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 year ended 31 March 2021, 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 Management Discussion and Analysis (“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. Such information involves significant risks and uncertainties and will not necessarily be accurate indications of whether such results will be achieved. Factors that could cause actual results to differ materially from those in forward-looking statements, including but not limited to market prices, regulatory approvals, continued availability of capital and financing, and the risks related to general economic, market or business conditions.

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future Funding for Ongoing Operations	The Company will be able to generate or raise these funds.	The Company will be unable to raise these funds, which will materially impact the Company’s ability to continue as a going concern.
Favourable Economic Conditions	The economy, including geopolitical tensions with tariffs and national government policies in Canada, the United States, Europe, and China will move in a direction that will support the worldwide PV solar market.	Economic conditions, including impact from the Covid 19 pandemic, move in a negative direction causing changes to supply and demand, affecting customer sales and future production decisions.



Product Acceptance

The risk that the Company's current products and next generation of technology might not be successful.

Impact of Covid-19 pandemic, commissioning challenges and/or incremental technical development may be required before customer adoption of its products or customer specific risks for product acceptance.

GENERAL

Aurora Solar Technologies Inc. ("Aurora" or the Company), was incorporated under the laws of the Province of British Columbia, Canada on 26 October 2006 as Pulse Capital Corp, a capital pool company. On 7 November 2011, it acquired Aurora Control Technologies Inc. through a reverse takeover and initiated its current business operations. The Company, together with its subsidiary, develops and markets inline quality control systems for the solar cell manufacturing industry. These products measure and display the results of critical cell fabrication processes, revealing material properties and the performance of manufacturing tools and processes. They allow process engineers and production-line operators to rapidly detect and correct process excursions, material faults and optimize processes, with the goal to aid our customers' efforts to increase throughput, yield, and profit in their manufacturing operations.

Solar cells are the electricity-generating elements within solar panels, which are seen on rooftops, streetlights and large-scale "solar farms" throughout the world. The Company provides solar cell manufacturers with products to characterize, control and optimize the quality-critical steps in their manufacturing processes. Aurora directly markets these products to its customers.

Solar cells are made from silicon wafers. Certain chemicals, applied to create layers in or on a silicon wafer during manufacturing, transform the wafer from an inert substrate to an energy-generating cell. The concentration, uniformity and other properties of these layers are critical to the finished cell's performance. To achieve their high electrical efficiencies, advanced solar cells require strict control of variations in these and other critical-to-quality treatments during manufacturing. Aurora's products provide the means to measure these variations, understand their impact on production yield and throughout, and control or optimize production processes to reduce negative effects.

Within the overall solar cell manufacturing industry, Aurora's customers are those who fabricate solar cells using mainstream Passivated Emitter and Rear Contact (PERC) technology, and advanced designs such as Tunnel Oxide Passivated Contact (TOPCon) and heterojunction technology (HJT) cells.

Control and optimization of solar cell production starts with measurement. Aurora's DMTM and TCMTM products use proprietary patented technology, based on the principles of infrared spectroscopy, to measure the properties of the afore-mentioned solar cell chemical layers as they are deposited and annealed.

Our VisualizeTM software then uses the real-time data provided by our DM and TCM measurement products to show the relationship between the per-wafer measurements and the changing spatial variations in chemical layer properties induced by variations in the behaviour of manufacturing equipment used to create these layers. This

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spatial view of process tool performance provides the means to perform diagnostics, control, and equipment optimization quickly and effectively.

Our newest product, Insight™, is a “data science” package that extends our product portfolio, from measurement and characterization of equipment variation, to provide a deep understanding of the effects of these variations on finished cell efficiency. This proprietary product analyses the large volume of data available from the sequence of finished solar cells in a production line and reveals the links between unwanted variations in their efficiency and the causes in production. These analyses allow advanced cell manufacturers to know precisely when and how to control their production for optimal yield and throughput, allowing them to increase their profits.

The address of the Company’s corporate and administrative office and principal place of business is #100 – 788 Harbourside Drive, North Vancouver, BC, V7P 3R7.



MARKET POSITION AND DEVELOPMENT AND IMPACT OF THE COVID-19 PANDEMIC

Aurora focuses on top-tier solar cell manufacturers that value the benefits of the Company's in-line measurement and control systems and that have known capacity expansion plans. More than 80 percent of the world's solar cell manufacturing is conducted by Chinese companies. In fiscal 2019 Aurora therefore initiated actions to assertively develop business in China. The Company established a sales and service facility in Shanghai, developed a variant of our DM measurement system that is focused on unique Chinese market needs, increased the number of field trials (a necessary precursor to sales), and recruited successful and respected market partners in China to increase order flow.

All but one of the orders received by the Company in the last twelve months are from large Chinese manufacturers or automation system providers, and most of them were for the new DM-110 series for China. These orders followed field trials initiated during fiscal 2019 and came from a mixture of sales developed directly by Aurora and in cooperation with our market partners in China, most notably Saratoga Technology International. The Company has delivered a large quantity of DM measurement systems from these past orders to numerous different customers in China for the first time in Q1 and Q2 of this fiscal year.

On 11 March 2020, the coronavirus outbreak ("Covid-19") was declared a pandemic by the World Health Organization. Since then, global government measures to contain and prevent the further spread of the virus have evolved rapidly, resulting in strict international travel restrictions, stay-at-home advisories and quarantining of persons who may have been exposed to the virus. These measures have had a dramatic impact on the global economy.

In this context, Aurora places a high priority on the health and safety of its employees and their families. We have modified our work environment to comply with all provincial and federal health authority regulations. These include, but are not limited to, maintaining minimum physical distancing requirements, working from home when possible, restricting non-essential business activities and mandating the use of personal protective equipment. To date, Aurora has not had to assume additional debt or financing in direct consequence of these actions and has received government stimulus programs for mitigation of the impact of the COVID-19 pandemic.

The international travel restrictions to contain the spread of COVID-19 have had, and continue to have, a material impact on the Company's operations including business development to secure new orders, and activities to complete the installation, commissioning and customer training for systems that have been delivered to its international customers. While Aurora has staff located in China, the Company has been prevented from sending senior technical staff to customer sites as required to complete installations, conduct diagnostic analysis for variable customer-specific operating issues and to commission DM systems. In addition, the Company has also been impacted with longer than normal lead times with its international supply chain due to the pandemic. This has hindered the ability to timely train and provide technical expertise to customers to identify and resolve operating issues across the scope of new installations, implement product enhancements as needed, and to introduce the Insight product. Aurora has final payment obligations associated with timely installation and commissioning of these systems, and these challenges may impact customer objectivity in the Company's efforts to achieve final acceptance. This may in turn affect the collection of final payments or increase the potential for product returns. On this basis, management recognizes that Aurora's business has been negatively impacted by the COVID-19 pandemic and thus has made provisions in its amounts receivable to offset some of these identified operational risks.

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Notwithstanding the above, the Company is taking a proactive and systematic approach to resolve these matters, including product performance refinements, operational enhancements, and customer education and training. Despite the pandemic-related travel and supply chain challenges, the performance of the DM products has steadily improved to accommodate the customer application challenges, providing a positive pathway to completing the commissioning processes. In addition, the Company continues product development to provide further functionality in its DM and TCM products for existing customer applications and for future sales.

The Company's product development efforts also provide benefits by preparing the DM and TCM products for the next generation of solar cells, particularly Heterojunction Technology ("HJT") and Tunnel Oxide Passivated Contacts ("TOPCon") cells. These are the leading contenders for the next generation of solar cell designs for volume manufacturing and deployment. Each of these technologies promise a relative efficiency improvement of four percent (4%) or more over the established PERC technology. Pilot or full-scale production of HJT and TOPCon solar cells is already underway at leading solar cell manufacturers.

As the Company completes the installation and commissioning of these systems, it continues to expect that the benefits of its DM and TCM technology will be recognized and adopted to strengthen the foundation for continued sales and the introduction of its Insight data science product for solar cell production yield, quality and cost optimization.



Highlights, Significant Events and Transactions During the Period

NEW PARTNERSHIPS & AGREEMENTS

WAVELABS

In December 2020, Aurora announced a strategic partnership for the integration of Aurora’s Insight data science product with solar cell testers produced by WAVELABS Solar Metrology Systems GmbH. Since the announcement, Aurora has been conducting a customer evaluation of its market-entry version of Insight, called “Insight Essentials” as described further below.

UMS

The Company has entered into a product re-marketing arrangement with Xiamen UMS Information Technology Co. Ltd. (“UMS”), a subsidiary of Xiamen Intretech Inc., a China-based supplier of information systems for Industry 4.0 “Smart Factory” automation and operation. UMS has previously acted as a reseller for Aurora DM products, including units that have been installed and accepted in China. Aurora expects that this strategic partnership with UMS will enhance efforts in China especially given the near-term limitations associated with the Covid-19 pandemic.

As part of this agreement, the reseller agreed to take back 14 DM units delivered previously to one of the reseller’s end customers. The reseller has agreed to keep 5 of these DM units for its own purposes. The remaining nine units are subject to the terms of the Re-Marketing Agreement. Should the nine units not be resold by 30 July 2021, the reseller has the right to request a payment of US \$205,238 and ownership of the units will revert to the Company. Consequently, in the current year ended 31 March 2021 the Company has booked US\$205,238 as a sales and marketing provision as well as written off an amounts receivable balance of US \$45,673 associated with the original sale.

INSIGHT

On 25 February 2021, Aurora entered into an agreement with a strategic technology leader in solar cell manufacturing for their evaluation of the Company’s initial version of the Insight™ data science project, called “Insight Essentials”, for solar cell production yield optimization.

Insight Essentials is the first of a planned series of Insight versions, focused on plant-wide yield (and quality control) visualization and reporting. Future versions of the product will integrate and add value to inline measurement systems such as Aurora’s DM family of products, providing a fully integrated system for yield and quality control management in solar manufacturing. Aurora has designed its Insight platform using industry know-how along with novel proprietary algorithms and technology to evaluate the large volumes of data collected during solar cell fabrication. It evaluates these data to inform the manufacturer – in real time – how well its production equipment is performing, where problems may be occurring, or where yield or quality might be improved. As customers realize the value of the Insight Essentials, the Insight data science platform can be further developed to create additional value for customers that seek competitive advantage.

The principal objectives of this evaluation project are to determine the yield management and quality control cost-saving potential of Insight Essentials, and to quantify the business case for its use as a subscription-based product in a high-volume production environment. The first phase of the project consisted of integration and verification of the solar cell tester and wafer flow data collection functions, validation of the operation of the Insight Essentials

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analytical toolkit, and validation of the user interface and reporting capabilities. With the above core elements completed, the evaluation has now proceeded to the second phase. This project started in March 2021 and, is expected to be completed in the third calendar quarter of 2021.

PRODUCT UPDATES

DM and TCM Installations

The Company has DM and TCM systems installed, accepted, and operating at one HJT solar cell manufacturing facility that is operated by the top solar cell manufacturer in China, and also at a facility making TOPCon solar cells. Both HJT and TOPCon are names for new higher-efficiency solar cell designs that are expected to see increasing use in the near future.

The Company has received two systems acceptance certificates (for 10 DM and TCM units collectively) from China-based customers during the period and is continuing work to obtain more final acceptances for installed and operating systems.

Due to the travel restrictions relating to the Covid-19 pandemic, sending qualified experts to assist with the installation, customer site analysis and troubleshooting has delayed the commissioning of these systems and is consequently also delaying final acceptance for these units.

Notwithstanding the ongoing COVID-19 pandemic travel restrictions and other business challenges as described earlier in this document, the Company shipped 12 DM Measurement Systems.

Insight product development and market introduction

Since the last reported developments on Insight, the company had completed these additional steps to product completion and release:

- To initiate market visibility, completed publication of a joint paper with a lead customer and industry technology partners, outlining how the use of Insight’s algorithms can aid continuous improvement and yield optimization in high-volume solar cell fabrication. (“Statistical Insights from Inline Solar Cell Metrology Data in a PERC Production Environment”, Photovoltaics International Vol. 44, May 2020)
- Strategic partnership established with WAVELABS as mentioned above.
- Lead customer project, for evaluation and confirmation of effectiveness and operational benefit of Insight Essentials; launched and underway, as described above.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD END

Subsequent to year ended 31 March 2021, the Company closed a Private Placement Financing of 14,200,000 units (“Units”) at a price of \$0.25 per unit with gross proceeds of \$3,550,000, which includes the exercise in full of Agent’s options. Each unit costs of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share in the Capital of the Company at a price of \$0.40 per

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warrant until 13 May 2022. In connection with the offering, the Company issued 615,100 non-transferable broker warrants to the Agent that entitle the Agent to exercise warrants until 13 May 2022 at a price of \$0.25 per Unit, in addition to the cash commission paid of \$153,775.

In addition, the Company has applied for and received wage subsidies under the Canada Emergency Wage Subsidy program and under the Canada Emergency Rent Subsidy in the amount of \$78,728.

From June 3 to June 5, the Company exhibited at the annual Shanghai New Energy Conference and Exhibition (“SNEC”) in Shanghai, China. While the travel restrictions due to the COVID-19 pandemic prevented personnel from outside China to attend, the Company’s China-based staff met with potential customers and distribution partners for Insight. Interested parties included several solar cell manufacturers and production equipment vendors, as well as one potential distribution partner.

RESULTS OF OPERATIONS

The net comprehensive loss attributable to the shareholders for the year ended 31 March 2021 was \$3,520,115 compared to the net comprehensive loss of \$504,004 during the year ended 31 March 2020. The reasons for the fluctuations are as follows:

Rounded (000’s)	12 Months 2021	12 Months 2020	3 Months 2021	3 Months 2020
Product sales	\$ 1,866,000	\$ 3,298,000	\$ (261,000)	\$ 374,000
Variance increase (decrease)	(1,431,000)		(636,000)	

For the year ended 31 March 2021, the Company shipped orders and recognized sales revenue in line with the Company’s accounting policy. The ability to generate sales during the year was negatively impacted by the ongoing pandemic and the related restrictions on international travel which resulted in a decrease of sales year over year in the amount of \$1,431,000. During the year ended 31 March 2021, the Company recognized a sales & marketing provision of \$261,000. The Company believes that focusing on deepening its relationships with its customers and supporting their needs will allow for future opportunities to achieve sales objectives.

Rounded (000’s)	12 Months 2021	12 Months 2020	3 Months 2021	3 Months 2020
Cost of sales	\$ 1,395,000	\$ 1,466,000	\$ (153,000)	\$ 109,000
Variance increase (decrease)	(72,000)		(263,000)	

During the year ended 31 March 2021 the cost of sales increased in comparison to sales which was a direct result of customer site commissioning in a Covid pandemic environment and due to having to carry the overhead costs relating to its remote office in Shanghai. The Company also accrues sales commission expenses in line with the Company’s revenue recognition. During the three months ended 31 March 2021, there was an adjustment to cost of sales in the amount of \$95,000 to reallocate expenses that related to R&D activities in the quarter.

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Rounded (000's)	12 Months 2021	12 Months 2020	3 Months 2021	3 Months 2020
Sales and Marketing	\$ 388,000	\$ 848,000	\$ 17,000	\$ 222,000
Variance increase (decrease)	(460,000)		(205,000)	

During the year ended and three months ended 31 March 2021, sales and marketing expense decreased due to lower sales and consequently less sales related travel to customer locations due to the ongoing pandemic. During the periods of low sales, the sales staff were utilized to support research and development by assisting field data collection and product testing. To account for this shift, the related salaries and travel expenses (\$280,000) have been reallocated to the research and development department.

Rounded (000's)	12 Months 2021	12 Months 2020	3 Months 2021	3 Months 2020
General and administrative	\$ 1,061,000	\$ 765,000	\$ 250,000	\$ 289,000
Variance increase (decrease)	296,000		(39,000)	

During the year ended and three months ended 31 March 2021 there was an increase in general and administrative expense which was partly attributed to the Company utilizing senior external consultants to develop and carry out the Company's strategic product, operational and sales growth strategies in a pandemic environment. An increase in investor activities expense was also realized during the period to help carry out these growth strategies.

Rounded (000's)	12 Months 2021	12 Months 2020	3 Months 2021	3 Months 2020
Research and development	\$ 1,250,000	\$ 583,000	\$ 533,000	\$ 100,000
Variance increase (decrease)	667,000		433,000	

Research and development are a key component of the Company's ongoing success. The Company has been focused on Insight development and on continuously improving DM product performance and range of functionality for competitive advantage and cost reduction purposes. The increase in research and development during current year was in-line with this focus and included outsourcing certain product development services and targeted use of experienced external consultants as needed and appropriate. During the 12 months, the sales team located in Shanghai supported the Research and Development team with onsite data collection product testing. The costs relating to this support (\$280,000) was allocated to research and development accordingly.

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SELECTED ANNUAL INFORMATION

Financial Data for the past four annual periods:

Fiscal Year Ended	Mar-2021	Mar-2020	Mar-2019	Mar-2018
Rounded (000's)				
Total Revenues	\$ 1,866,000	3,298,000	438,000	2,508,000
Loss from Continuing Operations	\$ (3,785,000)	(504,000)	(2,258,000)	(738,000)
Loss and Comprehensive Loss for the Year	\$ (3,520,000)	(504,000)	(2,258,000)	(738,000)
Loss per Share (Basic and Diluted)	\$ (0.03)	(0.01)	(0.03)	(0.01)
Total Assets	\$ 3,816,000	3,551,000	1,793,000	2,233,000
Working Capital	\$ 2,511,000	2,428,000	1,239,000	1,686,000

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 interim financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Three Months Ended	21-Mar	20-Dec	20-Sep	20-Jun	20-Mar	19-Dec	19-Sep	19-Jun
Total Revenues	(261,316)	-	546,143	1,581,665	374,299	1,013,763	1,496,892	412,906
Gain (Loss) from continuing operations for the period	(1,804,741)	(1,301,212)	(428,523)	149,559	(331,423)	(100,311)	326,495	(398,765)
Gain (Loss) per share (Basic and diluted)	(0.015)	(0.012)	(0.004)	0.001	(0.004)	(0.001)	0.003	0.000
Total assets	3,816,105	3,927,164	3,325,18	3,904,167	3,550,651	2,243,130	1,905,573	2,157,288
Working capital	2,510,983	2,379,993	2,068,226	2,609,692	2,428,328	989,005	1,104,709	781,633

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 2021, the Company had 129,724,725 common shares issued and outstanding (31 March 2020 – 107,387,825). The fully diluted amount of 138,984,725 represents options of 9,260,000.

As at the date of this MD&A, the Company had 130,964,725 common shares issued and outstanding and 12,906,000 in restricted shares outstanding. The fully diluted amount of 147,939,725 represents warrants of 7,715,000 and options of 9,260,000.

LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY

The Company's working capital surplus on 31 March 2021, was \$2,510,983 compared with \$2,428,328 on 31 March 2020.

Cash used in investing activities during the period ended 31 March 2021 totalled \$(63,487) (31 December 2020 – used (\$94,452)).

Cash provided by financing activities during the period ended 31 March 2021 totalled \$3,084,172 (31 March 2020 - \$1,736,936).

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.

Management believes it will be able to raise equity capital 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. Although the Company has been successful in the past in obtaining financing, 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.

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 technology. 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. There were no changes in the Company's approach to capital management during the twelve months ended 31 March 2021 however, the Company may take future actions to strengthen its financial position due to the impact of the Covid-19 pandemic on its business including the delays in adopting its products.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as of 31 March 2021, and as of the date hereof.

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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 comprehensive loss. These related party transactions and balances are as follows:

Principal Position Rounded (000's)	Year ⁽ⁱ⁾	Remuneration or fees ⁽ⁱⁱ⁾	Share-based Payments	Balances in Prepaids	Balances in Accounts Payable
CEO	2021	\$ 187,000	\$ 16,000	\$ -	\$ 3,000
	2020	\$ 175,000	\$ -	\$ -	\$ -
CFO	2021	\$ 93,000	\$ 3,000	\$ -	\$ 8,000
	2020	\$ -	\$ -	\$ -	\$ -
Former CFO	2021	\$ 25,000	\$ -	\$ -	\$ -
	2020	\$ 49,000	\$ -	\$ -	\$ -
Former CFO	2021	\$ -	\$ -	\$ -	\$ -
	2020	\$ 36,000	\$ -	\$ -	\$ -
Former CFO's company that provided bookkeeping services	2021	\$ -	\$ -	\$ -	\$ -
	2020	\$ 33,000	\$ -	\$ -	\$ -
Director	2021	\$ 24,000	\$ 4,000	\$ 10,000	\$ -
	2020	\$ 10,000	\$ -	\$ -	\$ -
A Company in which the Director is a legal counsel	2021	\$ 31,000	\$ -	\$ -	\$ -
	2020	\$ 53,000	\$ -	\$ -	\$ 17,000
Director	2021	\$ 19,000	\$ 4,000	\$ 10,000	\$ 3,000
	2020	\$ 35,000	\$ -	\$ -	\$ 17,000
Director	2021	\$ 82,000	\$ 311,000	\$ 10,000	\$ -
	2020	\$ 39,000	\$ -	\$ -	\$ -
A Company in which the Director is an Owner	2021	\$ 8,000	\$ -	\$ -	\$ 8,000
	2020	\$ -	\$ -	\$ -	\$ -

(i) For the twelve months ended 31 March 2021 and 31 March 2020.

(ii) Amounts disclosed were paid or accrued to the related party.

The transactions with related parties were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties. There are no set terms of repayment for the balances owed to the related parties.

FINANCIAL INSTRUMENTS AND RISK FACTORS

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Consolidated Statement of Financial Position are carried at amortized cost except for cash and cash equivalents and restricted cash which are carried at fair value. There are



no significant differences between the carrying value of financial instruments and their estimated fair values as of 31 March 2021, due to the immediate or short-term maturities of the financial instruments.

The fair value of the Company's cash is quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy:

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.

31 March, 2021	Level 1	Level 2	Level 3	Total
Marketable securities	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	\$ 2,771,624	\$ -	\$ -	\$ 2,771,624
Receivable and advances	\$ -	\$ 78,665	\$ -	\$ 78,665
Amounts payable and accrued liabilities	\$ -	\$ (588,747)	\$ -	\$ (588,747)
31 March, 2020	Level 1	Level 2	Level 3	Total
Marketable securities	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	\$ 1,821,146	\$ -	\$ -	\$ 1,821,146
Receivable and advances	\$ -	\$ 968,368	\$ -	\$ 968,368
Amounts payable and accrued liabilities	\$ -	\$ (491,146)	\$ -	\$ (491,146)

The Company's cash and cash equivalents have been assessed on the fair value hierarchy described above.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash, amounts receivable, and amounts payable and accrued liabilities. As of 31 March 2021, the carrying value of cash is fair value. The remaining financial instruments approximate their fair value due to their short-term nature.



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 on its bank accounts. The Company is exposed to credit risk by holding cash, which are all in financial institutions in Canada and China, and management believes the exposure to credit risk with respect to such institutions is not significant.

The Company is mainly exposed to credit risk from credit sales and has a high concentration of credit risk as the amounts receivable are made up of a small number of customers. It is the Company's policy to assess the credit risk of new customers before entering contracts. The executive management determines concentrations of credit risk frequently by monitoring the creditworthiness rating of existing customers and through a review of the trade receivables' aging analysis. Over-due balances are reviewed for collectability and allowance for doubtful amounts, where appropriate, will be provided. As at 31 March 31, the Company is reporting a \$893 balance in trade amounts receivable. During the year the Company wrote down trade amounts receivable of \$797,850.

e) Interest rate risk

Interest rate risk is the risk of losses that arise because of changes in contracted interest rates. The Company is not exposed to interest rate risk.

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. To manage this risk the Company maintains only the minimum amount of foreign cash required to fund its on-going expenditures. 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 \$35,000 (31 March 2020- \$53,000). As at 31 March 2021, the Company held currency totalling the following:

Rounded (000's)	Impact	31 March 2021	31 March 2020
Cash in United States dollars	5% \$ (31,000) \$USD	493,000	\$USD 208,000
Cash in Chinese RMB	5% \$ (4,000) \$RMB	450,000	RMB 249,000
Amounts receivable in United States dollars	5% \$ (24,000) \$USD	382,000	\$USD 629,000
Amounts payable in United States dollars	5% \$ 8,000 \$USD	(120,000)	\$USD (120,000)



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.

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's policies and processes of managing all risks associated with its financial instruments have not changed during the period.

h) Pandemic risk

The global transmission of COVID-19 and the related global efforts to contain its spread have recently resulted in international border closings, travel restrictions, significant disruptions to border operations, supply chains and customer activity and demand, service cancellations, cybersecurity risks due to working remotely, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty.

The impacts of the COVID-19 crisis that may and have already had an effect on us include: a decrease in short-term and/or long-term demand and/or pricing for our products; reduced sales as a result of travel restrictions (potentially affecting support for our product as well as for technical sales (Insight)); delays in the collectability of amounts receivables as a result of travel restrictions, impacting the ability to send qualified technical personnel, increased costs resulting from our efforts to mitigate the impact of COVID-19, deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures, result in losses on our holdings of cash due to failures of financial institutions, higher rate of losses on our amounts receivable due to credit default, disruptions to our supply chain, and adverse impacts on our information technology systems and our internal control systems as a result of the need to increase remote work arrangements.

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

The Company has partially mitigated this risk through its China office and technical staff.

i) 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.

j) 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 success of its DM systems being adopted in the Chinese market and the new data science Insight

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Canadian Dollars

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product. These products are yet to be widely adopted and may not gain market traction. The DM systems are designed to be optimized within a production line and are a foundation element together with the Insight product for a complete quality control system.

AURORA SOLAR TECHNOLOGIES INC.

Canadian Dollars

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MANAGEMENT DISCUSSION AND ANALYSIS



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,

“Gordon Deans”

Gordon Deans, CEO