



AURORA SOLAR TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED 30 SEPTEMBER 2023 AND 2022

Stated in Canadian Dollars

DATE: 29 NOVEMBER 2023

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TO OUR SHAREHOLDERS

The following information should be read in conjunction with the unaudited Condensed Interim Consolidated Financial Statements of Aurora Solar Technologies Inc. (“the Company”, or “Aurora”) for the three and six months ended 30 September 2023 and 2022, and the related notes attached thereto, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), except for certain non-GAAP information as noted and where a reconciliation to IFRS is provided. This discussion covers the three and six months ended 30 September 2023 and 2022 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 annual Consolidated Financial Statements, and the notes thereto, for the years ended 31 March 2023 and 2022, 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 availability 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; the timing and possible outcome of pending litigation; 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. The Company develops and markets imaging measurement and quality control systems for materials and data characterization through machine vision and predictive learning (Artificial Intelligence) in the solar wafer and cell manufacturing industries.

On 25 August 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. BTi is a globally recognized leader in PL imaging products for the solar manufacturing industry with a world-wide installed basis with the majority of the tier one and two producers along with leading research organizations. The purpose of this strategic acquisition was to transform the Company by combining metrology expertise and intellectual property with machine vision and artificial intelligence ("AI") to create a smart factory platform based on proprietary imaging tools and predictive learning capabilities.

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. In solar cell research and design applications, conducted in academic, government and industrial laboratories throughout the world, BTi's R series products are used to inspect and characterize wafer materials, examine experimental and production design results, and to verify 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 C series products are utilized for inspection and quality control purposes. Aurora's DM™ and TCM™ products can also be used to measure and inspect during these stages of cell manufacturing to verify the material effects of these processes on partially or wholly finished cells. Solar cells are

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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.

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 efficiency as a smart factory platform. Through machine vision, data provided from the Company's measurement and inspection products provides the means to perform real time diagnostics, control, and equipment optimization quickly and effectively. This imaging hardware and AI software platform can be deployed as a closed loop smart factory system to provide monitoring through machine learning and digitalization to translate measurements into actionable information to improve plant performance. The Company expects this AI or smart factory platform to provide advanced cell manufactures with a competitive advantage to rapidly and precisely understand when and how to control their production for optimal yield and to enhance cell efficiency.

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

The Company's focus is on top-tier manufacturers of PV products who value the benefits of integrated measurement and process control systems and who have known capacity expansion plans. 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. As such 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. The pace of change is not slowing with new government initiatives recently announced in Australia, North America, Europe and China. Wafer, cell, and module configurations have all changed, with increasing sizes, advanced materials and performance demands. This changing industry landscape presents growth opportunities for the combined Company based on its contactless metrology systems that embrace emerging trends in 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 products and expertise deeper into the evolving PV supply chains based on emerging trends for new processing & manufacturing steps to drive automation & cell efficiencies.



HIGHLIGHTS, SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

During the six months ended 30 September 2023, the Company secured a new high of twenty (20) product orders derived solely from the BTi business that is supported by strong customer deposits. 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 six months ended 30 September 2023, including an adjusted EBITDA¹ of \$82,569 as compared to the same period last year of \$(1,346,052). During the three months ended 30 September 2023 the Company achieved an adjusted EBITDA of \$116,468, as compared to the same period last year of \$(486,120). These achievements validate the transition of the merged business. BTi continues to be a self-funding business.

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, with the consolidated adjusted operating EBITDA¹ improvement from a \$(860,000) loss in the three months ended 30 June 2022 compared to a near breakeven deficit of \$(34,000) reported in the three months ended 30 June 2023. The Company's sales for 2023 and the first five months of fiscal year 2024 are ahead of management's budget and BTi 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 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.

During the six months ended 30 September 2023, the Company 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 three years.

During the six months ended 30 September 2023, 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. The Company announced that Aurora's key personnel are fully integrated within the BTi teams, that BTi's existing products remain in demand, and that the Company's sales are progressing well and within management expectations consistent with its forecasting at the time of acquisition. Working capital has been used to meet the

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demand for sales and for the above referenced integration and acquisition costs and is expected to normalize during the first half of fiscal 2024.

During the six months ended 30 September 2023, representatives from both the Company and BTi attended the SNEC 16th Photovoltaic Power Generation and Smart Energy Conference held in Shanghai, China. The Company made a soft market launch and anticipates available to order of its new BTi R-Multi Junction (“R-MJ”) product line and anticipates market readiness prior to the fiscal year ended. The Company believes the R-MJ to be a strategically positioned product for the characterization of next generation tandem solar cells. The Company also presented at the 50th IEEE Photovoltaic Specialists Conference (“PVSC”) held in San Juan, Puerto Rico and attended for business development purposes EU PVSEC 2023 held in Lisbon, Portugal.

SIGNIFICANT EVENTS AND TRANSACTIONS SUBSEQUENT TO THE PERIOD END

Subsequent to the six months ended 30 September 2023, the Company announced that Mr. James Tunkey was appointed to the Board of Directors on 15 November 2023 replacing Mr. Gordon Deans as a board director. The Company also announced stock option grants to a director totalling 1,000,000 options exercisable at \$0.05 for a five-year term, subject to the acceptance of the TSX Venture Exchange.

RESULTS OF OPERATIONS AND OVERALL PERFORMANCE

	Six Months Ended 30 September 2023	Six Months Ended 30 September 2022	Three Months Ended 30 September 2023	Three Months Ended 30 September 2022
Revenue	\$ 4,665,070	\$ 2,742,761	\$ 2,742,761	\$ -
Gross margin	2,535,762	1,547,350	1,547,350	-
Adjusted EBITDA	82,569	(1,346,052)	116,468	(486,120)
Net increase (decrease) in cash during the period	1,478,910	1,961,587	466,281	2,836,403
Cash - end of period	4,280,127	3,978,254	4,280,127	3,978,254

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

The net loss and comprehensive loss attributable to the shareholders for the six months ended 30 September 2023 was \$636,684 compared to the comprehensive loss of \$2,240,148 during the six months ended 30 September 2022. Net of non-cash items the Company achieved an adjusted EBITDA of \$82,569 for the 30 September 2023 period (30 September 2022-\$ (1,478,910)).

The reasons for the fluctuations are as follows *:

Rounded (000’s)	6 Months 2024	6 Months 2023	3 Months 2024	3 Months 2023
Product sales	\$ 4,665,000	\$ 387,000	\$ 2,743,000	\$ 387,000
Variance increase (decrease)	4,278,000		2,356,000	

During the six months ended 30 September 2023, product sales were mostly derived from the Company’s metrology tools and were consistent with management’s expectations post-acquisition.

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	6 Months	6 Months	3 Months	3 Months
Rounded (000's)	2024	2023	2024	2023
Cost of sales	\$ 2,129,000	\$ 92,000	\$ 1,195,000	\$ 92,000
Variance increase (decrease)	2,037,000		1,103,000	

During the six months ended 30 September 2023, costs of sales increased 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.

	6 Months	6 Months	3 Months	3 Months
Rounded (000's)	2024	2023	2024	2023
Sales and Marketing	\$ 695,000	\$ 353,000	\$ 415,000	\$ 242,000
Variance increase (decrease)	342,000		173,000	

The increase in costs from the same comparable period last year is attributable to the combined operations net of restructuring synergies. During the six months ended 30 September 2023, 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. 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.

	6 Months	6 Months	3 Months	3 Months
Rounded (000's)	2024	2023	2024	2023
General and administrative	\$ 1,399,000	\$ 751,000	\$ 805,000	\$ 392,000
Variance increase (decrease)	648,000		413,000	

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 six months ended 30 September 2023, the Company reallocated merged resources to focus on key product, operational and sales growth strategies.

	6 Months	6 Months	3 Months	3 Months
Rounded (000's)	2024	2023	2024	2023
Research and development	\$ 375,000	\$ 752,000	\$ 209,000	\$ 361,000
Variance increase (decrease)	(377,000)		(152,000)	

The decrease in costs from the same comparable period last year is attributable to the combined operations net of restructuring synergies, reallocating merged resources to support the operations of BTi and the closing of a remote office hosting Aurora specific R&D activities. During the six months ended 30 September 2023, the Company has been focused on short-term product lifecycle enhancements to support near-term sales and research and development to support machine vision and AI to support a smart factory platform.

*** Aurora's acquisition of BTi closed 25 August 2022, and BTi's accounts were recognized subsequent to that date, for the comparable period ended 30 September 2022.**

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SELECTED ANNUAL INFORMATION

Financial Data for the past four annual periods:

Fiscal Year Ended Rounded (000's)	Mar-2023⁽²⁾	Mar-2022	Mar-2021⁽¹⁾	Mar-2020⁽¹⁾
Total Revenues	\$ 5,509,000	-	1,866,000	3,298,000
Loss from Continuing Operations	\$ (3,768,000)	(4,382,000)	(3,771,000)	(482,000)
Loss and Comprehensive Loss for the Year	\$ (4,320,000)	(4,247,000)	(3,520,000)	(504,000)
Loss per Share (Basic and Diluted)	\$ (0.02)	(0.03)	(0.03)	(0.01)
Total Assets	\$ 9,422,000	3,189,000	3,816,000	3,551,000
Working Capital ⁽³⁾	\$ 3,732,000	2,017,000	2,511,000	2,428,000

⁽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	23-Sept	23-Jun	23-Mar	22-Dec	22-Sept	22-Jun	22-Mar	21-Dec	21-Sep
Total Revenues	2,742,761	1,922,309	1,728,676	3,393,453	386,608	-	-	-	-
Loss from continuing operations for the period	(366,689)	(296,954)	(2,018,143) ⁽¹⁾	(347,976)	(1,110,678)	(1,003,006)	(1,132,672)	(1,067,309)	(943,082)
Loss per share (Basic and diluted)	(0.001)	0.000	(0.009)	(0.002)	(0.006)	(0.007)	(0.008)	(0.008)	(0.007)
Total assets	11,030,812	10,241,881	9,422,304	11,615,282	13,719,459	2,171,565	3,188,774	4,257,914	5,085,969
Working capital	3,124,523	3,420,888	3,731,861	4,778,553	4,990,697	1,110,750	2,017,393	3,024,226	3,838,665

⁽¹⁾ Final purchase price adjustment recognized in this 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 30 September 2023, the Company had 222,194,076 common shares issued and outstanding. The fully diluted amount of 261,694,076 represents Nil warrants and options of 39,500,000.

As of the date of this MD&A, the Company had 222,194,076 common shares issued and outstanding. The fully diluted amount of 260,794,076 represents Nil warrants and options of 38,600,000.

During the six months ended 30 September 2023, the following options were exercised or forfeited:

30,000 options expired from the 23 April 2018 issuance; and
250,000 options expired from the 8 August 2018 issuance.

LIQUIDITY AND FINANCIAL CONDITION OF THE COMPANY

The Company's Working Capital surplus on 30 September 2023, was \$3,124,523 compared with \$3,731,861 on 31 March 2023.

Cash used in investing activities during the period ended 30 September 2023 totalled \$73,911 (30 September 2022 – provided by \$1,902,525).

Cash used in financing activities during the period ended 30 September 2023 totalled \$123,429 (30 September 2022 – provided by \$1,047,816).

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.

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.

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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 Condensed Interim Consolidated Statements of (Income) Loss, and include the following expenses recognized during the period:

	For the Six Months Ended 30 September 2023	For the Six Months Ended 30 September 2022
Principal Position Rounded (000's)		
Wages and short-term benefits	\$ 259,000	\$ 295,000
Share based payments	176,000	289,000
Total Remuneration	\$ 435,000	\$ 584,000

Included in amounts payable on the Condensed Interim Consolidated Statement of Financial Position is \$Nil (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 six months ended 30 September 2023, the Company incurred \$11,406 (2022 – \$72,000) in legal fees from a company in which a director is a partner. Also, during the six months ended 30 September 2023, the Company also incurred \$70,383 (2022 - \$90,000) 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 30 September 2023, 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 non-GAAP 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.

The following table summarizes the Company's Loss from Operations for the six months ended 30 September 2023 and 2022:

	Six Months Ended 30 September 2023	Six Months Ended 30 September 2022	Three Months Ended 30 September 2023	Three Months Ended 30 September 2023
Revenue	\$ 4,665,070	\$ 386,608	\$ 2,742,761	\$ 386,608
Cost of Sales	(2,129,308)	(91,607)	(1,195,411)	(91,607)
Gross margin	2,535,762	295,001	1,547,350	295,001
Operating expenses	2,946,739	2,150,691	1,727,625	1,183,937
Loss from operations	\$ (410,977)	(1,855,690)	\$ (180,275)	(888,936)
Adjustment for non-cash items	478,235	294,862	298,279	188,671
Adjusted net income (loss) for the period excluding non-cash items	\$ 67,258	(1,560,828)	\$ 118,004	(700,265)

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, remeasurement of contingent consideration liability, filing fees, credit facility setup fees, earn-out remuneration, foreign currency losses (gains), acquisition related expenses, net other expenditures (income), reverse takeover listing expense, 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 six months ended 30 September 2023 and the comparable period in fiscal 2022 was as follows:

	Six Months Ended 30 September 2023		Six Months Ended 30 September 2022		Three Months Ended 30 September 2023		Three Months Ended 30 September 2023
Net loss after tax	\$ (389,297)	\$	(2,113,684)	\$	(182,369)	\$	(1,110,678)
Income tax	(54,055)		-		(26,959)		-
Depreciation and amortization	262,160		106,535		120,219		75,288
Interest expense	5,961		8,563		2,585		4,611
Other expenses	65,333		48,279		30,000		48,279
Acquisition cost	-		201,633		-		169,333
Share based compensation	192,467		402,622		172,992		327,047
Adjusted EBITDA	\$ 82,569	\$	(1,346,052)	\$	116,468	\$	(486,120)

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.

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



i) 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.

j) 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 amounts receivable and its bank accounts. The Company is exposed to credit risk by holding cash, which are all in financial institutions in Canada, Australia 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 expected credit losses where appropriate, will be provided. As at 30 September 2023, the Company is reporting a \$827,876 (31 March 2023-\$1,183,456) balance in trade amounts receivable.

k) 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 \$36,000 (31 March 2023- \$61,000). As at 30 September 2023, the Company held currency totalling the following:

Rounded (000's)	Sensitivity (CAD\$)	30 September 2023	31 March 2023
Cash in United States dollars	5% \$ (191,000)	\$ 2,831,000 USD	\$ (118,000) USD
Cash in Chinese RMB	5% \$ (7,000)	\$ 714,000 RMB	\$ (1,000) RMB
Cash in Australian dollars	5% \$ (16,000)	\$ 361,000 AUD	\$ (18,000) AUD
Cash in Euros	5% \$ -	\$ 6,000 EURO	\$ - EURO
Amounts receivable in United States dollars	5% \$ (46,000)	\$ 677,000 USD	\$ (54,000) USD
Amounts receivable in Chinese RMB	5% \$ (2,000)	\$ 181,000 RMB	\$ - RMB
Amounts receivable in Australian dollars	5% \$ (4,000)	\$ 110,000 AUD	\$ (3,000) AUD
Amounts payable in United States dollars	5% \$ 16,000	\$ (244,000) USD	\$ 14,000 USD
Amounts payable in Chinese RMB	5% \$ 4,000	\$ (459,000) RMB	\$ 5,000 RMB
Amounts payable in Australian dollars	5% \$ 1,000	\$ (91,000) AUD	\$ 17,000 AUD
Amounts payable in Euros	5% \$ 4,000	\$ (16,000) EURO	\$ 2,000 EURO
Deferred Revenue in United States Dollars	5% \$ 205,000	\$ (3,045,000) USD	\$ 95,000 USD

* These currencies are held in bank accounts and/or relate to operations for BTI and BTJ that were not consolidated as these entities were not acquired until the year ended 31 March 2023.

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 debt repayments and 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 30 September 2023:

	Less than 1 year	1 to 3 years	Total¹
Amounts payable and accrued liabilities	\$ 956,767	\$ -	\$ 956,767
Lease Liabilities	455,901	65,890	521,791
CEBA Loan	60,000	-	60,000
	\$ 1,472,668	\$ 65,890	\$ 1,538,558

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 RMB 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 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.

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 success of BTI's imaging products and Aurora's smart factory products being accepted in both the Chinese market and elsewhere. The Company's smart factory products are yet to be widely accepted and may not gain market traction. The Company's future growth is dependent on the Company's products maintaining competitive advantage through 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

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Canadian Dollars

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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