ENERGY PLUG TECHNOLOGIES CORP.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
For the Six Months Ended December 31, 2024

The following management discussion and analysis ("MD&A") has been prepared by management of Energy Plug Technologies Corp. ("Energy Plug" or the "Company") as of February 27, 2025, and should be read in conjunction with the unaudited interim consolidated financial statements and related notes of the Company for the six month period ended December 31, 2024, and the audited consolidated financial statements of the Company and related notes for the year ended June 30, 2024. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans, performance and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "will", "proposes", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" be taken, occur or be achieved. Forward-looking information is based on the current expectations, assumptions or beliefs of the Company based on information currently available to the Company, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The assumptions used to develop forward-looking information include, but not limited to, assumptions about:

- General business and economic conditions;
- Conditions in the financial markets generally;
- The Company's ability to fund its operations through financings and joint ventures;
- The Company's ability to secure the necessary consulting, technical and related services and supplies on favourable terms;
- The Company's ability to attract and retain key staff;
- Market demand for the Company's products;
- Growth prospects in the market for its products;
- Accessibility of raw materials and battery pack supplies to meet market demand;
- Facility profitability;
- Maintenance of significant market share against its competitors;
- Absence of similar-size Battery Energy Storage Systems projects under development;
- The timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned business objectives;
- The nature and location of the Company's future plants, and the timing of the ability to commence its business operations;
- The ability to obtain the necessary capital to construct the gigafactory with the Malahat First Nation;
- The anticipated terms of the consents, permits and authorizations necessary to carry out the planned operations and the Company's ability to comply with such terms on a cost-effective basis; and
- The ongoing relations of the Company with the industry regulators.

Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. The Company does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, those set forth under "*Risks and Uncertainties*".

OVERVIEW

Energy Plug Technologies Corp. was incorporated under the Business Corporations Act (*Ontario*) on September 13, 2010 and was continued under the laws of British Columbia on March 21, 2018. The Company's head office and registered office is located at Suite 400, 1681 Chestnut Street, Vancouver BC, V6J 4M6, Canada. The Company is an energy technology development company focused on battery energy storage systems ("BESS"). The Company's common shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol "PLUG", on the OTCQB under the symbol "PLGGF", and on the Frankfurt Stock Exchange under the symbol "6GQ".

<u>Proposed BESS Facility</u>

On July 3, 2024, the Company formed a limited partnership with the Malahat Nation to develop and operate a battery energy storage system ("BESS") assembly facility on Malahat reserve land in Mill Bay, British Columbia. Under the proposed joint venture, the Malahat Nation plans to fund and construct the building, while Energy Plug will complete the facility's buildout and provide manufacturing equipment, technology, hardware, technical support, management, sales, and maintenance services. The estimated costs and construction timeline have not yet been finalized. On August 28, 2024, the Company and the Malahat Nation held an official groundbreaking and ground blessing ceremony at the proposed site of the facility in Mill Bay. The Company is actively working to secure the necessary capital to finance the construction of the facility.

<u>Key activities:</u>

- On July 31, 2024, the Company announced a non-brokered private placement consisting of up to 20,000,000 common shares of the Company at a price of $0.05 per common share for gross proceeds of up to $1,000,000. The Company intends to use the net proceeds raised from the private placement for general working capital.

- On August 14, 2024, the Company announced the closing of the first tranche of its non-brokered private placement, issuing 5,320,000 common shares for aggregate gross proceeds of $266,000. The Company intended to use the net proceeds for general corporate matters.

- On August 26, 2024, the Company announced the closing of the second tranche of its non-brokered private placement, issuing 8,300,000 common shares for aggregate gross proceeds of $415,000. The Company intended to use the net proceeds for general corporate matters.

- On September 11, 2024, the Company announced the appointment of Ramtin Rasoulinezhad, PhD., as Chief Technology Officer and Christopher Barnes as the Chief of Staff to the CEO.

- On December 2, 2024, the Company announced a non-brokered private placement consisting of up to 17,142,857 units at a price of $0.07 per unit for gross proceeds of up to $1,200,000. Each Unit is comprised of one common share and one common share purchase warrant. Each warrant allows the holder to acquire one additional common share for a period of 12 months at an exercise price of $0.10 per share. The Company intends to use the net proceeds raised from the private placement for general working capital. The Company also announced the resignation of Ramtin Rasoulinezhad as Chief Technology Officer for personal reasons.

- On December 24, 2024, the Company announced the closing of the first tranche of its non-brokered private placement, issuing 14,502,624 units for aggregate gross proceeds of $1,015,184. The Company intended to use the net proceeds for general working capital.

- On January 6, 2025, the Company announced the closing of the second and final tranche of its non-brokered private placement, issuing 2,643,000 units for aggregate gross proceeds of $185,010. The Company intended to use the net proceeds for general working capital.

- On January 20, 2025, the Company announced the reappointment of Dr. Ramtin Rasoulinezhad as the Director of Innovation and Technology.

- On January 22, 2025, the Company announced a non-brokered private placement consisting of up to 8,000,000 units at a price of $0.15 per unit for gross proceeds of up to $1,200,000. Each Unit is comprised of one common share and one common share purchase warrant. Each warrant allows the holder to acquire one additional common share for a period of 12 months at an exercise price of $0.25 per share. The Company intends to use the net proceeds raised from the private placement for general working capital.

- On February 4, 2025, the Company announced that it has entered a Memorandum of Understanding (MOU) with Quantum eMotion Corp. (TSXV: QNC) (OTCQB: QNCCF) (FSE:34Q0) to integrate quantum encryption technology into Energy Plug's advanced energy storage and management solutions.

- On February 7, 2025, the Company announced the closing of the first tranche of its non-brokered private placement, issuing 7,786,660 units for aggregate gross proceeds of $1,167,999. The Company intended to use the net proceeds for general working capital.

- On February 14, 2025, the Company announced the closing of the second and final tranche of its non-brokered private placement, issuing 333,333 units for aggregate gross proceeds of $50,000. The Company intended to use the net proceeds for general working capital.

- On February 20, 2025, the Company announced the appointment of John Keith King as an Advisor to the Board.

DISCUSSION OF OPERATIONS

<u>Three month period ended December 31, 2024</u>

The Company is in its research and development phase and has not yet generated operating revenue. During the three months ended December 31, 2024, the Company reported a net loss of $566,988 compared to a net loss of $328,227 incurred in the three months ended December 31, 2023. The increase in net loss was primarily attributable to expanded operating and corporate finance activities. Some of the significant expense items are summarized as follows:

- Consulting fees of $198,400 (2023 - $37,833) primarily relate to services provided by business advisors and corporate consultants, covering corporate development, business strategy, and project and corporate financing.
- Investor relations and promotion of $32,038 (2023 - $13,032) include costs for investor communications, corporate website maintenance, and news release dissemination.
- Management fees of $87,000 (2023 - $75,500) relate to fees paid to the Company's CEO, CFO and Chief of Staff.
- Marketing and promotion expenses of $85,664 (20213 - $75,824) include fees for marketing consultants engaged in promotional activities.
- Professional fees of $44,965 (2023 - $nil) relate to pre-construction engineering services provided by a construction firm for the proposed Malahat facility.

<u>Six month period ended December 31, 2024</u>

During the six months ended December 31, 2024, the Company reported a net loss of $1,228,204 compared to a net loss of $2,926,104 for the six months ended December 31, 2023. The net loss for the fiscal 2025 period was primarily attributable to general operating expenses of $1,228,204 (2023 - $1,073,927). The net loss for the 2023 period also included a $1,852,177 loss on the acquisition of True North (see Note 4 to the consolidated financial statements).

General operating expenses excluding share-based payment expenses for the six months ended December 31, 2024 were $1,147,721, compared to $593,487 in the same period of fiscal 2023. The increase was primarily due to expanded operating activities, particularly related to the development of the proposed battery assembly facility with the Malahat Nation. These activities included hiring additional business development consultants and corporate advisors, retaining technical professionals across various disciplines, and expanding marketing and public relation efforts. The key variances include:

- Consulting fees of $320,316 (2023 - $104,865) relate to services provided by business advisors and technical consultants, covering paralegal work, corporate development, business strategy, project and corporate financing manufacturing, government programs, and Indigenous relations.

- Investor relations of $71,347 (2023 - $17,723) include costs for investor communications, media and public relations, news dissemination, and investor conferences. In June 2024, the Company retained Renmark Financial Communications Inc. to provide investor relations services for a seven-month term at $9,000 per month.
- Legal fees of $93,663 (2023 - $8,447) increased due to heightened corporate activities and the proposed Malahat joint venture.
- Management and director fees of $193,000 (2023 - $124,500) represent compensation for the executive team and directors of the Company.
- Marketing and promotion expenses of $175,104 (2023 - $185,659) include fees for marketing consultants engaged in promotional activities.
- Professional fees of $142,857 (2023 - $nil) relate to pre-construction engineering services provided by a construction firm for the proposed Malahat facility.

Share-based payment expenses of $80,483 (2023 - $480,440), a non-cash charge, represent the estimated fair value of the stock options granted and vested during the period. The Company uses the Black-Scholes option pricing model for the fair value calculation.

UPDATE ON USE OF PROCEEDS

During the six months ended December 31, 2024, the Company completed two non-brokered private placements for gross proceeds of $1,696,184. In connection with these placements, the Company paid $102,079 in finder's fees, issued 1,933,010 agent's warrants, and incurred $3,643 in legal and filing fees. The net proceeds from the private placements were intended for general working capital. As of the date of this report, approximately $1.4 million of the net proceeds have been fully utilized for general corporate purposes.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended on December 31, 2024.

	For the Three Months Ended							
	Fiscal 2025		**Fiscal 2024**				**Fiscal 2023**	
	Dec. 31, 2024	**Sept. 30, 2024**	**Jun. 30, 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**	**Sept. 30, 2023**	**Jun. 30, 2023**	**Mar. 31, 2023**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(566,988)	(661,191)	(629,223)	(316,128)	(328,227)	(2,597,877)	(325,128)	(100,828)
Net income (loss)	(566,988)	(661,191)	(629,223)	(316,128)	(328,227)	(2,597,877)	(325,128)	(100,828)
Income (loss) from continuing operations per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.05)	(0.01)	(0.00)
Net income (loss) per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.05)	(0.01)	(0.00)

<u>Factors That Affect the Comparability of the Quarterly Financial Data Disclosed Above</u>

The net loss for the quarters was primarily attributed to general operating expenses. The increase in the fourth quarter loss of fiscal 2023 was attributed to a digital marketing contract. The significant loss recorded in the first quarter of fiscal 2024 stemmed from two main factors: a loss of $1,852,177 related to the acquisition of True North and the recognition of share-based payment expenses totaling $470,380. General operating expenses have increased in fiscal 2024 due to increased activity as the Company ventured into new markets within the BESS sector. The increase in losses over the last three quarters was driven by the retention of additional consultants and advisors, expanded investor relations and marketing activities and higher legal fees related to regulatory compliance and project work, as the Company prepares for its proposed BESS facility project.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2024, the Company had a cash balance of $463,561, an increase of $447,468 from the cash balance of $16,093 as of June 30, 2024. During the six months ended on December 31, 2024, the Company expended $1,153,004 (2023 - $698,299) on operating activities. The Company received $1,600,472 (2023 - $nil) in net proceeds from private placement financing.

The Company had a working capital of $459,905 as of December 31, 2024 compared to a working capital deficiency of $196,307 as of June 30, 2024.

Going Concern

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. Subsequent to December 31, 2024, the company raised $1,403,009 in gross proceeds through private placement financing and $142,600 through the exercise of options and warrants. The Company's financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Included in amounts due to related party are $nil (June 30, 2023 - $1,379) in advances from a director of the Company. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

Included in accounts payable are $33,650 (2023 - $29,000) in director and management fees owe to the Company's directors and officers and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended December 31 is as follows:

	2024	2023
Management fees	$ 181,000	$ 124,500
Director fees	12,000	-
Accounting fees	-	15,000
Consulting fees	42,500	26,765
Marketing	-	16,771
Research and development	36,000	16,500
Share-based payments	68,553	227,893
Total	$ 340,053	$ 427,429

The Company entered into the following related party transactions during the six months ended December 31, 2024:

a) Incurred management fees of $63,000 (2023 - $6,500) to the former CEO of the Company for management services.

b) Incurred consulting fees of $6,500 (2023 - $48,000 of management fees) to a company controlled by a director and former CEO of the Company for consulting services.

c) Incurred management fees of $73,000 (2023 - $45,000) to a company controlled by the CFO of the Company for management and accounting services.

d) Incurred director fees of $12,000 (2023 - $nil) to three directors of the Company.

e) Incurred consulting fees of $36,000 (2023 - $nil) to a company controlled by a director of the Company for Indigenous relations services.

f) Incurred management fees of $45,000 (2023 - $nil) to an officer of the Company for management services.

g) Incurred research and development fees of $36,000 (2023 - $nil) to a company controlled by the CTO of the Company for technical research services.

h) Incurred management fees of $nil (2023 - $40,000) to the former CEO of the Company for management services.

i) Incurred consulting fees of $nil (2023 - $26,765) to a company controlled by the former Corporate Secretary of the Company for paralegal services.

SUMMARY OF OUTSTANDING SHARE DATA

The Company's issued and outstanding share capital as at the date of this report is as follows:

(1) Authorized: Unlimited common shares without par value.
(2) As of February 27, 2025, the Company has 107,375,697 common shares, 4,125,000 stock options, and 35,846,893 warrants issued and outstanding.

FINANCIAL INSTRUMENTS

The carrying amount of cash, accounts payable and amounts due to related party carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments and/or the rate of interest being charged.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, foreign currency exchange risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. As of December 31, 2024, the Company has current assets of $716,374 and current liabilities of $459,905. The Company's financial liabilities include trade payables and accrued fees due to related parties which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and advances from related parties. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Foreign currency exchange risk

Foreign currency exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company funds certain international purchases and operating expenses by using US dollars converted from its Canadian bank accounts. Management does not believe the Company is exposed to material foreign currency risk. The Company does not hedge its foreign exchange risk.

Interest rate risk

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of stock options using stock option pricing models, requires the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

RISKS AND UNCERTAINTIES

The Company is subject to the risks and challenges similar to other companies in a comparable stage. The following is a description of important factors that may cause the Company's actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements set forth in this report relating to its financial results, operations and business prospects. The directors of the Company consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of the Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may materially and adversely affect our business, financial condition and results of operations. See also "Cautionary Notes Regarding Forward-Looking Statements". Except as required by law, the Company undertakes no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A.

We may not be able to successfully execute our business plan, including entering into the Malahat Joint Venture.

The execution of our business plan poses many challenges and is based on a number of assumptions. We may not be able to successfully execute our business plan. In particular, we may not be able to finalize the Malahat Joint Venture. If we are not able to finalize the Malahat Joint Venture, if we experience significant cost overruns on our programs, or if our business plan is more costly than we anticipate, certain operating activities may be delayed or eliminated, resulting in changes or delays to our commercialization plans, or we may be compelled to secure additional funding (which may or may not be available) to execute our business plan. We cannot predict with certainty our future revenues or results from our operations. If the assumptions on which our revenue or expenditure forecasts are based change, the benefits of our business plan may change as well. In addition, we may consider expanding our business beyond what is currently contemplated in our business plan. Depending on the financing requirements of a potential acquisition or new product opportunity, we may be required to raise additional capital through the issuance of equity or debt. If we are unable to raise additional capital on acceptable terms, we may be unable to pursue a potential acquisition or new product opportunity.

Limited operating history

An investment in the Company should be considered highly speculative due to the nature of the Company's business. The Company has no history of earnings, it has not paid any dividends and it is unlikely to enjoy earnings or be paying dividends in the immediate or foreseeable future.

We have a history of losses and negative cash flows and expect to incur losses until such time as we can produce sufficient revenues to cover our costs.

The Company has incurred substantial losses since its inception and has not generated revenue in excess of its expenses. The Company expects to incur net losses and negative cash flows during its research and development phase, and losses and negative cash flows may continue past this phase as the Company will need to earn significant revenues in order to cover the costs that will arise with commercialization such as production, marketing, and additional personnel expenses. The Company may not ever achieve profitability. Even if the Company does achieve profitability, it may not be able to sustain it.

Our technology and products may not meet the market requirements, including requirements relating to performance, integration and / or cost.

The market requirements for our planned products and, by extension, our technology changes rapidly. Our planned products may not meet the market requirements for any number of characteristics, including performance, integration characteristics, cost, freeze-protection, ingress protection, and durability.

Inability to raise capital

The Company will require significant capital to achieve its business objectives, and there is no assurance that it will be able to raise the necessary funds to do so, or be able to secure financing on favourable terms. The Company's ability to raise money depends on the state of capital markets, its attractiveness as a business compared to its competitors, the amount of funding that the Company is seeking, and its ability to find financiers willing and able to provide such financing. Some of these variables are beyond the Company's control. If the Company fails to raise the required amount of capital at a given time, it may be forced to discontinue certain products or operations, reduce or forego sales and marketing activities, and/or cut back on staff. Furthermore, not procuring sufficient capital may place the Company's business as a going concern into jeopardy.

Even if the Company was able to raise the requisite amount of money when needed, such financings may have undesirable effects. If the Company was to raise money through equity financings, its shareholders' ownership interest will be diluted, and the terms of the equity securities may include liquidation or other preferences that may adversely affect its shareholders' rights. Debt financing, if available, may involve agreements that include covenants limiting or restricting its ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If the Company raises additional capital through government or other third-party funding, marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, the Company may have to relinquish valuable rights to its products, future revenue streams, research programs or to grant licenses on terms that may not be favourable.

Potential fluctuations in our financial and business results make forecasting difficult and may restrict our access to funding for our commercialization plan.

We expect our revenues and operating results to vary significantly from quarter to quarter. As a result, quarter-to-quarter comparisons of our revenues and operating results may not be meaningful. Due to the stage of development of our business, it is difficult to predict our future revenues or results of operations accurately. We are also subject to normal operating risks such as credit risks, foreign currency risks and fluctuations in commodity prices. As a result, it is possible that in one or more future quarters, our operating results may fall below the expectations of investors and securities analysts. Not meeting investor and security analyst expectations may materially and adversely impact the trading price of our common shares and restrict our ability to secure required funding to pursue our commercialization plans.

Loss of key personnel

The Company depends on the services of its key technical, sales, and management personnel as it continues to expand its development activities. The loss of any of these key persons could have a material adverse effect on the Company's business, results of operations and financial condition. The Company may not be able to attract or retain qualified technical, sales, and management in the future due to the intense competition for qualified personnel among software and hardware businesses. If it is not able to attract and retain the necessary personnel to accomplish its business objectives, it may experience constraints that will impede significantly the achievement of its development objectives.

We are and will continue to be reliant on collaborating partners.

Our business depends on collaborating partners. Currently, our main collaborating partners include the Malahat First Nation, C-Life Technologies Inc., Enwind Power Co Ltd., and Power Touch Corp. We anticipate that the collaborating partners will perform their obligations as agreed and planned, although there is a risk that they won't, and we operate under the constraint that the partner is not under our control.

Rapid technological changes

The markets for the Company's products are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards can render the Company's existing products obsolete and unmarketable and can exert price pressures on existing products. The success of the Company is dependent upon its ability to be able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The Company's inability to develop products that are competitive in technology and price and that meet end-user needs could have a material adverse effect on the Company's business, financial condition or results of operations.

The technology industry is very competitive, and we may be unable to compete with companies with greater financial or technical resources than us, which could negatively affect our operations.

The technology industry is characterized by rapid technological developments and a high degree of competition. Access to patents and other protection for technology and products, the ability to commercialize technological developments, access to necessary capital, access to market channels and the ability to obtain necessary approvals for testing, manufacturing and commercialization will impact our potential success. We will be competing with other technology firms in the clean technology space or with other companies with similar technologies. These companies, as well as academic institutions, government agencies and private research organizations, also compete with us in research and development, product development, and market and brand development. Additionally, these companies all compete for highly qualified scientific personnel and consultants, and capital from investors. Timing of the market introduction of our technology or of competitors' technologies or products may be an important competitive factor. Accordingly, the relative speed with which we can complete project development, conduct appropriate safety testing and manufacture, will also be determining factors in our ability to compete successfully in the markets we enter.

We may not be able to sell our products on a commercially viable basis on the timetable we anticipate, or at all.

We cannot guarantee that we will be able to develop commercially viable products on the timetable we anticipate, or at all. Selling our planned products on a commercially viable basis requires technological advances to improve the durability, reliability and performance of these products, and to develop commercial volume manufacturing processes for these products. It also depends upon our ability to reduce the costs of these products, since they are currently more expensive than products based on existing technologies. We may not be able to sufficiently reduce the cost of these products without reducing their performance, reliability and durability, which would adversely affect the willingness of consumers to buy our products. We cannot guarantee that we will be able to internally develop the technology necessary to sell our planned products on a commercially viable basis or that we will be able to acquire or license the required technology from third parties. In addition, before we release any product to market, we intend to subject it to numerous field tests. These field tests may encounter problems and delays for a number of reasons, many of which are beyond our control. If these field tests reveal technical defects or reveal that our products do not meet performance goals, our anticipated timeline for selling our products on a commercially viable basis could be delayed, and potential purchasers may decline to purchase our products.

A mass market for our products may never develop or may take longer to develop than we anticipate.

Our planned products represent emerging markets, and we do not know whether end-users will want to use them in commercial volumes. In such emerging markets, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for our planned products may be affected by many factors, some of which are beyond our control, including the emergence of newer, more competitive technologies and products, regulatory requirements, consumer perceptions of the safety of our products, and end-user reluctance to buy a new product. If a mass market fails to develop, or develops more slowly than we anticipate, we may never achieve profitability. In addition, we cannot guarantee that we will continue to develop, manufacture or market our products if sales levels do not support the continuation of the product.

Ability to protect the Company's intellectual property

If the Company's intellectual property is not adequately protected, the Company may lose its competitive advantage. The Company's success depends in part on its ability to protect its rights in its intellectual property. The Company relies on various intellectual property protections, including patents, copyright, trademark and trade secret laws and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Company's intellectual property without its authorization. Policing unauthorized use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of Canada or the United States. To protect the Company's intellectual property, the Company may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Company's business or adversely affect its revenue, financial condition and results of operations.

We may experience cybersecurity threats to our information technology infrastructure and systems, and unauthorized attempts to gain access to our proprietary or confidential information, as may our customers, suppliers and/or partners.

We depend on information technology infrastructure and systems ("IT Systems"), hosted internally and outsourced, to process, transmit and store electronic data and financial information (including proprietary or confidential information), and manage business operations. Our business requires the appropriate and secure utilization of sensitive, confidential or personal data or information belonging to our employees, customers and partners. In addition, the Company's proprietary or confidential information may be stored on IT Systems of our suppliers, customers and partners. Increased global cybersecurity vulnerabilities, threats and more sophisticated and targets cyber-related attacks pose a risk to the security of the Company's and its customers', partners', suppliers' and third-party service providers' IT Systems and the confidentiality, availability and integrity of the Company's and its customers' and partners' data or information. We may be subject to cybersecurity risks or other breaches of our IT Systems intended to obtain unauthorized access to our information and that of our business partners, destroy data or disable, degrade or sabotage our IT Systems through the introductions of computer viruses, fraudulent emails, cyber attached and other means, and such breaches could originate from a variety of sources including our own employees or unknown third parties. While we have made investments seeking to address these threats, including monitoring of networks and systems, hiring of experts, employee training and security policies for employees, we may face difficulties in anticipating and implementing adequate preventative measures and remain potentially vulnerable. We must rely on our own safeguards as well as the safeguards put in place by our suppliers, customers and partners to mitigate the threats. Our internal systems are audited for cybersecurity vulnerabilities by third party security firms to ensure we are prepared for new and emerging threats. Our suppliers, customers and partners have varying levels of cybersecurity expertise and safeguards, most have yearly compliance audits that are available upon request.

An IT System failure or non-availability, cyber-attack or breach of systems security could disrupt our operations, cause financial loss, a loss of business opportunities, misappropriation or unauthorized release of confidential/proprietary or personal information, damage to our systems and those with whom we do business, violation of privacy laws, litigation, regulatory penalties and remediation and restoration costs, as well as increased costs to maintain our IT Systems. Cybersecurity breaches or failures of our IT Systems could have an adverse effect on our business operations, financial reporting, financial condition and results of operations, and result in reputational damage. Furthermore, given the highly evolving nature of cybersecurity threats or disruptions and their increased frequency, the impact of any future incident cannot be easily predicted or mitigated, and the costs related to such threats or disruptions may not be fully insured or indemnified by other means.

Our assets, operations and employees are subject to various risks for which we may not have or be able to carry sufficient insurance coverage.

We currently carry insurance to protect our assets, operations and employees. While we believe insurance coverage can adequately address many of the material risks to which our business may be exposed and is adequate and customary in our current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for all risks and hazards to which we may become exposed. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, results of operations and financial condition could be materially adversely affected.

Business acquisition risk

A number of risks associated with business acquisition include: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets. The presence of one or more material liabilities and/or commitments of an acquired company that are unknown at the time of acquisition could have a material adverse effect on the Company's results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into its existing operations.

Product liability lawsuits against us could cause us to incur substantial liabilities, and we may be subject to product recalls for product defects that are self-imposed or imposed by regulators.

In the event of a failure of a planned product, we may be subject to potential product liability lawsuits. Under certain circumstances, our customers may be required to recall or withdraw the products incorporating our technology. Even if a situation does not necessitate a recall or market withdrawal, product liability claims may be asserted against us. Even if a product liability claim is unsuccessful, the negative publicity surrounding any assertion that the products caused illness or physical harm could adversely affect our reputation and brand equity.

Public policy and regulatory changes could hurt the market for our products and services.

Changes in existing government regulations and the emergence of new regulations with respect to our planned products may hurt the market for our products and services. We cannot guarantee that these laws and policies, including subsidies or incentives associated with the adoption of clean energy products, will not change. Changes in these laws and other laws and policies, or the failure of these laws and policies to become more widespread, could result in manufacturers abandoning their interest in our planned products or favoring alternative technologies. In addition, as our planned products are introduced into our target markets, governments may impose burdensome requirements and restrictions on the use of our planned products that could reduce or eliminate demand for some or all of our products and services. Government budgetary constraints could reduce demand for our products by limiting the funding available for clean technology and clean electricity investments. We cannot guarantee that current government direct and indirect financial support for our products will continue.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting standards

Certain pronouncements were issued by the IASB but are not yet effective as at June 30, 2024. The Company intends to adopt these standards when they become effective but does not expect these amendments to have a material effect on the consolidated financial statements of the Company.

IFRS 18 Presentation and Disclosure in Financial Statements - IFRS 18 will replace IAS 1, Presentation of Financial Statements which aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1

January 2027. Companies are permitted to apply IFRS 18 before that date. The Company is not yet able to determine the impact to the consolidated financial statements from the adoption of this standard.

DISCLOSURE CONTROLS

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

ADDITIONAL INFORMATION

Additional information concerning the Company and its operations is available on SEDAR at www.sedarplus.ca and on the Company web site at https://energyplug.com.

APPROVAL

The Board of Directors of Energy Plug Technologies Corp. has approved the contents of this management discussion and analysis on February 27, 2025.