



# ENERGY PLUG TECHNOLOGIES CORP.

## FORM 51-102F1

### MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended September 30, 2023

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 November 28, 2023, and should be read in conjunction with the unaudited interim consolidated financial statements and related notes of the Company for the three month period ended September 30, 2023, and the audited consolidated financial statements of the Company and related notes for the year ended June 30, 2023. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

### CAUTIONARY NOTES 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 and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "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" occur. Forward-looking information is based on assumptions and expectations which the Company considers are reasonable, 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. 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 a software company developing technology utilizing advanced algorithms and real-time data analysis to monitor Electric Vehicle (EV) charging stations as well as software development services and intelligent networking solutions for the Battery Energy Charging Systems (BESS) sector. The Company also, through its wholly-owned subsidiary, Greentech Hydrogen Innovations Corp. (“Greentech”), investigates opportunities in both the science for the purpose of commercialization and the development of products and services addressing the growth in a wide range of long-term hydrogen businesses related to global energy policy objectives and targets. The Company’s common shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol “PLUG”, on the OTCQB under the symbol “DVPNF”, and on the Frankfurt Stock Exchange under the symbol “6GQ1”.

Greentech’s Hydrogen-of-Things™ (“HoT”) utilizes data collected from clusters of sensors distributed throughout the supply chain and leverages machine learning techniques to output yet unknown energy related findings. In June 2022, Greentech

filed for patent provisioning of a novel proprietary “smart” IoT (Internet-of-Things) analytics technology being designed and developed for hydrogen producers, distributors and commercial end-users. The HoT offering has a multi-phased delivery of features and aims to balance a minimum service offering with massive data collection. Collected data is analysed using proprietary algorithms to determine a variety of new metrics such as distributed hydrogen production & availability, carbon impact, buyer/seller matchmaking along with staple metrics like tank temperature, pressure & flow. The platform depicts the data through unique images, charts, animation, infographics and is accessible to subscribers. Greentech intends to offer various levels of data access subscriptions, HoT device sales, licensing opportunities and potential revenue from fuel commissions. Greentech will operate the HoT device assembly, technology development, product distribution, device installation, technology licensing, sales, and support while Energy Plug will be the exclusive network provider for Greentech’s cloud analytics monitoring service.

In September 2023, the Company entered into an agreement to acquire all of the issued and outstanding securities of True North Battery Storage Corp. (“True North”), a Canadian based company, by issuing 8,000,000 common shares and 8,000,000 share purchase warrants of the Company to True North. Each common share purchase warrant entitles the holder to purchase one common share of the Company at \$0.10 for a period of 24 months from the date of issuance. True North has signed a letter of intent for cooperation with C-LiFe Technologies, Inc. (“C-LiFe”), a lithium iron phosphate batteries and Battery Energy Storage System (BESS) manufacturer in Taiwan, to establish a cooperation framework for a proposed lithium battery production enterprise in North America.

Established in 2009, C-LiFe has been a leader in the R&D and manufacturing of lithium iron phosphate battery cells and continues to advance the field of battery energy storage systems and products related to electric vehicles. C-LiFe has gained global recognition for its exceptional battery energy storage systems, with a customer base that includes top companies in Taiwan and Japan such as Hitachi, Japan Rail Nissan, Formosa, Nippon Steel, and Delta, demonstrating the trust and confidence industry leaders have placed in their advanced battery energy storage systems. In September 2020, C-LiFe obtained the multi-national patent "Lithium-ion secondary battery with high current discharge capacity" authorized by the Industrial Technology Research Institute (Patent No. I270994 of the Republic of China) and patents such as STOBA®, a high-temperature resistant fast charging material, for R&D and manufacturing Safer and more efficient lithium iron phosphate batteries. In 2022, C-LiFe completed its second-generation battery energy storage system design, and in January 2023, successfully installed a 1 MW energy storage system (20 ft container) at its factory.

#### Key activities:

- On September 1, 2023, the Company announced that it has entered into an agreement to acquire all of the issued and outstanding securities of True North Battery Storage Corp. (“True North”), a Canadian based company, by issuing 8,000,000 common shares and 8,000,000 share purchase warrants of the Company to True North. Each common share purchase warrant entitles the holder to purchase one common share of the Company at \$0.10 for a period of 24 months from the date of issuance. The transaction was closed on September 19, 2023.
- On September 22, 2023, the Company announced a joint agreement between eParkGo Services Ltd., a smart parking management systems company, for the installation and maintenance of up to 50 electric vehicle (EV) charging stations at the newly developed One Shaughnessy and Two Shaughnessy residential buildings located in Port Coquitlam, British Columbia, Canada.
- On November 8, 2023, the Company announced the appointment of Li Doyle to the Company’s Board of Directors.

## **DISCUSSION OF OPERATIONS**

During the three months ended September 30, 2023, the Company reported a net loss of \$2,597,877 compared to a net loss of \$80,293 incurred in the three months ended September 30, 2022. The loss for the first quarter of fiscal 2024 relates primarily to general operating expenses of \$745,700 (2022 - \$80,293) and loss on acquisition of assets of \$1,852,177 (2022 - \$nil).

The general operating expenses excluding share-based payment expenses for the three months ended September 30, 2023 were \$275,320 (2022 - \$80,293). The increase in general operating expenses is due to the increased operating activities related to the development of software capabilities in EV charging stations and the BESS. The variance was mainly attributable to:

- Consulting fees of \$67,032 (2022 - \$6,394) relate to services from external business consultants on paralegal, business development, and technology consulting work.

- Marketing and promotion of \$108,276 (2022 - \$nil) relate to digital marketing services, market research and investor awareness programs provided by marketing firms.

Share-based payment expenses of \$470,380 (2022 - \$nil), a non-cash charge, are the estimated fair value of the stock options granted during the period. The Company used the Black-Scholes option pricing model for the fair value calculation.

## 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 September 30, 2023.

	For the Three Months Ended							
	Fiscal 2024	Fiscal 2023				Fiscal 2022		
	Sept. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(2,597,877)	(325,128)	(100,828)	(98,170)	(80,293)	(145,555)	(138,700)	(69,627)
Net income (loss)	(2,597,877)	(325,128)	(100,828)	(98,170)	(80,293)	(145,555)	(138,700)	(69,627)
Income (loss) from continuing operations per share - basic and diluted	(0.05)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net income (loss) per share - basic and diluted	(0.05)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2023, the Company had a cash balance of \$371,278, a decrease of \$339,901 from the cash balance of \$711,179 as at June 30, 2023. During the three months ended on September 30, 2023, the Company spent \$338,939 (2022 - \$79,650) in operating activities and \$5,962 (2022 - \$nil) on intangible assets. The Company received \$5,000 (2022 - \$nil) of net proceeds from exercise of warrants.

The Company had a working capital of \$462,796 as at September 30, 2023 compared to a working capital of \$737,689 as at June 30, 2023.

At present, the Company may not have sufficient capital resources to meet its anticipated operating requirements and project research and development for the next 12 months. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

### 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. 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

Amounts due to related parties consisted of the following:

	September 30, 2023	June 30, 2023
A company controlled by the CEO of the Company	\$ -	\$ 1,285

The amounts due to related parties have no specific terms of repayment, are unsecured, and non-interest bearing.

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 three month periods ended September 30 is as follows:

	2023	2022
Management fees	\$ 49,000	\$ 39,000
Consulting fees	11,767	6,394
Research and development	-	25,500
Share-based payments	227,350	-
Total	\$ 288,117	\$ 70,894

## 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 at November 28, 2023, the Company has 60,427,780 common shares, 3,300,000 stock options, and 48,598,860 warrants issued and outstanding.

## FINANCIAL INSTRUMENTS

The carrying amount of cash, receivables, accounts payable and amounts due to related parties 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 at September 30, 2023, the Company has current assets of \$534,506 and current liabilities of \$71,710. The Company's financial liabilities include accrued expenses and trade and other 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 operations expenses in the United States and 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 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. Except as required by law, the Company undertake no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A. These risks include, but are not limited to the following:

#### *Lack of profitability concerns*

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.

#### *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 fail 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.

#### *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.

#### *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.

#### *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.

### *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.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

### New accounting standards

There were no new or amended IFRS pronouncements effective July 1, 2023 that impacted the Company's consolidated financial statements.

## **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](http://www.sedarplus.ca) and on the Company web site at <https://energyplugcorp.com>.

## **APPROVAL**

The Board of Directors of Energy Plug Technologies Corp. has approved the contents of this management discussion and analysis on November 28, 2023.