



ENERGY PLUG TECHNOLOGIES CORP.

FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS

For the Nine Months Ended March 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 May 30, 2024, and should be read in conjunction with the unaudited interim consolidated financial statements and related notes of the Company for the nine month period ended March 31, 2024, 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, 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;
- 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 find development partners for the continued development of HoT (as defined below) technology;
- The ability to advance HoT technology to the commercialization stage;
- The ability to enter into a joint venture with C-LiFe;
- The ability to finalize the joint venture agreement with the Malahat First Nation and 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 also, through its wholly-owned subsidiary, investigates opportunities in commercializing scientific advancements and developing products and services for long-term hydrogen businesses aligned with global energy policy objectives. 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”.

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 Hydrogen-of-Things™ (“HoT”) is a hydrogen storage and distribution system technology that utilizes data collected from clusters of sensors distributed throughout the supply chain and leverages machine learning techniques to output yet unknown energy related findings. 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 is seeking development partners to advance the technology to the commercialization stage.

Acquisition Transaction

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 holds a Letter-of-Intent for Cooperation (“LOI”) with C-Life Technologies Inc. (clifetech.com), a Taiwan registered company in the business of battery energy storage systems, whereby the parties established a cooperation framework for a proposed lithium battery production enterprise in North America. As part of the value determination for the acquisition, Energy Plug would receive both True North and C-Life Technologies’ extensive expertise, technologies, and strong market presence to reinforce its position in the energy storage industry in North America. The intention of this acquisition was to establish the Company’s foothold in the energy storage industry.

Established in 2009, C-LiFe has been a leader in the research and development 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.

Under the terms of the LOI, True North is responsible for identifying a suitable jurisdiction for the facility, providing guidance on pertinent government and regulatory policies, and organizing funding for the preparation and construction of the battery production plant. C-LiFe’s responsibilities include contributing battery hardware, preparing production documentation and certification, providing specialized personnel and technical support, conducting product function testing, and supplying technical information necessary for the completion of the production line. The LOI contains no specific terms,

conditions and dates of events regarding the battery production plant or joint venture with C-LiFe and contemplates a separate agreement in this regard. No separate agreement has been entered into. The Company believes that the transaction will enable the Company to expedite its business ambitions, which would have otherwise required a significant amount of time. The consideration paid for the shares of True North was deemed reasonable based on the negotiations and the anticipated benefits it will bring to the Company.

The transaction was an arm's length transaction and the Company did not conduct a formal valuation. The purchase price and the number of shares issued to the shareholders of True North were determined through negotiation between the parties. To the Company's knowledge, C-LiFe have no affiliation with True North. Subsequent to the acquisition, David Parry, the sole director of True North, joined the Company as a consultant.

At the date of acquisition, the Company determined that True North did not constitute a business as defined under IFRS 3, Business Combinations, and the acquisition was accounted for as an asset acquisition. As of the acquisition date, True North had a net liability of \$1,344. The fair value of 8,000,000 common shares and 8,000,000 share purchase warrants issued to the True North's shareholders was determined to be \$1,850,833. Consequently, the cost of the acquisition was calculated to be \$1,852,177, representing the excess of the consideration paid over the fair value of the monetary assets and liabilities assumed on the acquisition date. The intangible assets identified in the transaction did not meet the recognition criteria under IFRS; therefore, the acquisition cost of \$1,852,177 was expensed as a loss on acquisition of assets.

Proposed BESS Facility

On December 19, 2023, the Company announced that it was in the process of finalizing a joint venture agreement with Malahat First Nation to construct a battery pack assembly facility on the Malahat reserve land. In the proposed joint venture, Malahat First Nation plans to fund and construct the facility while Energy Plug will provide manufacturing equipment, technology and hardware, along with technical support, management, sales, and maintenance services. The estimated costs and timeline for the construction have not yet been determined. The Company intends to establish strategic partnerships with C-LiFe and other battery cell producers to supply battery cells and leverage technical expertise and technology for the production of the proposed battery packs.

This announcement contains forward looking information, which includes but is not limited to the projected size of the facility and the expected annual production size of battery packs. The Company did not have sufficient information to project the construction timeline of the facility or the production volume of the facility. Readers are cautioned that actual results may vary materially from the forward-looking information and that there can be no guarantee that the factory producing battery packs will be built or that the projected annual production capacity will be achieved. The material risk factors that material that could cause actual results to differ materially from the forward-looking information include but are not limited to:

- the ability to finalize the joint venture agreement with the Malahat First Nation;
- obtaining financing;
- obtaining permits;
- ability to procure the plant and equipment;
- ability to build the battery assembly facility;
- ability to hire staff;
- ability to secure suppliers of batteries and obtaining batteries at desired prices;
- supply chain disruptions;
- technological obsolescence;
- changing government, plans, policies regarding clean energy, batteries, electric vehicles and other electric transportation devices;
- elimination or reduction of government subsidies for electric vehicles and other electric transportation devices, solar panels, and wind power installations; and
- potential war conflicts which may disrupt supply of the components required to produce batteries.

The material assumptions used to develop forward-looking information include, but not limited to:

- General business and economic conditions;
- Financial markets conditions;
- The Company's ability to fund its operations through financings and joint ventures;
- Procurement of consulting, technical and related services and supplies on favourable terms;
- Attraction and retention of key staff members;
- 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;
- Timing of regulatory and governmental approvals, permits and authorizations required to execute the Company's planned business objectives;
- The nature and location of the Company's plants, and the timeline for initiating its business operations;
- 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 with the industry regulators.

The negotiations with the Malahat First Nation are ongoing. The Company will announce the terms of the joint venture agreement if and when these terms are finalized. There can be no guarantee that the joint venture agreement will be entered into until it is finalized and signed.

Other key activities:

- On September 26, 2023, the Company announced the appointment of Fred Stearman as President, Chief Executive Officer ("CEO") and a director of the Company.
- On November 8, 2023, the Company announced the appointment of Li Doyle as a member of the board of directors of the Company.
- On December 12, 2023, the Company announced the appointment of Broderick Gunning as President, CEO and a director of the Company.
- On December 15, 2023, the Company announced the appointment of Neil Simmonds as Chief Technology Officer and Cec Primeau as an advisor.
- On December 29, 2023, the Company announced that it is working with Ximen Mining Corp. for a two-phase clean power storage and generation project to stabilize, support and power the Kenville Gold Mine's infrastructure in Nelson, BC.
- On January 12, 2024, the Company announced the appointment of Neel Singh as Chief Strategy Officer and Peter Schober as a technical advisor. The Company also announced the resignation of Bernard O'Brien as a director.
- On February 20, 2024, the Company announced the appointment of Adam Morand as an independent director and the resignation of Fred Stearman as a director.
- On April 22, 2024, the Company announced that Shawn Hensen has joined Energy Plug as a Technical Consultant.
- On May 9, 2024, the Company announced that, together with Malahat Battery Technologies Corp., it has entered into a Memorandum of Understanding ("MOU") with Enwind Power Co Ltd. ("Enwind Power"), a company specializing in the research and development of power sciences and battery-based applications in Taiwan.
- On May 21, 2024, the Company announced the appointment of Jonathon Araujo (Redbird) as the newest member of its Board of Directors. Additionally, the Company has retained Renmark Financial Communications Inc. ("Renmark"), an arm's length party to the Company, to provide investor relations services for the Company.
- On May 24, 2024, the Company announced the closing of its early warrant exercise program (the "Program"). Pursuant to the Program, an aggregate of 2,900,000 warrants were exercised for aggregate gross proceeds of \$217,500.

DISCUSSION OF OPERATIONS

Three month period ended March 31, 2024

The Company is in its research and development phase and has not yet generated operating revenue. During the three months ended March 31, 2024, the Company reported a net loss of \$316,128 compared to a net loss of \$100,828 for the same period in 2023. The significant increase in loss was attributable to the increase in operating activities, particularly in the development of the proposed battery assembly facility with Malahat First Nation. Some of the significant expense items are summarized as follows:

- Consulting fees of \$65,108 (2023 - \$17,391) relate to services from business consultants for paralegal, business development, and business strategy.
- Management fees of \$50,500 (2023 - \$39,000) represent amounts paid to the CEO, CFO and a director of the Company.
- Marketing expenses of \$33,660 (2023 - \$nil) include fees for marketing consultants. The Company established a marketing team to identify potential user markets in the US and Canada for energy storage systems.
- Research and development expenses of \$38,000 (2023 - \$33,412) represent amounts paid to the Company's CTO for research projects.

Nine month period ended March 31, 2024

During the nine months ended March 31, 2024, the Company reported a net loss of \$3,242,232 compared to a net loss of \$279,291 for the nine months ended March 31, 2023. The loss for the 2024 period primarily relates to general operating expenses of \$1,390,055 (2023 - \$279,291) and a loss on the acquisition of assets of \$1,852,177 (2023 - \$nil). The Company recognized a loss of \$1,852,177 on the acquisition of True North because the intangible assets identified in the transaction did not meet the recognition criteria under IFRS.

General operating expenses excluding share-based payment expenses for the nine months ended March 31, 2024 were \$909,615, compared to \$273,916 for the same period in 2023. The increase in general operating expenses is attributed to increased operating activities related to the development of the proposed battery assembly facility with Malahat First Nation. The variance was mainly attributable to:

- Accounting and audit costs of \$46,811 (2023 - \$nil) relate to audit, accounting and tax compliance work carried out.
- Consulting fees of \$169,973 (2023 - \$33,098) relate to services from business consultants on paralegal, business development, and business strategy.
- Investor relations and promotion of \$149,79 (2023 - \$7,410) include costs for investor communications, news release dissemination, digital marketing services, capital market research, and investor awareness programs provided by investor relations and marketing firms.
- Management fees of \$175,000 (2023 - \$117,000) represent amounts paid to the CEO, CFO and a director of the Company.
- Marketing expenses of \$106,978 (2023 - \$nil) include fees for marketing consultants. The Company established a marketing team to identify potential user markets in the US and Canada for energy storage systems.
- Office and miscellaneous of \$47,951 (2023 - \$3,310) represent general administrative expenses and have increased due to the increase in corporate activities.
- Travel expenses of \$48,759 (2023 - \$nil) represent the costs of travel by management and consultants for corporate development, promotion, and project activities.

Share-based payment expenses of \$480,440 (2023 - \$5,375), 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 March 31, 2024.

	For the Three Months Ended							
	Fiscal 2024			Fiscal 2023				Fiscal 2022
	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)

Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(316,128)	(2,597,877)	(325,128)	(100,828)	(98,170)	(80,293)	(145,555)	(138,700)
Net income (loss)	(316,128)	(2,597,877)	(325,128)	(100,828)	(98,170)	(80,293)	(145,555)	(138,700)
Income (loss) from continuing operations per share - basic and diluted	(0.01)	(0.05)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net income (loss) per share - basic and diluted	(0.01)	(0.05)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Factors That Affect the Comparability of the Quarterly Financial Data Disclosed Above

The net loss for the quarters was primarily attributed to general operating expenses, which remained relatively consistent for fiscal years 2022 and 2023. The increase in loss for the fourth quarter of fiscal 2023 was attributed to a digital marketing contract. In May 2023, the Company engaged BullVestor Medien GmbH (“BullVestor”) to provide digital marketing services at a total cost of \$250,000. The significant loss recorded in the first quarter of fiscal 2024 stemmed from two main factors: a loss of \$1,852,177 on the acquisition of True North and the recognition of share-based payment expenses totaling \$470,380. The general operating expenses have increased in fiscal 2024 due to increased operating activities as the Company ventured into new markets within BESS sector.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company had a cash balance of \$109,857, a decrease of \$601,322 from the cash balance of \$711,179 as at June 30, 2023. During the nine months ended March 31, 2024, the Company expended \$1,042,419 (2023 - \$290,518) on operating activities and \$12,053 (2023 - \$nil) on intangible assets. The Company received \$453,150 (2023 - \$nil) in net proceeds from the exercise of warrants. Proceeds raised from exercise of warrants were used to fund operations and working capital.

The Company had a working capital of \$277,290 as at March 31, 2024 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. Subsequent to March 31, 2024, the Company issued 1,700,000 common shares from the exercise of warrants for gross proceeds of \$127,500. 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

Included in amounts due to related parties are \$nil (June 30, 2023 - \$1,285) in advances from a director of the Company. 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 nine month periods ended March 31 is as follows:

	2024	2023
Accounting	\$ 41,000	\$ -
Management fees	175,000	117,000
Consulting fees	40,873	19,245
Marketing	25,097	-
Research and development	54,500	76,500
Share-based payments	227,893	5,342
Total	\$ 564,363	\$ 218,087

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

- a) Incurred management fees of \$34,000 (2023 - \$nil) to the CEO of the Company for management services. The Company has entered into a consulting agreement with a company controlled by the CEO for management services for a monthly fee of \$12,000.
- b) Incurred management fees of \$40,000 (2023 - \$nil) to the former CEO of the Company for management services.
- c) Incurred management fees of \$53,000 (2023 - \$72,000) to a company controlled by the former CEO of the Company for management services.
- d) Incurred management fees of \$48,000 (2023 - \$45,000) and accounting fees of \$41,000 (2023 - \$nil) to a company controlled by the CFO of the Company for management and accounting services. The Company has entered into a consulting agreement with a company controlled by the CFO for financial management services for a monthly fee of \$8,000.
- e) Incurred consulting fees of \$25,097 (2023 - \$nil) to a director of the Company for marketing services. This arrangement is pursuant to a consulting agreement with the director for a monthly fee of US\$6,000
- f) Incurred consulting fees of \$40,873 (2023 - \$19,245) to a company controlled by the Corporate Secretary of the Company for paralegal services.
- g) Incurred research and development of \$54,500 (2023 - \$nil) to a company controlled by the CTO of the Company for technical research services.
- h) Incurred research and development of \$nil (2023 - \$76,500) to the former CTO of the Company for technical research 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 at May 30, 2024, the Company has 66,909,280 common shares, 2,705,000 stock options, and 9,450,000 warrants issued and outstanding.

FINANCIAL INSTRUMENTS

The carrying amount of cash, 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 March 31, 2024, the Company has current assets of \$386,845 and current liabilities of \$109,555. 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.

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.

Supply chain disruptions

The proposed battery assembly facility depends on a global network of suppliers for manufacturing equipment, parts and battery cells. Unexpected changes in business conditions, materials pricing, including inflation of raw material costs, labor issues, wars, trade policies, natural disasters, health epidemics such as the global COVID-19 pandemic, trade and shipping disruptions, port congestions, cyberattacks and other factors beyond our or our suppliers' control could also affect these suppliers' ability to deliver components to us or to remain solvent and operational. The unavailability of any component or supplier could lead to production delays, idle manufacturing facilities, necessitate product design alterations, and jeopardize access to critical technology and tools essential for product production and support, as well as impact our capacity expansion. Any of these occurrences may affect our ability to fulfill customer contracts, potentially delaying our business plans and altering our financial outlook.

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.

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.

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 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 May 30, 2024.