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HYBRID POWER SOLUTIONS CLOSES SECURED CONVERTIBLE DEBENTURE FINANCING

Vancouver, British Columbia, Canada – August 29, 2023. Hybrid Power Solutions Inc. (“**Hybrid**” or the “**Company**”) is pleased to announce that it has closed a non-brokered private placement of secured convertible debentures (the “**Debentures**”) for aggregate gross proceeds of \$535,000. The Company issued 535 Debentures to an arm’s length lender, KW Capital Partners Inc. (the “**Lender**”), with an aggregate principal amount of approximately \$594,444. The net proceeds received by the Company from the offering will be used to satisfy interim payment obligations, pay operational costs and for general working capital.

The Debentures are secured against all assets of the Company and its wholly-owned subsidiary, HPS Solar Inc. (the “**Subsidiary**”), pursuant to general security agreements issued in favour of the Lender by the Company and the Subsidiary, and mature 12 months from issuance. The Debenture does not bear interest unless there is an event of default, in which case the principal amount outstanding under the Debentures will accrue interest at a rate of 25% per annum. The principal amount of the Debentures and any interest thereon is convertible into common shares (each, a “**Share**”) of the Company, at the option of the holder and at a conversion price of \$0.32 per Share, any time after issuance while the indebtedness remains outstanding.

Additionally, Hybrid entered into an agreement (the “**Payment Agreement**”) setting out the terms on which an aggregate of \$688,137 in outstanding *bona-fide* debt owed to Treewalk Consulting Inc., (“**Treewalk**”) will be settled by Hybrid, through a combination of cash payments, a promissory note deferring existing obligations, and Treewalk’s participation in the Company’s proposed initial public offering (the “**IPO**”). Treewalk, a company controlled by Alex McAulay, Chief Financial Officer and a director of Hybrid, provides accounting, financial, and administrative services including interim controllership, temporary accounting services, audit preparation, and budgeting analysis services. In addition to the services described above, the amount being settled also includes fees for services related to the going public transaction provided by Treewalk.

Pursuant to Multi-Lateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), the Payment Agreement and transactions contemplated therein is a “related-party transaction”, as defined in MI 61-101. The Company is relying on the exemptions from the formal valuation requirements contained in section 5.5(b) of MI 61-101 and the minority shareholder approval requirements contained in section 5.7(1)(a) of MI 61-101, as the Company is not listed on specified markets and the fair market value of the debt settlement to Treewalk does not exceed 25% of the Company’s market capitalization, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the execution of the Payment Agreement as the details of the Payment Agreement were not finalized until shortly before execution.

The Company previously obtained a receipt for its long form prospectus dated July 14, 2023, with the securities regulatory authorities in the Provinces of British Columbia, Alberta, Saskatchewan, Ontario, and Newfoundland and Labrador in connection with the proposed IPO. As the IPO has not been completed, the Company intends to file an amended and restated prospectus, amending the final prospectus with the applicable Canadian securities regulatory authorities and on its SEDAR + profile which will include disclosure for the issuance of the Debentures and the Payment Agreement. For more information on the Company, please visit <https://hybridps.ca/>.

On behalf of the Board of Directors:

Francois Renaud-Bryne

CEO and Director

About Hybrid Power Solutions Inc.

Hybrid Power Solutions Inc. is a Canadian clean energy company specializing in producing, developing and installing direct-to-consumer clean technology products such as portable power packs and stationary energy storage.

Forward-Looking Statements

Certain information contained herein constitutes “forward-looking information” under Canadian securities legislation. Forward-looking information includes, but is not limited to, the use of proceeds, the manner of debt settlement under the Payment Agreement, and the Company filing an amended and restated prospectus. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “will”, “will be”, “intends” or variations of such words and phrases or statements that certain actions, events or results “will” occur. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are from those expressed or implied by such forward-looking statements or forward-looking information subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different, including receipt of all necessary regulatory approvals. Although management of the Company have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.

The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.