LOOP ENERGY INC.

Management's Discussion and Analysis

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

DATED MARCH 30, 2021

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INTRODUCTORY NOTES

The following management's discussion and analysis of the financial condition and results of operations ("**MD&A**") of Loop Energy Inc. ("**Loop**" or the "**Company**") should be read in conjunction with the Company's consolidated financial statements and related notes for the years ended December 31, 2020 and 2019 (the "**Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and audited in accordance with Canadian generally accepted auditing standards. All other financial information of the Company referred to herein has not been audited and is derived from the records maintained by management of the Company.

In this MD&A, all references to "$" are references to Canadian dollars. This MD&A has been prepared as of March 30, 2021 and is current to that date unless otherwise stated.

This MD&A contains forward-looking statements that involve risks, uncertainties and assumptions, including statements regarding anticipated developments in future financial periods and the Company's plans and objectives. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking statements. See "*Cautionary Statement Regarding Forward-Looking Information*" and "*RiskS AND UNCERTAINTIES*".

Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2020, is available on SEDAR at www.sedar.com. The Company's common shares trade on the Toronto Stock Exchange ("**TSX**") under the symbol "LPEN".

Trademarks and Trade Names

This MD&A includes the Company's eFlow™ trademark. This trademark is protected under applicable intellectual property laws and is the Company's property. The Company's trademark may appear without the ™ symbol in this MD&A, but such absence is not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, the Company's rights to this trademark. All other trademarks and trade names used in this MD&A are the property of their respective owners.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that relate to the Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to the Company's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding the Company's expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risks and Uncertainties*" in this MD&A and "Risk Factors" in the Company's final long-form prospectus dated February 18, 2021 (the "**IPO Prospectus**"), which factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. Although the Company bases these forward-looking statements on assumptions that it believes are reasonable when made, the Company cautions readers that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this MD&A. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this MD&A, those results or developments may not be indicative of results or developments in subsequent periods. Given these risks and uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statement that is made in this MD&A speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

Our Business

Loop is a designer of polymer electrolyte membrane ("**PEM**") fuel cell systems targeted for the electrification of commercial vehicles. Our mission is to create world-changing fuel cell products through ingenuity and customer collaboration to drive a thriving hydrogen society. We sell and service two categories of products, fuel cell stacks and fuel cell modules, which are intended to serve a variety of commercial applications including light commercial vehicles, transit buses, medium and heavy duty trucks, marine, train, mining trucks, material handling vehicles, and stationary power. Our headquarters are in British Columbia, Canada and we have a manufacturing facility in Burnaby, British Columbia.

With expanding e-commerce freight demands, we believe zero emission vehicles ("**ZEV**s") (vehicles that do not directly produce atmospheric pollutants) are one of the only viable options for a sustainable future. Commercial vehicles powered solely by lithium ion batteries are a part of the solution. However, fully battery-powered commercial vehicles are unable to economically meet such critical functional characteristics as range, payload and refueling times that we believe are required for mass-market adoption. We believe that a fuel cell system combined with lithium ion batteries is the solution that meets these requirements. A hydrogen fuel cell is a device that produces electricity and water through an electrochemical reaction when supplied with hydrogen and oxygen.

Our products feature our proprietary eFlow™ technology in the fuel cell stack's bipolar plates. eFlow™ was designed to enable commercial customers to achieve performance maximization and cost minimization. eFlow™ technology uses a tapered channel, rather than a typical rectangular shaped fuel cell channel, thereby decreasing the cross-sectional area and increasing gas velocity, allowing for higher power, better fuel efficiency and better expected durability of the fuel cell.

We assemble fuel cell stacks that use our proprietary eFlow™ bipolar plate technology. Our fuel cell stacks can be used as standalone units or in a twin-stack system, where two fuel cell stacks are connected together with a common balance of plant to reduce overall volume. Our fuel cell stacks have different power ranges, which we believe make them suitable for a variety of different applications.

We believe that Loop has superior fuel cell systems when compared to those of our competitors' for a variety of reasons that are important to our customers, including (a) leading fuel efficiency, (b) higher durability, and (c) increased power capabilities.[1]

How We Are Organized

We operate in various geographic markets and organize ourselves in one reportable segment. Our fuel cell development and business operations are primarily based in Burnaby, British Columbia Canada, where we develop fuel cell range extenders for the commercial vehicle market. Revenue for the year ended December 31, 2020 was $0.5 million (2019 - $0.5 million). As at December 31, 2020 we had 35 full-time employees.

How We Sell Our Products

Our products are available to be sold worldwide to Original Equipment Manufacturers ("**OEM**"), systems integrators and end-users through a direct sales force and the Company's joint venture enterprise (the "**InPower-Loop JV**") with Beijing In-Power Renewable Energy Co., Ltd. ("**InPower**"). Our sales method varies depending on the product offering, market and stage of technology adoption. We also have a small sales team with two operating regional satellite sales offices in China and Italy.

Intellectual Property

We protect our intellectual property through a combination of patents, trademarks, trade secrets, non-disclosure agreements and contractual provisions. We have a policy to enter into non-disclosure and confidentiality agreements

[1] When compared with fuel cell stacks of the same size as measured by total active area.

with our employees and consultants, and all third parties that have access to our proprietary technology. As of December 31, 2020, we held 16 patents in a variety of jurisdictions, two allowed patent (pending grant), and had 13 patent applications pending. Additionally, we intend to work with various research institutions in the future around the development of new technologies related to our core intellectual property.

We believe our intellectual property, combined with our industry experience and fuel cell knowledge, provides us with a strong competitive advantage and represents a significant barrier to entry into our industry for potential competitors. We believe our patents place Loop in a strong starting position to build our Company over the long-term and will continue to strengthen our efforts across our target markets. We currently retain sole ownership of all the intellectual property developed by us. Given the relative early stages of our industry, we believe our intellectual property is and will continue to be important in providing differentiated products to customers.

As part of the JV License Agreement with the InPower-Loop JV, we license certain know-how around the balance of plant. This know-how relates to the disclosure of various components which are used in the balance of plant such as compressors, wiring harnesses and enclosures. The InPower-Loop JV has the right to develop certain new IP around this knowledge transfer as it relates to the balance of plant. The JV License Agreement does not pertain to any of Loop's current or future patents as it relates to our stack technology.

Government Contracts

The material government contracts which are currently in use for the development of our fuel cell products or have been completed over the previous fiscal years are listed below.

*Sustainable Development Technology Canada ("**SDTC**")*

In 2015, we were awarded a $7.5 million grant from SDTC to fund a project to accelerate the deployment of the Company's zero-emission powertrain for heavy duty trucks by developing and demonstrating the fuel cell range extender in a real-world full-scale operation. The project would also advance our products from TRL 5 to TRL 8. We receive milestone payments over the life of the contract with SDTC once we have achieved certain targets as set out in the agreement. In March 2020, we received an additional $0.4 million grant to the project or an increase of 5% of the overall project grant.

California Air Resources Board

During 2017, Loop and Peterbilt Motors Company ("**Peterbilt**") formed a consortium with the Gas Technology Institute and Transportation Power Inc. (now a subsidiary of Meritor, Inc.) to build two Peterbilt Class 8 trucks with our fuel cell system to be operated in California. In 2018, the California Air Resources Board announced a grant to the consortium of US$2 million to support this project. In 2020, the first truck was completed in California and this truck is currently undergoing acceptance testing. We expect manufacturing of the second truck to commence in the first half of 2021.

Automotive Supplier Innovation Program ("**ASIP**")

In 2017, we were awarded a grant of $0.8 million through ASIP to assist the Company with the development and demonstration of its automotive eFlow™ fuel cell stack technology. The project focused on the development of a bipolar plate design for use in light duty commercial applications. The program provided 50% matching of funds towards certain milestones.

*Western Innovation Initiative ("**WINN**")*

In 2017, we were awarded a loan through WINN, supporting 49% of the purchase of certain capital assets related to the procurements of manufacturing related equipment. The Company received a total of $0.8 million over the term of the agreement and started repaying this loan in April 2019 over 60 equal monthly installments. The Company was subsequently given an extension of payment terms under the WINN loan through a COVID-19 relief program whereby payments were halted between April 2020 and January 2021. We recommenced the monthly WINN payments in January of 2021.

Initial Public Offering

On February 25, 2021, the Company completed its initial public offering ("IPO" or the "Offering") of an aggregate of 6,250,000 common shares of Loop at a price of $16.00 per common share. The Company's common shares began trading on the TSX under the symbol "LPEN". In conjunction with the IPO, the Company:

- Consolidated its issued and outstanding preferred shares and common shares on the basis of one post-consolidation common share for three pre-consolidation shares.
- Converted all issued and outstanding preferred shares to common shares.
- Converted all issued and outstanding convertible debentures into common shares.
- Granted 230,632 stock options exercisable at a price of $16 per common share for a period of 10 years to directors, management and employees of the Company.
- Issued 314,500 special advisor warrants to certain advisors exercisable at a price of $16 per common share for a period of one year from the closing of the IPO.

All share and per share information in this MD&A have been amended retrospectively to reflect the share consolidation.

The Company anticipates that the IPO will allow the Company to work through its business objectives for fiscal 2021 as described below.

Additional information with respect to the IPO is available in the Company's final long form prospectus dated February 18, 2021 and filed on SEDAR at www.sedar.com.

Fiscal 2021 Outlook

Over the course of 2021, Loop intends to advance the business in geographic reach, manufacturing capability and product offerings. These advances are intended to enable Loop to take maximum advantage of the projected growth of the fuel cell industry; expand its revenues; increase manufacturing capacity to control quality, secure supply and reduce costs; and broaden the customer base for the Company's products. The Company has developed, and is in the process of executing, a strategic plan designed to accomplish these objectives.

Loop expects to continue to expand into the Chinese market over the course of 2021. In addition to existing strategic customer relationships, Loop's objective is to expand its market presence in China by engaging additional channel partners in key vertical markets, as well as establishing local field service and manufacturing capabilities. In order to better support new customer engagement efforts, in 2021, Loop expects to expand its Asia Pacific sales and business development team, including building a China based business development team and a technical sales group.

Manufacturing localization is another critical element of the Chinese expansion strategy. Before the end of 2021, the Company expects to select and secure a location, and to begin the build out of a manufacturing facility in China that is wholly owned by Loop. This facility will be designed to produce both Loop fuel cell stacks and Loop fuel cell modules for the Chinese market, with the long-term goal of having bipolar plate production in China as well. This is intended to help ensure that Loop is well-positioned to meet all localization requirements, control and protect its intellectual property and meet the manufacturing cost reduction targets required to be a leader in the China fuel cell market.

The Company intends to expand its local presence in the European market during 2021 by adding additional sales and business development staff, as well as establishing a local field service presence to support the sales, integration and post-sales support efforts. The Company expects that for the duration of 2021, products for the European market will be built in the Company's Burnaby facility and shipped to Europe.

Loop anticipates making its first commercial shipments of the S300 and the T600 products during 2021. In addition, the Company is developing its next generation fuel cell stack. The first prototypes of this next generation fuel cell stack are planned to be built and tested during 2021, with the first field deployments planned for early 2022. Loop intends to continue to expand its product development, testing and prototyping capabilities during 2021 through the addition of testing equipment and personnel.

Loop intends to advance its vertical integration of manufacturing during 2021 by bringing the manufacturing capability for certain key components into the Burnaby-based manufacturing facility. This process has been started for two key components, other components may follow within the year.

Outlook Summary

The timing and full realization of the opportunities above, under the current market environment, cannot be assured or specifically established. We believe it is, however, important to understand the magnitude of these opportunities and the transformative impact that any one of them can have on the business going forward. Over the past several years, in management's opinion, we have taken significant steps to improve the financial capacity of the Company by taking in strategic investments thereby strengthening our consolidated financial position. We have pursued research and product development to expand use cases across our mobility program. We have worked to establish commercial opportunities with global companies that we believe will support our trajectory to a larger scale.

As a global company, we are subject to the risks arising from adverse changes in global economic and political conditions. Political conditions such as government commitments and policies towards environmental protection and renewable energy may change over time. Economic conditions in leading and emerging economies have been, and remain, unpredictable. These macroeconomic and geopolitical changes could result in our current or potential customers reducing purchases or delaying shipments, which could cause revenue recognition on these products to shift into 2021 or beyond.

Future Markets

We believe there are several drivers that will accelerate growth in our markets in the coming year, including the electrification of transport, elimination of diesel fuel and ongoing concern about air quality, being major themes. Increasingly, a number of governments around the world are supporting these themes with policy and funding initiatives. Hydrogen is a versatile energy carrier that enables the "coupling" of sectors that depend on energy. Renewable power generation, efficient grid operations and industrial demand and transport can all be served in an integrated way with hydrogen. Accordingly, we believe our competence in fuel cells supports attractive future market optionality for the Company.

Summary of Annual Results

The Company recognized a loss of $8.9 million (2019 - $4.3 million) for the year ended December 31, 2020. The increase in loss reflects the Company's accelerating rate of investment into this product development and corporate infrastructure to support its business objectives. The Company ended the year with a working capital deficit of $2.1 million (2019 - $2.5 million) which was improved subsequent to December 31, 2020 with the conversion of all outstanding convertible debentures and completion of the initial public offering detailed above.

In the year ended December 31, 2020, the Company invested cashflows of $7.7 million (2019 - $2.6 million) into operations and invested $0.7 million (2019 - $1.0 million) in equipment and leasehold improvements. As detailed in the Highlights for the year ended December 31, 2020 compared to the year ended December 31, 2019, the Company has increased its headcount to increase capacity to move to commercial markets. In the year ended December 31, 2020, the Company completed a preferred equity financing of $10 million which facilitated the increased rate of expenditure in 2020. In 2019, the Company had completed a common share equity financing of $2.3 million and preferred share financing of $5 million to support operations. The Company works in a capital intensive industry and considers the increased rate of expenditure in 2020 needed deployment of resources into its technology and product development pathway.

Over the three years presented, the Company has worked to expand both its financial resources and investment in product development and the underlying capital assets which facilitate development in technology. This has led to a trend in increased assets and expenses over the years ended December 31, 2020, 2019 and 2018.

Operating Results for the Years Ended December 31, 2020 and 2019

Selected Annual Financial Information (in thousands of CAD dollars, except per share amounts)	Year ended December 31,			Variance	
	2020	2019	2018	2020 vs 2019	2019 vs 2018
Revenue	$ 546	$ 468	$ -	17%	100%
Expenses:	10,215	6,864	5,973	49%	15%
Less cost recoveries:	(1,461)	(2,568)	(1,986)	(43%)	29%
Net expenses	8,754	4,296	3,987	104%	8%
Loss before the undernoted	(8,208)	(3,828)	(3,987)	114%	(4%)
Other income (expenses):	(713)	(468)	(478)	52%	(2%)
Loss before income taxes	(8,921)	(4,296)	(4,465)	107%	(4%)
Deferred income tax recovery	-	6	26	(100%)	(77%)
Loss and comprehensive loss	$ (8,921)	$ (4,290)	$ (4,439)	108%	(3%)
Loss per common share – basic and diluted	$ (0.50)	$ (0.25)	$ (0.27)		
Cash	$ 3,201	$ 2,168	$ 10	48%	21,644%
Total assets	10,252	6,818	3,151	50%	116%
Total non-current liabilities	606	1,427	3,300	(58%)	(57%)

Highlights for the year ended December 31, 2020 compared to the year ended December 31, 2019

Revenues

The Company recorded revenues from product sales for the first time in fiscal 2019. The $0.5 million in revenue recorded for fiscal 2019 and 2020 relates to pilot projects for on road and bench top testing. The Company continues through its transitional phase from a technology development company to a commercial stage entity.

Expenses

Expenses increased by $3.4 million during the year ended December 31, 2020 as compared to 2019 primarily as a result of increased product development and general and administrative costs as discussed below.

*Product Development Expenses (“**PDE**”)*

PDE were $6.1 million for the year ended December 31, 2020 compared to $4.7 million in 2019, an increase of $1.4 million, or 28%. The increased costs mainly related to the increase in FTE head count from 20 to 27 during the year as well as material costs related to the build of prototype fuel cell modules for testing and product verification work. Salaries and benefits were $2.8 million (2019 - $1.9 million) for the year ended December 31, 2020 and comprise 46% (2019 – 40%) of PDE. The balance thereafter is substantially spent on supplies and consumables used in the product development process. Depreciation on assets included in PDE was $0.7 million in 2020 and $0.4 million in 2019.

*General and Administration (“**G&A**”)*

G&A expenses were $3.7 million for the year ended December 31, 2020 compared to $2.1 million in 2019, an increase of $1.6 million, or 75%. Salaries and benefits were $1.8 million (2019 - $0.7 million) for the year ended December 31, 2020 and comprise 50% (2019 – 35%) of G&A expense. Predominantly, the increase in G&A expense related to 3 additional FTE headcounts towards the end of 2019 and legal and professional fees as the Company’s business grew in complexity and reach.

*Business Development (“**BD**”)*

During the year ended December 31, 2020 the Company invested in various BD initiatives. These costs were $0.4 million and related primarily to early market development activities in Europe.

Cost recoveries

On March 23, 2017, the Company entered into a development project with SDTC. The project represents a total investment of $30.9 million over five milestones with the Company and its partners providing $19.0 million and the Government of Canada providing the remaining $11.9 million. In 2017, the Company received an initial payment of $1.2 million for the start of the project and to fund SDTC’s portion of the first milestone. In 2018, the Company received a follow-on payment of $0.7 million related to purchases of equipment for the project and the second milestone payment of $1.4 million was received in 2019. One of the goals of the project is to take Loop’s eFlow™ technology from TRL 5 through to TRL 8. The Company successfully completed the first milestone during the year ended December 31, 2019 and recorded $1.3 million as cost recovery.

In the year ended December 31, 2020, the Company recognized a recovery of $1.2 million (2019 - $1.2 million) under the government of Canada’s Scientific Research and Experimental Development (“**SR&ED**”) tax credits program.

Other income (expenses)

During the year ended December 31, 2019 the Company recorded an income of $0.5 million related to the Joint Venture License Agreement it signed with the InPower-Loop JV which consisted of $0.75 million cash to the Company net of intercompany eliminations with the InPower-Loop JV. These fees related to the transfer of know-how related to the parts and operating conditions within the fuel cell module balance of plant. The technology transfer fee was not related to any of Loop’s core intellectual property related to the fuel cell stack. In relation to the receipt of the payment for the technology license the Company incurred and paid $75,000 in foreign withholding taxes.

In 2019, the first year in which the InPower-Loop JV was operational, we recorded a loss from the joint venture of $0.1 million and in 2020 we recorded a loss of $0.2 million. The InPower-Loop JV is expected to continue to incur losses over the next few years as it begins to scale up manufacturing and continues to develop sales channels in the Chinese market.

Finance expenses decreased to $0.5 million for the year ended December 31, 2020 compared to the $0.9 million the comparable period The decrease in finance expense was primarily the result of lower accretion expense on the Company’s convertible debt as the debentures neared maturity ($0.1 million), lower interest on related party loans that were repaid in 2019 ($0.1 million), lower finance fees as warrants issued in 2019 in connection with certain long-term debt was not incurred in 2020, and gains on debt modifications ($0.1 million) resulting from the extension of the repayment dates of the convertible debentures and the WINN loan.

Loss and comprehensive loss

Loss and comprehensive loss increased by $4.6 million for the year ended December 31, 2020 to $8.9 million as compared to $4.3 million in the year ended December 31, 2019. The increase in the loss for the year ended December 31, 2020 is principally the result of higher product development expenses supporting the design and development of our fuel cell modules and higher G&A expenses supporting the overall growth of the Company during the year.

Cash used in and/or provided by operating, investing and financing activities

Cash used in operating activities increased by $5.1 million to $7.7 million for the year ended December 31, 2020 as compared to $2.6 million for the year ended December 31, 2019 mainly due to the continued investment into product development initiatives as the Company continues to grow its team and continue with design and engineering of its fuel cell modules. A more substantial budget for the year ended December 31, 2020 was enabled by the Cummins Apollo investment of $10 million in early fiscal 2020.

Cash used in investing activities for the year ended December 31, 2020 amounted to $0.7 million as compared to $1.7 million for the year ended December 31, 2019 which included a $0.8 million investment in the InPower-Loop JV. The Company was able to leverage capital investments in prior periods through its product development process and,

consequently, the expenditures in the current period were more significantly directed to consumables, supplies and product development.

Cash provided by financing activities for the year ended December 31, 2020 was $9.4 million (2019 - $6.4 million) as a result primarily of the $10.0 million preferred share financing with Cummins Apollo which closed on March 16, 2020 as compared to the $5.0 million preferred share investment by Cummins Apollo on September 15, 2019. In addition to the Cummins Apollo investment, in the prior period, the Company also raised $2.3 million from the issuance of common shares, $0.8 million from the proceeds of long-term debt and $0.7 million from the issuance of convertible debentures, while repaying certain interest-bearing long-term debt of $1.6 million. Interest paid of $0.3 million (2019 - $0.5 million) decreased due to a larger balance of long-term debt outstanding during 2019.

Total assets

Total assets increased by $3.4 million for the year ended December 31, 2020 compared to 2019 as a result of an investment in $1.1 million of inventory (2019 - $Nil), $0.8 million of prepaid and deposits (2019 - $0.2 million), $0.5 million of deferred finance costs associated with the Company's IPO (2019 - $Nil) and continued investment into equipment and leasehold improvements.

Summary of Quarterly Results

Over the period from January 1, 2019 to December 31, 2020, the Company has worked to advance its business objectives within its financial resource capacity. Variation in loss per quarter has been largely related to the timing of significant input purchases, the timing of recognition of government grant revenue under the SDTC program (discussed above), and expansion of staff to support the Company's developing programs.

The Company has not prepared quarterly interim financial statements prior to the quarter ended September 30, 2020. As a result, the Company is unable to provide a summary or the quarterly results for each of the most recently completed quarters other than the quarters as presented:

Selected Interim Financial information	**Three months ended**	
(in thousands of CAD dollars, except per share amounts)	**December 31, 2020**	**September 30, 2020**
Revenue	$ 193	$ 353
Loss and comprehensive loss	$ (2,785)	$ (2,438)
Loss per common share – basic and diluted	$ (0.15)	$ (0.14)

Selected Interim Financial information	**Three months ended**	
(in thousands of CAD dollars, except per share amounts)	**December 31, 2019**	**September 30, 2019**
Revenue	$ 339	$ 129
Loss and comprehensive loss	$ (721)	$ (1,156)
Loss per common share – basic and diluted	$ (0.04)	$ (0.07)

Operating Results for the Three Months Ended December 31, 2020 and 2019

Selected Interim Financial information	**Three months ended December 31,**		**Variance**	
(in thousands of CAD dollars, except per share amounts)	**2020**	**2019**	**$**	**%**

Revenue	$	193	$	339	(146)	(43%)
Expenses:		2,916		2,559	357	14%
Less cost recoveries:		(130)		(1,738)	1,608	(92%)
Net expenses		2,786		821	1,965	239%
Loss before the undernoted		(2,593)		(482)	(2,111)	438%
Other income (expenses):		(192)		(239)	47	(20%)
Loss before income taxes		(2,785)		(721)	(2,064)	286%
Deferred income tax recovery		-		-	-	-
Loss and comprehensive loss	$	(2,785)	$	(721)	(2,064)	286%
Loss per common share – basic and diluted	$	(0.15)	$	(0.04)	(0.11)	275%
Cash	$	3,201	$	2,168	1,033	48%
Total assets		10,252		6,818	3,434	50%
Total non-current liabilities		606		1,427	(821)	(58%)

Highlights for the three months ended December 31, 2020 compared to the three ended December 31, 2019

Revenues

Revenues decreased to $0.2 million for the three months ended December 31, 2020 as compared to $0.3 million, respectively, for the three months ended December 31, 2019 or a decrease of $0.1 million in 2020 versus the comparable periods in 2019. This related to the return of one sold unit during the three months ended December 31, 2020.

Expenses

Expenses increased to $2.9 million for the three months ended December 31, 2020 as compared to $2.6 million, respectively, for the three months ended December 31, 2019 or an increase of $0.3 million, primarily as a result of increased product development and general and administrative costs as discussed below.

Product Development Expenses

PDE for the three months ended December 31, 2020 decreased by $0.7 million to $1.2 million, versus the comparative prior periods. Of the $1.2 million spent on PDE for the three month period ended December 31, 2020, a majority of the costs related to product design around the use of our fuel cell modules in additional mobility vehicle applications and furthering the development on our next generation fuel cell stack platform. Salaries and benefits were $0.8 million (2019 - $0.4 million) for the three months ended December 31, 2020 and comprise 63% (2019 – 22%) of PDE. The relative increase in composition of salaries and benefits in PDE is attributable to an increase in headcount to facilitate in our fuel cell stack development activities in 2020 following the equity injection in March 2020.

General and Administration

G&A expenses for the three months ended December 31, 2020 increased by $0.8 million versus the comparative prior periods to $1.4 million. The increase is attributable primarily to increased staff head count and expanded overhead to service the increased activity level during the period. Salaries and benefits were $0.5 million (2019 - $0.2 million) for the three months ended December 31, 2020. An increase in full-time employee ("**FTE**") head count is the primary reason for the increase in the respective periods, and salaries and benefits comprise 38% (2019 – 25%) of G&A expenses.

Technology Development

During the three-month period ended December 31, 2020 the Company engaged in some new initiatives related to early stage technology development. These costs were $64,000 (2019 - $Nil) and related to early stage research for new material development.

Business Development

During the three-month period ended December 31, 2020 the Company invested in various BD initiatives. These costs were $0.2 million (2019 - $nil) and related to early market development activities in Europe.

Cost recoveries

Expenses for the three months ended December 31, 2020 were offset by cost recoveries of $0.1 million (2019 - $1.7 million). The Company has estimated lower recoveries in 2020 of SDTC credits which are generated from the Company's capability in completing and delivering SDTC milestone during the period. During the quarter ended December 31 ,2019 the Company achieved the first milestone of its SDTC project.

Other income (expenses)

Net finance expenses decreased overall to $0.1 million (2019 - $0.2 million) for the three months ended December 31, 2020, as compared to the comparable period in 2019. In 2019, the Company settled certain interest-bearing long-term debt, which resulted in an overall decrease for the 2020 period. In the current period, the Company recognized a non-cash gain on debt modification of $29,107 (2019 - $nil) for extensions granted on the convertible debentures and non-interest bearing government loan which reduced the net finance expense.

Loss and comprehensive loss

Loss and comprehensive loss for the three months ended December 31, 2020 increased by $2.1 million for the three months ended December 31, 2020 as compared to the same period in 2019 driven mainly by the increase of G&A as the Company continues to grow its team and invest in fuel cell design and development activities and lower cost recoveries as discussed above.

Liquidity and Capital Resources

	December 31,		Variance	
(in thousands of CAD dollars)	**2020**	**2019**	**$**	**%**
Cash	$ 3,201	$ 2,168	1,033	48
Lease liabilities (current and non-current)	450	589	(139)	(24)
Long-term debt (current and non-current)	832	842	(10)	(1)
Convertible debentures (current and non-current)	3,577	3,550	27	1
Total liabilities	9,593	7,698	1,895	25
Working capital deficiency	(2,063)	(2,525)	462	18

The Company's working capital deficiency, being its current assets less its current liabilities, was reduced at December 31, 2020 from December 31, 2019. Cash increased by $1.0 million or 48% to $3.2 million during the year ended December 31, 2020 as compared to a cash balance of $2.2 million at December 31, 2019 mainly due to the $10.0 million Series 2 Preferred Share investment from Cummins Apollo in March of 2020. This was partially offset by the $7.7 million used in operating activities and the $0.7 million in investment in equipment which was principally capital costs associated with our test lab build.

Total liabilities increased to $9.6 million as at December 31, 2020 from $7.7 million at December 31, 2019. The increase was substantially driven by escalating product development investment in the year ended December 31, 2020 resulting

in a higher balance of accounts payable and accrued liabilities of $2.5 million (2019 - $0.7 million). Further the Company's deferred revenue increased by $0.2 million. The Company is working toward completing its reporting obligations to complete the second milestone under the SDTC agreement and anticipates its completion in the first half of 2021.

The Company has been focused on product development with limited commercial sales activity to date. As a result, the Company has experienced significant losses in past years resulting in an accumulated deficit of $32.8 million at December 31, 2020 and has experienced significant negative cash flow from operations. The Company has been reliant on support from shareholders and investors, SR&ED tax credit refunds and other government funding. Subsequent to December 31, 2020, the Company completed its IPO, raising gross proceeds of $100 million, and had all of its convertible debt converted to common shares which has eliminated the working capital deficiency and will provide sufficient funds to execute an operating plan beyond the end of the next year.

Capital Resources

We consider our capital employed to consist of shareholders' equity and total debt, net of cash. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing and is supplemented by applying for government grant programs where available. Future financings are dependent on market conditions and the ability to identify sources of investment. There can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

Subsequent to December 31, 2020, the Company completed its Offering. The Company will provide disclosure regarding its use of funds from the financing in future financial filings.

Financial Instruments, Long-term Debt, Commitments and Contingent Off-balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of March 30, 2021.

Fair Value of Financial Instruments

The Company classifies cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, long-term debt, lease liabilities and convertible debentures at amortized cost. The carrying value of cash, accounts receivable, and accounts payable and accrued liabilities, approximates their fair value given their short-term nature. The carrying value of the long-term debt approximates fair value given the discount rates used to recognize the liabilities in the consolidated statement of financial position and market rates of interest. The fair value of convertible debentures and accrued interest as at December 31, 2020 was $3,600,000 which represents the value to settle the convertible debentures in cash or equity.

The Company's financial instruments serve the working capital needs of the Company. Subsequent to December 31, 2020, the convertible debentures were fully settled and converted to common shares in the Company.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and customer receivables, the carrying value of which represents the maximum credit exposure. The Company limits its exposure to credit loss by placing its cash with major financial institutions. As at December 31, 2020, cash consisted of cash held with financial institutions in Canada. Balances exceed amounts insured by the Canada Deposit Insurance Corporation for up to $100,000.

The Company's exposure to credit risk on customer accounts receivable is influenced mainly by the individual characteristics of each debtor. The Company currently works with a small number of customers and is therefore able to monitor credit risk on an individual account basis and apply lifetime expected loss provisions where any uncertainty on collectability is identified. No such provision is required as at December 31, 2020.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020	2019
Accounts receivable	$ 542,942	$ 125,159
Cash and cash equivalents	3,200,951	2,168,047
	$ 3,743,893	$ 2,293,206

Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to working capital balances primarily denominated in United States dollars, Euro, and Chinese Yuan. As at December 31, 2020, the Company did not have significant net working capital balances in foreign balances. The Company anticipates that, as its operations and sales expand, the Company will be increasingly subject to fluctuations in the United States dollar and Euro.

Interest Rate Risk

The Company’s debt instruments have fixed interest rates, and therefore do not fluctuate with market conditions. Interest income on cash is considered incidental and not significant to operating results.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As at December 31, 2020, the Company had a working capital deficiency of $2.1 million. Subsequent to December 31, 2020, the Company completed its IPO, raising gross proceeds of $100 million, and had all of its convertible debt converted to common shares which has eliminated the working capital deficiency and substantially reduced liquidity risk to the Company.

The following contractual maturities of financial obligations (including interest) exist as at December 31, 2020:

	Carrying amount	Contractual cash flows	Within 1 year	2 to 3 years	4 to 5 years
Accounts payable and accrued liabilities	$ 2,521,381	$ 2,521,381	$ 2,521,381	$ -	$ -
Long-term debt	831,655	980,896	524,910	303,992	151,994
Convertible debentures	3,577,023	3,685,152	3,685,152		-
	$ 6,930,059	$ 7,187,429	6,731,443	$ 303,992	$ 151,994

Proposed Transactions

The Company does not have any proposed transactions as of March 30, 2021.

Critical Accounting Estimates

The Company's management uses its judgement when applying the Company's accounting policies in the preparation of its consolidated financial statements. The preparation of financial information requires management to make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and on the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant in the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Information on significant areas of uncertainty and critical estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to the determination of

a) *Share-based payments:*

The Company uses the Black-Scholes option pricing model. This inherently requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility, risk-free rate and forfeiture rates. Changes in any of these inputs could cause a significant change in the share-based compensation expense charged in the statement of loss and to equity reserves in a given period.

The Company recognized share-based payments expense for options granted and vesting, net of recoveries on cancellations of unvested options, during the years ended December 31, 2020 and 2019 with allocations to functional expense as follows:

	2020	2019
Product development	$ 96,780	$ 94,201
General and administrative	371,385	120,885
	$ 468,165	$ 215,086

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted:

	2020	2019
Risk-free interest rate	0.81%	-
Expected life of options	10 years	-
Expected annualized volatility	71%	-
Dividend	0%	-
Forfeiture rate	0%	-

Expected annualized volatility was determined through the comparison of historical share price volatilities used by similar publicly listed companies in similar industries.

b) *Valuation of convertible debentures:*

At the time of issuance, the Company estimates the borrowing rate of the instrument that would be available to the Company without a conversion. The Company has estimated that a similar borrowing without a conversion feature would be available to the Company at an interest rate of 14% per annum. The instruments bore an interest rate of 12%. The Company discounted the convertible debenture cash flows and recognized the discount as the value associated with the conversion feature upon issuance of the associated instrument, with such amounts recorded as a credit to equity reserves. The carrying value of the convertible debentures, being net of the conversion feature and transaction costs, are accreted over the term of the debentures to their repayment amount.

Variations in this estimate impact the carrying value of the convertible debentures (December 31, 2020 - $3,577,023) and associated finance expense, net of modification gain (2020 - $459,669). Subsequent to December 31, 2020, the total balance of the outstanding convertible debentures of $3,600,000 were converted to common shares of the Company.

c) *Determination of the carrying value of inventory*:

The Company records valuation adjustments for inventory by comparing the inventory cost to its net realizable value. The process requires the use of estimates and assumptions related to future market demand, costs and prices. Such assumptions are reviewed and may have a significant impact on the valuation adjustments for inventory. Net realizable value is assessed on an item by item basis except when they cannot be practically evaluated separately from other items.

During the year ended December 31, 2020, the write down of inventory to net realizable value amounted to $751,420 (2019 - $nil) and is included in product development expense.

The parameters of management's estimates are discussed in the accompanying Financial Statements.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying value of assets and liabilities are as follows:

Recoverability of the Carrying Value of the Company's Joint Venture Investment

The fair value of the Company's joint venture investment requires management to determine whether there are any indications of impairment. Management evaluates the legal standing of the underlying assets of the investment and reviews the progress and development of the underlying assets in the period when making the assessment of whether there are indications of impairment for the investment.

Research and Development

The Company must assess, on an ongoing basis, whether expenditures qualify as intangible assets under IAS 38 – Intangible Assets. No such costs have been capitalized in the periods reported. Further judgment is required in assessing the qualification of research and development expenditures for determining SR&ED tax credits receivable.

Performance Obligations in Revenue Contracts

The recognition of revenues upon completion of performance obligations requires the Company to make an assessment of criteria under its revenue recognition policy.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances.

Changes in Accounting Policies and Recent Accounting Pronouncements

The Company's accounting policies are detailed in Note 3 to the Financial Statements. In the current period, the Company adopted the following accounting policy regarding inventory as a new financial statement line item to the Company:

Inventory

Inventory consists of raw materials, work in process and finished goods and is stated at the lower of cost or net realizable value. The Company evaluates the valuation of inventory by evaluating estimated demand, inventory on hand, anticipated sales and other information and reduces inventory to its net realizable value. The cost of inventory is based on the weighted average principle and includes expenditures incurred in acquiring the inventory and other costs in bringing them to their existing location.

The Company recognized inventory initially in the fourth quarter of 2020. The above accounting policy was adopted in this form as consistent with the nature of the Company's operations and inventory management processes.

Related Party Transactions

Key management personnel includes the members of the Board of Directors, the President and Chief Executive Officer and Chief Financial Officer. Key management personnel compensation for the years ended December comprises:

		2020		2019
Salaries and benefits	$	1,016,917	$	655,000
Share-based payments		223,921		156,765
	$	1,240,838	$	811,765

Management personnel and director transactions for the year ended December 31, 2020:

A principal, Allan Collings, of Collings Family Investments Ltd. ("**CFIL**") and The Collings Stevens Family Foundation ("**CSFF**") is a director of the Company. As at December 31, 2020, CFIL and CSFF hold $500,000 (2019 - $500,000) of convertible debentures issued by the Company, which were converted to common shares subsequent to December 31, 2020. Included in finance expense for the year ended December 31, 2020 is $60,000 (2019 - $148,845) in interest paid or accrued to CFIL and CSFF. In 2019, CFIL was issued warrants as a financing fee in connection with certain debt financing. Included in finance expense for the year ended December 31, 2019 is $56,114 related to the fair value of the warrants issued.

A principal, Neil Murdoch, of Murdoch Family Trust ("**MFT**") is a director of the Company. As at December 31, 2020, MFT holds convertible debentures issued by the Company of $300,000 (2019 - $300,000), which were converted to common shares subsequent to December 31, 2020. Included in interest within finance expense for the year ended December 31, 2020 is $36,000 (2019 - $47,178), respectively, in interest paid or accrued to MFT.

Andreas Truckenbrodt, a principal of Truckenbrodt Clean Energy Consulting Inc. ("**TCEC**"), is a director of the Company. As at December 31, 2020, TCEC holds convertible debentures issued by the Company of $50,000 (2019 - $50,000) which were converted to common shares subsequent to December 31, 2020. Included in interest within finance expense for the year ended December 31, 2020 is $6,000 (2019 - $6,000), in interest paid or accrued to TCEC.

Management personnel and director balances:

At December 31, 2020, various members of management were owed $4,200 (2019 - $4,919) for services rendered, which is included in accounts payable.

The following principal balances of convertible debentures were owed to related parties as follows:

Convertible debentures		**2020**		**2019**
CFIL	$	250,000	$	250,000
MFT		300,000		300,000
CSFF		250,000		250,000
TCEC		50,000		50,000
	$	850,000	$	850,000

Transactions with the InPower-Loop JV:

During the year ended December 31, 2020, the Company accrued $nil (2019 – $58,251) in expenses, was paid $nil (2019 - $750,000) in technical license fees, recorded $120,982 (2019 - $nil) in revenue, recorded $347,316 (2019 - $nil) in accounts receivable, recorded $259,639 (2019 - $54,841) in accounts payable and recorded $nil (2019 - $32,410) in deferred revenue from the InPower-Loop JV. The transactions were carried out in the normal course of operations and are measured at the exchange amount, being the amount agreed between the parties.

Transaction with a significant shareholder:

During the year ended December 31, 2020, the Company sold a fuel cell to a company controlled by a significant shareholder. The transaction was carried out in the normal course of operations and was measured at the exchange amount, being the amount agreed between the parties.

OUTSTANDING SHARE DATA

The following equity instruments are outstanding as of the date of this MD&A:

Common shares	33,577,961
Stock options	2,832,292
Warrants	381,167

RISKS AND UNCERTAINTIES

Risk is inherent in all business activities and cannot be entirely eliminated. In addition to the risks identified in this section and elsewhere in this MD&A, a number of factors that could cause actual results to vary significantly from the results discussed herein are noted in the IPO Prospectus, a copy of which is available on SEDAR at www.sedar.com. The occurrence of any of such risks, or other risks not presently known to the Company or that the Company currently believes are immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition.

Risks Related to our Business

Our limited operating history and our nascent industry makes evaluating our business and future prospects difficult.

Since our inception, we have focused principally on research and development activities relating to our fuel cell products and have a limited history operating our business at its current scale, and therefore a limited history upon which you can evaluate our business and performance and base an investment decision.

Our fuel cell product is a new type of product in the nascent hydrogen fuel cell industry. Predicting our future revenue and appropriately budgeting for our expenses is difficult, and we have limited insight into trends that may emerge and affect our business. If actual results differ from our estimates or we adjust our estimates in future periods, our operating results and financial position could be materially and adversely affected. You should consider our prospects in light of the risks and uncertainties emerging companies encounter when introducing a new product into a nascent industry.

We have limited experience manufacturing fuel cell products on a commercial basis and our experience has been limited to relatively low production volumes.

To date, we have limited experience manufacturing fuel cell products on a commercial basis and our experience has been limited to relatively low production volumes. We cannot be sure that we, or some of our vendors, will be able to develop efficient, low-cost, high-volume automated processes that will enable us to meet our cost goals and profitability projections. We cannot be sure that we will be able to achieve any planned increases in production capacity or that unforeseen problems relating to our manufacturing processes will not occur. Even if we are successful in developing high-volume automated processes and achieving planned increases in production capacity, we cannot be sure that we will do so in time to meet our product commercialization schedule or to satisfy customer demand. If our business does not grow as quickly as anticipated, our existing and planned manufacturing facilities would, in part, represent excess

capacity for which we may not recover the cost, in which case our revenues may be inadequate to support our committed costs and planned growth, and our financial performance and business strategy would be adversely affected. Any of these factors could have a material adverse effect on our business, results of operations and financial performance.

The competitive advantages of our products, in relation to fuel efficiency, peak power output and durability may not be realized or maintained.

Statements regarding our competitive advantage are based on our assessment that our fuel cell products provide superior performance relative to our competitors products. This assessment and comparison of our products is based on our own internal testing. There is currently no third-party benchmark testing of fuel cell products and the variability of the range of fuel cell products makes comparison testing difficult. If our internal assessment of the competitive advantages of our products is incorrect, or if such advantages are not as significant as we believe, potential purchasers may decline to purchase our products.

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

The market requirements for our products and, by extension, our technology change rapidly. Our existing and planned products may not meet the market requirements for any number of characteristics, including performance, fuel efficiency, power output, useful life, reliability, integration characteristics, and cost. Accordingly, we may not be able to sell our products on a commercially viable basis on the timetable we anticipate, or at all.

Other than our current products, which we believe to be commercially viable at this time, we do not know when or whether we will successfully complete the research and development of other commercially viable products that could be critical to our future. If we are unable to develop additional commercially viable products, we may not be able to generate sufficient revenue to become profitable. The profitable commercialization of our products depends on our ability to reduce the costs of our products, and we may not be able to sufficiently reduce these costs. In addition, the profitable commercialization of our products requires achievement and verification of their overall reliability, fuel efficiency, power output and safety targets, and we cannot assure you that we will be able to develop, acquire or license the technology necessary to achieve these targets. We must complete additional research and development to fill our product portfolios and deliver enhanced functionality and reliability in order to manufacture additional commercially viable products in commercial quantities. In addition, while we continue to conduct tests to predict the overall life of our products, we may not have run our products over their projected useful life prior to large-scale commercialization. As a result, we cannot be sure that our products will last as long as predicted, resulting in possible warranty claims and commercial failures.

In addition, before we release any product to market, we 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 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.

Widespread deployment of hydrogen vehicles will be dependent upon the economic production and broad distribution of hydrogen.

Our success in selling our products in larger volumes for use in commercial vehicles will depend on the widespread deployment of hydrogen-powered vehicles in our target markets. This deployment will depend upon a number of factors outside of our control, including the construction of hydrogen infrastructure for the manufacture and distribution of hydrogen, the construction of a network of hydrogen fuelling stations, and the market price of hydrogen. Although many countries have announced strategies and financial support for the build out of hydrogen supply and infrastructure, there can be no assurance that such infrastructure will be completed, or completed in a timely manner, to the extent required to accelerate the adoption of hydrogen vehicles to support our growth strategy. If the necessary infrastructure is not built or is delayed, this will slow the deployment of hydrogen-powered vehicles and will reduce our ability to execute our growth strategy.

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

Our fuel cell 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 is subject to a high level of uncertainty and risk. The development of a mass market for our fuel cell products may be affected by many factors, some of which are beyond our control. These factors include the emergence of newer, more competitive technologies and products, the cost of fuels used by our products, the development of accessible hydrogen fuel infrastructure, regulatory requirements, consumer perceptions of the safety of hydrogen as a fuel for our products, end-user reluctance to buy a new product, and the continued development and improvement of existing power technologies.

If a mass market fails to develop, or develops more slowly than we anticipate, we may never achieve sustained 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.

Our plans are dependent on market acceptance of our products.

Our plans are dependent upon market acceptance of, as well as enhancements to, our products. Fuel cell systems represent an emerging market, and we cannot be sure that potential customers will accept fuel cells as a replacement for traditional power sources or non-fuel based power sources, hydrogen generation sources or storage. As is typical in a rapidly evolving industry, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. Since the hydrogen fuel cell market is still evolving, it is difficult to predict with certainty the size and growth rate of this market. The development of a market for our products may be affected by many factors that are out of our control, including:

- the future costs of fuels used by our products;
- customer reluctance to try a new product;
- the market for distributed generation, hydrogen and storage and government policies that affect those markets;
- government incentives, mandates or other programs favoring zero carbon energy sources;
- local permitting and environmental requirements;
- customer preference for non-fuel based technologies; and
- the emergence of newer, more competitive technologies and products.

Certain estimates of market opportunity and forecasts of market growth included in this MD&A may prove to be inaccurate.

This MD&A includes several estimates by us and third parties of the potential addressable market for hydrogen fuel cell products and for our products and services, both internationally and in Canada. Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. In particular, estimates and forecasts relating to the size and expected growth of demand in our target markets, the adoption of our products, our capacity to address this demand, and our pricing, may prove to be inaccurate. In addition, third-party estimates of the addressable market for fuel cell products reflect the opportunity available from all participants and potential participants in the market. Our Product Backlog is not necessarily determinative of the number of actual sales in the next 24 months and the vast majority of the documents that comprise the Product Backlog are conditional and unconfirmed. Certain prospective orders in the Product Backlog are conditional on the success of pilot projects, the Company's products successfully meeting customer requirements, or the customer's success in acquiring end customers for their products, among other factors. Many of these factors are beyond the Company's control, any of which could prevent the Company from successfully converting the Product Backlog into product sales. Failure to convert the Product Backlog into sales may impact the viability of the Company on a go forward basis.

Any inaccuracies or errors in third-party estimates of market opportunity may cause us to misallocate capital and other business resources, which could divert resources from more valuable alternative projects and harm our business.

The addressable market we estimate may not materialize for many years, if ever, and even if the markets in which we compete meet the size estimates and growth forecasts in this MD&A, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, the forecasts of market size or growth included in this MD&A should not be taken as indicative of our future growth.

Failure to successfully implement our growth strategy could result in reduced revenue and net income growth.

The execution of our growth strategy poses many challenges and is based on a number of assumptions and we may not be able to successfully execute our business plan. Failure to successfully implement our growth strategy could reduce the growth of, our revenue and net income and adversely affect our business, overall financial condition and results of operations. If we experience significant cost overruns in our operations, or if our growth strategy is more costly than we anticipate, certain product development 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 growth strategy. 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 growth strategy may change as well. In addition, we may consider expanding our business beyond what is currently contemplated in our growth strategy. 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.

We may have difficulty executing on our growth strategy and expanding our manufacturing capability.

Our growth strategy contemplates us increasing our manufacturing production, which will require successful execution of:

- expanding our existing customers and expanding to new markets;
- ensuring the manufacture, delivery and installation of our products;
- implementing and improving additional and existing administrative, financial and operations systems, procedures and controls;
- hiring and retaining additional qualified employees;
- expanding and upgrading our technological capabilities;
- managing relationships with our customers, suppliers and strategic partnerships with other third parties;
- identifying and qualifying new vendors that are able to supply components in new market jurisdictions;
- responding quickly to changes in government policy requiring local sourced goods to qualify for subsidies;
- maintaining adequate liquidity and financial resources; and
- continuing to increase our revenues from operations.

If our business grows more quickly than we anticipate, our manufacturing facilities may become inadequate and we may need to seek out new or additional space at considerable cost to us. If our business does not grow as quickly as we expect, our manufacturing facilities would in part represent excess capacity for which we may not recover the cost; in that circumstance, our revenues may be inadequate to support our committed costs and our planned growth, and our financial performance and business strategy would suffer.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, develop new products, satisfy customer requirements, execute our business plan, respond to competitive pressures or achieve satisfactory financial performance.

We may have difficulty bringing in-house the manufacturing of certain product components currently sourced from third-party suppliers.

Our manufacturing strategy contemplates that we will establish our own in-house manufacturing capabilities for bipolar plates. We may encounter difficulties commencing in-house manufacturing due to several factors, including but not limited to, the specification, purchase, cost, delivery, and start-up of manufacturing equipment and ensuring adequate product quality and production rates. In addition, we may wish to establish manufacturing facilities in different countries simultaneously based on market demand, which may strain our resources and delay the manufacture and delivery of our products.

We may be unable to reduce our manufacturing costs as market prices for our products decline over time in line with overall market pricing dynamics.

We expect that the market prices for fuel cells will decline over time. Should we fail to reduce our manufacturing costs in line with this anticipated trend, our business may suffer from reduced profit margins, and we may be unable to grow or maintain our market share relative to lower cost competitive product offerings.

We are dependent on third-party suppliers for the supply of key materials and components for our products and services.

We rely on certain key suppliers for critical components in our products, and other components for our products that are sole sourced. If we fail to maintain our relationships with our suppliers or build relationships with new suppliers, or if suppliers are unable to meet our demand, we may be unable to manufacture our products, or our products may be available only at a higher cost or after a delay. In addition, to the extent that our supply partners use technology or manufacturing processes that are proprietary, we may be unable to obtain comparable components from alternative sources.

The failure of a supplier to develop and supply components in a timely manner or at all, or to develop or supply components that meet our quality, quantity and cost requirements, or our inability to obtain substitute sources of these components on a timely basis or on terms acceptable to us, could impair our ability to manufacture our products or could increase our cost of production. If we cannot obtain substitute materials or components on a timely basis or on acceptable terms, we could be prevented from delivering our products to our customers within required timeframes. Any such delays could result in sales and installation delays, cancellations, penalty payments or loss of revenue and market share, any of which could have a material adverse effect on our business, results of operations, and financial condition.

We depend on a limited number of customers for a majority of our revenues and are subject to risks associated with early stage market activities related to the use of fuel cells in commercial vehicles.

We have only recently started commercial sales of our products. We depend on a limited number of customers for a majority of our revenues and are subject to risks associated with early stage market activities related to the use of fuel cells in commercial vehicles. While we are seeking to expand our customer base, we expect that for the foreseeable future, we will continue to have a limited number of customers. To date our customers have purchased limited numbers of our products. Our future success is dependent upon our existing customers purchasing increased numbers of our products and us securing additional customers. Any fluctuations in anticipated demand from these customers may negatively affect our business, financial condition and results of operations.

If we are unable to broaden our customer base and expand relationships with other potential customers, our business will continue to be impacted by unanticipated demand fluctuations due to our dependence on a limited number of customers. Unanticipated demand fluctuations can have a negative impact on our revenues and business, and an adverse effect on our business, financial condition and results of operations. In addition, our dependence on a limited number of customers exposes us to numerous other risks, including: (a) a slowdown or delay in customer deployment of our products could significantly reduce demand for our products as well as increase pricing pressure on our products due to increased purchasing leverage; (b) reductions in customer forecasts and demand could result in excess inventories; (c) the current or future economic conditions could negatively affect customers and cause them to significantly reduce operations or file for bankruptcy; (d) concentration of accounts receivable credit risk, which could

have a material adverse effect on our liquidity and financial condition if customers declare bankruptcy or delay payment of their receivables; (e) reductions in customer demand as a result of their own strategic action to dual source their supply of fuel cell stacks or pursue alternate technology; and (f) changes in government support for zero-emission vehicles could adversely affect the end-user cost of vehicles incorporating our heavy duty motive products.

Some of the product purchase commitments pursuant to our purchase orders and/or MOUs with customers may change based on criteria stipulated under such purchase orders and MOUs.

While some of the purchase commitments we have with our customers pursuant to purchase orders and/or MOUs are irrevocable, others are subject to specific criteria stipulated in the terms and conditions of the applicable purchase orders and MOUs. As a result, some of the purchase commitments in Product Backlog may change over time, thus adversely impacting our revenue expectations over the period affected by such changes.

In the Chinese market, a significant amount of our operations are currently conducted through a joint venture in China that we cannot operate solely for our benefit.

One of the key parts of our strategy is based on the localization of production with our joint venture partner in China, where we do not control the InPower-Loop JV. Manufacturing of fuel cell modules for distribution in China is currently carried out by the InPower-Loop JV, a joint venture between the Company and InPower that is headquartered in Zhong Guan Cun, Beijing. Our joint venture partner may not have the same goals, strategies, priorities or resources as we do and may compete with us, both in China and abroad, outside the joint venture. Joint ventures are intended to operate for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. If our co-owner changes or relationships deteriorate, this may have a material adverse effect on our success in the InPower-Loop JV.

In addition, because we have a minority share ownership, we have limited control over the actions of the InPower-Loop JV. As a result, we may be unable to prevent misconduct or other violations of applicable laws by the InPower-Loop JV. To the extent that another party makes decisions that negatively impact the InPower-Loop JV, or internal control issues arise within the joint venture, we may have to take responsive or other action or we may be subject to penalties, fines or other related actions for these activities.

Further, under the terms of the InPower-Loop JV Agreement, InPower will be granted exclusivity to sell to certain customers in China. The granting of this exclusivity may negatively affect our ability to expand our sales in China if InPower fails to deliver sales or limits our ability to sell through other channels.

We expect we will depend on Chinese customers for a significant portion of our revenues and we are subject to risks associated with the economic conditions and government practices in China.

We expect to increase sales of our product in China to Chinese customers, including through the InPower-Loop JV and affiliates of the InPower-Loop JV. Any significant economic slowdown in China could have an adverse impact on our business, financial condition and results of operations.

In addition, macro-economic conditions, including government subsidy programs and significant volatility in China’s capital markets, may adversely affect access to capital and program plans by our Chinese customers, which could adversely affect our business. Furthermore, successful large-scale deployment of ZEVs will require adequate investment in hydrogen fueling infrastructure and competitive pricing of hydrogen fuel. Inadequate hydrogen fueling infrastructure and/or excessive hydrogen fuel costs could negatively impact deployment of fuel cell powered ZEVs and may negatively impact our business, financial condition and results of operations. Our performance in China is dependent on our business model of localization, including the strength and performance of our localization partners.

Emerging infectious diseases, like the ongoing COVID-19 pandemic, may adversely affect our operations, our suppliers, our customers, or the InPower-Loop JV.

Emerging diseases, like COVID-19, and government actions to address them, may adversely affect our operations, our suppliers, our customers, or the InPower-Loop JV.

A local, regional, national or international pandemic, like the COVID-19 pandemic, may prevent, or cause delays in, acquiring components of our products, producing our products, delivering our services and/or completing sales of our

products or services, whether by direct impacts to our operations, or impacts to the operations of our suppliers, customers or to the financial markets. The InPower-Loop JV may similarly be affected.

The COVID-19 pandemic continues to evolve rapidly and, as a result, it is difficult to accurately assess its continued magnitude, outcome and duration, but it could:

- worsen economic conditions, which could negatively impact levels of investment in fuel cell technology deployments by governments and/or our customers;
- impact our production levels, including as a result of full or partial shutdowns of our manufacturing facilities;
- impact our customers' or joint venture's production volume levels, including as a result of prolonged unscheduled facility shutdowns;
- cause potential shortages of employees to staff our facilities, or the facilities of our customers, suppliers or joint venture;
- lead to prolonged disruptions of critical components, including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; or
- result in governmental regulation adversely impacting our business,

all of which could have a material adverse effect on our business, financial condition and results of operations, which could be rapid and unexpected.

We have benefited from considerable governmental grants and subsidies to fund our operations, including research and development, which may not be available to us in the future.

We have received and benefited from various governmental grants and subsidies for ZEVs or hydrogen fueling infrastructure, including those offered by SDTC, WINN and ASIP. In the past, these various governmental grants and subsidies have been used to fund our operations, including research and development. There can be no guarantee that these programs, or similar sources of grants and subsidies, will be available to the Company in the future, and we cannot provide certainty that we will be able to access additional capital if and when necessary to fund our operations.

We expect our cash reserves will be reduced due to future operating losses, working capital requirements, capital expenditures and potential acquisitions and other investments by our business, and we cannot provide certainty as to how long our cash reserves will last or that we will be able to access additional capital when necessary.

We expect to incur continued losses and generate negative cash flow until we can produce sufficient revenues to cover our costs. For the reasons discussed in more detail below, there are substantial uncertainties associated with our ability to achieve and sustain profitability. We expect our cash reserves will be reduced due to future operating losses and working capital requirements, and we cannot provide certainty as to how long our cash reserves will last or that we will be able to access additional capital if and when necessary.

We have incurred operating losses and negative cash flow in the past and may incur the same in future periods.

Throughout our history, we have experienced net losses. As of December 31, 2020, we had an accumulated deficit of $32.8 million. We commenced commercial sales of our products in 2019 and have had limited commercial sales activity to date. As a result, we continue to experience significant losses and negative operating cash flow.

The Company will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm its operating results.

As a public company whose shares are admitted to trading on the TSX, the Company will incur significant legal, accounting, investor relations and other expenses that it did not incur as a private company, including costs associated with the increased reporting requirements that apply to such companies. The Company also has incurred and will incur

costs associated with current corporate governance requirements, including requirements implemented by the BCSC and the TSX. The Company expects these rules and regulations to increase its legal and financial compliance costs substantially and to make some activities more time-consuming and costly. The Company's management team does not have experience operating the Company as a public company whose shares are admitted to trading on the TSX and may not successfully or efficiently manage the Company's transition to being a public company which is subject to significant regulatory oversight and reporting obligations under Canadian securities laws.

In particular, these new obligations will require substantial attention from the Company's management team and could divert their attention away from the day-to-day management of the Company's business. The Company also expects that, as a public company, it will be more expensive to obtain director and officer liability insurance and it may be more difficult to attract and retain qualified individuals to serve on its Board or as its executive officers.

The Company may need additional capital, which it may not be able to raise on favourable terms, or at all.

The Company expects that available cash, together with cash from its operations and net proceeds from the Offering, will be sufficient to meet its future capital requirements. Nevertheless, the Company may require additional capital if it experiences higher than anticipated expenses or cost overruns, encounters unanticipated problems or delays, fails to achieve further market adoption of its products or engages in acquisitions or additional joint ventures. The Company may need additional financing in the future to further expand its business strategy through mergers and acquisitions. Additional financing may not be available to the Company on favourable terms when required, or at all. If the Company were to raise additional funds through the issuance of equity, equity-related or debt securities, those securities may have rights, preferences or privileges senior to those of the Common Shares and the Company's shareholders may experience additional dilution. If it cannot raise additional funds, further business development may be delayed, the Company may lose clients and its sales and growth may be limited.

The adoption of new accounting standards or interpretations could adversely affect the Company's financial results.

The Company's implementation of and compliance with changes in accounting rules and interpretations could adversely affect its operating results or cause unanticipated fluctuations in its results in future periods. The accounting rules and regulations that the Company must comply with are complex and continually changing. The Company cannot predict the impact of future changes to accounting principles on its financial statements going forward.

The Company's operating results and revenues are subject to fluctuations and its quarterly financial results may be subject to seasonality and market cyclicality, each of which could cause its share price to be negatively affected.

The markets within which the Company operates may be influenced by general economic conditions, economic cycles and annual seasonality factors, among others, which in turn may impact the Company's financial results. Different sectors of the industry within which the Company operates are influenced differently by different factors, and have historically moved through economic cycles with different timing. As such, it is difficult to estimate the potential impact of economic cycles and conditions or seasonality from year-to-year on the Company's overall operating results. With respect to seasonality, the timing of widely observed holidays and vacation periods and particularly slowdowns during the end-of year holiday period could significantly affect the Company's quarterly operating results during those periods. If the Company is unable to adequately respond to economic, seasonal or cyclical conditions, its revenues, expenses and operating results may fluctuate from quarter to quarter.

Fluctuations or seasonality effects could negatively affect the Company's results of operations during the period in question and/or future periods or cause its share price to decline. In addition, changes in accounting policies or practices may affect the Company's level of net income and other financial measures.

Fluctuations in its financial results, revenues and expenses may cause the market price of the Company's common shares to decline.

We are dependent upon systems integrators and OEMs to purchase certain of our products.

To be commercially useful, our fuel cell products must be integrated into products manufactured by systems integrators and OEMs. We can offer no guarantee that systems integrators or OEMs will manufacture appropriate, durable or safe products or, if they do manufacture such products, that they will choose to use our fuel cell products. Any integration,

design, manufacturing or marketing problems encountered by systems integrators or OEMs could adversely affect the market for our fuel cell products and our financial results.

The components of the Company's fuel cell products and the associated components in a customer integration, may contain defects or errors, or our customers may operate our products in an improper manner, resulting in performance loss or a safety incident that could negatively affect customer relationships, increase manufacturing costs, damage the Company's reputation and brand and substantially harm our business.

The satisfactory performance, reliability and availability of the Company's technology and products are critical to the Company's reputation and its ability to attract and retain clients.

Our fuel cell products are complex and must meet stringent technical requirements. The software and other components used in our fuel cell products may contain design, manufacturing or other defects, which could result in the failure of our fuel cell products to perform, damage to the Company's reputation and brand, interruption of business operations, loss of clients, diversion of technical and other resources, a diversion to development resources and increased development, negative publicity, loss of data, and cause our business and operating results to suffer. Any one or more of the foregoing occurrences could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience the failure of its fuel cell products to perform for a variety of reasons, including manufacturing defects, design defects or integration issues.

Negative publicity could result in a decline in the Company's client growth and its business could suffer.

There has been a marked increase in the use of social media platforms and similar channels, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and the accuracy of such information is not independently verified. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The Company's reputation is very important to attracting new clients as well as selling additional services to existing clients. While the Company believes that it has a good reputation and that it provides its clients with a superior experience, there can be no assurance that the Company will continue to maintain a good relationship with its clients or avoid negative publicity. Any damage to the Company's reputation, whether arising from business conduct, negative publicity, regulatory, supervisory or enforcement actions, matters affecting its financial reporting or compliance with the BCSC and TSX listing requirements, security breaches or otherwise could have a material adverse effect on its business.

If the Company fails to develop widespread brand awareness cost-effectively, its business may suffer.

The Company believes that developing and maintaining widespread awareness of its brand in a cost-effective manner is critical to achieving widespread acceptance of its products and attracting new clients. The Company's marketing efforts are primarily directed at the development of new clients and increased penetration of existing clients. Brand promotion activities may not generate client awareness or increase revenues, and even if they do, any increase in revenues may not offset the expenses the Company incurs in building its brand. If the Company fails to successfully promote and maintain its brand, or incur substantial expenses, it may fail to attract or retain clients necessary to realize a sufficient return on the Company's brand-building efforts, or to achieve the widespread brand awareness that is critical for broad client adoption of the Company's services.

The Company is subject to risks inherent in foreign operations, including restrictions on the conversion of currencies and restrictions on repatriation of funds, including out of China.

Our success depends on our ability to secure international customers and receive payments from international customers and the InPower-Loop JV. The Company intends to continue to selectively pursue international market growth opportunities, which could result in sales outside of Canada continuing to account for a more significant portion of the Company's revenue. The Company has committed, and may continue to commit, significant resources to its international operations and sales and marketing activities. While the Company has experience conducting business outside of Canada, it may not be aware of all the factors that may affect its business in foreign jurisdictions. The Company has limited experience developing and manufacturing products that meet foreign regulatory and commercial requirements in our target markets.

The Company is subject to a number of risks associated with international business activities that may increase costs and require significant management attention. International operations carry certain risks and associated costs, such as the complexities and expense of administering a business abroad, restrictions on the conversion of currencies,

restrictions on repatriation of funds, complications in compliance with, and unexpected changes in regulatory requirements, foreign laws, trading and investment policies, exchange controls, difficulties in collecting accounts receivable, potential adverse tax consequences, uncertainties of laws, difficulties in protecting, maintaining or enforcing intellectual property rights, difficulty in managing a geographically dispersed workforce in compliance with diverse local laws and customs, and other factors, depending upon the country involved. Trade disputes and trade barriers, whether tariff or non-tariff, could prevent us from selling our products in key geographical markets, make our products uncompetitive with local competitors, and prevent us from sourcing key components of our products.

Moreover, local laws and customs in many countries differ significantly and compliance with the laws of multiple jurisdictions can be complex, difficult and costly. The Company cannot assure that risks inherent in its foreign operations will not have a material adverse effect on its business.

Exchange rate fluctuations may adversely affect the Company's results and/or compliance with financial covenants.

Due to the Company's international operations, the Company is exposed to the effects of fluctuations in currency exchange rates. The Company generates revenue and/or incurs expenses for contractor or employee compensation and other operating expenses through its supply chain and sales channels in China, Europe and other parts of Asia. Through the operations of the InPower-Loop JV in China, the Company is exposed to Chinese local currency. In other markets, the Company's operations are exposed Japanese yen, euros, U.S. dollars and UK Pound sterling. Fluctuations in the exchange rates between the Canadian dollar and these currencies could result in the dollar equivalent of such revenue and expenses being lower, which could have a negative net impact on the Company's reported operating results. See "

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

DATED MARCH 30, 2021

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– *Currency Risk*".

Commodity price fluctuations are beyond our control and may have a material adverse effect on our business, operating results, financial condition and profitability.

We intend to manufacture and/or purchase significant volumes of bipolar plates and MEAs in the short to medium term, and commodity prices, in particular the price of carbon, platinum and iridium, will affect our costs. Carbon is a key component of bipolar plates and platinum and iridium are used in small quantities in MEAs. These materials are scarce natural resources and we are dependent upon a sufficient supply of these commodities. While we do not anticipate significant near or long-term shortages in the supply of platinum, iridium or carbon, such shortages could adversely affect our ability to produce commercially viable fuel cell products or significantly raise our cost of producing such products.

Regulatory agencies could require us to modify or terminate existing investments or acquisitions and could delay or prevent future opportunities.

Our current and future investment and acquisition opportunities are, or may be, subject to the jurisdiction of the Department of Innovation, Science and Economic Development ("**ISED**") under the *Investment Canada Act* (the "**ICA**"), the U.S. Federal Trade Commission ("**FTC**") and Department of Justice ("**DOJ**") under the *Hart-Scott-Rodino Antitrust Improvements Act of 1976* (the "**HSR Act**") and related legislation and regulations, the Committee on Foreign Investment in the United States ("**CFIUS**") and other similar regulatory schemes. The ICA regulates the acquisition of control of a Canadian business by a non-Canadian and requires that certain transactions be reviewed by ISED before they are permitted to close. The HSR Act regulates certain transactions that affect U.S. commerce and requires that certain transactions be reported to the FTC and DOJ before they are permitted to close. CFIUS has jurisdiction over investments in "U.S. businesses" by non-U.S. persons that involve U.S. national security concerns, which concerns may change or evolve over time in response to political, economic or other events. Unlike the ICA and the HSR Act, CFIUS may intervene in the transaction before or after the closing if the parties to a transaction do not make a voluntary or required filing with CFIUS.

Because we are a British Columbia-based company with operations and assets in British Columbia and a joint venture in China, from time to time, we may receive inquiries from, or may be required to make filings with, these agencies. Any of these agencies could delay or prevent us from participating in future investment, acquisition or joint venture opportunities, or could require us to take steps to address concerns identified by the regulatory agency with respect to existing investments or joint ventures. Each of these regulatory agencies has broad discretion to investigate and intervene in transactions that fall within the scope of their respective regulatory authority. In addition, CFIUS could intervene in our previously completed transactions and require us to modify or amend the terms of those transactions, or terminate or unwind all or part of the transactions, if CFIUS determines that it is necessary to address U.S. national security concerns, without regard to whether the transaction was completed and operated in accordance with applicable law. If these regulatory agencies modify, delay, prevent or terminate our participation in these investments, acquisitions and joint ventures, our results of operations or financial condition may be adversely impacted.

Growth may place significant demands on the Company's management and infrastructure.

The Company's growth has placed and may continue to place significant demands on its management and operational and financial infrastructure. The expansion of the Company's infrastructure will require it to commit financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. Continued growth could also strain the Company's ability to maintain reliable service levels for its clients, develop and improve its operational, financial and management controls, enhance its reporting systems and procedures and recruit, train and retain highly-skilled personnel. Managing the Company's growth will require expenditures and the allocation of valuable management resources. Failure to effectively manage growth could result in difficulty or delays in serving clients, declines in quality or client satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties, and any of these difficulties could adversely impact the Company's business performance and results of operations.

Claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

The Company has indemnification agreements with each of its directors and officers. The indemnification agreements will generally require that the Company indemnify and hold the indemnitees harmless to the fullest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Company and in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, the indemnitees' had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Company provided that the indemnitees must repay all advances if it is finally determined that the indemnitees are not entitled to indemnification under the agreements or the payment of any costs is prohibited by applicable law. The obligation to repay advances of defense expenses will be unsecured and no interest will be charged thereon. Any claims for indemnification by the Company's directors and officers may reduce the available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

Current or future litigation could substantially harm the Company's business.

The Company is not currently involved in any material litigation; however, it may become involved in legal proceedings, claims and other litigation in the future.

The Company may be subject to various legal proceedings and claims arising out of the ordinary course of business, including lawsuits relating to commercial liability, product recalls, product liability, product claims, employment matters, environmental matters, breach of contract, intellectual property, indemnification, stockholder suits, derivative actions or other aspects of our business. The outcome of litigation, regulatory investigations and arbitration disputes are inherently difficult to predict and as a result there is the risk that an unfavorable outcome could negatively affect the Company's business, results of operations and financial condition. In addition, litigation can result in substantial costs and diversion of the resources of the Company. Insurance may not cover such investigations and claims, may not be sufficient for one or more such investigations or claims and may not continue to be available on acceptable terms. An investigation or claim brought against the Company could also result in unanticipated costs and reputational harm.

Warranty claims, product performance guarantees or indemnification claims could negatively affect our financial performance.

There is a risk that our warranty accrual estimates are not sufficient and we may recognize additional expenses, including those related to litigation, because of warranty claims in excess of our current expectations. Such warranty claims may necessitate changes to our products or manufacturing processes and/or a product recall, all of which could hurt our reputation and the reputation of our products and may have an adverse impact on our financial performance and/or on future sales. While we attempt to mitigate these risks through product development, quality assurance, customer support and service processes, there can be no assurance that these processes are adequate. Even in the absence of any warranty claims, a product deficiency such as a design or manufacturing defect could be identified, necessitating a product recall or other corrective measures, which could hurt our reputation and the reputation of our products and may have an adverse impact on our financial performance and/or on future sales.

Litigation is inherently unpredictable, and although we may believe we have meaningful defenses in these matters, we may incur judgments or enter into settlements of claims that could have a material adverse effect on our business, financial condition, and results of operations. The costs of responding to or defending litigation may be significant and

may divert the attention of management away from our strategic objectives. There may also be adverse publicity associated with litigation that may decrease customer confidence in our business or our management, regardless of whether the allegations are valid or whether we are ultimately found liable.

New products may have different performance characteristics from previous products. In addition, we have limited field experience with existing commercial products from which to make our warranty accrual estimates.

We could be adversely affected by risks associated with acquisitions and investments.

We may in the future, seek to expand our business through acquisitions and investments in capital equipment and new business processes.

Acquisitions will be in part dependent on management's ability to identify, acquire and develop suitable acquisition targets in both new and existing markets. In certain circumstances, acceptable acquisition targets might not be available. Acquisitions involve a number of risks, including: (a) the possibility that we, as successor owner, may be legally and financially responsible for the liabilities of prior owners; (b) the possibility that we may pay more than the acquired company or assets are worth; (c) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (d) the difficulty of integrating the operations and personnel of an acquired business; (e) the challenge of implementing uniform standards, controls, procedures and policies throughout an acquired business; (f) the inability to integrate, train, retrain and motivate key personnel of an acquired business; and (g) the potential disruption of our ongoing business and the distraction of management from our day-to-day operations.

While necessary for the growth of our business, investments in capital equipment and new business processes, involve allocating resources based on future expectations that may or may not be correct. Investments in capital equipment and new business processes may not address the requirements of the targeted markets in the future and may result in lower than expected returns on such investments.

The above risks and difficulties, if they materialize, could disrupt our ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have a material adverse effect on our business, results of operations and financial performance.

We depend on our IP, and our failure to protect that IP could adversely affect our expected future growth and success.

Failure to protect our existing IP rights may result in the loss of our exclusivity regarding, or the right to use, our technologies. If we do not adequately ensure our freedom to use certain technology, we may have to pay others for rights to use their IP, pay damages for infringement or misappropriation, or be enjoined from using such IP. We rely on patent and trademark laws to protect our IP. Some of our IP is not covered by any patent or patent application, and the patents to which we currently have, or expect soon to have, rights expire between 2022 and 2037. Our present or future-issued patents may not protect our technological leadership, and our patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, our patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that: (a) any of the patents owned by us or other patents that third parties license to us will not be invalidated, circumvented, challenged, rendered unenforceable or licensed to others; or (b) any of our pending or future patent applications will be issued with the breadth of claim coverage sought by us, if issued at all. In addition, effective patent and trademark protection may be unavailable, limited or not applied for in certain countries.

Certain of our IP have been licensed to us on a non-exclusive basis from third parties who may also license such IP to others, including our competitors. If necessary or desirable, we may seek further licences under the patents or other IP rights of others. However, we may not be able to obtain such licences or the terms of any offered licences may not be acceptable to us. The failure to obtain a licence from a third-party for IP we use could cause us to incur substantial liabilities and to suspend the manufacture or shipment of products or our use of processes requiring the use of such IP.

We may become subject to lawsuits in which it is alleged that we have infringed the IP rights of others or commence lawsuits against others who we believe are infringing upon our rights. Our involvement in IP litigation could result in significant expense to us, adversely affecting the development of sales of the challenged product or IP and diverting the efforts of our technical and management personnel, whether or not such litigation is resolved in our favour.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

In order to protect the Company's IP, the Company relies in part on confidentiality agreements with its strategic partners, employees, independent contractors and other advisors. These agreements may not effectively prevent the disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of the unauthorized disclosure of confidential information. We can provide no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, or that such persons or institutions will not assert rights to IP arising out of these relationships. In addition, others may independently discover the Company's trade secrets and proprietary information, and in such cases, the Company could not assert any trade secret rights against such parties.

To the extent that the Company's employees, contractors or other third parties with whom it does business use IP owned by others in their work for the Company, disputes may arise as to the rights in related or resulting know-how and inventions. The loss of trade secret protection could make it easier for third parties to compete with the Company's services by copying functionality. In addition, any changes in, or unexpected interpretations of, IP laws may compromise the Company's ability to enforce its trade secret and IP rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights, and failure to obtain or maintain protection of its trade secrets or other proprietary information could harm the Company's business, results of operations, reputation and competitive position.

We may experience cybersecurity threats to our IT Systems, and unauthorized attempts to gain access to our proprietary or confidential information, as may our customers, suppliers, subcontractors and joint venture partners.

We depend on 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 targeted 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. While we have made investments seeking to address these threats, including the monitoring of networks and systems, hiring of experts, training of employees and the establishment of security policies for employees, we may face difficulties in anticipating and implementing adequate preventative measures and may potentially remain 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 have been audited for cybersecurity vulnerabilities by a third-party security firm in an effort 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 the loss of, corruption of, or unauthorized access to sensitive, confidential or personal data or information or expose us to regulatory investigation, litigation or contractual penalties. Our customers, partners or governmental authorities may question the adequacy of cybersecurity processes and procedures and this could have a negative impact on existing business or future opportunities. 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.

Additionally, the legal and regulatory environment surrounding information security and privacy in Canada and international jurisdictions is constantly evolving. Violation or non-compliance with any of these laws or regulations, any contractual requirements relating to data security and privacy, or with our own privacy and security policies, either intentionally or unintentionally, or through the acts of intermediaries could have a material adverse effect on our brand, reputation, business financial condition and results of operations, as well as subject us to significant fines, litigation losses, third-party damages and other liabilities.

Global macro-economic conditions are beyond our control and may have an adverse impact on our business or our key suppliers and customers.

Current global economic conditions, including volatility in China, may adversely affect the development of sales of our products, and thereby delay the commercialization of our products. Customers and/or suppliers may not be able to successfully execute their business plans; product development activities may be delayed or eliminated; new product introduction may be delayed or eliminated; end-user demand may decrease; and some companies may not continue to be commercially viable.

Financial market volatility can affect the debt, equity and project finance markets. This may affect the amount of financing available to all companies, including companies with substantially greater resources, better credit ratings and more successful operating histories than ours. It is impossible to predict future financial market volatility and instability, and it may have a materially adverse effect on us.

The Company operates in a competitive business environment and, if the Company is unable to compete effectively, it could have a material adverse effect on the Company's business, financial condition and results of operations.

As fuel cell products have the potential to replace existing power products, competition for our products will come from current power technologies, improvements to current power technologies and new alternative energy technologies, including other types of fuel cells. Our target markets are currently serviced by existing manufacturers with existing customers and suppliers. These manufacturers use proven and widely accepted technologies such as internal combustion engines and batteries as well as coal, oil and nuclear-powered generators.

Additionally, there are competitors working on developing technologies other than PEM fuel cells (such as other types of fuel cells and advanced batteries) in each of our targeted markets. Some of these technologies are as capable of fulfilling existing and proposed regulatory requirements as the PEM fuel cell.

Within the PEM fuel cell market, we also have a large number of competitors. Across the world, corporations, national laboratories and universities are actively engaged in the development and manufacture of PEM fuel cell products and components. Each of these competitors have the potential to capture market share in our target markets. We expect that the PEM fuel cell market will continue to attract new competitors and new technologies.

Many of our competitors have substantial financial resources, customer bases, manufacturing, marketing and sales capabilities, and businesses or other resources, which give them significant competitive advantages over us. Some competitors may be prepared to offer lower priced products with reduced performance and quality than our products, and we may be unable or unprepared to offer similar lower priced products. There can be no assurance that we will be able to compete successfully against current or future competitors or that the competitive pressures we face in the markets in which we operate will not have a material adverse effect on our business, financial condition and results of operations.

The Company depends on its key personnel.

The Company's future success and its ability to manage future growth depend, in large part, upon the continued services of its senior management and the ability to attract and retain key officers and other highly qualified personnel. Competition for such personnel is intense. There can be no assurance that the Company will continue to be successful in attracting and retaining qualified personnel, and the loss of the services of any of these individuals could have a material adverse effect on its revenue, financial performance and results of operations. The Company does not currently have key-man insurance.

The Company depends on highly-skilled personnel to operate its business and if the Company is unable to retain its current, or hire additional, personnel, its ability to develop and successfully market its business could be harmed.

The Company believes its future success will depend in part upon its ability to attract and retain highly skilled managerial, technical, finance, creative and sales and marketing personnel. The Company may be unable to attract and retain suitably qualified individuals who are capable of meeting its growing sales, operational and managerial requirements, or may be required to pay increased compensation in order to do so. If the Company is unable to attract and retain the qualified personnel it needs to succeed, its business will suffer. If the Company grows, the number of

people it needs to hire will increase. The Company will also need to increase its hiring if it is not able to maintain its attrition rate through current recruiting and retention policies.

If the Company cannot maintain its corporate culture, the Company could lose valuable qualities from its workforce.

The Company believes that its corporate culture is a critical component of its success. As the Company develops the infrastructure of a public company and continues to grow, the Company may find it difficult to maintain the valuable aspects of its corporate culture. Failure to preserve its corporate culture could negatively impact the Company's future success, including its ability to attract and retain employees, encourage innovation and teamwork and effectively focus on and pursue its corporate objectives.

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 fuel cell products may hurt the market for our products and services. Environmental laws and regulations have driven interest in fuel cells. 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 fuel cell products or favouring alternative technologies. In addition, as fuel cell products are introduced into our target markets, governments may impose burdensome requirements and restrictions on the use of fuel cell products that could reduce or eliminate demand for some or all of our products and services.

Government budgetary constraints could reduce the demand for our products by restricting the funding available to public transportation agencies and militaries. We cannot guarantee that current government direct and indirect financial support for our products will continue.

Our business is subject to risks associated with obtaining government permits and approvals, and other contingencies that may arise in the course of completing fuel cell installation projects.

Canadian and international governments heavily influence the market for our product and services. A number of our customers are government entities and therefore reviews and approvals are necessary prior to proceeding with projects. In addition, delays with respect to any required approvals or withdrawals of any prior approvals from government or public or regulatory agencies must be considered. If governmental entities modify, delay or reject our participation in certain projects or with specific customers our results of operations or financial condition may be adversely impacted.

The Company's risk management efforts may not be effective.

The Company could incur substantial losses and its business operations could be disrupted if the Company is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk and other market-related risks, as well as operational risks related to its business, assets and liabilities. The Company's risk management policies, procedures and techniques may not be sufficient to identify all of the risks the Company is exposed to, mitigate the risks that the Company has identified or identify concentrations of risk or additional risks to which the Company may become subject in the future.

We could be liable for environmental damages resulting from our research, development or manufacturing operations.

Our business exposes us to the risk of harmful substances escaping into the environment, resulting in personal injury or loss of life, damage to or destruction of property, and natural resource damage. Depending on the nature of the claim, our current insurance policies may not adequately reimburse us for costs incurred in settling environmental damage claims, and in some instances, we may not be reimbursed at all. Our business is subject to numerous laws and regulations that govern environmental protection and human health and safety. These laws and regulations have changed frequently in the past and it is reasonable to expect additional and more stringent changes in the future. Our operations may not comply with future laws and regulations, and we may be required to make significant unanticipated capital and operating expenditures. If we fail to comply with applicable environmental laws and regulations, governmental authorities may seek to impose fines and penalties on us, or to revoke or deny the issuance or renewal of operating permits, and private parties may seek damages from us. Under those circumstances, we might be required to curtail or cease operations, conduct site remediation or other corrective action, or pay substantial damage claims.

The Company's insurance coverage reserves may not cover future claims.

The Company maintains various insurance policies for commercial general liability, excess liability, property and management liability. The Company has third-party insurance coverage to limit its exposure for both individual and aggregate claim costs. The Company is also responsible for losses up to a certain limit for commercial general liability, excess liability, property and management liability insurance.

If a greater amount of claims occur compared to what the Company estimated, its accrued liabilities might not be sufficient and it may be required to record additional expenses. Unanticipated changes may also produce materially different amounts of expenses than reported under these programs, which could adversely impact the Company's results of operations.

The Company's failure to comply with applicable laws regarding privacy and protection of data could lead to significant fines and penalties imposed by regulators, as well as claims by the Company's clients. In addition, if the Company's security measures fail to protect credit and debit card information adequately, the Company could be liable to its clients for their losses. There can be no assurance that the limitations of liability (if applicable) in the Company's contracts would be enforceable or adequate or would otherwise protect the Company from any such liabilities or damages with respect to any particular claim. The Company also cannot be sure that its existing general and management liability insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the Company's insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against the Company that exceeds its available insurance coverage, or changes in the Company's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on the Company's business, financial condition and results of operations.

If completed, potential merger and acquisition activity may fail to achieve the expected benefits of the transaction, including potential disruptions to operations, higher than anticipated costs and efforts to integrate, and loss of key personnel.

Merger and acquisition activities are disruptive to management and the expected benefits of a merger or acquisition transaction are subject to numerous risks, including the disruption of our day-to-day operations, a failure to realize projected revenue gains, achieve expected cost savings within the assumed timeframe, and integration costs being higher than expected. In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. An inability to realize the all or any of the anticipated benefits of a merger or acquisition transaction, as well as any delays encountered in the integration process, could have a material adverse effect on our business and results of operations.

The Company's business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events and to interruption by man-made problems such as terrorism.

The Company's systems and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war and similar events. For example, a significant natural disaster, such as an earthquake, fire or flood, could have a material adverse impact on the Company's business, operating results and financial condition and its insurance coverage may be insufficient to compensate the Company for any losses that may occur. Acts of terrorism, which may be targeted at metropolitan areas which have higher population density than rural areas, could cause disruptions in the Company's or its clients' businesses or the economy as a whole.

The Company may not have sufficient protection or recovery plans in certain circumstances and its insurance policies may be insufficient to compensate the Company for losses that may occur. See "*The Company's insurance coverage reserves may not cover future claims*" above.

Our products use flammable fuels and some generate high voltages, which could subject our business to product liability claims.

Our business exposes us to potential product safety, product liability and similar claims that are inherent in electrical products and in products that use hydrogen or hydrogen-rich reformate fuels. High-voltage electricity poses potential shock hazards, and hydrogen is a flammable gas and therefore a potentially dangerous fuel. Any accidents involving our products or other hydrogen-based products could materially impede widespread market acceptance and demand for our fuel cell products. Involvement in litigation could result in significant expense to us, adversely affecting the

development and sales of our products, and diverting the efforts of our technical and management personnel, whether or not the litigation is resolved in our favour. In addition, we may be held responsible for damages beyond the scope of our insurance coverage. We also cannot predict whether we will be able to maintain our insurance coverage on acceptable terms.

The reader should carefully review each of the risk factors set out in the Company's most recently filed AIF, in respect of the year ended December 31, 2020 which risk factors provide a detailed discussion of the foregoing risks as well as a detailed discussion of other relevant risks. The discussion under "Risk Factors" in such AIF filed on SEDAR under the Company name, is incorporated by reference in this document.