Next Hydrogen Solutions Inc.

Management's Discussion and Analysis

For the years ended
December 31, 2025 and 2024

Dated March 30, 2026

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General Information

The following is Next Hydrogen Solutions Inc.'s management discussion and analysis dated March 30, 2026 ("MD&A"), which provides a comparative overview of the Company's performance for the year ended December 31, 2025, with the corresponding year ended December 31, 2024, and it reviews the Company's financial position as at December 31, 2025. Throughout this MD&A, the term "Company" or "Next Hydrogen" shall mean Next Hydrogen Solutions Inc. and all of its wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes as at and for the years ended December 31, 2025 and 2024 ("consolidated financial statements").

The consolidated financial statements of the Company were prepared in accordance with IFRS® Accounting Standards ("IFRS") reporting, as issued by the International Accounting Standards Board ("IASB"). The Company's presentation currency is the Canadian dollar. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated. The Company's consolidated financial statements for the year ended December 31, 2025 were approved by its Board of Directors on March 30, 2026. Readers are cautioned that certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumption prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, the information in this report is dated as of March 30, 2026. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca.

Operational Highlights

Management is proud to highlight a number of recent milestones that demonstrate progress over 2024 and 2025 and in 2026 to March 30, 2026:

- In March 2026, Next Hydrogen was awarded two contracts with a combined value of approximately $3.75 million to demonstrate its advanced electrolyzer technology solution within a highly specialized nuclear application. Under the agreement, the Company will deliver a customized electrolyzer system tailored to the stringent performance, reliability, and operating parameters required within advanced nuclear environments. This award further validates the technical differentiation of the Company's electrolyzer platform and its suitability for some of the most demanding applications in the energy sector.

- In December 2025, Next Hydrogen successfully closed a non-brokered private placement ("Private Placement") of 46,180,309 common shares at $0.45 per share, raising gross proceeds of approximately $20.7 million (inclusive of $560,527 in debt conversion and $1,125,000 in debenture conversion). The offering was led by an affiliate of Smoothwater Capital Corporation, which became the Company's largest shareholder with approximately 48.1% ownership. Stephen Griggs, CEO of Smoothwater, joined the Company as Executive Chair of the Board. This financing positions the Company to accelerate commercialization of its electrolyzer NH-150 which is already in operation, advance development of its larger NH-500 model, and execute a capital-light growth strategy toward achieving cash-flow positivity.

- In July 2025, Next Hydrogen announced the successful commencement of operations of its first of a kind electrolyzer for hydrogen fueling at a major distribution centre in Bolton, Ontario. This achievement signifies the inauguration of Ontario's largest onsite clean hydrogen generation and fueling station, designed to produce up to 650 kg of hydrogen per day to support fuel cell powered forklifts.

- In July 2025, Next Hydrogen entered into a loan agreement with certain existing directors and officers of the Company providing for the advance of an unsecured loan in the amount of $0.5 million. These loans helped the Company bridge its finances, retain its talented team, and continue operations while evaluating long-term financial and strategic solutions. In December 2025, these loans were fully converted into common shares as part of the $20.7 million private placement led by Smoothwater Capital Corporation (see discussion above).

- In April 2025, Next Hydrogen received a $5 million working capital debt facility from the EDC. To date, approximately $4 million has been drawn. Next Hydrogen intends to use the funds for its scale up and general corporate purposes.

- In 2025, the Company completed and closed out its nuclear application engineering contract, recognizing the majority of the $4.3 million in cumulative revenue in the year with all payments received. The contract was originally awarded in September 2023, covering design engineering and specialized electrolyzer development.

- In March 2025, Next Hydrogen received ISO 9001-2015 and ISO 45001-2018 certifications for its 6610 Edwards Boulevard site in Mississauga, Canada. This demonstrates and certifies Next Hydrogen's standardized quality systems, health and safety management systems, supplier selection processes, and continuous improvement processes. These certifications show that the Company has an efficient operating system capable of scaling to support its expanding customer base.

- In December 2024, the Company closed a private placement offering and received unsecured convertible debentures with a principal amount of approximately $2.7 million. The proceeds were used to invest in scale-up efforts and for general corporate purposes. In December 2025, debentures with a principal amount of approximately $1.1 million were converted into common shares as part of the $20.7 million Private Placement leaving $1.6 million of debentures outstanding.

- In November 2024, Next Hydrogen and Pratt & Whitney announced a collaboration to demonstrate the use of hydrogen in aircraft engines as an enabler for reducing CO2 emissions. This project is partially funded by Canada's Initiative for Sustainable Aviation Technology ("INSAT") and will accelerate the Company's efforts towards high efficiency, low-cost electrolyzers which are needed for establishing hydrogen production infrastructure for aviation fuel.

- In May 2024, the Company was granted a repayable contribution of $2 million from Federal Economic Development Agency for Southern Ontario. This non-interest-bearing contribution is intended to support the Company's growth initiatives aimed at commercialization and business development advancements. To date, the Company has received $1.8 million from the Federal Economic Development Agency for Southern Ontario.

- In December 2022, the Company was awarded $5 million from Sustainable Development Technology Canada ("SDTC") towards the development and demonstration of the Company's next generation electrolysis technology. The payment for the first milestone in the amount of $1.9 million was received from SDTC in 2023, and the payment of $1.9 million for the second milestone was received in early 2024. Payment for the third milestone of $610K was advanced to the Company in January 2025. As all the milestones have been completed, a 10% hold back was released to the Company in December 2025.

Business Overview

Founded in 2007, Next Hydrogen's innovative water electrolysis technology, with patented cell architecture, is designed to efficiently convert intermittent renewable electric power sources into clean hydrogen on an infrastructure scale. The Company was co-founded by Dr. Jim Hinatsu and Dr. Michael Stemp, who are experts in water electrolysis. They previously led Research & Development and Intellectual Property development for Stuart Energy (acquired by Hydrogenics in 2004) and Hydrogenics (acquired by Cummins in 2019).

Next Hydrogen's team has spent more than a decade revolutionizing the design architecture of the electrolyzer to optimize it for renewable energy integration. To date, it has been awarded 40 patents across multiple jurisdictions. The innovation in cell design architecture enables superior operational flexibility to capture the entire output of intermittent renewable energy using significantly smaller or fewer units than traditional electrolyzer designs. Next Hydrogen believes its unique design enables high current density operations, a superior dynamic response and inherent scalability, strong technological advantages to reduce the cost of green hydrogen generation.

The advanced electrolyzer module design uses a new and fundamentally different approach to fluid flows in water electrolyzers. Fluid flows are maintained separately in each half cell chamber or "slice" of the electrolyzer module, whereas conventional designs collect all the fluid flows in internal manifolds of the electrolyzer module, which are separated from the gas in external gas liquid separators. The key enabling design features are incorporation of gas liquid separators inside the electrolyzer module, and fluid flow passages that connect each gas production half cell chamber directly to the gas liquid separators. Next Hydrogen's design can handle much higher fluid flow rates and higher gas generation rates, which in turn enables its products to make more hydrogen, particularly whenever low cost electricity is available.

Next Hydrogen's hydrogen generator makes hydrogen from water and electricity using water electrolysis to generate high purity hydrogen on demand. The key component in the system is an innovative, patented electrolyzer module, which is combined with balance of plant equipment including power, controls, gas purification, closed loop cooling and water treatment. The process typically works by first converting AC electricity to DC electricity, which powers the electrolyzer module. Inside the electrolyzer module water is converted by the DC electricity to hydrogen and oxygen gases. Hydrogen typically is the product gas, and it is cleaned and sent to the user's process and/or hydrogen storage. The system is automatically controlled and operates with minimal oversight. It can be packaged in sea containers for ease of shipping and installation and outdoor installation.

Results of Operations

Financial Highlights

	3 months ended December 31 2025	3 months ended December 31 2024	12 months ended December 31 2025	12 months ended December 31 2024
Revenue	**$ 523,398**	$ 114,686	**$ 3,421,061**	$ 1,362,252
Expenses				
Cost of sales	**1,667,749**	70,576	**2,654,279**	1,696,600
Research and development	**(73,562)**	1,770,985	**3,401,509**	8,634,623
General and administrative	**166,643**	1,451,122	**3,389,079**	5,145,861
Marketing and sales	**84,821**	174,577	**381,772**	532,295
Loss before the following	**(1,322,253)**	(3,352,574)	**(6,405,578)**	(14,647,127)
Finance costs, net	**557,863**	61,375	**1,247,452**	2,780
Net loss before recovery of income taxes	**$ (1,880,116)**	$ (3,413,949)	**$ (7,653,030)**	$ (14,649,907)
Income tax recovery	**—**	(53,000)	**—**	(53,000)
Net loss and comprehensive loss	**$ (1,880,116)**	$ (3,360,949)	**$ (7,653,030)**	$ (14,596,907)
Loss per share - basic	**$ (0.06)**	$ (0.15)	**$ (0.31)**	$ (0.64)
Loss per share - diluted	**$ (0.06)**	$ (0.15)	**$ (0.31)**	$ (0.64)

Revenue

	Year ended December 31 2025	Year ended December 31 2024	$Change	% Change
Revenue	**$ 3,421,061**	$ 1,362,252	$ 2,058,809	151 %

Next Hydrogen is in the early stages of product commercialization. The Company recorded $3,421,061 (2024 - $1,362,252) in revenue during the year ended December 31, 2025, 78% (2024 - 68%) of which was provided by one customer. The increase in revenue in the year ended December 31, 2025, as compared to the same period in 2024, is due to recognition of revenue against a development contract booked in the prior year; the Company's engineering team dedicated substantial hours and effort to advance the project, which was completed in 2025.

As of December 31, 2025, the Company had $2,677,693 (2024 - $5,318,614) in deferred revenue, of which NIL (2024 - $2,640,472) is expected to be earned over the next twelve months.

Expenses

	Year ended December 31 2025	Year ended December 31 2024	$Change	% Change
Cost of sales	**$ 2,654,279**	$ 1,696,600	$ 957,679	56 %
Research and development	**3,401,509**	8,634,623	(5,233,114)	(61)%
General and administrative	**3,389,079**	5,145,861	(1,756,782)	(34)%
Marketing and sales	**381,772**	532,295	(150,523)	(28)%
	$ 9,826,639	**$** 16,009,379	$ (6,182,740)	(39)**%**

Cost of sales increased by $957,679, or 56%, compared to the year ended December 31, 2024. The increase was primarily due to higher inventory impairment charges recognized on an onerous contract during the year.

Research and development ("R&D") expenses decreased by $5,233,114, or 61%, compared to the year ended December 31, 2024. The decrease was mainly driven by the timing of government grant funding received in 2025, which offset R&D expenditures, as well as a reduced level of research activity during the year.

General and administrative expenses decreased by $1,756,782, or 34%, compared to the year ended December 31, 2024. This decrease was primarily driven by the Company's continued focus on cost reduction initiatives.

Marketing and sales expenses decreased by $150,523, or 28%, compared to the year ended December 31, 2024, primarily as a result of the Company's focus on cost reduction initiatives.

Summary of Quarterly Results

The following table sets out quarterly financial information for the Company's eight most recently completed quarters:

(in thousands)	Q4'25	Q3'25	Q2'25	Q1'25	Q4'24	Q3'24	Q2'24	Q1'24
Revenue	523	2,291	275	332	115	120	552	576
Profit / (loss) from operations	(1,322)	384	(2,688)	(2,779)	(3,353)	(3,895)	(3,914)	(3,486)
Net profit / (loss) and comprehensive profit / (loss)	(1,880)	88	(2,920)	(2,940)	(3,361)	(3,922)	(3,895)	(3,419)
Profit / (loss) per share - Basic	(0.06)	0.00	(0.13)	(0.13)	(0.15)	(0.17)	(0.17)	(0.15)
Profit / (loss) per share - Diluted	(0.06)	0.00	(0.13)	(0.13)	(0.15)	(0.17)	(0.17)	(0.15)

During 2025, the Company's revenues consisted of service revenue and revenue from a development agreement. Significant progress was made in the development agreement leading to higher revenue recognition during Q3 2025, and it was completed in Q4 2025. From Q3 2024 to Q2 2025, the reduction in revenues was due to a temporary pause in activities pursuant to the development agreement. Net loss decreased by 48% compared to 2024, driven by reduced research and development expenses, lower general and administrative costs, and higher revenue from the development agreement.

Liquidity and Capital Resources

	Dec 31, 2025	Dec 31, 2024
Cash and cash equivalents	$ 18,516,086	$ 3,586,374
Working capital[(1)]	12,388,279	1,298,386
Total assets	28,972,538	15,462,753
Debt[(2)]	6,793,562	3,022,093
Shareholders' equity / (deficit)	12,083,271	(1,370,473)

(1) Working capital is defined as current assets minus current liabilities.

(2) Debt includes both current and non-current portions of long-term debt and convertible debt. Finance lease liability has been excluded as it pertains to the Company's head office and assembly facility lease.

Cash and cash equivalents, working capital, total assets, and shareholders' equity (deficit) increased during the year ended December 31, 2025 by $14.9 million, $11.1 million, $13.5 million, and $13.5 million, respectively, primarily due to the completion of the Private Placement in December 2025.

Positive cash flows from operating activities are not expected over the next few years as the Company executes its commercialization strategy, increases its sales pipeline and continues to invest in product development to advance its technology.

For the year ended December 31, 2025, the Company had a net loss of $7,653,030, negative cash flow from operations of $7,020,742 and cash and cash equivalents of $18,516,086 and working capital (Current assets less Current liabilities) of $12,388,279.

The following table sets out the Company's contractual obligations with respect to debt:

(in thousands)	Total	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years
Trade and other payables	$ 2,306	$ 2,306	$ —	$ —	$ —	$ —	$ —
Finance lease liability	2,197	362	373	384	395	407	276
Convertible debenture	1,760	1,760	—	—	—	—	—
Long-term debt	6,400	4,567	400	400	400	400	233

As of December 31, 2025, the Company had 69,312,949 common shares, 4,061,626 stock options and 105,224 deferred share units outstanding.

Selected Annual Information

	2025	2024
Revenue	$ 3,421,061	$ 1,362,252
Net loss and comprehensive loss	7,653,030	14,596,907
Loss per share - basic	(0.31)	(0.64)
Loss per share - diluted	(0.31)	(0.64)
Total assets	28,972,538	15,462,753
Total non-current liabilities	8,618,682	10,731,457

Forward-Looking Statements

Certain sections of this MD&A, including the CEO letter, may contain "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to the Company's future financial conditions, results of operations, plans, objectives, performance or business developments. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards, and to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Management makes estimates based on specific facts or circumstances as well as past experiences. Management periodically reviews its estimates and underlying assumptions and as adjustments become necessary, they are reported in profit and loss in the period in which they become known. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported.

A detailed description of the Company's critical accounting estimates can be found in the consolidated financial statements.

Changes in Accounting Standards

Please refer to the audited consolidated financial statements

Future Accounting Pronouncements

Please refer to the audited consolidated financial statements

Risks and Uncertainties

Any investment in the securities of the Company is speculative due to the nature of its business and early stage of commercialization. There are a number of risk factors that could materially affect the Company's future operating results and could cause actual events to differ materially from those described in the forward-looking statements related to the Company. In addition to the usual risks associated with an investment in a business, investors should carefully consider the following risk factors and the risk factors set out in the Company's Filing Statement. If any of the noted risks actually occur, the business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations.

Capital Requirements

Next Hydrogen plans to execute its commercialization strategy, while continuing to invest in product development to strengthen its competitive position, using its working capital to carry out these initiatives. In December 2025, the Company completed the Private Placement, significantly strengthening its financial position. While this financing provides the Company with capital for the execution of its commercialization strategy, the Company's ability to achieve its long-term business objectives and maintain operations beyond its current funding remains dependent upon its ability to generate revenues, meet the relevant criteria of government grants and revenue contracts, and potentially obtain additional financing through equity or debt in the future. There can be no assurance that the Company will achieve profitability or that additional financing, if required, will be available on terms acceptable to the Company.

Operations

Next Hydrogen is subject to risks relating to the industry in which it operates, which include risks relating to the changes in the global and local industry and risks relating to changes in regulations. With respect to the continuing development of the renewable energy industry, Next Hydrogen is subject to the risk that its technology is relatively new and not commercially proven over an extended period of time and, as a result, assumptions and estimates regarding the performance of its technology are made based on limited commercial operating history to date. The projects undertaken by Next Hydrogen are generally capital intensive, require significant time to develop, are technically complex and are physically large. As a result, Next Hydrogen is subject to risks relating to completion of projects, cost overruns, the availability of financing for such projects, and the ability to complete projects in geographically challenging locations. With respect to regulation, the industries in which Next Hydrogen operates are heavily regulated. As a result, Next Hydrogen is subject to risks relating to compliance with comprehensive regulations in multiple jurisdictions, and the risk that laws and regulatory requirements can change in a manner adverse to Next Hydrogen.

Development of the Clean Power Industry

Next Hydrogen operates in a rapidly evolving industry and accordingly is subject to risks relating to the development of that industry generally, and the technology underlying that industry. Accordingly, the business and future prospects of Next Hydrogen may be difficult to evaluate. Next Hydrogen cannot accurately predict the extent to which demand for products and services developed by Next Hydrogen will develop and/or increase, if at all. The success of Next Hydrogen also will depend on traditional business factors such as the ability to develop or market new products and the ability to properly execute corporate strategies. In addition, the regulation of issuers using such technologies or operating in such markets may

undergo substantial change and the ultimate regulatory treatment of such technologies and markets is uncertain, which could affect the viability and expansion of such technologies and markets. In addition, because such technologies and markets may operate across many national boundaries, it is possible that they will be subject to widespread and inconsistent regulation. Any adverse developments that affect any of such technologies or markets could impact Next Hydrogen, thereby negatively impacting the value of Next Hydrogen's investments and/or the ability of Next Hydrogen to pay dividends or distributions.

Commercialization

While Next Hydrogen has commenced commercial scale operations, continued success in scaling its electrolyzer business requires ongoing improvements to the durability, reliability, and performance of its products, as well as the development of higher-volume manufacturing processes to reduce unit costs. Product iteration and refinement are a normal course of technology commercialization; however, there is an inherent risk that such iterations may result in delays, additional development costs, or performance outcomes that differ from those anticipated, which could affect the pace of commercialization. Next Hydrogen may not be able to sufficiently reduce the cost of these products without reducing their performance, reliability and durability, which would adversely affect the willingness of consumers to buy its products. Next Hydrogen cannot guarantee that it will be able to internally develop the technology necessary to sell its electrolyzer products on a commercially viable basis or that Next Hydrogen will be able to acquire or license the required technology from third parties.

In addition, before Next Hydrogen releases any products to market, Next Hydrogen subjects its products to numerous field tests. These field tests may encounter problems and delays for a number of reasons, many of which are beyond Next Hydrogen's control. If these field tests reveal technical defects or reveal that its products do not meet performance goals, Next Hydrogen's anticipated timeline for selling its products on a commercially viable basis could be delayed, and potential purchasers may decline to purchase its products.

Market Demand

Next Hydrogen's products are intended for use in new and emerging markets; as a result, end-user adoption remains difficult to quantify. In such emerging markets, demand and market acceptance for recently introduced products and services are subject to a high level of uncertainty and risk. The development of a mass market for Next Hydrogen's electrolyzers may be affected by many factors, some of which are beyond Next Hydrogen's control, including the emergence of newer, more competitive technologies and products, the cost of inputs used by Next Hydrogen's products, supply costs and supply chain constraints, regulatory requirements, customer perceptions of the safety of its products, and end-user reluctance to buy a new product.

If a material market fails to develop, or develops more slowly than anticipated, Next Hydrogen may never achieve profitability. Moreover, Next Hydrogen cannot guarantee that Next Hydrogen will continue to develop, manufacture or market its products if sales levels do not support the continuation of its products.

Warranty Claims and Product Performance

There is a risk that Next Hydrogen's warranty accrual estimates are not sufficient and Next Hydrogen may recognize additional expenses, including those related to litigation, as a result of warranty claims in excess of its current product performance expectations. Such warranty claims may necessitate changes to its products or manufacturing processes up to and including a product recall, all of which could hurt the reputation of Next Hydrogen and its products, and may have a significant adverse impact on its financial performance and/or on future sales. While Next Hydrogen mitigates these risks through product

development, quality assurance and 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 Next Hydrogen's reputation and the reputation of its products and may have an adverse impact on its financial performance and/or future sales.

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

Intellectual property

Failure to protect Next Hydrogen's existing intellectual property rights may result in the loss of its exclusivity regarding, or right to use, its technologies. If Next Hydrogen does not adequately ensure its freedom to use certain technology, Next Hydrogen may have to pay others for rights to use their intellectual property, pay damages for infringement or misappropriation, or be enjoined from using such intellectual property. Next Hydrogen relies on patent, trade secret, trademark and copyright laws to protect its intellectual property. Some of its intellectual property is not covered by any patent or patent application, and the patents to which Next Hydrogen currently has rights expire between July 2028 and October 2034. Next Hydrogen's present or future-issued patents may not protect its technological leadership, and its patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, Next Hydrogen's 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: (i) any of the patents owned by Next Hydrogen will not be invalidated, circumvented, challenged or rendered unenforceable; or (ii) any of its pending or future patent applications will be issued with the breadth of claim coverage sought by Next Hydrogen, if issued at all. In addition, effective patent, trade secret, trademark and copyright protection may be unavailable, limited or not applied for in certain countries.

Next Hydrogen also seeks to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with its strategic partners and employees. Next Hydrogen can provide no assurance that these agreements will not be breached, that Next Hydrogen will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

Next Hydrogen may become subject to lawsuits in which it is alleged that Next Hydrogen has infringed the intellectual property rights of others or commence lawsuits against others who Next Hydrogen believes are infringing upon its rights. Next Hydrogen's involvement in intellectual property litigation could result in significant expense to Next Hydrogen, adversely affecting the development of sales of the challenged product or intellectual property and diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in its favour.

Competitive Industry Environment

The renewable energy industry is highly competitive in all of its phases, both domestically and internationally. The Company's ability to develop hydrogen technology is based on its ability to secure talented personnel and secure supply of goods necessary to build electrolyzers, of which there is a limited supply. The Company may also encounter competition from other companies in its efforts to hire experienced engineering and development professionals. Competition could adversely affect the Company's ability to attract necessary funding or acquire prospects for strategic partnerships in the future. Competition for services and equipment could result in delays if such services or equipment cannot be obtained in a timely manner due to inadequate availability, and could also cause scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project development or construction costs and result in project delays.

Product Safety Risk

Safety is the top priority of the Company. Management and all employees are strongly committed to delivering fail-safe products to our customers. The product safety risks include the risk from major accidents and/or malfunctions in our products and/or insufficient service during operations and maintenance. The product safety risk is further increased due to Next Hydrogen's new and unique product line.

Technology and Competition Risk

The green-energy sector, and hydrogen production in particular, is witnessing significant development. This not only results in increased competition, but also increased activity in research and development across the hydrogen industry. There is inherent risk that some of the technology developed by Next Hydrogen becomes obsolete. As the world seeks to transition into renewable energy sources, there is a degree of uncertainty that green hydrogen emerges as the preferred technology, which poses a direct risk to Next Hydrogen's technology and how the Company seeks to outperform competition.

Cybersecurity

The Company relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including personally identifiable information, and proprietary and confidential business performance data. As a result, the Company and/or its customers are exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including proprietary business information), corruption or destruction of data, or operational disruption resulting from systems impairment (e.g., malware and ransomware). Third parties to whom the Company outsources certain functions, their service providers and subcontractors, and third parties with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information and business systems. A breach or attack affecting a third-party service provider or partner could harm the Company's business even if the Company does not control the service that is attacked or directly contract with an affected entity. Further, the Company has noted increases in frequency and sophistication of cybersecurity attacks as a result of the use of artificial intelligence by threat actors.

Expansion Risk

The pressures faced by Next Hydrogen to expand its facilities, staff and operations may place high demands on the Company's overhead, technical, financial, and other resources. The Company is currently relatively

lean and there is a degree of risk associated with the Company's ability to build a capable organization at a speed that is required to meet the demand by its customers or potential customers. Next Hydrogen's failure to manage its growth effectively or to manage its expansion strategy in a timely manner may significantly harm its ability to achieve profitability.

Third Party Dependence Risk

The Company is involved in electrolyzer manufacturing and relies on external subcontractors and suppliers for component goods and services. This operating model poses risk to Next Hydrogen's goodwill and branding, as suppliers may fail to meet environmental, human rights, labour, and product quality standards. Next Hydrogen aims to limit risk through dual sourcing of critical components where possible and prefers suppliers with local legislation compliance. However, if Next Hydrogen fails to maintain relationships with its suppliers or faces supply disruptions, it may experience delays in manufacturing, higher costs, order cancellations, customer claims, and loss of market share. Next Hydrogen is working on strategies such as dual supply chains and facilitating increasing volumes from key sub-suppliers to reduce sourcing risk and make its supply chain more robust.

Project Risk

Next Hydrogen's participation in large commercial projects exposes it to risks such as delays and cost overruns due to various factors including delivery delays or shortages of key equipment, design problems, labour disputes, safety hazards, disputes with suppliers, changes in customer specifications, adverse weather conditions, and regulatory approvals or permits delays. Failure to complete a commercial project on time may result in contract delays, renegotiation, or cancellation, and can negatively impact Next Hydrogen's reputation and customer relationships. Next Hydrogen may also face contractual penalties for not completing the project on time, which could adversely affect its business, financial condition, and results of operations.

Key Personnel Risk

Next Hydrogen's growth, development and commercialization will depend on the efforts of key management and other key personnel. Loss of any of these people, particularly to competitors, could have a material adverse effect on Next Hydrogen's business. Further, with respect to future development of Next Hydrogen's projects, it may become necessary to attract both international and local personnel for such development. The marketplace for key skilled personnel is becoming more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside Next Hydrogen's control, including competition for human capital and the high level of technical expertise and experience required to execute this development, will affect Next Hydrogen's ability to employ the specific personnel required. Due to the relatively small size of Next Hydrogen, the failure to retain or attract a sufficient number of key skilled personnel could have a material adverse effect on Next Hydrogen's business, results of future operations and financial condition.

Customer Risk

Next Hydrogen's growth and revenue generation depend heavily on its ability to acquire new customers and maintain relationships with existing customers. However, there is no guarantee that Next Hydrogen will be successful in securing new customers or maintaining existing customer relationships in the future. Additionally, some of Next Hydrogen's existing and potential customers are also planning significant growth, and if these customers fail to succeed in their business plans or fulfill contracts with Next Hydrogen, it may adversely impact Next Hydrogen's sales and revenues.

Adverse Publicity and Product Liability Risk

Next Hydrogen's products could potentially result in product liability claims due to malfunctions, defects, improper installation or other causes, which could result in adverse publicity and significant monetary damages. The successful assertion of such claims could have a significant negative impact on Next Hydrogen's business, prospects, financial results, and operations. As of the date of this MD&A, Next Hydrogen is not aware of any current or pending product liability claims against the Company.

Market Development Risk

Next Hydrogen's revenues may be significantly harmed if significant markets for fueling products, other hydrogen energy products, or renewable energy as a major source for hydrogen production do not develop or develop more slowly than anticipated. This could result in Next Hydrogen being unable to recover the expenditures it has incurred and expects to incur in the development of its products.

Regulatory Risk

Next Hydrogen's operations are subject to numerous environmental requirements, including laws and regulations related to air pollution emissions, wastewater discharges, waste management, and hazardous materials handling. Compliance with these requirements can be costly and may increase over time. Breaches of allowed emission limits granted by various authorities could result in temporary production halts, fines, and corrective measures, which may have a significant effect on Next Hydrogen's operations.

Next Hydrogen's hydrogen industry is currently not subject to industry-specific government regulations in certain jurisdictions, but the Company expects to encounter such regulations in the future, which may impact its development and growth. Changes in environmental policies or government subsidies could also adversely affect Next Hydrogen's business, as it depends substantially on government subsidies in its early commercialization phase. Political developments or judicial review of government financial support could result in the discontinuation or reduction of subsidies, leading to lower profitability and adverse effects on Next Hydrogen's business, financial condition, and results of operations.

Climate Related Risks

Next Hydrogen recognizes that while climate change is a major trend, the anticipated role of green hydrogen in mitigating climate change could change due to geopolitical factors shaping climate policies. Next Hydrogen does not expect to be significantly impacted by potential carbon taxes or restrictions on carbon-intensive assets, as it does not consume products from conflict areas and has limited consumption of rare materials.

Reputation Risk

Next Hydrogen acknowledges the significance of maintaining a strong brand in the growing green hydrogen industry. Reputational risk for Next Hydrogen includes potential damage to brand value resulting in lost opportunities, challenges in talent recruitment and retention leading to technology development disruptions and customer experience issues, and difficulties in attracting investors due to a damaged reputation that could impact the Company's ongoing operations.

Physical Risk

Next Hydrogen's manufacturing facilities are not situated in environments that are excessively exposed to physical risks, including sustained long-term shifts in climate patterns. However, Next Hydrogen's delivered solutions depend on uninterrupted access to water and electricity, and shortages of these resources could potentially impact the performance of their products.