

FIRST HYDROGEN CORP.

Management's Discussion and Analysis

For the Three and Six Months ended September 30, 2024

Form 51-102F1

The following discussion is management's discussion and analysis of the results of operations and financial conditions of First Hydrogen Corp. (the "Company") and should be read in conjunction with the Company's unaudited condensed consolidated financial statements for the three and six months ended September 30, 2024 and audited consolidated financial statements for the years ended March 31, 2024 and 2023 that have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These audited financial statements can be found on SEDAR+ at www.sedarplus.ca.

Additional information relating to the Company is available on SEDAR at www.sedarplus.ca.

All amounts are in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is November 28, 2024.

Forward-Looking Statements

This MD&A includes "forward-looking information", or "forward-looking statements" as defined by applicable securities laws. The purpose of including forward-looking statements is to provide information about the current expectations and plans of management, enabling investors and others to gain a better understanding of the Company's business plans, financial performance, and condition.

All statements in this MD&A, except for statements of historical fact, pertaining to the Company's strategy, future operations, financial position, prospects, plans, feasibility study, and management's objectives, are considered forward-looking statements. These statements are typically identified by words such as "plan," "expect," "estimate," "intend," "anticipate," "target", "believe," or variations thereof, as well as statements indicating that certain actions, events, or results "may," "could," "would," "might," or "will" be taken, occur, or be achieved. Specifically, this MD&A contains forward-looking statements related to the Company's intentions concerning its business and operations, its expectations regarding capital raising and business growth, its growth strategy and opportunities, anticipated industry trends and challenges, the perceived value and potential of the Company's rights, and other development study results, budgets, strategic plans, market acceptance and other timelines, as well as government regulations and relations.

Forward-looking information is based on certain assumptions and other important factors that, if untrue, could significantly impact the Company's actual results, performance, or achievements in comparison to future results, performance, or achievements expressed or implied by such information or statements. There is no guarantee that such information or statements will prove to be accurate. Key assumptions underlying the Company's forward-looking information include its ability to raise additional financing when needed and on reasonable terms, achieve current development, and other objectives regarding demand for hydrogen-fuel-cell-powered light vehicle and other products, obtain necessary licenses, permits, and governmental approvals, attract and retain key personnel, as well as general business and economic conditions, including competitive conditions in the Company's market.

Readers are cautioned that the above list does not cover all factors and assumptions that may have been utilized. Additionally, forward-looking statements are subject to various risks and uncertainties that could have a significant adverse effect on the Company's business, financial condition, results of operations, and growth prospects. Some of the risks and uncertainties that could cause actual results to differ materially from the expressed forward-looking statements include revenue generation and future capital requirements, short or medium-term profitability, risks related to hydro-fuel cell development, electrolysis technology, green hydrogen production and distribution, and operating costs, challenges in funding and construction the production plant, obtaining resources from governmental authorities, compliance with

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environmental and safety regulations, access to equipment, maintenance, reliance on key personnel and business relationships, growth strategy, obtaining insurance, occupational health and safety risks, adverse publicity, third-party risks, disruptions to business operations, reliance on technology and information systems, litigation risks, tax risks, unforeseen expenses, public health crises, climate change, general economic conditions, commodity prices and exchange rate risks, light commercial vehicle demand, share price volatility, public company obligations, competition risk, dividend policy, policies and legislation, force majeure, and technological changes.

While the Company believes that its expectations are based on reasonable assumptions and has made efforts to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that result in actions, events, or results not meeting the anticipated, estimated, or intended outcomes. Therefore, these risks should be carefully considered, although they are not exhaustive. If any of these risks or uncertainties materialize, actual results may vary materially from those anticipated in the forward-looking statements provided herein. Due to the inherent risks, uncertainties, and assumptions associated with forward-looking statements, readers should exercise caution and avoid undue reliance on them.

The forward-looking statements in this document are presented to assist investors in understanding the Company's expected financial and operational performance and results as of the periods covered in the Company's plans and objectives. They may not be suitable for other purposes. The assumptions mentioned above and described in greater detail in the "Risk and Uncertainties" section of this MD&A should be carefully considered by readers.

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, except as required by applicable law. The Company qualifies all of its forward-looking statements with these cautionary statements.

Overview

Description of the Business

First Hydrogen Corp. (the "Company") is a publicly listed company incorporated under the Business Corporations Act of British Columbia on June 20, 2007, as "Fitch Street Capital Corp". On June 11, 2021, the Company entered into definitive agreements with AVL Powertrain UK Limited and Ballard Power Systems Inc. to assist in the design and development of a fuel-cell powered vehicle that the Company will own the commercial rights for the vehicle design. To better define the Company's zero-emission initiative, on October 7, 2021, the Company changed its name to First Hydrogen Corp. The Company's trading symbol is "FHYD" trading on the Exchange.

Advances and investment in energy and automotive development from forward-looking businesses, such as First Hydrogen, will be fuelled by zero emission targets, government incentive schemes and infrastructure investment. First Hydrogen's strategy is to target Light Commercial Vehicle (the "LCV") sector to support fleet transition to zero emission transport and to target green hydrogen production and distribution to support its LCV strategy. In addition, the Company is reviewing complimentary products as part of its hydrogen-as-a-service offering, such as mobile refueling and green hydrogen production.

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Company Highlights from April 1, 2024 up to November 28, 2024

Automotive

In May 2024, the Company completed its fourth trial, this time with a large multinational logistics company, whose partners use commercial vans for parcel deliveries. The Company also started initial discussions with a countrywide industrial fleet operator based in Mexico. The Mexican fleet operator is interested in updating their fleet vehicles to hydrogen-powered fuel cells and as well as deploying a countrywide hydrogen refueling station infrastructure.

In late May, the Company entered into a non-binding letter of intent to secure, subject to a definitive agreement, a supply of e-vans built by a large German automotive manufacturer. The Company intends to have its hydrogen fuel cell powertrain integrated in the German-branded vans. The integration process will include access to the vehicle manufacture's engineering, technicians, support, and certification.

In June 2024, the Company announced the expansion into European and Mexican markets. The Company is in initial discussions with a country-wide industrial fleet operator in Mexico. The industrial operator is looking to convert and add FCEVs to their fleet, along with deploying a country-wide Hydrogen Refueling Stations (HRS) infrastructure. The European Union aims to be the first climate-neutral continent by 2050. The [European Investment Bank's](#) (EIB) lending focuses on strategic priorities, including climate action. Funding for the EIB, comes from its 27 member states, total funding of the EIB is €248-billion, with Germany, France and Italy, each investing €4.2-billion ([figures as of March 2020](#)).

Energy

Germany has signed a Memorandum of Understanding (MOU) with Canada to help Germany diversify its energy sources from fossil fuels and move towards more sustainable energy. Germany expects its hydrogen demand to surge from 55 terawatt hours to between 95–130 terawatt hours by 2030, highlighting the significance of this partnership for both nations' energy futures. First Hydrogen is looking to expand into Germany, and Europe, to offer its Hydrogen-As-A-Service (HAAS) model.

Corporate Activities

German Office

The Company has engaged several international firms with expertise in renewable energy development, infrastructure construction, mergers and acquisitions, and fundraising to support its European expansion. First Hydrogen is in the process of establishing an office in Germany.

Private Placements

In June 2024, the Company arranged a non-brokered financing of debenture units at a price of \$1,000 per unit for aggregate gross proceeds of up to \$2,700,000. Each debenture unit is convertible into 1,851.85 common shares and 1,851.85 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise price of \$0.80 per warrant for a period of two years from the closing date. The debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 8.00% per annum, commencing on the date of issuance. The principal amount of each debenture will be convertible at the option of the holder into common shares in the capital of the company. The debentures are unsecured.

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On July 9, 2024, the Company closed an initial tranche of the private placement of convertible debentures for gross proceeds of \$540,000. Each debenture unit consists of \$1,000 in principal and is convertible into 1,851.85 common shares and 1,851.55 share purchase warrants, with each share purchase warrant exercisable to acquire one additional common share at an exercise of \$0.80 per warrant share for a period of two years from the closing date.

Warrant – extension and repricing.

In April 2024, the Company amended the term of warrants expiring April 29, 2024 to April 29, 2025 and amended the exercise price to \$1.10. The amended warrants will be subject to an accelerated expiry provision, such that, if for any 10 consecutive trading days during the unexpired term of the warrants, the closing price of the company's common shares on the TSX Venture Exchange exceeds \$1.32, the exercise period of the warrants will be reduced to 30 days, starting the seven days after the last trading day above \$1.32.

In July 2024, the Company restructured the \$2,673,800 of convertible debentures issued on November 22, 2023 by amending the conversion price of these convertible debentures. Prior to the debenture amendment, the debentures were convertible into common shares of the Company at a price of \$1.45 per debenture unit. Each debenture unit consists of one common share in the capital of the Company and one additional share purchase warrant exercisable at \$3.00.

The amended conversion price is now \$0.54 per debenture. In connection with the debenture amendment, there will be no share purchase warrants issued upon conversion of the debenture.

Marketing Activities

The Company entered into an agreement for marketing services with Apaton Finance GmbH ("Apaton"). The marketing services shall include educational articles, market monitoring, and the dissemination of news related to the Company. The engagement began in July 2023 and is continuing on a month-to-month basis.

In May 2024, the Company engaged Martin City Studios LLC to produce two audio interviews with the Company and Ellis Martin. The interviews have been aired on Money Talk Radio and the Ellis Martin Report. Martin City Studios was paid US\$6,500.

Board of Directors and Management

The Company accepted the resignation of Francois Morin on July 29, 2024.

Results of Operations for the Three Months ended September 30, 2024 and 2023

The Company incurred a net loss of \$1,445,179 for the three months ended September 30, 2024 (2023 - \$3,480,283).

Major expenses and their prior comparative period amount as follow:

- Advertising and marketing \$62,387 (2023 – \$1,095,949)
- Consulting and management fees \$173,982 (2023 – \$325,732)
- General and administrative \$56,552 (2023 – \$152,285)
- Interest expense \$69,916 (2023 – \$nil)
- Accretion \$76,797 (2023 – nil)
- Professional fees \$27,500 (2023 – \$7,377)

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- Research and development \$64,657 (2023 – \$388,221)
- Salaries and benefits \$250,702 (2023 – \$1,300,408)
- Stock-based compensation \$570,921 (2023 – \$264,692)

The Company's net loss for the three months ended September 30, 2024, decreased by \$2,035,104 compared to the same period in 2023. The more significant reduction in expenses is mainly attributed to lower development costs as the Company's two FCEVs have been completed, a reduction in UK staff, and a reduction in marketing and advertising spending.

The Company's consulting and management fees (for Quebec green hydrogen production and vehicle assembly) decreased by \$151,750, general and administrative decreased by \$95,733, and salaries and benefits lowered by \$1,049,706 due to spending cuts and completion of projects. The Company did see increased non-cash expenditures for accretion and stock-based compensation during the quarter.

Advertising and marketing expenses, including costs for website hosting, dissemination of news releases, translation, and marketing services, were lower due to a reduction in spending. Consulting and management fees decreased quarter over quarter as certain projects for Quebec and North American projects were completed.

Management and consulting expenses for the three months ended September 30, 2024, include amounts incurred for the CEO and CFO of the company (see Related Party Transactions for amounts), administrative support, and directors' fees, were lower as certain projects came to an end compared to the same period in 2023.

Results of Operations for the Six Months ended September 30, 2024 and 2023

For the six-month period ended September 30, 2024, the Company incurred a net loss of \$3,134,661 (2023 - \$6,214,435). The loss for the six-month period decreased by \$3,079,774 mainly due to the completion of the FCEV development, a reduction in UK staff, and a reduction in overall spending.

Major expenses for the current and prior six-month period are as follow:

- Advertising and marketing \$248,910 (2023 – \$1,613,584)
- Consulting and management fees \$381,460 (2023 – \$720,094)
- General and administrative \$109,477 (2023 – \$268,098)
- Interest expense \$130,77 (2023 – \$nil)
- Accretion \$139,025 (2023 – nil)
- Professional fees \$77,500 (2023 – \$34,892)
- Research and development \$130,351 (2023 – \$573,264)
- Salaries and benefits \$943,340 (2023 – \$2,256,374)
- Stock-based compensation \$808,810 (2023 – \$494,437)

Advertising and marketing expenses include costs for website updates, website hosting, social media postings, dissemination of news releases, translation, and marketing services paid to Apaton Finance, Martin City Studios and Yabucoa Partners. Consulting and management fees decreased quarter over quarter as certain projects for Quebec and North American projects were completed.

The reduction in expenses were offset by higher Interest costs relating to the convertible debentures, which are due 12 months for the issuance of the convertible debentures. As well as higher stock-based compensation and accretion charges which did not require a cash outlay.

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Management and consulting expenses for the six months ended September 30, 2024, include amounts incurred for the CEO and CFO of the company (see Related Party Transactions for amounts), administrative support, directors' fees and consulting fees for the development of the Company's Quebec/North American hydrogen ecosystem.

Liquidity

As at September 30, 2024, the Company had a working capital deficit of \$2,357,933 (March 31, 2024 - \$847,855).

Summary of Cash Flows

	For the Six Months ended September 30,	
	2024	2023
Cash on hand, beginning of period	\$ 87,475	\$ 394,816
Cash flow used for operations	(1,003,075)	(5,903,554)
Cash flow from financing activities	981,800	6,135,619
Cash flow using in investing activities	-	(100,000)
Cash on hand, end of period	\$ 66,200	\$ 526,881

For the six months ended September 30, 2024, cash used for operating activities was \$1,003,075 compared to \$5,903,554 for the same period in 2023. The decrease was due to the completion of vehicle development of its FCEV, a reduction in salaries in the UK, and an overall reduction in spending including marketing and advertising, consulting, and general admin.

For the six months ended September 30, 2024, no cash was used in investing activities compared to \$100,000 used in 2023 for deposits on two properties located in Quebec.

For the six months ended September 30, 2024, cash flows provided by financing activities was \$981,800 compared to \$6,135,619 for the same period in 2023. During the six months ended September 30, 2024, the Company received \$120,000 from the exercise of stock options, \$365,000 in advances from an officer and director of the Company and issued convertible debentures for net proceeds of \$496,800. During the six months ended September 30, 2023, the Company completed a non-brokered private placement for gross net proceeds of \$3,710,102 and received \$2,553,175 from the exercise of share purchase warrants.

The Company is dependent on additional funds raised thru the issuance of shares and debt to commercialize our hydrogen ecosystem, which includes hydrogen-fuel-cell-powered vehicles, refueling, and green hydrogen production. Immediate and longer-term funding is needed to support vehicle trials in the UK, advance our North American and European programs including constructing additional FCEVs, developing refueling and green hydrogen, and to meet general and administrative expenses. No assurance can be given that any such funding will be available or that, if available, it can be obtained on terms favorable to the Company. The inability to raise adequate funds would affect our ability to continue as a going concern.

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Form 51-102F1**Summary of Quarterly Results**

The following is a summary of the results from the eight previously completed financial quarters:

	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(1,445,179)	(1,689,482)	(1,869,845)	(2,829,039)
Loss per share (basic and diluted)	(0.02)	(0.02)	(0.03)	(0.04)
Total assets	1,878,461	1,864,611	2,152,546	2,612,228
Equity	(4,261,147)	(3,445,443)	(2,131,850)	(710,420)
	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Revenues	\$nil	\$nil	\$nil	\$nil
Net loss	(3,480,283)	(2,734,152)	(2,213,439)	(3,537,490)
Income (Loss) per share (basic and diluted)	(0.05)	(0.04)	(0.03)	(0.06)
Total assets	3,268,495	4,849,254	4,240,129	3,748,081
Equity	1,504,891	2,977,042	1,089,270	838,137

Revenue: The Company has no revenue.

Net loss: Net losses from quarters ended December 2022 to September 2023 were due to the development of the Company's two FCEVs, generation 2 design of the Company's vehicle, the building of the Company's ecosystem in the UK and North America. The reduction in the net loss in the quarters ending December 2023 to September 2024 were due to lower expenditures and cost reductions due to completion of the development of the FCEVs. The Company will now focus on generating vehicle orders and/or conversations to hydrogen-powered-fuel cells with potential fleet operators, as well as building a left-hand drive model for North American and European markets.

Outstanding Share Data

As at	September 30, 2024	November 28, 2024
Common shares, issued and outstanding	72,431,815	72,431,815
Share purchase warrants, outstanding	3,925,522	3,925,522
Finder/Brokers' warrants	760,193	699,505
Stock options, outstanding	3,745,000 ¹	3,580,000 ²

¹ number of stock options exercisable 2,903,333² number of stock options exercisable 2,843,333**Convertible Debentures**

On June 28, 2024, the Company arranged a non-brokered financing of debenture units at a price of \$1,000 per unit for aggregate gross proceeds of up to \$2,700,000. Each debenture unit is convertible into 1,851.85 common shares and 1,851.85 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise price of \$0.80 per warrant for a period of two years from the closing date. The debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 8.00% per annum, commencing on the date of issuance. The principal amount of each debenture will be convertible at the option of the holder into common shares in the capital of the company. The debentures are unsecured.

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Related Party Transactions

During the six months ended September 30, 2024, the Company recorded \$36,000 (2023 - \$36,000) in rent to a company owned by a director and senior officer. These transactions have been recorded at a fair value, which is the amount of consideration established and agreed to by the related parties.

As at September 30, 2024, the Company has \$261,050 (March 31, 2024 - \$40,000) owing to a company owned by a director and CEO of the Company. The balance has no set terms of repayment and does not bear interest.

As at September 30, 2024, 2024 the Company has \$153,900 (March 31, 2024 - \$27,000) owing to company owned by an officer of the Company. The balance has no set terms of repayment and does not bear interest.

As at September 30, 2024, the Company has \$16,950 (March 31, 2024 - \$4,725) owing directors of the Company. The balance has no set terms of repayment and does not bear interest.

As at September 30, 2024 the Company incurred a total of \$18,000 in directors' fees (2023 – \$18,000).

As at September 30, 2024, the Company has received from officers and director short-term loans of \$365,000 (March 31, 2024 – nil). The balance has no set terms of repayment and does not bear interest.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the following:

Key Management Compensation

	September 30, 2024		September 30, 2023	
CEO	\$	240,000	\$	240,000
Former CFO		-		21,000
Interim CFO		81,000		-
Director fees		18,000		18,000
Consulting		42,500		-
Salaries		-		136,032
Rent		36,000		36,000
Stock-based compensation		234,531		-
	\$	652,031	\$	451,532

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Form 51-102F1**Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning the Company's research and development costs are provided below:

	For the six months ended September 30,	
	2024	2023
Consulting	\$ -	\$ 207,437
Insurance – UK operations	17,366	105,274
Legal and professional – agreements regarding fleet trials	58,954	47,674
Development, testing, trials – vehicle development, vehicle support, Gen-2 vehicle design, powertrain design, spare parts, vehicle testing	54,031	212,879
	<u>\$ 130,351</u>	<u>\$ 573,264</u>

During the six months ended September 30, 2024, the reduction in research and development expenses reflect the completion of the two demonstrator vehicles. Costs during the period shifted to support and maintenance and vehicle trials with fleet operators.

Risk and Uncertainties

The Company is exposed to various risks that could materially and adversely affect its business, results of operations, financial condition, and trading prices of its common shares. These risks include, but are not limited to, those related to the development of the Company's LCV, green hydrogen production and distribution, and refueling stations, as well as competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. The occurrence of any of these risks could have a material adverse effect on the Company's business, operations or financial conditions.

Critical Accounting Estimates

The financial statements were prepared in accordance with IFRS which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Significant areas requiring the use of management estimates relate to determination of impairment of assets, exploration and evaluation assets' carrying values, useful lives for depreciation and amortization, and the value of deferred income tax assets and liabilities. Actual results could differ from these estimates.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance sheet transactions.

Financial Instruments and Related Risks

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company's financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. The fair value of cash and cash equivalents are measured based on level 1 input of the fair value hierarchy.

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Management believes that the Company is not exposed to significant interest rate risk, currency risk and credit risk.

Subsequent events

- On October 2, 2024, the Company cancelled 15,000 incentive stock options.
- On November 1, 2024, the Company cancelled 150,000 incentive stock options.
- The company has received \$80,000 in short-term loans from officers and director.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the condensed consolidated interim financial statements and the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR at www.sedarplus.ca.

List of Directors and Officers

Balraj Mann CEO, and Director
Bob Dosanjh, Director
Nancy Zhao, Director
Edward Low, Interim CFO