EVOLUTION
POWERX CORP

(formerly Enterprise Group, Inc.)

Management's Discussion and Analysis

For the three and six months ended June 30, 2026 and 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2026 and 2025

This Management Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements and the notes contained therein of Evolution PowerX Corp., formerly Enterprise Group, Inc. ("Evolution", the "Company" or the "Corporation") for the three and six months ended June 30, 2026 and 2025. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The documents are available at www.sedarplus.ca and at www.evolutionpowerx.com.

This MD&A was prepared effective August 12, 2026

FORWARD-LOOKING INFORMATION

Certain information in the MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. Forward-looking statements may contain words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions and statements relating to matters that are not historical facts. These may include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to pipeline and facilities construction and maintenance services associated with the oil and gas industries and utility services and the domestic and worldwide supplies and commodity prices of oil and gas.

These risks and uncertainties include, but are not limited to, seasonal weather patterns, maintaining and increasing market share, government regulation of energy and resource companies, terrorist activity, the price and availability of alternative fuels, the availability of pipeline capacity, potential instability or armed conflict in oil producing regions, overall economic environment, the success of integrating and realizing the potential of acquisitions, ability to attract and retain key personnel, technological change, demand for services provided by Evolution, and fluctuations in the value of the Canadian dollar relative to the US dollar.

These risks and uncertainties may cause actual results to differ from information contained herein. There can be no assurance that such forward-looking information will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward-looking information. The forward-looking information is based on the estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. The Company assumes no obligation to update forward-looking information should circumstances or management's estimates or opinions change as a result of new information or future events. Readers should not place undue reliance on forward-looking information.

COMPANY PROFILE

Evolution PowerX Corp. is a consolidator of services, including specialized natural gas power generation equipment to the energy/resource and industrial sectors. The Company works with particular emphasis on systems and technologies that mitigate, reduce, or eliminate CO_2, Greenhouse Gas (GHG) and other harmful emissions for itself and its clients. The Company is well known to local Tier One and international resource companies with operations in Western Canada. With corporate headquarters in St. Albert, Alberta, Canada; site offices in Morinville, Edmonton, Drayton Valley, Whitecourt, and Grande Prairie, Alberta; and Fort St. John, British Columbia, Evolution is strategically located near its customers. The Corporation's strategy is to provide natural gas turbine power generation and critical site infrastructure equipment to energy producers and industrial customers, displacing diesel to reduce fuel costs and emissions. Evolution has a proven history of acquiring companies that are accretive to the operations and adding value to the acquired companies through capital expenditure and organic growth.

Current operations
In September 2012, Evolution acquired Artic Therm International Ltd. ("Artic Therm" or "ATI"). Founded in 1998, Artic Therm is an industry leader in providing flameless heat technology to the broad-based construction and energy industries. ATI provides flameless heaters ranging in heat output from 375,000 to 3,300,000 BTUs.

On January 3, 2014, Evolution acquired Hart Oilfield Rentals Ltd. ("Hart"). Hart is a full-service site service infrastructure company providing services and rentals to customers operating within the Western Canadian Sedimentary Basin. Hart's broad conventional and modular/combo rental equipment fleet is designed to provide "one-stop" on-site infrastructure to support drilling and completion operations. Hart services highly active plays of West Central Alberta and Northeast British Columbia, including Cardium, Duvernay, Montney and the Deep Basin from three service locations in Alberta (Drayton Valley, Whitecourt, and Grande Prairie).

On October 1, 2014, Evolution acquired Westar Oilfield Rentals Inc. ("Westar"), a full -service site service infrastructure company based in Fort St. John, British Columbia. This acquisition provided the Company with a foothold in the Fort St. John market and a platform from which to introduce all of Evolution's services. On October 1, 2020, Westar acquired Johnston Power Sourcing Inc. ("JPSI"). JPSI was amalgamated into Westar on January 1, 2021.

In April 2022, Evolution PowerX Corp. officially launched a new wholly owned subsidiary, Evolution Power Projects, Inc. ("EPP"). EPP is the leading provider of low emission, mobile power systems and associated surface infrastructure to the energy, resource, and industrial sectors. The company's innovative methods are delivering to its client's low emission natural gas-powered systems and micro-grid technology, allowing clients to eliminate diesel entirely.

On May 7, 2025, Evolution acquired Flex Leasing Power and Service ULC ("FlexEnergy Canada"). With this strategic transaction, Evolution became the exclusive supplier for FlexEnergy turbines in Canada, further solidifying its market leadership and positioned Evolution at the forefront of addressing the growing demand for reliable and efficient natural gas to electric power solutions. The acquisition made Evolution the exclusive provider to rent, lease, sell and service FlexEnergy turbines in Canada. Long-term leasing contracts, along with long-term maintenance contracts, create recurring revenue streams for Evolution. Post acquisition, the name of FlexEnergy Canada was changed to Evolution Power Solutions, Inc. ("EPS").

Previous divestitures
On March 22, 2018, the Company closed a transaction to divest substantially all the assets of Calgary Tunnelling & Horizontal Augering Ltd. ("CTHA"). CTHA provided specialized trenchless solutions for the energy, utility, and infrastructure industries. Gross cash proceeds, including working capital, from the transaction was $20,194,992. CTHA was acquired by the Company on June 14, 2013, including working capital, for a purchase price of $16,185,000.

On July 7, 2016, the Company closed a transaction to divest substantially all the assets of T.C. Backhoe & Directional Drilling Ltd. ("TCB"). TCB provided directional drilling and installation of underground power, telecommunications, and natural gas lines to the utility infrastructure segment. Gross cash proceeds from the transaction including working capital $19,842,198. TCB was acquired by the Company on April 1, 2007, for a purchase price of $14,200,000.

Seasonality of Operations
The Corporation provides services to the energy industry and infrastructure utility sectors. The energy services industry is seasonal in nature. In general, the level of activity in the Canadian energy industry is influenced by seasonal weather patterns. Wet weather and the spring thaw can make the ground unstable. Consequently, transportation authorities enforce road bans that restrict movement of rigs and other heavy equipment, thereby reducing activity levels. Certain producing areas are inaccessible other than during the winter months because the ground surrounding the drilling sites consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the services of the Corporation. Services provided to the infrastructure sector tend to be more evenly distributed throughout the calendar year although the spring thaw does affect movement of equipment even in the urban/suburban areas resulting in April and May being the slowest months of the year historically. The acquisition of Evolution Power Solutions and the recurring revenue it provides through long term rentals of its natural gas turbines, and its Flexcare service contracts, has lessened the impact of seasonality on the company as a whole.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

	Three months June 30, 2026		Three months June 30, 2025		Six months June 30, 2026		Six months June 30, 2025	
Revenue	**$8,827,510**		$6,485,914		**$20,830,365**		$16,813,999	
Gross margin	**$2,998,879**	34%	$1,645,511	25%	**$9,093,637**	44%	$6,820,853	41%
Adjusted EBITDA[(1)]	**$2,111,817**	24%	$799,425	12%	**$7,539,110**	36%	$5,215,280	31%
Adjusted EBITDA[(1)] per share - Basic	**$0.03**		$0.01		**$0.09**		$0.07	
Adjusted EBITDA[(1)] per share – Diluted	**$0.03**		$0.01		**$0.09**		$0.06	
Net income (loss) and comprehensive income (loss)	**$(60,483)**		$(929,022)		**$2,348,246**		$2,048,874	
Earnings per share – Basic	**$0.00**		$(0.01)		**$0.03**		$0.03	
Earnings income per share – Diluted	**$0.00**		$(0.01)		**$0.03**		$0.02	

(1) Identified and defined under “Non-IFRS Measures”.

- The quarterly results were highlighted by record setting second quarter revenue, marking four consecutive quarters of increased growth in both revenue and adjusted EBITDA.

- Three-month results show a revenue increase of 36% to $8.8 million and an adjusted EBITDA increase of 164% to $2.1 million. Six-month results show a revenue increase of 24% to $20.8 million and an adjusted EBITDA increase of 45% to $7.5 million.

- Activity levels in 2026 continue to outpace the prior year due to sustained strong growth in the Alberta market and the successful deployment of Canada’s first drilling operation powered by multiple synchronized natural gas/fuel gas turbine generators.

- Increases in customer demand and scale of projects support the Company’s expansion of its natural gas turbine fleet including the addition of a 3.2-megawatt unit.

During the six months ended June 30, 2026, Evolution PowerX Corp. repurchased and cancelled 1,246,400 of its outstanding common shares at an average purchase price of $1.27 per share. Management feels the share price is not reflective of the true value of the Company and will continue to support its share price when reasonable to do so. As such, on April 2, 2026, the Company renewed its normal course issuer bid.

On August 4, 2026, Enterprise Group, Inc. announced that it has changed its name to “Evolution PowerX Corp.” as approved at the annual and special meeting of shareholders held on June 25, 2026. The corporate name change reflects the Company’s ongoing strategic evolution and the changing composition of its business, steadily expanding beyond its traditional energy services foundation, and building a comprehensive power solutions platform to service customers across the energy, industrial, commercial, and emerging infrastructure sectors.

Activity levels in 2026 continue to outpace the prior year due to sustained strong growth in the Alberta market. Revenue for the three months ended June 30, 2026, was $8,827,510 compared to $6,485,914 in the prior period, an increase of $2,341,596 or 36%. Gross margin for the three months ended June 30, 2026, was $2,998,879 compared to $1,645,511 in the prior period, an increase of $1,353,368. Adjusted EBITDA for the three months ended June 30, 2026, was $2,111,817 compared to $799,425 in the prior period, an increase of $1,312,392 or 164%.

Revenue for the six months ended June 30, 2026, was $20,830,365 compared to $16,813,999 in the prior period, an increase of $4,016,366 or 24%. Gross margin for the six months ended June 30, 2026, was $9,093,637 compared to $6,820,853 in the prior period, an increase of $2,272,784. Adjusted EBITDA for the six months ended June 30, 2026, was $7,539,110 compared to $5,215,280 in the prior period, an increase of $2,323,830 or 45%.

On July 22, 2026, the Company announced the acquisition of a new SPG4 3.2-megawatt natural gas turbine generator to add to the growing fleet of its natural gas turbine generators. The SPG4 expands both the scale and capability of our natural gas power fleet, filling a need with a proven, mission-critical platform capable of powering everything from drilling rigs and production facilities to industrial operations and next-generation AI data centers. The Company views this initial deployment as the first step in developing a broader fleet of larger-capacity natural gas turbine solutions to complement Evolution Power's existing microturbine platform and expects the unit to be commercially available for customer projects during the fourth quarter of 2026.

Selected Consolidated Expenses

Selected Consolidated Expenses:	**Three months June 30, 2026**	Three months June 30, 2025	**Six months June 30, 2026**	Six months June 30, 2025
General and administrative	**$887,062**	$710,359	**$1,554,527**	$1,469,846
Finance expense	**$510,155**	$499,982	**$1,108,024**	$1,069,682
Depreciation	**$1,402,008**	$1,264,191	**$2,886,227**	$2,482,110
Gain (loss) on sale of property, plant and equipment	**$(292,626)**	$122,284	**$(262,070)**	$157,875

General and administrative expenses

General and administrative expenses for the three months ended June 30, 2026, increased to $887,062 compared to the prior period of $710,359. For the six months ended June 30, 2026, general and administrative expenses were $1,554,527 compared to the prior period of $1,469,846. The increase for the three and six months is largely due to additional expenses for professional fees incurred to support corporate growth and tax strategy.

Finance expense

Finance expense includes interest charges on all outstanding debt including: the bank loan facility, leases, and mortgage facilities. The Company has utilized debt to support operations, fund capital expenditures and acquisitions as required. The finance expense on long term debt for the three months ended June 30, 2026, remained consistent at $510,155 compared to $499,982 in the prior period. For the six months ended June 30, 2026, interest expense was also consistent at $1,108,024 compared to $1,069,682 in the prior period.

Depreciation

Depreciation for the three months ended June 30, 2026, was $1,402,008, an increase of $137,817, compared to the prior period. For the six months ended June 30, 2026, depreciation was $2,886,227, an increase of $404,117, compared to the prior period. Increase in depreciation is consistent with capital asset additions through the comparative periods.

Gain (loss) on sale of property, plant and equipment

For the six months ended June 30, 2026, the Company sold property, plant and equipment with a net book value of $1,578,104 and received proceeds of $1,404,701 (2025 - net book value of $354,285 and proceeds of $535,040). The loss on sale of property, plant and equipment of $262,070 includes sales related costs of $88,397 (2025 - gain on sale of $157,875 including sales related costs of $882). The loss is primarily from the sale of a property no longer required for operational purposes.

Cash Flow Information

A summary of cash flow information for the six months ended June 30, 2026, and 2025, is set out below:

Cash Flow Information	**Six months ended June 30, 2026**	Six months ended June 30, 2025
Net cash provided by operating activities	$6,585,925	$8,244,605
Net cash provided by (used in) financing activities	6,669,989	(5,962,736)
Net cash used in investing activities	(14,713,548)	(26,593,782)
Change in cash and cash equivalents	(1,457,634)	(24,311,913)
Cash and cash equivalents, beginning of period	11,139,404	30,674,798
Cash and cash equivalents, end of period	$9,681,770	$6,362,885

The Company continues to generate positive cashflow from operations. Cash provided by operating activities is consistent with the prior period after taking into account the positive impact of the $1,125,000 one-time gain on debt settlement in 2025. Net cash provided by financing activities reflects debt reduction payments made during the six months of $8,049,373, $1,573,306 of cash used for share buybacks and cancellations and $1,838,402 of cash raised from the exercise of warrants.

Net cash used in investing activities reflects $11,697,590 paid to purchase property, plant and equipment, $4,420,659 of progress payments and deposits to purchase natural gas power systems and $1,404,701 received from the sale of equipment. Cash used was primarily for upgrading existing equipment and meeting specific requests from customers. This change is consistent with activity levels during period and increasing demand expected throughout the remainder of the year and into 2027.

POST REPORTING DATE EVENT

On July 31, 2026, the Company changed its name to Evolution PowerX Corp. (previously Enterprise Group Inc.). The name change was approved at the annual and special meeting of shareholders held on June 25, 2026.

The Company's common shares commenced trading on the TSX under the new name effective at the open of markets on August 5, 2026. The common shares will continue to trade under the existing trading symbol "E" on the TSX. The name change represents the Company's long-term strategic direction. The name change does not introduce changes to the normal business operations, current ownership structure, or existing shareholder rights.

OUTLOOK

Canada’s natural gas sector continues to demonstrate resilience in 2026, supported by growing LNG export capacity, ongoing investment in midstream infrastructure, and increasing demand for reliable natural-gas power generation. The commencement of LNG exports from Canada's west coast and continued progress toward additional export capacity are enhancing long-term market access and reinforcing Canada's position as a reliable supplier of lower-emission energy to global markets. At the same time, demand for natural gas generation continues to expand across Canada as customers seek dependable power solutions to support electrification, data centre development, processing facilities, mining projects, and economic growth. Industry activity remains constructive, with stable drilling and completion programs, continued infrastructure investment, and growing natural gas production. While operators remain disciplined in their capital allocation in response to commodity price volatility and broader macroeconomic uncertainty, the long-term fundamentals supporting Canadian natural gas demand remain favourable.

The Company’s business development strategies continue to generate new client opportunities, with customers adopting its turbine power generation technology to support improved reliability, lower fuel costs, operational cost savings, and enhanced operating efficiency. The Company remains focused on disciplined capital allocation, operational efficiency, and collaboration with customers and Indigenous partners to deliver reliable energy solutions, support emissions reduction objectives, and create sustainable long-term shareholder value.

Trade conditions remain an important consideration. Canadian energy exports continue to benefit from tariff-free access to the United States under the United States-Mexico-Canada Agreement, which remains a critical framework supporting cross-border energy flows. While evolving trade policy discussions and the upcoming 2026 USMCA review have introduced a higher degree of policy uncertainty, the Canadian natural gas sector has remained largely insulated from direct tariff impacts. While certain tariffs and broader supply chain pressures have contributed to modest cost inflation, particularly for U.S.-sourced equipment, these factors have not materially disrupted procurement, project execution, or capital program timing. The Company continues to maintain supply chain flexibility and access to key suppliers. Importantly, the Company's exposure to tariff-related impacts remains limited given its customer base is concentrated in natural gas and infrastructure markets, which are less directly affected.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	Three months June 30, 2026	Three months June 30, 2025	**Six months June 30, 2026**	Six months June 30, 2025
Revenue	**$8,827,510**	$6,485,914	**$20,830,365**	$16,813,999
Adjusted EBITDA (1)	**$2,111,817**	$799,425	**$7,539,110**	$5,215,280
Income (loss) before income tax	**$(422,355)**	$(1,271,307)	**$2,726,210**	$2,450,362
Net income (loss) and comprehensive income (loss)	**$(60,483)**	$(929,022)	**$2,348,246**	$2,048,874
Basic earnings per share	**$0.00**	$(0.01)	**$0.03**	$0.03
Diluted earnings per share	**$0.00**	$(0.01)	**$0.03**	$0.02
Weighted average common shares outstanding – basic	**81,455,305**	77,528,389	**81,194,501**	77,497,225
Weighted average common shares outstanding – diluted	**81,455,305**	77,528,389	**81,926,723**	83,269,864
Total common shares outstanding	**81,082,076**	77,513,937	**81,082,076**	77,513,937
Total assets	**$137,537,371**	$121,351,906	**$137,537,371**	$121,351,906
Total liabilities	**$47,044,614**	$36,297,830	**$47,044,614**	$36,297,830
Total equity	**$90,492,757**	$85,054,076	**$90,492,757**	$85,054,076

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Revenue	$36,353,628	$34,646,888	$33,500,501
Adjusted EBITDA (1)	$11,790,275	$13,039,867	$13,285,880
Income (loss) before income tax	$4,544,478	$4,668,801	$6,169,904
Net income (loss) and comprehensive income (loss)	$3,532,781	$4,543,553	$6,169,904
Basic earnings per share	$0.05	$0.07	$0.12
Diluted earnings per share	$0.04	$0.07	$0.12
Weighted average common shares outstanding – basic	78,469,683	61,620,671	50,027,864
Weighted average common shares outstanding – diluted	80,734,652	66,354,258	51,444,531
Total common shares outstanding	80,392,976	77,227,989	49,687,374
Total assets	$128,252,455	$118,341,207	$72,806,744
Total liabilities	$40,842,521	$36,027,139	$32,011,620
Total equity	$87,409,934	$82,314,068	$40,795,124

(1) Identified and defined under "Non-IFRS Measures".

SUMMARY OF QUARTERLY RESULTS

	2026		2025				2024	
	Jun 30	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**
Revenue	$8,827,510	$12,003,053	$10,329,266	$9,210,402	$6,485,914	$10,328,085	$7,812,010	$6,801,309
Net income (loss) for the period	$(60,483)	$2,408,724	$664,312	$819,592	$(929,022)	$2,977,898	$673,207	$(197,592)
Earnings per share - Basic	$0.00	$0.03	$0.01	$0.01	$(0.01)	$0.04	$0.01	$0.00
Earnings per share - Diluted	$0.00	$0.03	$0.01	$0.01	$(0.01)	$0.04	$0.01	$0.00
Weighted average common shares outstanding – basic	81,445,305	80,737,906	78,178,111	77,505,965	77,528,389	77,468,513	61,620,671	59,432,820
Weighted average common shares outstanding – Diluted	81,445,305	81,670,684	80,443,080	83,029,771	77,528,389	82,065,569	66,354,258	64,655,157

Quarterly information is discussed in the "Overall Performance and Results of Operations" section of this MD&A.

OUTSTANDING SHARE DATA

	August 12, 2026	June 30, 2026	December 31, 2025
Common shares outstanding	**80,969,776**	**81,082,076**	80,392,976
Stock options outstanding	**8,118,000**	**8,118,000**	4,258,000
Warrants outstanding	**-**	**-**	1,685,969
Broker warrants	**-**	**-**	247,031
Total	**89,087,776**	**89,200,076**	86,583,976

As at August 12, 2026, Management's ownership position is 30%.

OFF-BALANCE SHEET ARRANGEMENTS

Evolution enters into short-term and long-term leases with various vendors to provide office space and equipment in our normal course of operations. Our commitments under leases are disclosed in the table labeled "Contractual Obligations." Evolution does not have off-balance sheet arrangements as at June 30, 2026.

CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are significant management judgements, apart from those involving estimation uncertainty, in applying the accounting policies of the Company that have the most significant effect on the financial statements:

i. Leases

Any contracts which contain the right to use an asset for a period of time in exchange for consideration can contain a lease. Contracts must meet three criteria as follows:

- an identified asset explicitly within the contract or implicitly upon delivery,
- the Company has the right to obtain all the economic benefits through the period of use as defined by the contract, and
- the Company has the right to use the identified asset through the period of use and direct 'how and for what purpose' the asset is used through the period of use.

ii. Deferred taxes

Management estimates the probability of future taxable income in which deferred tax assets can be utilized based on the Company's forecasted budget. The Company also takes into consideration non-taxable income and expenses and the various tax rules in effect or expected to be in effect at a future date. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, then the asset is recognized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed by management based on specific circumstances.

ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts included in the financial statements included, but were not limited to, the following:

i. Property, plant and equipment and intangible assets

The Company estimates useful life, residual value and depreciation methods based on industry norms, historical experience, market conditions and future cash flows. In determining estimated residual value, adjustments may be required by the Company to reflect differences between the specific assets carried by the Company and the similar assets used to indicate the fair value less costs of disposal, creating a degree of uncertainty. It is possible that future results could be materially affected by changes in the above factors.

ii. Impairments

An asset or cash generating unit ("CGU") is impaired when its carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. Adjustments may be required by the Company to reflect differences between the value of specific assets carried by the Company and the similar assets used to indicate the fair value less costs of disposal, creating a degree of uncertainty. The value in use calculation is based on a discounted cash flow model, which incorporates the Company's budget and business plan. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. To arrive at cash flow projections the Company uses estimates of economic and market information over the projection period, including growth rates in revenues, estimates of future expected changes in operating margins, cash expenditures, the amount of property, plant and equipment required to achieve the cashflow projections, other future estimates of capital expenditures and changes in future working capital requirements.

iii. Impairment of financial assets

At the end of each reporting period, management monitors the expected credit loss against the net financial assets carried on the statement of financial position to assess credit risk and expected credit losses. Past events, current conditions and reasonable supportable forecasts are considered to identify and determine the extent of impairment, if any.

iv. Income tax

The Company follows the asset/liability method for calculating deferred taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction.

v. Share-based payments

The Company estimates the fair value of stock option awards and warrants using the Black-Scholes Option Pricing Model. Certain key assumptions used in the model include the expected interest rate, expected volatility, forfeitures, dividend yield and expected term.

vi. Leases

When the Company enters into lease contracts the lease rate and term may not be readily determinable. Rates with lessors are often not explicit in the contract. As such, the Company uses its incremental borrowing rate to discount the cash flows related to the lease and determine the fair value. Optional terms to extend or terminate a lease may be contractually defined. Management estimates what the impact the option will have on the term of the lease and adjusts the carrying value of the lease accordingly.

vii. Business combinations

In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property, plant and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property, plant and equipment, intangible assets and goodwill acquired, the Company may rely on independent third party valuators. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, discount rates, and earnings multiples.

RISKS AND UNCERTAINTIES

The Company's activities expose it to a variety of financial risks that arise as a result of certain financial instruments held such as credit risk, liquidity risk and market risk. The following presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

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. The Company is exposed to credit risk through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the oil and gas industry, as well as customers in the utilities/infrastructure construction industry. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors trade receivables against an expected credit loss model to assess reasonability of impairment over accounts receivable. Individual invoices within trade receivables are written off when there is no reasonable expectation of collecting payment. The Company has recorded a provision for doubtful accounts at June 30, 2026, of $nil (December 31, 2025 - $nil). At June 30, 2026, $1,246,000 or 21% of trade receivables was from one customer compared to $2,279,000 or 35% from one customer as at December 31, 2025

		June 30, 2026		December 31, 2025
Current (less than 90 days)	**$**	**5,805,399**	$	6,406,507
Past due (more than 90 days)		**59,379**		189,180
Total	**$**	**5,864,778**	$	6,595,687

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. For the three months ended June 30, 2026, the Company generated 29% of revenue from two customers (2025 - 13% from one customer). For the six months ended June 30, 2026, the Company generated 18% of revenue from one customer (2025 - 36% from two customers). No other customers comprise more than 10% of revenues.

The Company is committed to maintain its strong balance sheet and financial liquidity. The Company believes it has enough liquidity through cash flow and borrowing capacity on its credit facility to execute its business plan. The Company's priority is to continue to spend sufficient maintenance capital to keep its equipment fleet modern and meet specific customer demands.

The following are undiscounted contractual maturities of financial liabilities, excluding estimated interest and the impact of netting agreements at June 30, 2026:

Contractual Obligations June 30, 2026	Total	2026	2027	2028	2029	2030	After 5 years
Trade and other payables	$2,923,875	$2,923,875	$-	$-	$-	$-	$-
Loans and borrowings	34,371,201	5,741,791	4,831,927	4,766,313	3,241,639	4,638,059	11,151,472
Total contractual obligations	$37,295,076	$8,665,666	$4,831,927	$4,766,313	$3,241,639	$4,638,059	$11,151,472

For the three months ended June 30, 2026, rent expense for short-term leases and leases of low-value assets was $62,102 (2025 - $141,003). For the six months ended June 30, 2026, rent expense for short-term leases and leases of low-value assets was $130,096 (2025 - $253,551). At June 30, 2026, the Company was committed to short term leases and the total commitment at that date was $6,418 (2025 - $4,656).

The Company has no significant commitments to capital resources other than those disclosed in this MD&A.

Market Risk
Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at June 30, 2026, to impact the Company's annual interest expense by approximately $273,000 (December 31, 2025 - $243,000). Most of the Company's debt has fixed interest rates and changes in market prices do not have a significant impact. The Company has not entered into any derivative agreements to mitigate this risk.

Capital Management
The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to the risk of the underlying assets and adjusts considering changes in economic conditions and risks. The Company's strategy remains unchanged from prior periods. Management considers its capital structure to include funded debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, and deficit). Included in funded debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below. The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. To maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. As at June 30, 2026, the Company has met these objectives.

	June 30, 2026	December 31, 2025
Bank loan facility	**$18,961,163**	$12,171,545
Current portion of loans and borrowings	**5,741,791**	4,397,835
Long term loans and borrowings	**9,668,247**	10,288,632
Net funded debt	**34,371,201**	26,858,012
Shareholders' equity	**90,492,757**	87,409,934
Total capital	**$124,863,958**	$114,267,946

Included in net funded debt is the bank loan facility which requires the Company to maintain certain financial covenants. The bank loan facility is subject to financial covenants based on forecasted revenue, EBITDA, and tangible net worth. As at June 30, 2026, the Company is in compliance with the required covenants.

Financial Instruments and Business Risks
The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

i. Financial assets
A financial asset is recognized when the Company has the contractual right to collect future cash flows. The Company's financial assets include cash and cash equivalents and trade and other receivables. The contractual terms of these noted instruments result in cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are initially recognized at fair value adjusted for applicable transactions costs. Any income or expenses related to financial assets, including impairment of trade receivables, is recognized in other income (expenses) through profit and loss.

Financial assets are subsequently measured at amortized cost using the effective interest method. Financial assets are derecognized when the contractual right to hold and collect future cash flows expires or substantially all risks and rewards have been transferred. Discounting of the future cash flows will be included if the impact is material.

ii. Financial liabilities

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. The Company's financial liabilities include loans and borrowings and trade and other payables.

Financial liabilities are initially recognized at fair value adjusted for applicable transactions costs. Interest-related charges and changes in an instrument's fair value due to contract modifications are reported through profit or loss.

The financial liabilities are subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when the contracted consideration and risks have been transferred, or if the future obligation expires, is extinguished, or is cancelled.

In the event of a modification that does not result in derecognition, a modification adjustment is recognized through profit or loss. The adjustment is calculated as the change between the original contractual cash flows and the present value of the modified cash flows at the original contracted effective interest rate. Management will monitor debt instruments for significant events that affect future cash flows. Events that could lead to a modification may include amendments, large debt repayments, or large draws on a debt instrument.

Financial instruments are classified into one of the following levels of fair value hierarchy:

Level 1 - Fair value measurements based on unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - Fair value measurements derived from valuation techniques that include unobservable inputs.

Other Risks

Other risks include:

- Commodity pricing – Fluctuation in the price of petroleum products is a business risk that impacts the Company directly. Oil and gas prices determine the economic feasibility of exploration and drilling activity in the oil and gas industry, to which the Company provides its services. High prices increase demand for the Company's services, while adverse or lower prices impact the Company's ability to generate revenues.

- Production declines and new discoveries – New discoveries of oil and gas reserves lead to an increase in the demand for the Company's services. On the other hand, declines in production result in decreased demands for the Company's services. Either situation directly impacts the operating results of the Company.

- Weather – The Company operates heavy equipment, the movement of which requires reasonable weather and road conditions. In the spring season this is especially true, with spring breakup making many secondary roads impassable. Since heavy equipment cannot be moved under these conditions, the Company's operating results are subject to significant decreases during this time period. To mitigate this risk, the Company is diversifying its operations to other industries enabling the Company to perform services elsewhere during the spring. The Company also rents flameless heaters which are in greater demand during cold weather. The extent of cold weather and the duration of winter will have a significant impact on operating results. To mitigate this risk, the Company is diversifying the use of its blower capacity and drying capabilities, contained within the flameless heaters, in warmer months.

- Available workforce – The ability to perform services is contingent upon sufficient and appropriately skilled staff being available. Obtaining personnel is crucial to the Company's ability to meet demand for its services.

- Recession risk – Should economic environment slide into a recession, demand for the Company's services would be reduced and have a negative impact on revenues and earnings. This would result in the Company implementing cost control measures and possibly expand its services into other industries in order to manage through the recession.

- Cyclicality – The Company has a significant portion of its revenues tied directly to the oil and gas industry in Western Canada. These revenues are subject to any cyclicality of the industry. To mitigate this risk the Company continues to diversify its customer base and revenue streams.

- Operating risk and liability insurance – The Company believes the insurance coverage it has in place is appropriate for the nature of its services provided and its associated risks, however such coverage may not be adequate. To mitigate this risk, management reviews the Company's insurance coverage on a regular basis.

- Competition – The Company's ability to provide cost-effective, quality service to its customers is essential to help mitigate the Company's business risk of competition.

- Access to capital – The Company is dependent on access to equity or debt financing to fund capital expansion programs when operating cash flows are not sufficient to do so. To date, sufficient capital has been obtained to meet the Company's capital expansion and acquisition requirements. Any further capital expansion or acquisitions that cannot be funded through operating cash flows will require external financing, the availability of which is dependent on economic factors such as interest rates, investor and creditor confidence, and industry profitability.

- Cyber security – The Company's operations may be disrupted or threatened by cyber attacks or viruses. The business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable security measures to prevent disability or failure. However, if the Company's systems cannot be recovered in a timely manner, the Company may be unable to meet critical business functions, which could have a material adverse effect on the business, financial condition, and results of operations.

- Pandemics, natural disasters or other unanticipated events – The occurrence of pandemics, natural disasters, such as fires, floods, earthquakes, or hurricanes; or other unanticipated events, such as cyberattacks, terrorist attacks or railway blockades, in any of the areas in which the Company, its customers or its suppliers operate could cause interruptions in the Company's operations. In addition, pandemics, natural disasters or other unanticipated events could negatively impact the demand for, and price of, oil and natural gas which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. In addition, and without limitation of the foregoing, the Company is also exposed to risks relating to public health emergencies and infectious diseases, and related government responses, which has had a negative impact on global financial conditions and could have a material and adverse effect on the Company's business, financial condition and results of operations. The Company cannot accurately predict the impact these interruptions will have on its ability to execute its business plans.

A change in any one of these factors could have a material impact on the financial performance of the Company. The above discussion of risks is not intended to be all-inclusive. The intention of this discussion is to highlight for the reader the typical risks for this industry. Readers should carefully consider, among other things, the risks described herein, and in the Company's Annual Information Form dated March 11, 2026.

RELATED PARTY TRANSACTIONS

The Company has entered into transactions in the normal course of business with corporation controlled by an officer and director of the Company. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to a company controlled by Leonard Jaroszuk, Chief Executive Officer, as compensation for serving as a director and officer for the Company.

Six months ended June 30,	2026	2025
Management and consulting fees	**$450,755**	$429,225

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting and has designed internal controls to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has used a recognized framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to evaluate the effectiveness of internal controls over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Company's internal control over financial reporting as of June 30, 2026, and has concluded that such internal controls over financial reporting were effective. There are no material weaknesses that have been identified by management in this regard.

Management's Interim Report on Disclosure Controls

As of June 30, 2026, the Company's management evaluated the effectiveness of its disclosure controls and procedures as defined in the rules of the Canadian Securities Administrators. This evaluation is performed under the supervision of, and with the participation of, the Chief Executive Officer and the Chief Financial Officer. The Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of June 30, 2026.

NON-IFRS MEASURES

In addition to using financial measures prescribed by IFRS, certain non IFRS measures are used in this MD&A. Non-IFRS measures should not be construed as an alternative to net income or cash flow from operating activity as an indicator of financial performance or to cash flow from operating activities as a measure of liquidity and cash flow. Non-IFRS performance measures do not have any standardized meaning prescribed by IFRS and therefore the Company's methods of calculating non-IFRS measures may not be comparable to similar measures presented by other companies. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This measure has been described and presented in the same manner in which the chief operating decision maker makes operating decisions and assesses performance.

Adjusted EBITDA

Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how those activities are financed and how the results are taxed. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, loss (gain) on disposal of property, plant and equipment, fair value adjustments, impairment losses, share-based payments and subsidies.

Reconciliation of net (loss) income to Adjusted EBITDA:

	Three months June 30, 2026	Three months June 30, 2025	**Six months June 30, 2026**	Six months June 30, 2025
Net income (loss)	**$(60,483)**	$(929,022)	**$2,348,246**	$2,048,874
Add:				
Interest	**510,155**	499,982	**1,108,024**	1,069,682
Income taxes (recovery) expense	**(361,872)**	(342,285)	**377,964**	401,488
Depreciation and amortization	**1,445,557**	1,276,727	**2,973,325**	2,507,182
Loss (gain) on disposal of property, plant and equipment	**292,626**	(122,284)	**262,070**	(157,875)
Share-based payments	**285,834**	416,307	**469,481**	470,929
Gain on debt settlement	**nil**	nil	**nil**	(1,125,000)
Adjusted EBITDA	**$2,111,817**	$799,425	**$7,539,110**	$5,215,280

	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Net income	$3,532,781	$4,543,553	$6,169,904
Add:			
Interest	1,873,367	2,789,445	1,912,251
Income taxes recovery	1,011,697	125,248	nil
Depreciation and amortization	5,483,827	5,248,883	5,005,936
Loss (gain) on disposal of property, plant and equipment	416,549	60,028	(153,483)
Share-based payments	597,054	302,710	351,272
Gain on debt settlement	(1,125,000)	nil	nil
Adjusted EBITDA	$11,790,275	$13,039,867	$13,285,880

ADDITIONAL INFORMATION

Additional information, including the Company's Annual Information Form, can be found on SEDAR at www.sedarplus.ca or the Company web site at www.evolutionpowerx.com.

MANAGEMENT TEAM / BOARD OF DIRECTORS

Leonard D. Jaroszuk, Chief Executive Officer and Chairman of the Board

Desmond O'Kell, President, Director

Warren Cabral, CPA, CA, Chief Financial Officer

John Campbell, CPA, CA, CFA, CPA (Illinois), Lead Director

John Pinsent, FCPA, FCA, ICD.D., Director

Neil Darling, Director

CONTACT INFORMATION

#200, 340 Circle Drive
St. Albert, Alberta,
Canada T8N 7L5

Phone: (780) 418-4400
Fax: (780) 418-1941
Toll Free: (888) 303-3361

Email:
contact@evolutionpowerx.com
Website:
www.evolutionpowerx.com