Introduction

This Management's Discussion and Analysis ("MD&A") is dated as of February 27, 2020 unless otherwise indicated and should be read in conjunction with the unaudited consolidated financial statements of GreenPower Motor Company Inc. ("GreenPower", "the Company", "we", "our" or "us") for the period ended December 31, 2019 and the related notes. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in US dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the period ended December 31, 2019 are not necessarily indicative of the results that may be expected for any future period. The consolidated financial statements are prepared in compliance with International Financial Reporting Standards.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from **www.sedar.com**.

Cautionary Note Regarding Forward-Looking Information

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Description of Business

GreenPower designs, builds and distributes a full suite of high-floor and low-floor vehicles, including transit buses, school buses, shuttles, cargo vans and double-deckers. GreenPower employs a clean-sheet design to manufacture all-electric buses that are purpose built to be battery powered with zero emissions. GreenPower integrates global suppliers for key components, such as Siemens or TM4 for the drive motors, Knorr for the brakes, ZF for the axles and Parker for the dash and control systems. This OEM platform allows GreenPower to meet the specifications of various operators while providing standard parts for ease of maintenance and accessibility for warranty requirements. For further information go to **www.greenpowerbus.com.**

Operations

The following is a description of GreenPower's business activities during the three months ended December 31, 2019. During the quarter, the Company completed and delivered a total of 35 buses, including two Synapse Type D school buses, 3 EV Stars, and from the sale of 30 EV Stars for which the Company provided lease financing and were accounted for as finance leases, During the three-month period ended December 31, 2019, the company delivered three EV Stars to Sacramento Regional Transit ("SacRT"), which were equipped with curbside wheelchair lifts, completing its follow-on order of three EV Stars from GreenPower. This follows the prior delivery of six EV Stars to SacRT earlier last year. SacRT is utilizing the buses in its ride-share transit service called SmaRT Ride, in which customers request shuttle service with a smartphone app. SacRT is expanding micro-transit in its service area and plans to offer the SmaRT Ride shuttle service across 12 Sacramento communities.

In addition, GreenPower delivered 30 EV Stars to Green Commuter during the quarter and provided 3-year lease financing to fund a portion of the purchase price. The majority of the sales price of these vehicles was funded from HVIP vouchers totalling $3,000,000 that were previously reserved from funds allocated to the program in 2019. Green Commuter intends to use these EV Stars in its shuttle and van pooling business in California. After the successful integration of these vehicles into its operations, Green Commuter expects to take delivery of the next tranche of EV Stars from its existing order, with 70 EV Stars remaining under this order.

During the quarter GreenPower delivered two all-electric Synapse School buses to Creative Bus Sales, which were sold at no margin. Creative Bus Sales is currently using these all-electric school buses in sales demonstrations across California and GreenPower anticipates that these efforts will drive future sales of this product. During the quarter, GreenPower also received 292 California Highway Patrol certification for the two Synapse Type D school buses that were delivered to the Rialto Unified School District in the previous quarter. This safety certification means that the vehicle meets FMVSS and title 13 compliance and is required for school buses that operate in the state. This is a significant achievement that further enhances the quality and high standards of GreenPower's all-electric buses.

During the quarter GreenPower continued to actively market its vehicles to customers and to engage in investor outreach activities. The Company's sales staff attended numerous customer sales demonstrations and continued to work with Creative Bus Sales to promote sales of its products through its national sales network. Management organized an investor and analyst roadshow in New York in October and attended the LD Micro conference in LA in December. Management brought its EV Star to both of these events, offering the investment community a first-hand look at its best-selling product.

GreenPower has its vehicles listed under the California HVIP (Hybrid and Zero-emission truck and bus voucher incentive project) for vouchers ranging from $80,000 to $220,000 for a bus purchased for use in the State of California. At December 31, 2019 the Company had received approvals for 85 HVIP voucher requests relating to sales in California for a total of $9 million received from the 2019 allocation, subject to final delivery and approval.

On October 24, 2019 the California Air Resource Board ("CARB") approved funding of $142 million for the 2020 fiscal year, however given the $125 million waitlist that existed prior to this announcement, by November 1, 2019, CARB announced that it had received voucher requests for the entire budget allocated to the HVIP program for the current fiscal year and was no longer accepting new voucher requests until new funding for the program is identified. This announcement has negatively impacted new sales prospects for GreenPower buses in the state of California.

The Company continues to manage several vehicle production-runs concurrently, with the following major projects underway:

- Production of five EV 250's for Airline Coach Services;
- Production of ten EV Star Plus buses, three of which are for an existing order with SacRT;
- Production of EV Stars, with 12 vehicles in process and initial deposits for the production of 100 EV Stars

As at December 31, 2019, the Company had:

- Three EV350's, a Synapse shuttle, two EV Stars and ancillary equipment classified as property and ancillary equipment totaling approximately $790,000;
- Finished goods inventory of approximately $2.5 million comprised of 9 EV Stars, two Synapse school buses, one EV350 and charging stations;
- Work in process Inventory of $2.3 million including 12 EV Stars, 10 EV Star Plus, five EV 250s, initial deposits for the 100 EV Star project, and parts inventory.

Trends

The Company does not know of any trends, commitments, events, or uncertainty that are expected to have a material effect on the Company's business, financial condition, or results of operations other than as disclosed herein under "Risk Factors" and the paragraph below.

In January 2020 the Chinese state media reported the first known death from the Coronavirus, along with dozens of other cases of the virus across the country. By the end of January the coronavirus was labelled a public health emergency of international concern by the World Health Organization and by the middle of February over 1,000 people worldwide had died from the virus. In response to the severity of the virus and over concerns of contagion, the Chinese state government imposed significant travel restrictions within the country, and several airlines have suspended their flights into and out of China. The Company is currently in discussions with its key suppliers located in China to determine the status of their operations and to evaluate their ability to deliver products as previously scheduled. The Company is not able to accurately evaluate the potential impact, if any, on its production capabilities or on its financial results at this time. However, given the significance of these events, they have the potential to negatively impact the financial and operational results of the Company.

Results of Operations

<u>For the three-month period ended December 31, 2019</u>

For the three-month period ended December 31, 2019 the Company recorded revenues of $4,977,548 and cost of revenues of $3,511,990 generating a gross profit of $1,465,558 or 29.4% of revenues. Revenue was generated from the sale of two Synapse Type D school buses, 3 EV Stars, and from the sale of 30 EV Stars for which the Company provided lease financing and were accounted for as finance leases, as well as revenue from finance and operating leases and other sources. Operating costs consisted of administrative fees of $1,055,706 relating to salaries, project management, accounting, and administrative services; transportation costs of $58,863 which relate to the use of trucks, trailers, contractors as well as other operational costs needed to transport company products around North America; travel, accommodation, meals and entertainment costs of $52,792 related to travel for project management, demonstration of company products, and trade shows; product development costs of $348,583; sales and marketing costs of $109,731; professional fees of $87,953 consisting of legal and audit fees; and office expense of $41,549 consisting of rent and other office expenses, as well as non-cash expenses including $34,885 of share-based compensation expense and depreciation of $157,970, generating a loss from operations before interest, accretion and foreign exchange of $482,474.

Interest and accretion on the line of credit, convertible debentures and promissory notes totalled $574,031, and a foreign exchange gain of $418 resulted in a loss for the period of $1,056,087. Non-cash expenses consisting of depreciation, accretion and accrued interest, share-based compensation, warranty accrual and amortization of deferred financing fees totaled $675,755 in the three-month period.

The consolidated total comprehensive loss for the three-month period was impacted by $14,932 of other comprehensive loss as a result of the translation of the entities with a different functional currency than presentation currency.

For the nine-month period ended December 31, 2019

For the nine-month period ended December 31, 2019 the Company recorded revenues of $12,858,002 and cost of revenues of $9,276,910 generating a gross profit of $3,581,092 or 27.9% of revenues. Revenue was generated from the sale of two EV 350s, four Synapse Type D school buses, 30 EV Stars EV Stars, and from the sale of 30 EV Stars for which the Company provided lease financing and were accounted for as finance leases, as well as revenue from finance and operating leases and other sources. Operating costs consisted of administrative fees of $2,505,075 relating to salaries, project management, accounting, and administrative services; transportation costs of $177,727 which relate to the use of trucks, trailers, contractors as well as other operational costs needed to transport company products around North America; travel, accommodation, meals and entertainment costs of $240,542 related to travel for project management, demonstration of company products, and trade shows; product development costs of $864,309; sales and marketing costs of $256,211; professional fees of $201,585 consisting of legal and audit fees; and office expense of $135,157 consisting of rent and other office expenses, as well as non-cash expenses including $181,454 of share-based compensation expense and depreciation of $462,217, generating a loss from operations before interest, accretion and foreign exchange of $(1,443,185).

Interest and accretion on the line of credit, convertible debentures and promissory notes totalled $1,584,685, and a foreign exchange loss of $4,069 resulted in a loss for the period of $3,031,939.

The consolidated total comprehensive loss for the nine-month period was impacted by $4,064 of other comprehensive loss as a result of the translation of the entities with a different functional currency than presentation currency.

For the three-month period ended December 31, 2018

For the three-month period ended December 31, 2018 the Company recorded revenues of $1,106,530 and cost of revenues of $516,221 generating a gross profit of $590,309, or 53.3% of revenues. The revenue was generated from the sale of two EV Star's and from the sale of three vehicles for which GreenPower provided lease financing: an EV 250 and two EV 350's. Operating costs consisted of administrative fees of $516,432 relating to salaries, project management, accounting, and administrative services; transportation costs of $58,780 which relate to the use of trucks, trailers, contractors as well as other operational costs needed to transport company products around North America; travel, accommodation, meals and entertainment costs of $48,281 related to travel for project management, demonstration of company products, and trade shows; product development costs of $108,157; sales and marketing costs of $90,618; professional fees of $67,872 consisting of legal and audit fees; and office expense of $87,093 consisting of rent and other office expenses; non-cash expenses including $57,282 of share-based compensation expense and depreciation of $114,239, generating a loss from operations before interest, accretion and foreign exchange of $(558,445).

Interest and accretion on the line of credit, convertible debentures and promissory notes totalled $375,601, and a foreign exchange gain of $18,312 resulted in a loss for the period of $915,734. Non-cash expenses consisting of depreciation, accretion and accrued interest, share-based compensation, and amortization of deferred financing fees totaled $413,234 in the three-month period.

The consolidated total comprehensive loss for the three-month period was impacted by $20,840 of other comprehensive loss as a result of the translation of the entities with a different functional currency than presentation currency.

For the nine-month period ended December 31, 2018

For the nine-month period ended December 31, 2018 the Company recorded revenues of $3,595,892 and cost of revenues of $2,128,450 generating a gross profit of $1,467,442 or 40.8% of revenues, which related to income generated from the sale of EV 350s to the City of Porterville, the sale of EV Stars, and from lease transactions with a customer for one EV 250 and 2 EV 350s. Operating costs consisted of administrative fees of $1,525,859 relating to salaries, project management, accounting, and administrative services; transportation costs of $188,144 which relate to the use of trucks, trailers, contractors as well as other operational costs needed to transport company products around North America; travel, accommodation, meals and entertainment costs of $195,097 related to travel for project management, demonstration of company products, and trade shows; product development costs of $278,416; sales and marketing costs of $310,702; professional fees of $187,882 consisting of legal and audit fees; and office expense of $234,641 consisting of rent and other office expenses, as well as non-cash expenses including $238,991 of share-based compensation expense and depreciation of $343,601, generating a loss from operations before interest, accretion and foreign exchange of $(2,035,891).

Interest and accretion on the line of credit, convertible debentures and promissory notes totalled $972,255, and a foreign exchange gain of $17,761 resulted in a loss for the period of $2,990,385.

The consolidated total comprehensive loss for the nine-month period was impacted by $38,863 of other comprehensive loss as a result of the translation of the entities with a different functional currency than presentation currency.

The following tables provide a summary of selected information for the last eight quarters:

	Three Months Ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Financial results				
Revenues	$ 4,977,548	$ 5,430,503	$ 2,449,951	$ 2,486,611
Net income (loss) for the period	(1,056,087)	(712,368)	(1,263,484)	(1,553,824)
Basic and diluted earnings/(loss) per share*	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
Balance sheet data				
Working capital (deficit)	2,319,481	1,648,610	2,775,679	(155,176)
Total assets	16,811,834	14,515,250	15,620,864	11,910,299
Shareholders' equity	876,200	1,951,725	2,439,746	(85,636)

	Three Months Ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Financial results				
Revenues	$ 1,106,530	$ 9,008	$ 2,480,412	$ 3,435,990
Net income (loss) for the period	(915,734)	(1,445,472)	(629,179)	665,059
Basic and diluted earnings/(loss) per share*	$ (0.01)	$ (0.02)	$ (0.01)	$ 0.01
Balance sheet data				
Working capital (deficit)	(80,804)	824,357	1,892,871	2,180,184
Total assets	12,843,812	11,698,365	8,814,984	7,490,466
Shareholders' equity	414,804	1,264,228	1,662,694	2,167,745

* Based upon the weighted average number of shares issued and outstanding for the period

The following table summarizes vehicle deliveries pursuant to vehicle leases and vehicle sales for the last four quarters:

	For the three months ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Vehicle Sales				
EV 350	0	1	1	3
EV Star	3	24	3	3
Synapse school bus	2	2	0	0
Total	5	27	4	6
Vehicle Leases				
EV 350	0	0	0	0
EV 250	0	0	0	0
EV Star	30	0	2	0
Total	30	0	2	0
Total Deliveries	**35**	**27**	**6**	**6**

The following table summarizes cash expenses for the last four quarters:

	For the three months ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Total Expenses	$ 2,521,645	$ 2,104,506	$ 1,986,880	$ 1,866,235
Less:				
Depreciation	(157,970)	(160,661)	(143,586)	(172,607)
Accretion	(151,525)	(133,373)	(129,989)	(127,002)
Share-based payments	(34,885)	(53,025)	(93,544)	(93,750)
Amortization of deferred financing fees	(157,915)	(154,883)	(156,732)	(92,948)
Warranty Accrual	(173,460)	(188,554)	(38,864)	(88,589)
Total Cash Expenses (1)	$ 1,845,890	$ 1,414,010	$ 1,424,165	$ 1,291,339

The following table summarizes adjusted EBITDA for the last four quarters:

	For the three months ended			
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net loss for the period	$ (1,056,087)	$ (712,368)	$ (1,263,484)	$ (1,553,706)
Plus:				
Depreciation	157,970	160,661	143,586	172,607
Interest and accretion	574,031	510,042	500,612	428,668
Share-based payments	34,885	53,025	93,544	93,750
Warranty Accrual	173,460	188,554	38,864	88,589
Adjusted EBITDA (1)	$ (115,741)	$ 199,914	$ (525,742)	$ (858,681)

(1) Non-IFRS Financial Measures: "Total Cash Expenses", as defined above, and "Adjusted EBITDA" reflects net income or loss before interest, taxes, share-based payments, depreciation and amortization, and warranty accrual. Adjusted EBITDA is a measure used by analysts and investors as an indicator of operating cash flow since it excludes the impact of movements in working capital items, non-cash charges and financing costs. Therefore, Adjusted EBITDA gives the investor information as to the cash generated from the operations of a business. However, Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered a substitute for other financial measures of performance. Adjusted EBITDA as calculated by GreenPower may not be comparable to Adjusted EBITDA as calculated and reported by other companies. The most comparable IFRS measure to Adjusted EBITDA is net income.

Liquidity

At December 31, 2019, the Company had a cash and restricted cash balance of $244,176 and working capital of $2,319,481. The Company's line of credit had a maximum limit of $5,000,000 as at December 31, 2019 that was increased to a maximum credit limit of up to $8,000,000 in early January 2020. Available funds on the Company's line of credit as at December 31, 2019 was $25,055. The Company manages its capital structure and makes adjustments to it based on available funds to the Company. The Company will continue to rely on additional financings and the sale of its inventory to further its operations and meet its capital requirements to manufacture EV vehicles, complete the Altoona test, expand its production capacity and further develop its sales, marketing, engineering, and technical resources.

Capital Resources

<u>Three months ended December 31, 2019 and up to the date of this report</u>

Authorized: Unlimited number of common shares without par value
Authorized: Unlimited number of preferred shares without par value

As at December 31, 2019, the Company had the following outstanding convertible debentures all with an 8% interest rate and a term of four years. The Convertible Debentures have effective rates ranging from 28.3% - 38.5%.

Issue Date	Amount ($CDN)	Converted Amount ($CDN)	Matured Amount ($CDN)	Outstanding Amount ($CDN)	Conversion Price ($CDN)	Shares on Conversion
Dec 11, 2015	777,000	(60,000)	(717,000)	-	0.40	n/a
May 17, 2017	1,900,000	-		1,900,000	0.65	2,923,077
May 31, 2017	250,000	-		250,000	0.65	384,615
Sep 25, 2017	1,476,000	-		1,476,000	0.40	3,690,000
Oct 16, 2017	2,220,000	(250,000)		1,970,000	0.40	4,925,000
Total	6,623,000	(310,000)	(717,000)	5,596,000		11,922,692

On July 19, 2019 CDN $50,000 worth of debentures (issued on October 16, 2017) were converted into 125,000 common shares with a conversion price of CDN $0.40.

On September 25, 2019 635,044 options were converted into common shares at an exercise price of $0.25 per share.

During the three-month period ended December 31, 2019, the Company incurred share-based compensation expense with a measured fair value of $34,885. The fair value of the options granted were recorded as share-based payments on the Consolidated Condensed Interim Statements of Operations.

On May 14, 2019 the shareholders approved a new rolling stock option plan with a limit of 10% of the issued shares (the "2019 Stock Option Plan"). As at December 31, 2019, there were 5,039,500 options outstanding, of which 4,424,000 were exercisable, and an additional 5,781,225 options were available for issuance under the 2019 Stock Option Plan. During the nine months ended December 31, 2019 a total of 2,957,673 options expired unexercised or were forfeited. The Company did not grant any stock options during the quarter ended December 31, 2019.

Investing Activities

For the three months ended December 31, 2019

See the Operations and Capital Resources sections above for a summary of the Company's investing activities during the three months ended December 31, 2019.

Other Matters

During the three months ended December 31, 2019 the Company filed a notice of Civil Claim in the Supreme Court of British Columbia against Philip Oldridge, the former CEO and director of GreenPower. The civil claim is currently before the courts and the Company is not able to evaluate whether it will be successful in its claim against Mr. Oldridge.

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed, other than payments on one lease that is classified as a short term lease, which totaled $9,203 for the three months ended December 31, 2019, and was recognized in rent and maintenance expense. This lease is scheduled to terminate on July 31, 2020, and the remaining minimum lease payments until the end of the lease are $21,918.

Related Party Transactions

A summary of compensation for directors, officers and key management personnel is as follows:

	For the Three Months Ended		For the Nine Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Salaries and Benefits (1)	$ 103,270	$ 74,229	$ 314,191	$ 186,729
Consulting fees (2)	30,000	99,270	150,000	290,899
Accommodation (3)	-	17,280	762	24,804
Truck and Trailer Rentals (4)	26,761	32,642	81,164	105,892
Options Vested (5)	28,399	44,023	154,010	168,707
Total	$ 188,431	$ 267,443	$ 700,127	$ 777,031

1) Salaries and benefits incurred with officers and a former officer are included in Administrative fees on the Consolidated Statements of Operations.

2) Consulting fees included in professional fees and sales and marketing on the Consolidated Statements of Operations are paid to, management service companies of the CEO and Chairman, and to the former CEO of the Company to provide accounting, management and consulting services.

3) Accommodation expense paid to Stage Coach Landing, Inc., a company that the CEO and Chairman of GreenPower and the former CEO are officers and directors. These costs are expensed on the Consolidated Statements of Operations.

4) Truck and trailer rental fees paid to Maple Leaf Equipment Aircraft and Recovery Inc., a company that the CEO and Chairman of GreenPower and the former CEO are officers and directors. These costs are included in Transportation costs on the Consolidated Statements of Operations.

5) Amounts recognized for related party stock-based compensation are included in Share-based payments on the Consolidated Statements of Operations.

Accounts payable and accrued liabilities at December 31, 2019 included CAD $21,998 and USD $12,276 (March 31, 2019 – CDN $38,768) owed to officers, directors, and companies controlled by officers and directors, and shareholders, which is non-interest bearing, unsecured and has no fixed terms of repayment.

Notes payable as at December 31, 2019 includes CAD $230,000 (March 31, 2019 – CAD$230,000) owed to a company beneficially owned by the Chairman of the Company.

As at December 31, 2019, two companies beneficially owned by the CEO and Chairman of the Company had loans outstanding to the Company with a total value of CAD $3,185,000 and USD $120,000 (March 31, 2019 - CAD $1,430,000 and USD $120,000). These loans were renewals of all outstanding loans to the two companies beneficially owned by the CEO and Chairman on December 30, 2019 and have a maturity date that is the earlier of (i) the date that the GreenPower completes an equity financing of more than Five Million US Dollars (US$5,000,000) (ii) from receipt of proceeds on the sale of buses in excess of Ten Million US Dollars (US$10,000,000) or (iii) April 15th, 2021, and bear interest at 12% per annum. In addition, on December 31, 2019 the CEO and Chairman had a loan outstanding to the Company of CAD $50,000 (March 31, 2019 – nil) which was repaid in January 2020. The Company has agreed to grant the lender in each of these loans a general security assignment on the assets of GreenPower Motor Company Inc., subordinated to the BMO Bank of Montreal.

Loans payable to related parties of $2,846,024 (March 31, 2019 - $1,498,907) include the loans with terms described above, including accrued interest, and other loans payable to directors and officers, companies controlled by directors and officers, which are unsecured and have no fixed terms of repayment.

The outstanding balance of unconverted convertible debentures at December 31, 2019 (Note 13), includes CDN$3,075,000 (March 31, 2019 – CDN$3,025,000) owed to officers, directors and companies controlled by directors.

On February 26, 2020 the Company amended the compensation arrangements to the management service company of the CEO who was appointed on June 12, 2019 increasing the monthly payment from US $10,000 to US $18,750 per month plus GST.

These transactions were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

New and Amended Standards

Adoption of accounting standards

The following new or amended standards were adopted during the year ended March 31, 2019:

IFRS 15 Revenue from Contracts with Customers provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 9 Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard has an effective date of January 1, 2018.

IFRS 16 Leases was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The adoption of the above accounting policies impacted the consolidated financial statements for the three months ended December 31, 2019 as described in the respective notes.

Future accounting pronouncements

Certain new accounting standards and interpretations have been published by the IASB or the IFRS Interpretations Committee that are not mandatory for the December 31, 2019 reporting period.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the inputs used in the Black-Scholes option pricing model to measure stock-based compensation and warrants, determination of the liability portion of convertible debentures, determination of the useful life of equipment, net realizable value of inventory, provision for warranty expense, and the $nil provision for income taxes. Critical estimates used in the preparation of these accounting statements include but are not limited to the following:

Critical accounting judgments

i. the determination of the discount rate to use to discount the promissory note receivable, finance lease receivable and lease liabilities;
ii. the determination of the functional currency of each entity within the consolidated Company;

iii. the Company's ability to continue as a going concern;
iv. The classification of leases as either financial leases or operating leases; and
v. The identification of performance obligations in revenue contracts and the determination of when they are satisfied.

Financial Instruments

The Company's financial instruments consist of cash and restricted cash, accounts receivable, finance lease receivable, promissory note receivable, line of credit, accounts payable and accrued liabilities, note payable, loans payable to related parties, promissory note payable, convertible debentures and lease liabilities. As at December 31, 2019, the Company had working capital $2,319,481. The Company's continuing operations are dependent upon its ability to raise capital and generate cash flows from operations.

The Company has exposure to the following financial instrument related risks.

Credit risk

The Company's exposure to credit risk is on its cash, finance lease, and promissory note receivable. Cash consists of cash bank balances held in major financial institutions in Canada and the United States with a high credit quality and therefore the Company is exposed to minimal risk. The Company assesses the credit risk of its promissory note receivable counterparty and lease counterparty on an annual basis and believes it is exposed to minimal credit risk.

Liquidity risk

The Company tries to ensure that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's cash balances and available liquidity on the Company's $5 million operating line of credit, that was increased to up to $8 million subsequent to the year end. The Company's cash is invested in bank accounts at major financial institutions in Canada and the United States and is available on demand. The Company will continue to rely on additional financings to further its operations and meet its capital requirements.

Trade Tariffs

The Company manufactures and imports key components from overseas that are subject to tariffs on importation into the United States, and for which the Company is currently paying tariffs. In particular, the Company is subject to tariffs on goods imported from China, which increases the cost of these goods and negatively impacts the company's profitability and financial position.

Market risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange. The Company believes interest rate risk is not material.

The Company is exposed to foreign exchange risk as it conducts business in both the United States and Canada. Management monitors its foreign currency balances but the Company does not engage in any hedging activities to reduce its foreign currency risk.

At December 31, 2019, the Company was exposed to currency risk through the following monetary assets and liabilities in CDN Dollars.

Cash	$	1,889
Accounts Receivable		63,514
Promissory Notes Receivable		1,000,000
Accounts Payable and Accrued Liabilities		(396,319)
Loans Payable to Related Parties		(3,235,000)
Convertible Debentures		(5,596,000)
Note Payable	$	(380,000)

Based on the net exposure as at December 31, 2019, and assuming all other variables remain constant, a 10% change in the appreciation or depreciation of the Canadian dollar relative to the US dollar would result in a change of approximately $660,000 to other comprehensive income/loss.

Capital Management

The capital structure of the Company consists of cash, operating line of credit, secured and unsecured promissory notes and convertible debentures and equity attributable to common shareholders, consisting of issued share capital and deficit. There was no change to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Outlook

For the immediate future, the Company plans to:

- Complete production and delivery of EV Stars and EV Star Plus models, currently in various stages of production
- Deliver the remaining two Synapse school buses in finished goods inventory
- Complete and receive the final decision on the Altoona test of its EV Star
- Expand assembly and manufacturing capabilities in the Company's leased facilities in Porterville, including "Complete Knock Down" assembly of an EV Star
- Continue to develop and expand sales opportunities and increase its sales backlog
- Receive approval from the Nasdaq stock exchange to uplist the Company's shares
- Further develop its sales and marketing, engineering and technical resources

Capitalization and Outstanding Security Data

The total number of common shares issued and outstanding is 108,207,251 as of December 31, 2019. There are no preferred shares issued and outstanding.

An incentive stock option plan was established for the benefit of directors, officers, employees and consultants of the Company. As of December 31, 2019, there are 5,039,500 options granted and outstanding. The total number of common share warrants outstanding as of the same date is 28,490,568.

As at February 27, 2020, the company had 108,207,251 issued shares, 7,439,500 options outstanding and 28,490,568 warrants outstanding.

Disclosure of Internal Controls

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline and prospective investors may lose part or all of their investment.

No Operating History

The Company has not paid any dividends and may not produce earnings or pay dividends in the immediate or foreseeable future.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers. The success of the Company is dependent upon the efforts and abilities of its directors, officers and employees. The loss of any of its directors, officers or employees could have a material adverse effect upon the business and prospects of the Company.

Operational Risk

The Company is exposed to many types of operational risks that affect all companies. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and/or systems. Operational risk is present in all of the Company's business activities, and incorporates exposure relating to fiduciary breaches, product liability claims, product recalls, regulatory compliance failures, legal disputes, business disruption, technology failures, business integration, damage to physical assets, employee safety, dependence on suppliers, foreign exchange fluctuations, insurance coverage and rising insurance costs. Such risks also include the risk of misconduct, theft or fraud by employees or others, unauthorized transactions by employees, operational or human error or not having sufficient levels or quality of staffing resources to successfully achieve the Company's strategic or operational objectives.

The occurrence of an event caused by an operational risk that is material could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

Volatile Operating Results

Our orders with our customers generally require time-consuming customization and specification. We incur significant operating expenses when we are building a bus prior to sale or designing and testing a new bus. If there are delays in the sale of buses to customers, such delays may lead to significant fluctuations in results of operations from quarter to quarter, making it difficult to predict our financial performance on a quarterly basis.

Competition in the industry

The Company competes against a number of existing manufacturers of all-electric buses, traditional diesel buses and other buses with various models based on size, purpose or performance features. The Company competes in the non-diesel or alternative fuel segment of this market. There are existing competitors in the various market segments with the potential for future competitors.

Provision for Warranty Costs

The Company offers warranties on the transit, charter and school buses it sells. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives as well as parts and labour costs. Actual warranty expense will differ from the provisions which are estimated by management.

Sales and Marketing

Presently, the initial price of the Company's products are higher than a traditional diesel bus and certain grants and subsidies are available to offset these higher prices. Sales of Company products may also be impacted by the current market price of diesel fuel, along with the values placed on avoiding other ancillary costs such as noise and vehicle emissions. The Company's products are based on emerging technologies which seek to provide operators and users with vehicles that are all-electric, emission free, and with reduced noise. A reduction or cancellation of these grants would negatively impact our sales program.

Current requirements and regulations may change or become more onerous

The Company's products must comply with local regulatory and safety requirements in order to be allowed to operate within the relevant jurisdiction or to qualify for funding. These requirements are subject to change and one regulatory environment is not indicative of another.

Additional Disclosure for Venture Issuers Without Significant Revenue

Annual Expenses:

	March 31, 2019	March 31, 2018	March 31, 2017
Research and development costs	$ 437,208	$ 251,826	$ 312,278
General and administrative expenses	2,144,423	1,231,041	598,850
Other material costs *	$ 332,741	$ 744,801	$ 391,769

* Share-based payments

Annual Information:

	March 31, 2019	March 31, 2018	March 31, 2017
Revenues	$ 6,082,561	$ 3,516,156	$ -
Total net loss for the year	$ (4,544,151)	$ (2,774,140)	$ (2,813,217)
Basic and diluted loss per share	$ (0.05)	$ (0.03)	$ (0.03)
Total comprehensive loss	$ (4,567,842)	$ (2,752,826)	$ (2,808,429)
Total assets	$ 11,910,299	$ 7,490,466	$ 4,519,597
Total long-term financial liabilities	$ 4,657,588	$ 2,796,058	$ 1,022,553

Further information about the Company and its operations can be obtained from www.sedar.com