LOOPShare Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (this "**MD&A**") is dated May 31, 2021 and is intended to assist the reader in understanding the results of operations and financial condition of LOOPShare Ltd., the "Company" or "LOOPShare"). This MD&A should be read in conjunction with the with the Company's audited consolidated financial statements which can be obtained from www.sedar.com.

Unless otherwise noted, results are reported in Canadian dollars, which is the Company's functional currency, and are reported in accordance with International Financial Reporting Standards ("**IFRS**"). References to USD are references to United States dollars.

CAUTION ON FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information" and "forward-looking statements" (collectively "**forward-looking statements**") within the meaning of applicable Canadian securities legislation. When we discuss our strategy, plans, outlook, future financial and operating performance, financing plans, growth in cash flow and other events and developments that have not yet happened, we are making forward-looking statements. All statements in this MD&A that address events or developments that we expect to occur in the future are forward-looking statements, including the following:

- our expectations in relation to working capital;
- our expectations in relation to our future financial needs;
- our expectations with respect to the intellectual property acquired from Raytroniks and the sale of Scoot-E-Bike® branded electric scooters;
- the sales growth of the Scoot-E-Bike® branded electric scooters through from Amazon, and on www.scootebike.ca.
- our expectations with respect to providing electric transportation solutions for delivery, hotel and resort operations;
- our expectations with respect to the potential partnership with Moduurn Mobility;
- our estimated expenditures for 2021; and
- our expectations with respect to future revenue generation.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond the Company's control, including the following:

- our dependence on suppliers and customers;
- our untested business model;
- our completion of additional financing to continue operations;
- the impact of COVID-19 on global economic conditions;
- our ability to attract qualified operators;
- the competitive nature of the transportation sharing market;
- our ability to manage our growth;

- geopolitical risks;
- exchange rate risks;
- regulatory risks;
- our future operations;
- our dependence on key personnel; dilution to present and prospective shareholders;
- manufacturer safety recalls could create risks to the Company’s business;
- risks related to liabilities resulting from the use of the Company’s vehicles by customers;
- losses occur for which the Company does not have third-party insurance coverage increase or the Company’s insurance coverages prove to be inadequate;
- the Company may be a party to litigation in the normal course of business or otherwise, which could affect its financial position and liquidity;
- competition in the market for electric scooter sharing and rental services, as well as the direct to consumer sale of electric scooters;
- the Company’s manufacturing is subcontracted and as a result relies on third parties for the manufacturing and storing of equipment;
- the Company's information systems may experience an interruption or breach in security;
- security breaches of our technology systems, or those of our clients or other third-party vendors we rely on, could subject us to significant liability;
- the Company may be exposed to damage to its business or its reputation by cybersecurity incidents
- the lack of a market for our securities; and
- our share price.

As we are entering into a new business segment, future operations are uncertain and there is a risk that there will be a limited market for our services. In addition, operational challenges such as licensing, regulation and product and service costs are uncertain and may vary from country to country.

The Company assumes no responsibility to revise forward-looking statements to reflect new information, subsequent events or changes in circumstances, except as required by applicable securities laws.

1. Description of the Business

LOOPShare Ltd. (the "Company" or "LOOPShare") was incorporated under the provisions of the *Business Corporations Act* (Saskatchewan) on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under the *Business Corporations Act* (British Columbia). The Company's head office, principal address and the registered and records office are located at 106 – 131 Water Street, Vancouver, BC V6B 4M3. The Company trades on the TSX Venture Exchange under the symbol "LOOP", on the OTCQB under the symbol "LPPPF" and on the Frankfurt Exchange under the symbol "3KZ".

During the year ended December 31, 2016, the Company acquired all of the outstanding securities of Saturna Green Systems Inc. ("Saturna") in exchange for the issuance of securities of the Company and changed its name to LOOPShare Ltd.

The Company develops and deploys connected end-to-end Telematics-based solutions for inner-city transportation vehicles, specifically geared toward Transportation as a Service. Starting from the fiscal year 2020, the Company also provides direct to consumer sales of its Scoot-E-Bike® branded electric scooters and bicycles.

The accompanying condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology and micro-mobility rideshare system, sell Scoot-E-Bikes and settle liabilities.

The Company has incurred losses since inception and expects to incur further losses in the development of its business. As at March 31, 2021, the Company had a net working capital deficiency of $1,119,392 (December 31, 2020 - $1,089,142) and a cumulative deficit of $21,094,604 (December 31, 20 - $20,914,630). These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the prior years in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. To date there have been significant volatility in the capital market and the movement of people and goods has become restricted, affecting the supply, demand and pricing for many products and services. The electric transportation industry has been impacted significantly as many local and regional governments have issued public health orders and travel restrictions in response to COVID-19. As the Company has no material operating income or cash flows, it is reliant on additional financing to fund ongoing operations. An extended disruption may affect the Company's ability to obtain additional financing. The impact of these factors on the Company is challenging to estimate; however, the Company's financial position, results of operations and cash flows in future periods may be materially affected. Please refer to the heading "COVID-19" below for additional information.

2. Business Model

The Company's primary focus was on establishing a micro-mobility rideshare system, primarily using electric scooter-sharing, throughout the world through a network of third-party operators. LOOPShare intended to operate its own fleet of electric scooters and intended to sell connected scooters to LoopZone™ operators as part of a turnkey, "plug-and-play" business solution. The Company's business model included receipt a revenue share from its LoopZone™ operators. Due to changes in the market from COVID-19 (discussed below) the Company evaluated expanding its focus in electric transportation through the provision of electric transportation solutions for delivery, hotel and resort operations and direct to consumer sales of its Scoot-E-Bike® branded electric scooters.

3. COVID-19

The COVID-19 pandemic has had a significant impact on businesses across the globe, and LOOPShare is no exception. COVID-19 has led to changes in consumer habits, including a reduced reliance on public transit and shared modes to transportation. In the electric scooter sharing segment, major industry players such as Bird and Lime have undertaken significant layoffs and reduced availability of shared electric scooters due to decreased demand. The practical realities of sanitizing electric scooters after each use has brought significant operational complications. Many electric scooter ridesharing companies are revaluating their business model and changing how they are deploying and marketing services.

On the other hand, there has been a significant increase in demand for personal use e-bikes similar to the Scoot-E Bike. Personal use e-bikes are comfortable, convenient, and allow users to socially distance while being active. When paired with an electric motor, e-bikes can make even long commutes a relaxing and sweat-free experience. E-bikes also contribute to global emission reductions as a green alternative.

LOOPShare has been evaluating its business model throughout the COVID-19 pandemic. It made efforts to redeploy its larger electric scooters for use in delivery or single point rental operations. After evaluating its current operations and changing trends due to COVID-19, LOOPShare has determined that the best business model to follow in the near term is to increase focus on the sale of the Scoot-E-Bike. As a personal use (non-shared) e-bike that is in demand, this provides the best near-term opportunities for revenue and profitability.

In furtherance of this focus, LOOPShare has reduced its existing fleet of larger electric scooters through sale or other disposition. Currently LOOPShare remaining inventory of larger electric scooters totals 46. LOOPShare intended to retain a small fleet (15 to 30 electric scooters) that it can use to test different models including delivery, rental and potentially rideshare once the COVID-19 pandemic subsides. However, LOOPShare may also decide to sell its remaining inventory and no longer pursue any shared electric scooter service business model.

4. Overall Performance

LOOPShare intended to engage local Zone Operators world-wide based on criteria developed for size of local market, financial capacity and operating requirements. LOOPShare presently has no Zone Operators and it no longer intends to pursue this business model.

The Company has shifted its focus to its direct-to-consumer sales of its Scoot-E-Bike® branded electric scooters/bicycles. The Scoot-E-Bike® is available for sale through Amazon.com. and on www.scootebike.ca. During the three months ended March 31, 2021, the Company sold a total of 43 Scoot-E-Bikes. Subsequent to the period end and to the date of this MD&A the Company has sold an additional

31 Scoot-E-Bikes and has a remaining inventory of 399 units. At the present time the Company does not intend to order any additional units and is evaluating strategic opportunities with respect to the Scoot-E-Bike brand.

5. Future Development

The Company is planning to perform the following activities during the year ending December 31, 2021:

Plans
a) Continue with the reduction in its fleet of VMOTO electric scooters.
b) Sell the remainder of its the Scoot-E-Bike® branded electric scooter inventory through from Amazon, on www.scootebike.ca and other channels and evaluate strategic opportunities for the Scoot-E-Bike brand which may include partnership, sale or other disposition.
c) Evaluate new business opportunities outside of the electric scooter and ridesharing space, and if a suitable opportunity is identified, complete a transaction to change the Company's business focus.

6. Summary of Financial Results

Results for the quarters ended March 31, 2021 and 2020 are as follows:

Results	**Three months ended March 31,**	
	2021	**2020**
Revenue	173,334	39,200
Cost of Sales	(173,521)	(27,293)
Gross Margin	(187)	11,907
Operating expenses:		
Amortization of intangible asset (adjustment)	-	36,689
Depreciation (adjustment)	7,320	63,187
General and administrative	151,552	332,363
Finance costs	25,469	192,079
Research and development	-	42,043
Sales and marketing	108,140	54,569
Share-based compensation (receovery)	19,256	324,508
Total Expenses	311,737	1,045,508
Net gain (loss) before other items	**(311,924)**	**(1,033,601)**
Other items		
Currency exchange gain	79,680	38,000
Gain (Loss) on settlement of debt and accounts payable	52,270	-
Net Loss	**(179,974)**	**(995,601)**
Other comprehensive loss		
Foreign currency translation adjustment	-	(69,124)
Total comprehensive loss	**(179,974)**	**(1,064,725)**
Loss per share – basic and diluted from continuing operations	(0.06)	(0.36)
Weighted average number of common shares	3,161,142	2,982,886

a) Revenue and Gross Margin

Revenue for the quarter ended March 31, 2021 and 2020 were $173,334 and 39,200, respectively, which were derived from the sale of Scoot-E-Bikes and electric scooters. The increase in revenue was due to change in business model (See "2. Business Model" above).

b) Expenses

The Company recognized total expenses of $311,737 for the quarter ended March 31, 2021, a 70% reduction from the same quarter of the prior year. This decrease was mostly a result of the Company cutting back costs and halting research and development operations. These reductions are further explained below:

i) General and Administrative Expense

General and administrative expense for the quarter ended March 31, 2021 decreased by 54% compared to the same quarter of the prior year. This decrease is mainly due to termination of an agreement entered into for financial marketing services in fiscal year 2019, as well the Company cutting back costs.

ii) Research and Development Expense

The Company did not incur any Research and development expense during the quarter ended March 31, 2021. Given the change in business model, it is not expected that the Company will incur additional research and development expense in the remaining fiscal year 2021.

iii) Sales and Marketing Expense

Sales and Marketing expense for the quarter ended March 31, 2021 increased by 98% compared to the same quarter of the prior year. The Company incurred cost to sell its existing fleets of Scooters and Scoot-E-Bikes through business networks and via vendor platforms, Amazon and Shopify.

iv) SBC Expense and Recovery

The Company recognized SBC of $19,256 during the quarter ended March 31, 2021. The SBC expense for the same quarter of the prior year was $324,508. The Company granted stock options to officers, executives, directors, advisory board members and consultants. The expense recognized in a period fluctuates based on the number of underlying stock options with respect to their vesting schedules, net of options forfeited.

Summary of Quarterly Results as are follows:

	For the quarters ended			
	March 31, 2021	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**
	$	$	$	$
Revenue	173,334	239,924	49,138	577,138
Net Loss	(179,974)	(1,176,420)	(388,538)	(241,056)
Loss per share – basic and diluted from continuing operations	($0.06)	($0.39)	($0.10)	($0.10)
	March 31, 2020	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
Revenue	39,200	8,561	38,195	-
Net Loss	(995,601)	(2,958,693)	(864,049)	(702,924)
Loss per share – basic and diluted from continuing operations	($0.36)	($2.50)	($0.80)	($0.60)
Loss per share – basic and diluted from discontinued operations	($0.36)	($0.70)	-	-

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends.

During the quarter ended March 31, 2021, the Company was able to generate revenue from selling Scoot-E-Bikes and electric scooters, and cut back on administrative cost which resulted in a relatively smaller net loss compared to the previous quarters.

The Company incurred loss in the quarter ended December, 31, 2020 due to debt settlements with the former CEO and third party vendors, and the disposal of subsidiary, Saturna, which was offset by revenue from selling Scoot-E-Bikes and electric scooters also. Prior to that, the Company's loss generally decreased up to the quarter ended September 30, 2020 with variations resulting from the disposition of Loop s.a.l. (as discussed below) in the quarter ended December 31, 2019 and due to the COVID-19 Pandemic which started in the quarter ended March 31, 2020.

Revenues that occurred in the quarters ended December 31, 2019 and September 30, 2019 from engineering services were not expected to continue. As discussed above, the Company's future revenue is expected to result from the sale of Scoot-E-Bikes and electric scooters.

The Company will continue to incur losses until such time as its business reaches sufficient scale such that enough revenues are being generated to cover operating and other costs. The impact of COVID-19 shall continue and it is uncertain when the Company will begin generating net income.

7. Financial Position

		March 31, 2021	December 31, 2020
Cash and cash equivalent	$	30,076	35,626
Account receivables, prepaids and deposits		95,094	251,051
Inventory		420,783	351,632
Property and equipment		16,648	23,788
Intangible asset		-	-
Total assets	$	**562,421**	**662,097**
Account payables and accrued liability	$	1,068,397	1,139,899
Loan payable		263,316	262,421
Lease liability		21,219	27,144
Convertible debentures		521,939	565,113
Total liabilities	**$**	**(1,942,619)**	**(1,994,577)**
Shareholders' deficiency	**$**	**1,380,198**	**1,332,480**

a) Assets

As at March 31, 2021, total assets decreased by $99,676 compared to total assets as at December 31, 2020. The decrease was mainly due to cash provided by operating activities which was offset by financing activity related to lease payments. The Company's intangible assets were fully impaired and no amortization expense recognized.

b) Liabilities

Total liabilities as at March 31, 2021 increased by $51,958 compared to that as at December 31, 2020. The increase was primarily due to financing cost associated with the convertible debentures, which was offset by amortization of lease liability, reduction in accounts payables and accrued compensation.

c) Equity

As at March 31, 2021, the Company had deficiency of $1,380,198 compared to deficiency of $1,332,480 as at December 31, 2020. During the quarter ended March 31, 2021, the Company issued 165,000 new common shares for $113,000 in connection with debt settlements reached with former employees of the Company. During the year ended December 31, 2020, in connection the debt settlement with the former CEO in December 2020, the Company was issued 60,000 new common shares for $45,000 and released from its obligation to issue common shares of $75,000.

8. Non-recurring Transactions

Not Applicable

9. Liquidity and Capital Resources

The Company is reliant on its ability to raise capital in order to settle its debts as they come due. As at March 31, 2021, the Company had a net working capital deficiency of $1,119,392; an increase in working capital deficiency of $30,250 over its December 31, 2020 working capital deficiency of $1,089,142.

Current operating capacity for the year ending December 31, 2021 is estimated to be $1,130,000 based on management's assessment.

Estimated operating expenditures for the ensuing 12-month period ending December 31, 2021 (not committed)	**Required funding**
Sales and marketing	$100,000
General and Administrative	$500,000
Loan Repayment	$330,000
Working Capital	200,000
Total funds required for operations	**$1,000,000**

As at March 31, 2021, the Company had cash of $30,076, a decrease of $5,550 compared to a cash balance of $35,626 at December 31, 2020. The decrease was primarily due to cash provided by operating activities of $5,816 offset with cash used in financing activities of $11,366 during quarter ended March 31, 2021.

The Company does not have sufficient revenues to fund its operations for the quarter ended March 31, 2021. The Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will be required to fund its ongoing operations from future operating surpluses, if they exist, or from raising additional equity financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

10. Financial Instruments and risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit loss is the book value of its financial instruments. The Company's cash and cash equivalents is deposited with a major Canadian chartered bank and is held in highly-liquid investments. The Company's receivables consist of taxes receivable and other receivables which represents the maximum credit risk for receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at March 31, 2021, the Company had a cash balance of $30,076 (December 31, 2020 - $35,626) to settle current liabilities of $1,665,345 (December 31, 2020 - $1,727,451). The Company has $300,000 principal amount (excluding accrued interest) of secured debt due September 18, 2021. The Company does not currently have sufficient cash to repay this debt and will be reliant on generating cash from revenue from operations or financing to repay this debt.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash and cash equivalent investments are not subject to interest rate risk. The convertible debentures are not subject to interest rate risk as they are a fixed rate. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities and amounts owing being non-interest bearing or bearing fixed rates of interest.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's sales are in US Dollars and the Company's manufacturing costs are largely denominated in US Dollars, providing a natural hedge against the risk of foreign exchange fluctuations. However due to long lead times for parts used in manufacturing the Company's products, the Company is exposed to the risk of foreign currency fluctuations over time. The Company is also exposed to fluctuations in foreign currencies through its operations in Japan. The Company monitors this exposure but has entered into no formal hedge agreements.

As at March 31, 2021 and December 31, 2020, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies.

	March 31, 2021		**December 31, 2020**	
	US Dollar	Japanese Yen	US Dollar	Japanese Yen
Cash	5,125	58,968	2,759	58,968
Accounts receivable	-	-	-	-
Accounts payable	255,073	14,720,800	169,656	14,720,800
Total	260,198	14,779,768	172,415	14,779,768

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

11. Related Party Transactions

Key Management Compensation

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company, during the three and nine months ended:

	Three Months Ended March 31,			
	2021		2020	
Salary & management fees	$	-	$	166,369
Consulting		41,100		212,400
Directors' fees		-		40,000
Rent to a company controlled by a director		-		9,000
Share-based compensation accrued/paid		12,434		403,018
Gain (loss) on settlement of debt		-		32,686
	$	53,534	$	166,369

The following amounts are payable and due to/from related parties as at March 31, 2021 and December 31, 2020:

	March 31, 2021		December 31, 2020	
Companies controlled by directors and officers	$	23,522	$	24,491
Due to directors and officers		39,375		24,990
	$	**62,897**	**$**	**49,481**

These amounts are unsecured, are non-interest bearing and have no fixed terms of repayment.

On December 10, 2020, the Company reached settlement of a litigation with the former President and Chief Executive Officer of the Company. The terms of the settlement were as follows:

- The Company made a cash payment of $50,000 and issued 60,000 class A common shares with a fair value of $45,000;
- The Company transferred the ownership interest of Saturna to a nominee of the former President and Chief Executive Officer, including the assignment of the Zone Operator Agreement with Loop s.a.l., and;
- The former President and Chief Executive Officer to be appointed as a sales agent with respect to the Company's remaining fleet of electric scooters.

As a result of the settlement, as at December 31, 2020, the Company had nil amount owed to the former President and Chief Executive Officer of the Company.

12. Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

13. Outstanding Share Data

	March 31,2021	Date of Report
Class A common shares	3,209,468	3,209,468
Share purchase warrants	707,919	707,919
Stock options outstanding	203,000	195,000
	4,120,387	**4,112,387**

The Company also has $557,595 principal amount of convertible debentures outstanding, which if converted would result in the issuance of 189,355 shares.

On March 9, 2021, the Company announced consolidation of its class A common shares on the basis of 1 post-consolidation share for every 10 pre-consolidation shares.

14. Risk Factors

The Company's business is subject to significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain of the more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to above, are listed hereunder.

Ability to Obtain Additional Capital

The ability of the Company to execute its business strategy and achieve profitability will depend on acquiring substantial additional financing through debt financing, equity financing, a strategic corporate transaction or other means. There are no assurances that such financing will be available, or if available, available upon terms acceptable to the Company. Failure to obtain such financing may result in the delay or indefinite postponement of such growth strategy or even impact the ability of the Company to continue as a going concern.

There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional financing is raised by the Company through the issuance of securities from treasury, control of the Company may change and shareholders may suffer dilution. If additional financing is not available, or if available, not available on satisfactory terms, this could result in a material adverse effect or could require the Company to reduce, delay, scale back or eliminate portions of its actual or proposed operations at the applicable time or could prevent the Company from continuing as a going concern. In such circumstance, purchasers could lose their entire investment in the Company.

Risks associated with secured debt.

The Company's obligations under the $300,000 principal amount convertible debentures (the "Debentures") are secured against the Company's inventory of Scoot-E-Bikes and the proceeds received from their sale. Any failure to meet any of the payment obligations under the Debenture, or otherwise adhere to the positive and negative covenants therein or fulfill the other obligations thereunder, may trigger an event of default and a demand for full immediate repayment of all amounts outstanding under the Debentures. We may be able to generate cash flow from operations in the future sufficient to service our debt. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. If the Company is unable to repay all amounts outstanding under the Debentures, the lender may realize on its security and the Company could lose its entire inventory of Scoot-E-Bikes and any proceeds received from their sale.

A Localized Epidemic or Global Pandemic

A widespread outbreak of influenza or any other similarly communicable illness, occurring in the United States or Canada, or a World Health Organization travel advisory primarily relating to North American cities or regions could affect the Company's ability to continue full operations and could materially adversely affect customer demand for the Company's electric transportation solutions. The current outbreak of the novel coronavirus (COVID-19) that was first reported from Wuhan, China in December 2019, and any future emergence and spread of similar pathogens could have a material adverse effect on global economic conditions which may adversely impact our business and results of operations and the operations of our suppliers, contractors and service providers, and the demand for our electric transportation solutions. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally. The spread of the coronavirus may have a significant adverse impact on our workforce, production levels, and our ability to launch charter operations.

The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others.

General economic conditions may adversely affect the Company's growth, future profitability, ability to finance and operations

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in metals prices and fuel and energy costs. Many industries have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on investor confidence and general financial market liquidity, all of which may adversely affect our business and the market price of our securities.

The Company has a history of losses and expects to incur losses for the foreseeable future

The Company has incurred losses since its inception and expects to incur losses for the foreseeable future. The Company expects to continue to incur losses unless and until such time as it generates sufficient revenues to fund continuing operations. The deployment of the Company's business strategy will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of the licensing process, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, and the execution of agreements with strategic partners and service providers. Some of these factors are beyond the Company's control. There can be no assurance that the Company will ever achieve profitability.

Electric scooter sharing is a relatively new market, and the rate of adoption and the Company's associated growth in the anticipated markets may not be representative of rates of adoption or future growth in other markets.

Electric scooter sharing, including the rental model for delivery purposes, is a relatively new and rapidly evolving market and the Company is a recent entrant to the market still in the process of growing brand awareness and developing its base of clients and customers. As the rideshare market grows, municipalities and other regulatory bodies are increasingly implementing more rigorous permitting processes, which can be difficult and costly to navigate. If the market for electric scooter sharing fails to grow or grows more slowly than the Company currently anticipates, the Company's business would be negatively affected.

Manufacturer safety recalls could create risks to the Company's business.

The Company electric scooters and constituent parts may be subject to safety recalls by the Company's manufacturing partner or constituent parts manufacturers. Under certain circumstances, the recalls may cause an interruption of the service. The Company and its operating partners may decline to allow electric scooters to be used until the Company can arrange for the steps described in the recalls to be taken. If a large number of vehicles are the subject of simultaneous recalls, or if needed replacement parts are not in adequate supply, recalled vehicles may not be used in operations for a significant period of time. Depending on the severity of the recall, it could materially adversely affect the Company's revenues, create bad will with some of the subscribers and harm the Company's general reputation and brand.

The Company faces risks related to liabilities resulting from the use of the Company's vehicles by customers.

The Company's business may expose it to claims for personal injury, death and property damage resulting from the use of electric scooters by customers. For example, a subscriber, rental client, or Scoot-E-Bike purchaser, may be using a electric scooter that has a defect or some mechanical or other problem that contributes to an accident that results in a death or significant property damage for which the Company may be liable. In addition, it is expected that the Company will depend on the customers, zone operator partners and consumers to inspect the vehicles prior to driving in order to identify any potential damage or safety concern with the vehicle.

The Company could be negatively impacted if losses for which the Company does not have third-party insurance coverage increase or the Company's insurance coverages prove to be inadequate.

The Company does not expect to have third-party insurance coverage for bodily injury and property damage resulting from subscriber accidents involving the Company's electric scooters. The Company anticipates that individual operators will obtain liability insurance in respect of each electric scooter in service in such city. The Company expects to account for vehicle damage or total loss at the time such damage or loss is incurred. Also, because the Company will be responsible for damage to vehicles, deterioration in claims management, whether by management or by a third-party claims administrator, could lead to delays in settling claims, thereby increasing claim costs. In addition, catastrophic uninsured claims filed against the Company or the inability of insurance carriers to pay otherwise-insured claims would have an adverse effect on financial condition.

The Company may be a party to litigation in the normal course of business or otherwise, which could affect its financial position and liquidity

From time to time, the Company is a party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, both inside and outside Canada, arising in the ordinary course of our business or otherwise. The Company is currently involved in legal proceedings and claims that have not yet been fully resolved, and additional claims may arise in the future. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Litigation is subject to significant uncertainty and may be expensive, time-consuming, and disruptive to our operations. Although the Company will vigorously defend ourselves in such legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain. For these and other reasons, the Company may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding is resolved against the Company, it could result in significant compensatory damages, and in certain circumstances punitive or trebled damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief imposed on us. If our existing insurance does not cover the amount or types of damages awarded, or if other resolution or actions taken as a result of the legal proceeding were to restrain the Company's ability to operate or market our services, our consolidated financial position, results of operations or cash flows could be materially adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to the Company's reputation, which could adversely impact its business.

The market for electric scooter sharing and rental services, as well as the direct to consumer sale of electric scooters, is becoming increasingly competitive, and if the Company fails to compete effectively the Company's business will suffer.

The Company expect that the competitive environment for the Company's electric scooter sharing and rental services, as well as direct to consumer sale of electric scooters, will become more intense as additional companies enter the Company's anticipated markets. In addition, competitors may increase the number of vehicles in their fleets or enhance the vehicle offerings in their existing fleets to be more competitive. Some of the Company's competitors may respond more quickly to new or emerging technologies and changes in driver preferences or requirements that may render the Company's services less desirable or obsolete. These competitors could introduce new solutions with competitive price and convenience characteristics or undertake more aggressive marketing campaigns than the Company anticipates undertaking. The Company believes that price is one of the primary competitive factors in the Company's market and pricing in the Company's markets is very transparent. The Company's competitors, some of whom may have access to substantial capital, may seek to compete aggressively on the basis of pricing. To the extent that the Company decreases the Company's anticipated pricing as a result of downward pricing by the Company's competitors and are not able to reduce the Company's operating costs, it could have a material adverse impact on the Company's results of operations, as the Company may lose subscribers and renters and experience a decrease in Scoot-E-Bike sales.

The Company's manufacturing is subcontracted and as a result relies on third parties for the manufacturing and storing of equipment. Changes in these agreements could adversely impact the Company.

The Company currently subcontracts manufacturing. Changes in the ability to import and export products as a result of changes in government regulations, tariffs, or prices could adversely impact the Company's ability to adequately ensure that a sufficient number of electric scooters are available to meet business needs. If agreements with manufacturers are terminated, the Company may not be able to fulfill short-term equipment requirements and could have an insufficient number of electric scooters available for use until it secures a new manufacturer. The Company typically stores electric scooters inside city warehouses. Changes to agreements with municipalities could require significant expenditures on the part of the Company to secure new means to store electric scooters.

The Company's information systems may experience an interruption or breach in security.

The Company relies heavily on communications and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in the Company's customer relationship management, general ledger, and other systems. While the Company has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of the Company's information systems could damage the Company's reputation, result in a loss of customer business, subject the Company to additional regulatory scrutiny, or expose the Company to civil litigation and possible financial liability, any of which could have a material adverse effect on the Company's financial condition and results of operations.

The Company’s business relies on data processing and communications systems. In addition to better serving clients, the effective use of technology increases efficiency and enables the Company to reduce costs. Adapting or developing technology systems to meet new regulatory requirements, client needs, and competitive demands is critical. Introduction of new technology presents challenges on a regular basis. There are significant technical and financial costs and risks in the development of new or enhanced applications, including the risk that the Company might be unable to effectively use new technologies or adapt existing applications to emerging industry standards. The Company’s continued success depends, in part, upon our ability to: (i) successfully maintain and upgrade the capability of our technology systems; (ii) address the needs of our clients by using technology to provide products and services that satisfy their demands; and (iii) retain skilled information technology employees. Failure of our technology systems, which could result from events beyond our control, or an inability to effectively upgrade those systems or implement new technology-driven products or services, could result in financial losses, liability to clients, violations of applicable privacy and other applicable laws and regulatory sanctions.

Security breaches of our technology systems, or those of our clients or other third-party vendors we rely on, could subject us to significant liability.

The expectations of sound operational and informational security practices have risen among our clients and vendors, the public at large and regulators. Our operational systems and infrastructure must continue to be safeguarded and monitored for potential failures, disruptions, cyber-attacks and breakdowns. Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although cyber security incidents are on the rise, we have not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that we will not suffer such losses in the future.

Despite our implementation of protective measures and endeavoring to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to human error, natural disasters, power loss, spam attacks, unauthorized access, distributed denial of service attacks, computer viruses and other malicious code and other events that could have an impact on the security and stability of our operations. Notwithstanding the precautions we take, if one or more of these events were to occur, this could jeopardize the information we confidentially maintain, including that of our clients and counterparties, which is processed, stored in and transmitted through our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations or the operations of our clients and counterparties. We may be required to expend significant additional resources to modify our protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications. A technological breakdown could also interfere with our ability to comply with financial reporting and other regulatory requirements, exposing us to potential disciplinary action by regulators.

In providing services to clients, we may manage, utilize and store sensitive or confidential client or employee data, including personal data. As a result, we may be subject to numerous laws and regulations designed to protect this information. These laws and regulations are increasing in complexity and number. If any person, including any of our associates, negligently disregards or intentionally breaches our established controls with respect to client or employee data, or otherwise mismanages or misappropriates such data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution. In addition, unauthorized disclosure of sensitive or confidential client or employee data, whether through system failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients and related revenue. Potential liability in the event of a security breach of client data could be significant.

The Company may be exposed to damage to its business or its reputation by cybersecurity incidents

As the world becomes more interconnected through the use of the internet and users rely more extensively on the internet for the transmission and storage of data, such information becomes more susceptible to incursion by hackers and other parties intent on stealing or destroying data on which the Company or our clients rely. These cybersecurity incidents have increased in number and severity and it is expected that these trends will continue. Should the Company be affected by such an incident, we would be exposed to legal liability, loss of reputation as well as increased costs related to protection of systems and providing relief to clients. It is impossible for the Company to know when or if such incidents may arise or the business impact of any such incident.

The Company's securities are subject to price volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations that have not been necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur. It may be anticipated that any quoted market for our common shares will be subject to market trends generally, notwithstanding any potential success in creating revenues, cash flows or earnings. The value of the Company's common shares will be affected by such volatility.

15. Non-IFRS Measures

The Company uses EBITDA (earnings before interest, taxes, depreciation and amortization), a non-IFRS measure, to determine amounts due under the Royalty Agreement. Securities regulators require that issuers caution readers that measures adjusted to a basis other than IFRS do not have standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. EBITDA is presented solely as a supplemental disclosure in relation to the Royalty Agreement, in which EBITDA is defined as EBITDA after adding back non-recurring development costs.

16. Subsequent Events

On April 20, 2021, the Company cancelled 80,000 options granted to a former director of the Company.

17. Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained along with additional information at www.sedar.com.