The following Management's Discussion and Analysis ("MD&A") is prepared as at June 28, 2022 in accordance with National Instrument 51-102F1, and should be read together with the unaudited consolidated interim financial statements for the nine months ended April 30, 2022 and related notes and the audited consolidated financial statements for the period ended July 31, 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's fiscal year end is July 31, with July 31, 2021 being the first year end. Additional information regarding the Company will be available through the SEDAR website at www.sedar.com.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward looking statements contained herein are as of the date of the MD&A, and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

All dollar figures are stated in Canadian dollars unless otherwise indicated.

The Company's Business

TUGA Innovations, Inc. (the "Company" or "TUGA") was incorporated on April 7, 2021 under the name 1298562 B.C. Ltd. in British Columbia and is the parent company of TUGA-Global, Inc. ("TUGA-Global"). The Company's principal business activity is to reduce Urban Mobility difficulties by developing a three-wheeled, fully electric fore-and-aft 2 seat vehicle. The Company's registered office is 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8 and its head office is located at 409 Granville Street, Suite 1000, Vancouver, British Columbia V6C 1T2. The principle place of business is Suite 201, 40600 Ann Arbor Road East, Plymouth, Michigan, 48170.

On June 30, 2021, the Company completed the proposed business combination with TUGA-Global by way of a plan of arrangement under the provisions of the Michigan Business Corporation Act. (the "Arrangement"). Pursuant to the Arrangement, TUGA issued 24,950,000 common shares to the shareholders of TUGA-Global at a ratio of 38.2263 to 1 (the "Exchange Ratio") and TUGA-Global became a wholly-owned subsidiary of TUGA for legal purposes and the Company changed its name to TUGA Innovations, Inc.

The transaction constituted a reverse acquisition of TUGA and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As TUGA did not qualify as a business according to the definition in IFRS

3, this reverse acquisition was accounted for as an asset acquisition by the issuance of share of the Company, for the net assets of TUGA and its public listing. The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of TUGA-Global retained by the shareholders of TUGA based on the fair value of TUGA-Global's common shares on the date of closing of the RTO at $1.53 per share divided by the Exchange Ratio. As a result of the transaction, the Company assumed 10,100,000 share purchase warrants valued at $50,500. The share purchase warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 0.65%; Volatility of 100%; Stock price of $1.53 per share divided by the Exchange Ratio; Exercise price of $0.25 and $1.00; Dividend yield of Nil% and expected life of 3 years.

On November 30, 2021, the Company filed its long form prospectus and on December 2, 2021, received approval for listing on the Canadian Securities Exchange and commenced trading on December 9, 2021 under the trading symbol "TUGA". The Company is also trading on the German Borse Frankfurt exchange under the trading symbol "DQ5".

On May 5, 2022, the Company announced that it has received approval from the Depository Trust Company (DTC) for trading on the OTC Markets quotation under the trading symbol "TUGAF". The DTC is a subsidiary of the Depository Trust Clearing Corp. a United States company that manages the electronic clearing and settlement of publicly traded companies. DTC eligibility incorporates an electronic method of clearing securities that speeds up the receipt of stock and cash and thus accelerates the settlement process for certain investors. DTC is a member of the U.S. Federal Reserve System, a limited-purpose trust company under New York State banking law and a registered clearing agency with the U.S. Securities and Exchange Commission.

Description of the Business

TUGA-Global is a development-stage electric vehicle company who looks to improve Urban Mobility by the conception, design, and production of specialized EVs.

TUGA-Global is involved in an emerging field which aims to achieve equitable access to transportation services, increase economic productivity and decrease negative environmental impacts. The Company is seeking to develop and market a new class of vehicle of EVs. Once fully developed, will be an electric three-wheeled vehicle designed with a standard chassis upon which different bodies can be interchanged to meet a wide range of challenges faced when driving in urban centres. The Company plans to combine transportation and information systems into an innovative urban vehicle mobility solution: an efficient urban commuter vehicle built on a flexible, modular platform that can be configured for the leisure, commuter, delivery, taxi, rental and ride share markets.

The Company is in the process of completing all feasibility studies, engineering, prototyping and patent filings. The Company's go-to-market strategy will combine traditional automotive sector channels with consumer electronics co-partnerships and media influencer campaigns. Manufacturing is being proposed for key global locations to leverage favourable logistics, taxation and regulatory advantages designed to ensure scalable production cost efficiencies.

Selected Annual Financial Information

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

	Period ended July 31, 2021
Revenue	$ -
Net loss	$ 558,340

Total comprehensive loss	$ 553,734
Loss per share	$ 0.05
Total assets	$ 490,413

TUGA-Global was incorporated on September 1, 2020 and July 31, 2021 was the Company's first fiscal year end. The Company did not record any revenues in the period ended July 31, 2020 and incurred a net loss of $558,340. The net loss in the period is largely attributed to consulting and professional fees, and transaction expense related to the reverse acquisition.

The Company's total assets for the period ended July 31, 2021 were $490,413 which is mainly made up of cash.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares, but intends to retain any future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors of deems relevant.

Selected Quarterly Financial Information

A summary of results for the quarter since incorporation follows:

	April 30, 2022 Qtr 3	January 31, 2022 Qtr 2	October 31, 2021 Qtr 1
Revenue	$ -	$ -	$ -
Net loss	$ 2,593,471	$ 1,393,335	$ 480,575
Comprehensive loss	$ 2,592,421	$ 1,401,220	$ 482,565
Loss per share	$ 0.06	$ 0.04	$ 0.02

	July 31, 2021 Qtr 4	April 30, 2021 Qtr 3	January 31, 2021 Qtr 2	October 31, 2020 Qtr 1
Revenue	$ -	$ -	$ -	$ -
Net loss	$ 408,201	$ 109,394	$ 18,828	$ 21,917
Comprehensive loss	$ 403,593	$ 109,394	$ 18,828	$ 21,917
Loss per share	$ 0.02	$ 0.01	$ -	$ -

TUGA-Global was incorporated on September 1, 2020 and October 31, 2020 was the Company's first fiscal quarter reported. During the quarters of October 31, 2020 and January 31, 2021, the Company was in the process of setting up the Company and its corporate structure. During the three months ended April 30, 2021, the Company recorded a net loss of $109,394, that can be attributed to an increase in operations and its research and development of its prototype. During the three months ended July 31, 2021, the Company recorded a net loss of $408,201 as compared to $109,394 for the previous quarter. The increase can be attributed to an increase in professional fees associated with the deal between TUGA and TUGA-Global and its preparation of its listing statement. During the three months ended January 31, 2022, the Company recorded a net loss of $1,393,335 as compared to $480,575 for the previous quarter. The increase can be attributed to the fair value of the stock options granted and restricted share units ("RSU") issued during the quarter and an increase in operations as the Company continues with the research and development and marketing of its product. During the three months ended April 30, 2022, the Company recorded a net loss of $2,593,471 as compared to $1,393,335 for the previous quarter. The increase can be attributed to the fair value of the stock options and RSU issued/vested during the quarter.

Results of Operations

For the three months ended April 30, 2022:

The Company did not record any revenues in the three months ended April 30, 2022 and recorded a net loss of $2,593,471 as compared to a net loss of $109,393 for the comparable period ended April 30, 2021. Total expenses for the three months ended April 30, 2022 amounted to $2,593,471 as compared to $109,393 for the comparable period. The increase in total expenses can be attributed to the following:

Consulting fees have increased to $308,118 from $Nil, as consulting fees included fees paid to directors and officers of the Company and fees paid to third parties for administrative services, assistance with its transaction with TUGA, and corporate development.

Professional fees have increased to $84,630 from $18,009, as professional fees included legal fees associated with general corporate matters and the residual balance of the year end audit fee.

Research and Development have increased to $347,267 from $87,718, as the Company continues with its development of its prototype.

Share-based payments have increased to $1,526,189 from $Nil, as the Company fair valued its stock options granted/vested and RSU issued/vested during the quarter to consultants and directors of the Company. The fair value of the share-based payment was valued using the Black-Scholes option valuation model. Share-based payments are non-cash transactions.

Marketing have increased to $239,480 from $3,204, as the Company engaged MIC Market information & Content Publishing to provide marketing via email, facebook and Google.

For the nine months ended April 30, 2022:

The Company did not record any revenues in the nine months ended April 30, 2022 and recorded a net loss of $4,467,381 as compared to a net loss of $150,139 for the comparable period ended April 30, 2021. Total expenses for the nine months ended April 30, 2022 amounted to $4,467,381 as compared to $150,139 for the comparable period. The increase in total expenses can be attributed to the following:

Consulting fees have increased to $775,047 from $Nil, as consulting fees included fees paid to directors and officers of the Company and fees paid to third parties for administrative services, assistance with its transaction with TUGA, and corporate development.

Professional fees have increased to $246,771 from $54,511, as professional fees included legal fees associated with the merger agreement between TUGA and TUGA-Global, private placements, general corporate matters and its listing statement.

Research and Development have increased to $706,076 from $87,718, as the Company continues with its development of its prototype.

Share-based payments have increased to $2,078,872 from $Nil, as the Company fair valued its stock options granted and RSU issued during the period to consultants and directors of the Company. The fair value of the share-based payment was valued using the Black-Scholes option valuation model. Share-based payments are non-cash transactions.

Marketing have increased to $472,696 from $7,295, as the Company engaged MIC Market information & Content to provide marketing via email, facebook and Google. The Company also created a video production and photoshoot to market its product in Europe.

Fourth Quarter

N/A

Liquidity and Capital Resources

The Company's cash position as at April 30, 2022 was $1,743,233 (July 31, 2021 – $471,606) with a working capital of $2,040,765 (July 31, 2021 – $365,026). Total assets as at April 30, 2022 was $1,917,819 (July 31, 2021 – $490,413).

The Company believes that the current capital resources is not sufficient to pay overhead expenses, for the next twelve months and the development of its specialized EVs. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company may not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity (deficit) and working capital as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

On August 27, 2021 and September 23, 2021, the Company issued an aggregate of 11,118,750 subscription receipts (the "Subscription Receipts") at a price of $0.40 per subscription receipt for total proceeds of $4,447,500. Each Subscription Receipt entitles the holder thereof to receive, without payment of additional consideration or further action on the part of the holder, one unit of the Company (a "Unit") on the date (the "Conversion Date") that is five (5) Business Days after the later of the date that: (i) the Company obtains a Final Receipt for this Prospectus in Canada; and (ii) the receipt of conditional approval of the Canadian Securities Exchange or any other recognized Canadian or United States stock exchange for the listing (the "Escrow Release Conditions"). Each Unit is comprised of one common share and one-half of one transferable share purchase warrant (the "Qualified Warrants"), with each Qualified Warrant entitling the holder thereof to acquire one common share at a price of $1.00 for a period of 18 months from the Conversion Date. On August 27, 2021, the Company paid aggregate finder's fees in the amount of $54,250 and issued a total of 135,625 finder's warrants (the "Finder's Warrants") in connection with the first tranche closing of the Subscription Receipt private placement. Each Finder's Warrant is exercisable into a common share at $0.40 per common share until the date that is the earlier of (i) the date that is two years following the issuance date and (ii) the date that is 18 months from the Conversion Date. As at August 27, 2021, the Company fair valued the finder's warrants at $27,125 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of $0.40, expected volatility – 100%, risk-free interest rate – 0.45%, exercise price of $0.40 and an expected average life of 18 months. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable startup companies.

On December 2, 2021, the Company converted the Subscription Receipts into 11,118,750 units. Each Unit is comprised of one common share and one-half of one transferable share purchase warrant (the "Qualified Warrants"), with each Qualified Warrant entitling the holder thereof to acquire one common share at a price of $1.00 for a period of 18 months from June 9, 2023. The Company paid a cash finders' fee of $179,060 and issued 396,025 Finder's Warrants. The Company fair valued the finders' warrants at $75,245 using the

Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of $0.40, expected volatility – 100%, risk-free interest rate – 0.95%, exercise price of $0.40 and an expected average life of 18 months. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable startup companies.

During the period ended April 30, 2022, the Company issued 99,939 common shares pursuant to the exercise of share purchase warrants at an exercise price of $0.25 for total proceeds of $24,985.

During the period ended April 30, 2022, the Company issued 2,080,000 common shares pursuant to the issuance of restricted share units vested. The Company transferred $1,592,727 from contributed surplus.

During the period ended April 30, 2022, the Company issued 20,000 common shares pursuant to the exercise of stock options at $0.75 per share for total proceeds of $15,000. The Company transferred $8,000 from contributed surplus.

Going Concern

The condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At April 30, 2022, the Company has not achieved profitable operations, has accumulated losses of $5,025,721 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its operations, its ability to attain profitable operations to generate funds, and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Financial Instruments

The Company's risk exposures and the impact on the Company's condensed interim consolidated financial statements are summarized below.

Credit risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at April 30, 2022, the Company had a working capital of $2,040,765.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of lithium and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key Management Compensation

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	Relationship	For the nine months ended April 30, 2022	For the period from September 1, 2020 to April 30, 2021
Consulting fees			
1196019 BC Ltd.	Controlled by Faizaan Lalani, CFO and	$ 75,000	$ -
Schultz Engineering	Controlled by Kraig Schultz, CTO and	$ 61,477	-
Cesar Barbosa	Vice President	24,093	-
Antonio Camara	Director	24,953	-
Edmundo, Nobre	Director	42,636	-
Red Wave	Controlled by John Hagie, CEO and Director	56,849	-
		285,008	-
Share-based payments			
Faizaan Lalani	CFO	99,000	-
Daren Hermiston	Director	21,000	-
		$ 405,008	$ -

Included in accounts receivable as at April 30, 2022 was $3,539 (July 31, 2021 - $Nil) in employee advances to directors of the Company.

Proposed Transaction

N/A

Subsequent Events

N/A

Outstanding Share Data

Below is the summary of the Company's share capital as at April 30, 2022 and as of the date of this report:

	As at	
Security description	April 30, 2022	MD&A
Common shares – issued and outstanding	44,495,021	44,495,021
Warrants issued	35,459,436	35,459,436
Finder's warrants	531,650	531,650
Performance warrants	30,000,000	30,000,000
Stock options	230,000	230,000
Restricted share unit	953,570	953,570
Common shares – fully diluted	111,669,677	111,669,677

Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed in note 4 to the condensed interim consolidated financial statements.

Business and Industry Risks

Speculative Nature of Investment Risk

An investment in securities of the Company involves a high degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of the development of its product. In addition to information set out or incorporated by reference in this MD&A, prospective investors should carefully consider the risk factors set out below. Any one risk factor could materially affect the Company's financial condition and future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company.

No Operating History

TUGA-Global was incorporated on September 1, 2020 and has not commenced commercial operations. The Company has no history of earnings or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Increased Costs of Being a Publicly Traded Company

On becoming a reporting issuer, the Company will be subject to reporting requirements under applicable securities law, the listing requirements of the CSE and other applicable securities rules and regulations. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company will be required to file annual, quarterly and current reports with respect to its business and results of operations, and maintain effective disclosure controls, procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls, procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer will make it more expensive to obtain and maintain director and officer liability insurance, and the Company may in the future be required to accept reduced coverage or incur substantially higher costs to obtain or maintain adequate coverage. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Resale of Common Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares by any investor of the Company would be diminished.

Price Volatility of Publicly Traded Securities

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

COVID-19 Public Health Crisis

The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada and US. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. Such public health crises can result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect mineral prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include slowdowns or temporary suspensions of operations in locations impacted by an outbreak, interruptions to supply chains and supplies upon on which the Company relies, restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, increased labor costs, regulatory changes, political or economic instabilities or civil unrest.

The Company has and will continue to take measures recommended by Health Canada and applicable regulatory bodies, as appropriate. To date, the Company has introduced a "work from home policy" affecting its two executive officers and has reduced travel and transitioned to virtual meetings where feasible. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

Reliance on Third-Parties

The Company intends to pursue a strategy of outsourcing vehicle assembly and production as the EVs is designed to use many commodity motorcycle components resulting in high quality and low manufacturing costs. The Company relies on third parties to provide some vehicle assembly and production services and its business will be harmed if the Company's strategic partners are unable to provide these services in a cost-effective manner. The Company also relies heavily on third parties such as its vendors and partners to provide some of its parts and services. If these third parties were unable or unwilling to provide these parts and services in the future due to COVID-19 or other events that cause a disruption in supply or demand of such parts and services, the Company would need to obtain such parts or services from other providers if they are available. This could cause the Company to incur additional costs or cause material interruptions to its business until these parts and services are replaced.

Increases in costs, disruption of supply or shortage of raw materials

We may experience increases in the cost or a sustained interruption in the supply or shortage of raw materials. Any such increase or supply interruption could materially negatively impact our business, prospects, financial condition and operating results. We use various raw materials in our business and the prices for raw materials fluctuate depending on market conditions and global demand for these materials and could adversely affect our business and operating results. For instance, we are exposed to multiple risks relating to price fluctuations for battery cells.

Our business is dependent on the continued supply of battery cells and various motorcycle components for our vehicles. Any disruption is the supply of battery cells or motorcycle components from our supplier could temporarily disrupt the production of the EVs until such time as a different supplier is fully qualified. Furthermore, current fluctuations or shortages in petroleum and other economic conditions may cause us to experience significant increases in freight charges and raw material costs. Substantial increases in the prices for our raw materials would increase our operating costs, and could reduce our margins if we cannot recoup the increased costs through increased electric vehicle prices. There can be no assurance that we will be able to recoup increasing costs of raw materials by increasing vehicle prices. Although the Company has not announced an estimated price for the EVs any attempt to increase the expected prices in response to increased raw material costs could be viewed negatively by our potential customers and could materially adversely affect our brand, image, business, prospects and operating results.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Risks that we face in undertaking this expansion include:

- training new personnel;
- forecasting production and revenue;
- controlling expenses and investments in anticipation of expanded facilities;
- establishing or expanding design, manufacturing, sales and service facilities;
- implementing and enhancing administrative infrastructure, systems and processes;
- addressing new markets; and
- establishing international operations

We intend to continue to hire a number of additional personnel, including design and manufacturing personnel and service technicians for our EVs. Competition for individuals with experience designing, manufacturing and servicing EVs is intense, and we may not be able to attract, assimilate, train or retain additional highly qualified personnel in the future. The failure to attract, integrate, train, motivate and retain these additional employees could seriously harm our business and prospects.

Conflict of Interest

The Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on Company's results of operations and financial condition.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Going Concern Risk

The Company's condensed interim consolidated financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability. The condensed interim consolidated financial statements do not give effect to any adjustments relating to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue, which is a going concern.

The Company's Insurance Policies May Not Be Sufficient to Cover All Claims

The Company's business is subject to a number of risks and hazards generally, including accidents, labour disputes, and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, delays in operations, monetary losses and possible legal liability. Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability.

The Company may also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Claims and Legal Proceedings

The Company or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

Difficulty in Forecasting

The Company must rely largely on its own market research to forecast revenues as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by the Company are based on assumptions from limited and unreliable market data. A failure in demand could materialize as a result of competition, technological change or other factors and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Internal control systems

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.