

EV Technology Group Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023

BACKGROUND

This Management's Discussion and Analysis ("MD&A") has been prepared based on information available to EV Technology Group Ltd. (the "Company" or "EVTG") containing information through May 12, 2023, unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results for the three months ended March 31, 2023. The financial statements and related notes of EVTG have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes to the condensed interim consolidated financial statements for the three months ended March 31, 2023 and the audited consolidated financial statements for the year ended December 31, 2022 and the period of incorporation on August 16, 2021 to December 31, 2021 for disclosure of the Company's significant accounting policies. The Company's presentation currency is the United States dollar. Unless otherwise noted, all references to currency in this MD&A refer to United States dollars.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to EVTG certain information contained herein constitutes forward-looking information under Canadian securities legislation. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "goal", "predict", "potential", "should", "believe", "intend" or the negative of these terms and similar expressions are intended to identify forward-looking information and statements. The information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected. With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the Company's lack of operating history as an investment company; the volatility of the market price of the common shares of the Company; risks relating to the trading price of the common shares of the Company relative to net asset value; risks relating to available investment opportunities and competition for investments; the volatility of the share prices of investments in public companies; the dependence on management, directors and the investment committee; risks relating to additional funding requirements; potential conflicts of interest and potential transaction and legal risks, conflict of interests and litigation risks, as more particularly described under the heading "*Risk Factors*" in this MD&A. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

OVERVIEW OF THE COMPANY

EVTG was founded in 2021 with a vision of electrifying iconic brands and a mission of redefining the joy of motoring for the electric age. EVTG's mission statement is "to electrify iconic driving experiences". Its strategic focus is on developing and commercializing electric vehicle technologies that have growth potential in unique, niche, and underserved markets.

The Company's condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim consolidated financial statements.

HIGHLIGHTS

The Company's highlights for the three months ended March 31, 2023 and subsequent events include:

- On February 13, 2023, EVTG announced that it intends to offer up to \$10 million aggregate principal amount of unsecured convertible notes (the "Notes") on a private placement basis (the "Offering") pursuant to a securities purchase agreement entered into among the Company and individual investors (the "Note Purchase Agreement"). The Notes will mature three years from the date of issuance, unless repurchased, redeemed, or converted in accordance with their terms prior to the maturity date and shall accrue interest at the rate of 7.0% per annum (increasing to 10.0% per annum on the one-year anniversary of the Note). Upon the satisfaction of certain conditions, including for example a change of control of the Company, the Notes shall automatically convert into common shares of the Company ("Common Shares") at a conversion price (the "Conversion Price") based upon a prescribed discount to the ascribed price per Common Share in the relevant transaction giving rise to the automatic conversion, provided that the Conversion Price shall not be lower than CAD\$0.165 per Common Share.
- On April 26, 2023, the Company announced that its wholly owned subsidiary MOKE France SAS ("MOKE France"), and its strategic partner MOKE International Limited ("MIL") have received 423 customer orders for the Electric MOKE. Orders were achieved primarily from 'direct-to-consumer' sales, with most customer purchases occurring online at <https://mokeinternational.com/>. MOKE orders in France require a deposit payment of €8,000 - €10,000, with balances to be paid upon vehicle delivery, while orders in the UK and Caribbean require deposits of £990. The Electric MOKE has a starting/base price from £29,150 in the United Kingdom excl. VAT, or €29,000 in France incl. VAT. In addition to our online direct-to-consumer sales, customers have been able to experience and order the MOKE in-person from the brand flagship Casa MOKE in Saint-Tropez, and at brand activations such as MOKE's appearance at Le Bon Marche, one of Paris' most exclusive and historic retailers.

TRENDS

Electric vehicles are cars or other vehicles with motors that are powered by electricity rather than liquid fuels. Electric vehicles first appeared in the mid-19th century, holding the vehicular land speed record until

around 1900¹. In the early 20th-century, internal combustion engine vehicles gained market share as the leading type of private motor vehicle due to their superior range and cost; although electric vehicles have continued to be used in the form of loading and freight equipment and public transport – especially rail vehicles.

Fast-forward to today, and the tide is again turning. The electric vehicle market is reaching an ‘inflection point’ in its growth. In 2020, approximately 3 million electric vehicles were sold globally; this is expected to grow by 11 million in 2025 and 28 million by 2030; an 833% total increase or 30%+ CAGR.² This growth has been enabled by several key factors:

First, regulation. Governments around the world are accelerating the adoption of electric vehicles through policy. In the United States, President Joe Biden set a goal for 50% of new US vehicles to be electric by 2030; this implies up to 8 million+ vehicles sold per year in the United States could be electric instead of gas-powered³. In Europe, by 2030-2035, no new gas vehicles will be able permitted to be sold in 12 countries including Germany, Sweden and the UK. China, the world’s largest auto market, has also stated that no new gas vehicles will be able permitted to be sold following the year 2040. Many regulators see electric vehicle policy as an important method to meet international climate obligations and to spur innovation in their own economies.⁴

Second, technological development, including most notably the ‘lithium-ion’ breakthrough. Over the last decade, lithium-ion battery production prices have declined 85%⁵, making electric vehicle development commercially viable for the first time in history and unleashing consumer demand. Additional innovation in manufacturing processes have lowered the cost of EV manufacturing and, combined with lower maintenance costs, have contributed to a reduced ‘total cost of ownership’ for EVs as compared to gas-powered vehicles going forward.⁶

Third, consumer preferences. Led by prominent EV brands such as Tesla, EVs are gaining mainstream consumer awareness. As availability of EVs increases, the corresponding EV infrastructure, advertising and number of vehicles on road creates a virtuous cycle for consumers to shift their vehicle purchasing habits⁷. EV designs are maturing to meet a diverse range of consumer needs: from the Rimac Hypercar through to mass market to smaller light electric vehicles.

Forward-looking markets have been willing to reward tomorrow’s EV leaders. Of today’s 10 largest automotive companies globally, EV players such as Tesla, Rivian and BYD make up a substantial share of market capitalization⁸. Legacy automotive players such as Toyota and Volkswagen are investing heavily to transition their production to electric.⁹

¹ <https://www.georgeherald.com/News/Article/Motoring/first-electric-car-set-land-speed-record-in-1900-201909101029#:~:text=Electric%20cars%20have%20only%20been,arrival%20of%20the%20Tesla%20Roadster.&text=Thomas%20Edison%20too%20an%20interest,record%20on%206%20September%201900.>

² <https://www.ft.com/content/fb4d1d64-5d90-4e27-b77f-6e221bc02696>

³ <https://www.theguardian.com/environment/2021/aug/05/biden-electric-vehicles-goal-2030-climate-crisis>

⁴ <https://www.chargedfuture.com/countries-and-states-with-gas-car-bans/>

⁵ <https://solaredition.com/lithium-ion-battery-price-decreased-by-85-during-the-past-decade/#:~:text=Over%20the%20past%20decade%2C%20the,popular%20in%20utility%2Dscale%20storage.>

⁶ <https://insideevs.com/news/527165/study-evs-ownership-40percent-lower/>

⁷ <https://www.financialexpress.com/auto/electric-vehicles/shift-in-consumer-behavior-electric-vehicles-ev-electric-cars-electric-scooters-electric-bikes/2110749/>

⁸ https://en.wikipedia.org/wiki/List_of_manufacturers_by_motor_vehicle_production

⁹ <https://www.bloomberg.com/news/articles/2021-12-14/toyota-accelerates-electric-vehicle-shift-with-30-models#:~:text=Toyota%20will%20roll%20out%2030,15%20EVs%20globally%20by%202025.&text=Toyota's%20been%20slower%20to%20release,hybrids%20to%20hydrogen%2Dpowered%20cars.>

Tesla was the first to be rewarded by markets for bringing ‘every day’ electric vehicles to market; it has enjoyed substantial share price appreciation over the last three years¹⁰, and correspondingly triggered a wave of EV player IPOs/SPACs. Some of these players include Nio (a Chinese EV player), Rivian (EV SUVs), Acrimoto (fun utility EVs), Fisker Motors (EV SUVs) and Lucid Motors (luxury EVs); in addition to an ecosystem of companies plying electric vehicle technology such as Quantumscape (solid state Lithium batteries). There is also a robust private and start-up market of players entering the space as well as legacy gas-powered vehicle players investing in the transition.

Competition and Market Participants

In general, MOKE France faces competition from other players in the sales, rental and experience business lines, focused on the South of France, notably with electric and/or niche vehicles. Specifically, Citroen Mehari is a competitor vehicle to MOKE. Additionally, a small number of businesses offer heritage gas-powered MOKES for rent and sale in the country. Lastly, general purpose car dealerships and rental players in the region may offer vehicles that compete in the same consideration set (e.g. sportscars).

MOKE has clear differentiation from many of these competitors in three ways. Firstly, it is the first heritage marquee car to go fully electric; a key differentiating factor for many consumers. Secondly, the specific history of MOKE as it relates to the South of France makes it an iconic experience to be driven in the region. Lastly, MOKE France distinguishes itself through its location, service and brand identity - creating a compelling experience compared to the typical rental location.

FINANCIAL RESULTS

The following is a discussion of the results of operations of the Company for the three months March 31, 2023. They should be read in conjunction with the Company’s condensed interim consolidated financial statements for the three months ended March 31, 2023.

The Company recorded a net loss of \$3,563,076 for the three months ended March 31, 2023. Net loss for the three months ended March 31, 2022 was \$1,244,041.

Wages, salaries and consulting fees were \$649,761 during the three months ended March 31, 2023 (three months ended March 31, 2022 - \$511,966). They included fees paid to officers and consultants of the Company.

Professional fees were \$1,280,525 for the three months ended March 31, 2023 and consisted mainly of legal, audit and accounting fees related the Fablink Group Holdings and Moke International acquisitions and convertible debenture financing. Professional fees of \$182,005 in the comparative period were for legal fees related to the acquisition of Moke France and the Reverse Takeover.

Office costs were \$42,543 for the three months ended March 31, 2023. Office costs for the three months ended March 31, 2022 were \$9,961. The Company set up offices in the UK and France during the year ended December 31, 2022.

Travel costs were \$22,417 for the three months ended March 31, 2023. Travel cost for the three months ended March 31, 2022 were \$163,342. The costs related to corporate activities and business development which decreased in the first quarter of 2023.

¹⁰ <https://www.bloomberg.com/quote/TSLA:US>

Shareholder communications costs were \$53,171 during the three months ended March 31, 2023. These fees relate to filing fees associated with the NEO listing as well as corporate communications. Shareholder communications for the three months ended March 31, 2022 were \$149,922.

Promotions and marketing expenses for the three months ended March 31, 2023 were \$64,629 (three months ended March 31, 2022 - \$183,866) and include costs incurred related to investor relations agreements entered into during the prior year.

During the three months ended March 31, 2023, the Company granted nil options and 1,668,400 DSUs (year ended December 31, 2022, 10,525,000 options and 6,300,000 DSUs) to directors, officers and consultants of the Company. The grant date fair value of the options and DSUs is amortized over the vesting periods. The Company recorded share-based compensation expense of \$1,304,242 in relation to the vesting during the three months ended March 31, 2023 (March 31, 2022 - \$nil).

Loss from investment in associate was \$175,263 for the three months ended March 31, 2023 (three months ended March 31, 2022 - \$140,125). This represents Company's 14.76% interest in Moke International Inc.

During the three months ended March 31, 2023, the Company recorded accretion income of \$79,887 and interest income of \$73,973, compared to accretion income of \$65,789 and interest income of \$73,973 for the three months ended March 31, 2022. The amounts relate mainly to interest earned and accretion recorded on a loan to MIL. See Note 4 of the condensed interim consolidated financial statements for the three months ended March 31, 2023 for details.

During the three months ended March 31, 2023, the Company recorded interest expense of \$36,662 which included \$28,727 in interest expense on loans entered into in the last quarter of 2022 and \$7,912 in finance costs related to the Company's leases.

For the three months ended March 31, 2023, the Company used cash of \$248,357 in operating activities, compared to a use of cash of \$1,354,176 during the three months ended March 31, 2022. The difference was mostly due to changes in non-cash working capital. For the three months ended March 31, 2023, the Company used \$nil in investing activities compared with \$2,045 used in the prior period which was made up of purchases of equipment and leasehold improvements by Moke France SAS of \$84,524 offset by interest payments received on a loan to Moke International of \$82,479. For the three months ended March 31, 2023, \$33,850 was provided by financing activities consisting of loan proceeds of \$44,580 offset by principal reduction of lease liability of \$10,730. The Company received \$600,000 in the comparative period related to a private placement financing that closed February 2, 2022.

PROPOSED TRANSACTIONS

On July 20, 2022, the Company announced it had entered into a definitive agreement (the "Definitive Agreement") with the shareholders of Moke International (the "MIL Shareholders") to acquire up to 100% of MOKE International Limited ("MIL"). MIL, a company registered in England, and the only manufacturer of MOKE vehicles worldwide. Under the terms set out in the Definitive Agreement, the Company shall pay (a) \$31.9 million to certain shareholders of MIL in exchange for 53% of the total issued and outstanding common shares that the Company does not currently own, (b) \$21.3 million of outstanding debt of MIL owing to certain shareholders and (c) \$2 million to certain management of MIL as a transaction bonus (together, the "Acquisition"). The Company also entered into an Option Deed agreement with the MIL Shareholders which provides the Company the option, for 24 months from the date of closing, to acquire all the remaining shares of MIL at an equity value of \$120 million, subject to certain adjustments. The completion of the Acquisition and the Option are subject to customary closing conditions, including the

Company being able to obtain the required financing, due diligence and approvals by the NEO Exchange. No finder fees are expected to be payable in connection with, and no change of control of the Company is expected to result from the Acquisition. There can be no assurances that the Acquisition or the exercise of the Option will be completed as proposed, or at all.

On August 3, 2022, the Company announced the signing of a share purchase agreement with the shareholders of Fablink Group Holdings (the “Fablink Definitive Agreement”) to acquire 76% of Fablink Group Holdings (“Fablink Group”), (the “Fablink Acquisition”) and a share exchange agreement (the “Option Agreement”) with certain shareholders of Fablink Group which provides them with an option to sell the remaining 24% of Fablink Group to the Company. Fablink Group, headquartered in Northamptonshire, is a British supplier of automotive structures and complete vehicle assemblies in the automotive, transport and off-highway markets. Under the terms set out in the Fablink Definitive Agreement, the Company shall pay (a) £29.5 million to certain shareholders of Fablink Group in exchange for 76% of the total issued and outstanding common shares and (b) £719,000 to acquire existing shareholder debt of Fablink Group. Furthermore, under the terms set out in the Option Agreement, certain shareholders of Fablink Group will maintain an option, for one year from the date of the Option Agreement, to sell the remaining 24% of Fablink Group in exchange for common shares of the Company, subject to certain adjustments (the “Option”). The completion of the Fablink Acquisition and the Option and are subject to customary closing conditions, including the Company being able to obtain the required financing, due diligence and approvals by the NEO Exchange. No finder fees are expected to be payable in connection with, and no change of control of the Company is expected to result from the Acquisition. There can be no assurances that the Fablink Acquisition or the exercise of the Option will be completed as proposed, or at all.

LIQUIDITY AND CAPITAL RESOURCES

In management’s view, given the nature of the Company’s operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company’s financial success will be dependent upon the execution and development of its new investment strategy and business operations. Such execution and development may take years to complete and the amount of resulting income, if any, is difficult to determine.

EVTG relies upon various sources of funds for its ongoing operating activities. These resources include proceeds from dispositions of investments, interest and dividend income from investments and private placement financing.

The Company had a working capital deficit (see Non-IFRS Measures) of \$3,365,784 (December 31, 2022 – working capital deficit of \$1,268,086) including cash of \$59,159 (December 31, 2022 - \$269,898).

On February 2, 2022, the Company closed a private placement financing of 10,199,000 common shares at \$0.21 per common share for gross proceeds of \$2,170,000, of which \$1,570,000 was received in 2021.

On April 6, 2022, 5,811,500 subscription receipts (the “Subscription Receipts”) issued by the Company on March 15, 2022, and March 25, 2022 for gross proceeds of CAD\$5,811,500 (\$4,645,855) pursuant to a non-brokered private placement were automatically exchanged, for no additional consideration, an aggregate of approximately 1,236,489 EV Experiences Inc. common shares which were exchanged for 5,811,500 common shares of the Company in connection with the Reverse Takeover. The Company paid \$2,710 in share issue costs in connection with the placement.

During the three months ended March 31, 2023, the Company entered into loan agreements and drew down \$44,580 (year ended December 31, 2022 - \$971,943) against these loans.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result investment in foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Canadian dollar, European Euro and the UK Pound Sterling. Fluctuations in the exchange rates between these currencies and the US dollar could have an impact on the Company's business and results of operations. The Company has not used derivative instruments to reduce its exposure to foreign exchange fluctuations.

A \$0.01 strengthening or weakening of the US dollar against any of these currencies at March 31, 2023 would result in an increase or decrease in net loss of approximately \$5,299 and an increase or decrease in other comprehensive income of approximately \$22,584.

Credit risk

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Company is exposed to the risk that third parties that owe it money will not perform their underlying obligations. The total carrying value of these financial instruments at March 31, 2023 was \$3,194,005 (December 31, 2022 - \$3,114,119), and the face value was \$5,000,000 plus accrued interest of \$354,526. The Company mitigates its credit risk by only providing loans to Company's where they have detailed knowledge of the company's operations and business strategy.

Liquidity risk

As at March 31, 2023 the Company had a working capital deficit of \$3,365,784 (December 31, 2022 - \$1,268,086). The Company expects to complete future equity or other debt financings, as required and available. However, there is no assurance that funds will be available on terms acceptable to the Company or at all.

Capital Management

The Company considers its capital structure to consist of share capital. The Company manages its capital structure and makes adjustments based on the funds available to support the development of its operations. The board of directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the board of directors to sustain future development of the business.

The Company is dependent upon external financing to fund its activities. To continue to carry out the Company's planned development and funding of ongoing administrative expenses the Company will utilize its existing working capital and will raise additional capital as appropriate.

The management and board of directors of the Company review its capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than the NEO Exchange which requires one of the following to be met: (i) shareholders equity of at least \$2.5 million, (ii) net income from continuing operations of at least \$375,000, (iii) market value of listed securities of at least \$25 million, or (iv) assets and revenues of at least \$25 million. There were no changes

to the approach of management and the board of directors to capital management for the three months ended March 31, 2023 or the year ended December 31, 2022.

Commitments

Legal Commitments

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2023, no amounts have been accrued related to such matters.

Management Contracts

The Company is party to certain management and independent contractor contracts. These contracts require payments of approximately \$248,280 to be made upon the occurrence of a change in control to the officers of the Company. As a triggering event has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. The Company is also committed to payments upon termination of approximately \$993,300 pursuant to the terms of these contracts.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the most recently completed quarters:

	Q1-2023 31-Mar-23	Q4-2022 31-Dec-22	Q3-2022 30-Sep-22	Q2-2022 30-Jun-22
Net loss	\$ 3,563,076	\$ 2,912,547	\$ 4,257,909	\$ 12,573,467
Net loss per share	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.12
Working Capital*	\$ (3,365,784)	\$ (1,268,086)	\$ 383,207	\$ 2,875,471
Total Assets	\$ 13,380,290	\$ 13,547,038	\$ 13,583,266	\$ 14,129,539
Total Non-Current Liabilities	\$ -	\$ -	\$ 9,574	\$ 20,219

	Q1-2022 31-Mar-22	Q4-2021 31-Dec-21	Period from incorporation on August 16, 2021 to September 30, 2021
Net loss (income)	\$ 1,244,041	\$ 1,244,041	\$ (5,934)
Net loss per share	\$ 0.07	\$ 0.07	\$ 0.00
Working Capital*	\$ 1,004,358	\$ (1,268,086)	\$ (3,050,994)
Total Assets	\$ 12,215,802	\$ 13,547,038	\$ 1,627,506
Total Non-Current Liabilities	\$ -	\$ -	\$ -

* Working capital is defined as current assets minus current liabilities. Working capital is a Non-IFRS figure without a standard meaning. Please see "Non-IFRS Measures" below for a reconciliation.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2023, the Company granted 368,400 DSUs to directors and officers of the Company and recorded \$942,369 in share-based compensation related to the vesting of these DSUs and DSUs and options granted during the year ended December 31, 2022.

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2023 was \$256,161 (three months ended March 31, 2022 - \$161,952), exclusive of share-based compensation. As at March 31, 2023, \$499,690 (December 31, 2022 - \$247,124) was owed to directors and officers of the company for consulting services included in accounts payable and accrued liabilities.

During the three months ended March 31, 2023, the Company entered into a loan agreement with the CEO of the Company. As at March 31, 2023, the balance of the loan and accrued interest was \$45,868.

As at March 31, 2023, the Company paid deposits of \$366,053 (December 31, 2022 - \$359,018) to Moke included in prepaid advances in the condensed interim consolidated statements of financial position.

Wouter Witvoet, the CEO and director of the Company, is a director of Moke.

All of the above noted transactions have been in the normal course of operations and are recorded at their exchange amounts, which is the consideration agreed upon by the related parties.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statements of financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's activities expose it to a variety of financial risks summarized below. There have been no significant changes in risks, objectives, policies and procedures for managing risks during the three months ended March 31, 2023.

Fair value hierarchy

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data.

The carrying value of amounts receivable and accounts payable and accrued liabilities, lease liability and loans payable reflected in the statement of financial position approximate fair value because of the relatively short-term maturities.

NON-IFRS MEASURES

The Company has referred to working capital throughout this document. Working capital is a Non-IFRS performance measure. It is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following table provides a reconciliation of working capital to the financial statements as at March 31, 2023 and December 31, 2022.

	March 31, 2023	December 31, 2022
Current assets		
Cash and cash equivalents	\$ 59,159	\$ 269,898
Restricted cash	22,168	22,150.00
Accounts receivable	518,575	425,822
Inventory	24,900	16,511
Prepaid advances	761,105	778,889
	1,385,907	1,513,270
Current liabilities		
Accounts payable and accrued liabilities	2,877,027	1,113,109
Deferred revenue	583,483	454,807
Current portion of lease liability	236,711	233,536
Loans payable	1,054,470	979,904
	4,751,691	2,781,356
Working Capital:		
current assets less current liabilities	\$ (3,365,784)	\$ (1,268,086)

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has:

- 110,048,050 common shares without par value; and
- 10,430,000 options with weighted average exercise prices of CAD\$1.07 and expiry dates between April 12, 2027 and April 13, 2029.
- 4,918,400 DSUs

RISKS AND UNCERTAINTIES

The Company is exposed to a number of risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following outlines certain risk factors specific to the Company. These risk factors could materially affect the Company's future results and could cause actual events to differ materially from those described in forward-looking information relating to the Company. Please also refer to the Company's annual information form dated March 30, 2023 filed on SEDAR for a full description of the Company's risks in addition to those highlighted below.

Risks Related to EVTG

EVTG has a limited operating history

EVTG has a limited history of operations and is in the early stage of development. As such, EVTG will be subject to many risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that EVTG will achieve its operating goals. There is no assurance that EVTG will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that EVTG will be able to earn material revenue or that any of its activities will generate positive cash flow.

EVTG may require additional funds to finance its operations

Additional funds raised through debt or equity offerings may be needed to finance the Company's ongoing and future activities. There can be no assurance that EVTG will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain additional financing could cause EVTG to reduce or terminate its operations.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of securities of the Company. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities.

EVTG is subject to competition from other electric vehicle companies

EVTG will compete with other automobile and technology businesses within the electric vehicle sector and such competition is likely to increase if early entrants in the sector perform well. Competition could result in the Company being unable to: make accretive acquisitions; recruit or retain qualified employees or consultants; obtain necessary financing or capital; or achieve its projected financial performance. Increased competition could result in increased costs and lower prices for the Company's products which, in turn, could reduce profitability. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

The ongoing COVID-19 pandemic may have an adverse effect of the business of EVTG

The global COVID-19 pandemic continues to rapidly evolve and we cannot anticipate with any certainty the length or severity of the effects of COVID-19. The extent to which COVID-19 adversely impacts EVTG's business will depend on future developments that are highly uncertain, such as the following: the ultimate severity of the disease; the duration of the outbreak or future outbreaks; travel restrictions imposed by governments or businesses in the markets in which the Company operates; the duration and scope of business closures or business disruptions; changes in customer travel preferences and demand; the impact of increasing unemployment on discretionary spending; the length of time it takes for rental pricing and volume and normal economic conditions to return; technology disruptions; the Company's relationships with vehicle manufacturers; the Company's liquidity position; the development of effective vaccines or treatments; and the effectiveness of actions taken to contain the disease and future outbreaks. COVID-19 could have a material adverse impact on the Company's customer demand, revenues and profitability. If the COVID-19 pandemic persists, the Company could experience rental cancellations and a material decline in forward bookings due to decreased customer demand as a result of a decrease in travel to France and fewer tourists.

Moreover, the Company expects the second and third quarter of the year to be the strongest quarters for its MOKE France rental business due to increased levels of leisure travel. COVID-19 has the potential to disrupt the Company's business during this period as governments try to take a grip on the new Omicron variant. Whether these disruptions during the Company's peak season will have a material adverse effect on its results of operations, financial condition, and cash flows depends on the severity of the government-imposed restrictions.

Seasonality Risks

The Company expects that most of its revenue from MOKE France will be made during peak season between June and September each year. If any issues arise (such as another wave of COVID-19) that prevent the Company from operating at a high level during its peak season, there could be a material adverse impact on its revenues and profitability.

Single Vehicle Manufacturing Risk

The Company will rely primarily on EVTG's MOKE business for revenue, which is dependent on the delivery by MIL of the MOKE Electric. If MIL, for whatever reason, fails to deliver on its contract with MOKE France to deliver such vehicles on time, the Company's car rental business could be materially adversely impacted by the lack of supply.

Supply Chain Risk

The Company will rely on MIL to produce the MOKE Electric on time and to deliver it against a reasonable wholesale price that leaves enough margin for MOKE France to have a profitable business. Through MIL, EVTG is indirectly exposed to supply chain risk in areas such as: commodity prices and availability (particularly steel), rare earth metals (mainly cobalt), worldwide freight availability, semiconductors, and more. While the MOKE Electric does not have the complexity from an engineering and parts perspective as more complicated vehicles, supply chain risk remains a possible issue.

EVTG may be unable to adequately control the costs associated with its operations, even with continued refinement of its budget. Significant costs are expected related to procuring raw materials required to manufacture and assemble vehicles. The prices for and availability of these raw materials fluctuate depending on factors beyond the EVTG's control. EVTG's business also depends on the continued supply of battery cells for its vehicles. EVTG is exposed to multiple risks relating to availability and pricing of quality lithium-ion battery cells. In addition, a global semiconductor supply shortage is having wide-ranging effects across the automotive industry and may negatively impact the supply needed for our testing and production timeline.

The COVID-19 crisis has caused and may continue to cause (i) disruptions to EVTG's supply chain, including its access to critical raw materials and components, many of which require substantial lead time, or cause a substantial increase in the price of those items, (ii) an increase in other costs as a result of EVTG's efforts to mitigate the effects of COVID-19, and (iii) delays in EVTG's schedule to full commercial production of EVTG's products. Furthermore, currency fluctuations, tariffs or shortages in petroleum, steel and aluminum or other raw materials and other economic or political conditions have resulted and may continue to result in significant increases in freight charges and raw material costs, delays in obtaining critical materials or changes in the specifications for those materials. Substantial increases in the prices for our raw materials or components have increased and may continue to increase our operating costs, and could reduce our margins. In addition, a growth in popularity of electric vehicles without a significant expansion in battery cell production capacity or sufficient availability of semiconductors could result in shortages, which would increase our cost of materials or impact our prospects. These factors could also delay our overall production timeline and limit production volume.

Counterfeit Risk

Like most luxury brands, MOKE France and MIL must deal with the existence of counterfeit or “look-a-like” products that aim to leverage the MOKE brand equity for economic gain. While there are several on-going processes aimed at stopping such counterfeits from being sold, it will remain difficult to completely stop counterfeits in the market. The impact on the business will be that the Company, whether as a group or through one of its subsidiaries, will have to invest in public relations and/or marketing to make customers aware of the difference between counterfeits and the genuine MOKE Electric produced by MIL.

Market risk for securities

There can be no assurance that an active trading market for the Company’s shares will be sustained. The market price for the Company Shares may be subject to wide fluctuations. Factors such as COVID-19, inflation, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company’s securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. Market forces may render it difficult or impossible for the Company to secure investors to purchase its securities at a price which will not lead to severe dilution to existing shareholders, or at all. In addition, shareholders may realize less than the original amount invested on dispositions of their Company Shares during periods of such market price decline.

Foreign exchange risk

The Company is a Canadian company, and most of its fundraising is done in Canadian dollars, however, its operations are currently predominantly denominated in foreign currencies. As a result, the Company will be subject to foreign exchange risks relating to the relative value of foreign currencies as compared to the Canadian dollar. A relative decline in the foreign currencies in which the Company derives the majority of its revenues could result in a decrease in the real value of the Company’s revenues and adversely impact financial performance.

Tax

No assurance can be given that new taxation rules will not be enacted or existing rules will not be applied in a manner which could result in the Company being subject to additional taxation or which could otherwise have a material adverse effect on the Company’s results from operations and financial condition.

The Company may be subject to limitations on the repatriation of earnings in each of the countries where it does business. In particular, there may be significant withholding taxes applicable to the repatriation of funds from foreign countries to Canada. There can be no assurance that changes in regulations, including tax treaties, in and among the relevant countries where the Company or its subsidiaries do business will not take place, and if such changes occur, they may adversely impact the Company’s ability to receive sufficient cash payments from its subsidiaries.

Litigation Risks

Litigation and other claims may arise in the ordinary course of the Company's business and, in addition to product or services-oriented allegations and personal injury claims, litigation could include securities law compliance, employee and customer claims, commercial disputes and intellectual property issues. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Litigation and other claims against the Company, even if the Company is ultimately successful, could result in unexpected expenses and liabilities, which could materially adversely affect its operations, reputation and financial condition.

Ability to Generate Profits

There can be no assurance that the Company will generate net profits in future periods. Further, there can be no assurance that the Company will be cash flow positive in future periods. In the event that the Company fails to achieve profitability in future periods, the value of the Company Shares may decline. In addition, if the Company is unable to achieve or maintain positive cash flows, the Company would be required to seek additional funding, which may not be available on favorable terms, if at all.

Management of the Company's Growth

Significant growth in the business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that the Company will succeed in these efforts. The failure to effectively manage and improve these systems could increase costs, which could have a materially adverse effect on the Company's operating results and overall performance.

Reliance on Key Personnel

The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company will rely on a limited number of key employees, consultants and members of senior management and there is no assurance that the Company will be able to retain such key employees, consultants and senior management. The loss of one or more of such key employees, consultants or members of senior management, if not replaced, could have a material adverse effect on the Company's business, financial condition and prospects.

No Plans to Pay Dividends

The Company does not currently have plans to pay regular dividends on its Company Shares. Any declaration and payment of future dividends to holders of Company Shares will be at the sole discretion of the Company Board and will depend on many factors, including the financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations of the Company that the Company Board deems relevant.

Intellectual Property Rights

The Company may in the future seek patent or other protection for its intellectual property rights. If the Company is unable to obtain patents or otherwise protect its trade secrets or other intellectual property and operate without infringing on the proprietary rights of others, its business, financial condition and results of operations could be materially adversely affected.

The Business of EVTG may be exposed to cybersecurity risks

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects EVTG might cause disruptions and adversely affect its business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

Company Risks

Dependence on Business and Industry Expertise of Management Team

The Company is dependent on the business and industry expertise of its management team. If it is unable to rely on this business and industry expertise, or if any of the expertise is inadequately performed, the business, financial condition and results of the operations of the Company could be materially adversely affected until such time as the expertise could be replaced.

The requirements of being a public company may strain the Company's resources, divert management's attention and affect its ability to attract and retain management and qualified board members.

As a reporting issuer, the Company will be subject to the reporting requirements of applicable securities laws of the jurisdictions in which it is a reporting issuer, the listing requirements of the NEO Exchange, and other applicable securities rules and regulations. Compliance with those rules and regulations could increase the Company's legal and financial costs, make some activities more difficult, time consuming or costly, and increase demand on the Company's systems and resources.

Enforcement of judgments against foreign persons may not be possible

Investors should be aware that some of the directors and officers of the Company will be located outside of Canada and, as a result, it may not be possible for shareholders of the Company to effect service of process within Canada upon these persons. All or a substantial portion of the assets of these persons are likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against such persons in Canada or to enforce a judgment obtained in Canadian courts against such persons outside of Canada. The directors and officers of the Company who are located outside of Canada have appointed the Company as agent for service of process.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of disclosure controls and procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation, and that such information is accumulated and communicated to

management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), as appropriate, to allow timely decisions regarding required disclosures.

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded, based on our evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

Internal controls over financial reporting

The CEO and CFO, together with other members of Management, have designed internal controls over financial reporting based on the Internal Control–Integrated Framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO - 1992). These controls are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual audited financial statements in accordance with IFRS.

We have not identified any changes to our internal control over financial reporting which would materially affect, or is reasonably likely to materially affect, our internal control over financial reporting.

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at March 31, 2023.

SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies can be found in Note 3 of its annual audited financial statements for the period ended December 31, 2022 filed on SEDAR.

New accounting policies adopted during the year

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The adoption of the amendments to IAS 1 on January 1, 2023 did not have a material impact on the Company’s condensed interim consolidated financial statements.

IAS 8 – In February 2021, the IASB issued “Definition of Accounting Estimates” to help entities distinguish between accounting policies and accounting estimates. The adoption of IAS 8 on January 1, 2023 did not have a material impact on the Company’s condensed interim consolidated financial statements.

Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after January 1, 2024 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company’s consolidated financial statements.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however, early adoption is permitted.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

Income taxes, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Business combination

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets and liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Determination of significant influence of investment in associates

As at March 31, 2023 and December 31, 2022, the Company has classified its investment in Moke International Limited (“Moke”) as having significant influence based on management’s judgement that its ownership of 14.76% (2022 – 14.76%) of the outstanding shares of Moke along with its board seat and \$5,000,000 loan represent significant influence over Moke.

Intangible assets

The Company generally applies the acquisition method of accounting to transactions involving intangible assets, which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair values. As part of this allocation process, the Company must identify and attribute values to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital. These estimates and assumptions determine the amount allocated to intangible assets. If future events or results differ significantly from these estimates and assumptions, the Company may record impairment charges in the future. The Company tests, at least annually or more frequently if events or changes in circumstances indicate that they may be impaired, in accordance with its accounting policies.

Share-based payments

The Company uses the Black-Scholes option pricing model to fair value options in order to calculate share-based compensation expense. The Black-Scholes model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price of the Company's shares at date of issue, expected dividend, yield, expected life, and expected volatility. Certain inputs are estimates which involve considerable judgment and are, or could be, affected by factors that are out of the Company's control.

Leases

The determination of the Company's lease liability and right-of-use asset depends on certain assumptions which includes the selection of the discount rate. The discount rate is set by referencing to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's condensed interim consolidated financial statements.

Impairment of non-financial assets

In the determination of impairment charges, management looks at recoverable amount, which is the higher of value-in-use or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. The estimate of the value-in-use of cash-generating units depends on a number of assumptions, in particular market data, estimated future cash flows, and the discount rate. The estimate and their individual assumptions require that management make a decision based on the available information and market condition at each reporting period. These assumptions are subject to risk and uncertainty. Any material changes in these assumptions could result in a significant change in the recoverable value of the Company's property and equipment and intangible assets.

Contingencies

Refer to Note 13 in the notes to the financial statements.