

GREENPOWER MOTOR COMPANY INC.
CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended March 31, 2018 and March 31, 2017
(Expressed in US dollars)

GREENPOWER MOTOR COMPANY INC.
Consolidated Financial Statements
(Expressed in US Dollars)

March 31, 2018 and 2017

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Independent Auditor's Report

To the Shareholders of GreenPower Motor Company Inc.

We have audited the accompanying consolidated financial statements of GreenPower Motor Company Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GreenPower Motor Company Inc. and its subsidiaries as at March 31, 2018 and March 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of GreenPower Motor Company Inc. to continue as a going concern.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, British Columbia
July 9, 2018**

GREENPOWER MOTOR COMPANY INC.
Consolidated Statements of Financial Position
As at March 31, 2018
(Expressed in US Dollars)

	March 31, 2018	March 31, 2017
Assets		
Current		
Cash	\$ 1,007,329	\$ 56,995
Accounts receivable	246,679	-
GST receivable	15,224	20,490
Inventory (Note 3)	3,246,088	1,209,786
Prepays & deposits	68,462	32,435
	4,583,782	1,319,706
Non-current		
Deposits	-	47,042
Promissory note receivable (Note 4)	578,143	-
Property and equipment (Note 5)	2,328,540	3,124,031
Other assets	1	28,818
	\$ 7,490,466	\$ 4,519,597
Liabilities		
Current liabilities		
Accounts payable & accrued liabilities (Note 13)	\$ 451,893	\$ 868,639
Deposits from customers	582,197	224,177
Current portion of promissory note payable (Note 10)	55,774	54,675
Current portion of convertible debentures (Note 9)	557,493	-
Loans payable to related parties (Note 13)	756,241	172,326
	2,403,598	1,319,817
Non-current		
Convertible debentures (Note 9)	2,334,923	505,690
Warranty liability (Note 16)	123,065	-
Promissory note payable (Note 10)	461,135	516,863
	5,322,721	2,342,370
Equity		
Share capital (Note 6)	12,686,476	12,144,019
Equity portion of convertible debentures (Note 9)	393,850	67,695
Reserves	3,233,235	1,358,503
Accumulated other comprehensive loss	(65,677)	(86,991)
Accumulated deficit	(14,080,139)	(11,305,999)
	2,167,745	2,177,227
	\$ 7,490,466	\$ 4,519,597

Nature and Continuance of Operations - Note 1
Events After the Reporting Period - Note 17

Approved on behalf of the Board on July 9, 2018

"Fraser Atkinson"

Director

"Mark Achtemichuk"

Director

(The accompanying notes are an integral part of these consolidated financial statements)

GREENPOWER MOTOR COMPANY INC.

Consolidated Statements of Operations and Comprehensive Loss For the Years Ended March 31, 2018 and 2017

(Expressed in US Dollars)

	March 31, 2018	March 31, 2017
Revenue	\$ 3,516,156	\$ -
Cost of Sales	2,267,765	-
Gross Profit	1,248,391	-
Expenses		
Administrative fees (Note 13)	1,231,041	598,850
Depreciation (Note 5)	525,228	177,498
Foreign exchange loss (gain)	(18,396)	6,550
Interest and accretion (Notes 9 and 10)	563,411	95,629
Office	95,204	67,112
Product development costs	251,826	312,278
Professional fees (Note 13)	170,153	176,563
Rent and maintenance	90,643	64,400
Sales and marketing	404,610	234,395
Share-based payments (Notes 7 and 13)	744,801	391,769
Transportation costs (Note 13)	229,637	257,352
Travel, accommodation, meals and entertainment (Note 13)	315,556	430,821
	4,603,714	2,813,217
Net loss from operations for the year	(3,355,323)	(2,813,217)
Other items		
Write down other assets	(28,817)	-
Net loss before income tax	(3,384,140)	(2,813,217)
Income tax recovery	610,000	-
Net loss for the year	(2,774,140)	(2,813,217)
Other comprehensive income		
Cumulative translation reserve	21,314	4,788
Total comprehensive loss for the year	\$ (2,752,826)	\$ (2,808,429)
Loss per common share, basic and diluted	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding, basic and diluted	92,262,206	87,107,051

(The accompanying notes are an integral part of these consolidated financial statements)

GREENPOWER MOTOR COMPANY INC.
Consolidated Statements of Changes in Equity
For the Years Ended March 31, 2018 and 2017

(Expressed in US Dollars)

	Share Capital		Equity portion of convertible debentures	Reserves	Accumulated other comprehensive gain (loss)	Accumulated Deficit	Total
	Number of Common shares	Amount					
Balance, March 31, 2016	83,676,324	\$9,164,266	\$69,552	\$1,399,905	\$ (91,779)	\$ (8,492,782)	\$2,049,162
Shares issued for cash at CDN \$0.30 per common share	1,000,000	232,440	-	-	-	-	232,440
Shares issued for cash at CDN \$0.75 per share unit	684,541	391,557	-	-	-	-	391,557
Share issuance costs	-	(32,422)	-	-	-	-	(32,422)
Fair value of broker options exercised	284,520	79,951	-	(24,857)	-	-	55,094
Fair value of stock options exercised	1,338,750	423,659	-	(174,777)	-	-	248,882
Fair value of warrants exercised	4,408,318	1,870,708	-	(233,537)	-	-	1,637,171
Shares issued for conversion of debentures	50,000	13,860	(1,857)	-	-	-	12,003
Share-based payments	-	-	-	391,769	-	-	391,769
Cumulative translation reserve	-	-	-	-	4,788	-	4,788
Net loss for the year	-	-	-	-	-	(2,813,217)	(2,813,217)
Balance, March 31, 2017	91,442,453	12,144,019	67,695	1,358,503	(86,991)	(11,305,999)	2,177,227
Fair value of the equity portion of the convertible debentures	-	-	454,231	-	-	-	454,231
Fair value assigned to the warrants on issuance of convertible debentures	-	-	-	1,863,238	-	-	1,863,238
Tax impact of equity instruments issued with convertible debentures	-	-	(121,000)	(489,000)	-	-	(610,000)
Transaction costs assigned to the warrants on the issuance of convertible debentures	-	-	-	(41,639)	-	-	(41,639)
Fair value of stock options exercised	1,495,000	499,136	-	(202,668)	-	-	296,468
Shares issued for conversion of debentures	250,000	43,321	(7,076)	-	-	-	36,245
Share-based payments	-	-	-	744,801	-	-	744,801
Cumulative translation reserve	-	-	-	-	21,314	-	21,314
Net loss for the year	-	-	-	-	-	(2,774,140)	(2,774,140)
Balance, March 31, 2018	93,187,453	\$ 12,686,476	\$ 393,850	\$ 3,233,235	\$ (65,677)	\$ (14,080,139)	\$ 2,167,745

(The accompanying notes are an integral part of these consolidated financial statements)

GREENPOWER MOTOR COMPANY INC.

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2018 and 2017

(Expressed in US Dollars)

	March 31, 2018	March 31, 2017
Cash flows from (used in) operating activities		
Loss for the year	\$ (2,774,140)	\$ (2,813,217)
Items not affecting cash		
Share-based payments	744,801	391,769
Accretion	275,523	44,766
Foreign exchange loss (gain)	(18,396)	6,550
Accretion of promissory note receivable	(5,267)	-
Write down of other assets	28,817	-
Income tax recovery	(610,000)	-
Depreciation	525,228	177,498
Cash flow used in operating activities before changes in non-cash working capital items	(1,833,434)	(2,192,634)
Changes in non-cash working capital items:		
Accounts receivable	(246,679)	-
GST receivable	5,266	(5,319)
Inventory	(2,236,935)	(998,706)
Prepays & deposits	11,015	(55,302)
Promissory note receivable	(572,876)	-
Deposits from customers	358,020	-
Accounts payable & accrued liabilities	505,238	92,014
Warranty liability	123,065	-
	(3,887,320)	(3,159,947)
Cash flows from (used in) investing activity		
Purchase of property and equipment	(365,664)	(86,216)
	(365,664)	(86,216)
Cash flows from (used in) financing activities		
Repayment of loans payable to related parties	(38,084)	(253,028)
Loans from related parties	538,215	-
Principal payments on promissory note	(54,629)	(22,462)
Issuance of common shares	-	623,997
Share issuance costs	-	(32,422)
Proceeds from issuance of convertible debentures	4,522,292	-
Convertible debenture costs	(99,014)	-
Proceeds from exercise of broker options	-	55,094
Proceeds from exercise of stock options	296,468	248,882
Proceeds from exercise of warrants	-	1,637,171
	5,165,248	2,257,232
Foreign exchange on cash	38,070	(683)
Net increase (decrease) in cash	950,334	(989,614)
Cash, beginning of year	56,995	1,046,609
Cash, end of year	\$ 1,007,329	\$ 56,995
Supplemental Cash Flow Disclosure:		
Interest paid	287,888	50,863
Taxes paid	-	-
<i>Non-cash transactions:</i>		
Fair value assigned to the warrants pursuant to the issued convertible debentures	1,863,238	-
Fair value of the equity portion of the convertible debentures	454,231	-
Property and equipment acquired by issuance of promissory note payable	-	594,000
Accretion on promissory note receivable	208,013	-
Assets transferred from (to) inventory to (from) property and equipment	594,481	2,031,174

(The accompanying notes are an integral part of these consolidated financial statements)

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2018 and 2017
(Expressed in US Dollars)

1. Nature and Continuance of Operations

GreenPower Motor Company Inc. (the “Company”) was incorporated in the Province of British Columbia on September 18, 2007. The Company is in the business of manufacturing and distributing all-electric transit, school and charter buses.

The primary office is located at Suite 240-209 Carrall St., Vancouver, Canada.

The consolidated financial statements were authorized by the Board of Directors on July 9, 2018.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s continuing operations are dependent upon its ability to raise capital and generate cash flows. At March 31, 2018, the Company had working capital of \$2,180,184 and an accumulated deficit of \$14,080,139. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The continuation of the Company as a going concern is dependent on future cash flows from operations including the successful sale and manufacture of electric buses to achieve a profitable level of operations and obtaining necessary financing to fund ongoing operations. To this end, the Company has now delivered and received payment for all-electric buses to customers, has a backlog of orders for delivery, and has arranged for a \$2 million line of credit to meet funding requirements. The Company’s ability to achieve these objectives is subject to material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern.

2. Significant Accounting Policies

(a) Basis of presentation

Statement of Compliance with IFRS

These annual consolidated financial statements for the years ended March 31, 2018 and March 31, 2017 were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements are presented on a historical cost basis, except for financial instruments classified as available-for-sale or fair value through profit or loss (“FVTPL”), in U.S. dollars. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries:

1. GP GreenPower Industries Inc. (registered in Canada)
2. GreenPower Motor Company, Inc. (registered in the United States)
3. 0939181 BC Ltd (registered in Canada) and Utah Manganese, Inc. (registered in the United States)
4. 0999314 B.C. Ltd. (registered in Canada).

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Financial Statements
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(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

(b) Basis of consolidation (continued)

All intercompany balances, transactions, revenues and expenses are eliminated upon consolidation. Certain information and note disclosures which are considered material to the understanding of the Company's consolidated financial statements are provided below.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

(c) Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: available-for-sale, loans-and-receivables, held-to-maturity or at FVTPL. Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company's accounting policy for each category is as follows:

i. Loans-and-receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the Consolidated Statements of Operations when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company has classified its cash as loans-and-receivables as at March 31, 2018 and March 31, 2017.

ii. Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the Consolidated Statements of Operations. The Company has classified its promissory note receivable as held-to-maturity as at March 31, 2018 and March 31, 2017.

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2018 and 2017
(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

iii. Financial assets at FVTPL

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the Consolidated Statements of Operations. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date. The Company did not have any assets classified as FVTPL as at March 31, 2018 and March 31, 2017.

iv. Available-for-sale assets ("AFS")

Non-derivative financial assets not included in the above categories are classified as AFS. AFS are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an AFS (which constitutes objective evidence of impairment), the full amount of impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, AFS are carried at cost. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to the Consolidated Statements of Operations. The Company did not have any assets classified as AFS as at March 31, 2018 and March 31, 2017.

v. Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. The Company did not record any impairments on financial assets during the year ended March 31, 2018 and March 31, 2017.

Financial liabilities are classified into one of the following categories based on the purpose for which the liability was incurred.

vi. Other financial liabilities ("OTL")

Financial liabilities classified as OTL are comprised of accounts payable and accrued liabilities, promissory note payable, the liability component of convertible debentures and loans payable to related parties. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and are subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2018 and 2017
(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

vii. Financial liabilities at FVTPL

Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized through the Consolidated Statements of Operations. The Company did not have any liabilities classified as FVTPL as at March 31, 2018 and March 31, 2017.

Derivative financial assets and liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial assets and liabilities include warrants purchased or issued by the Company denominated in a currency other than the Company's functional currency. As at March 31, 2018 and March 31, 2017, the Company did not have any derivative financial assets or liabilities.

viii. Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted into shares of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss. When the conversion option is exercised, the consideration received is recorded as share capital and the equity component of the compound financial instrument is transferred to share capital.

When the Company extinguishes convertible debentures before maturity through early redemption or repurchase where the conversion option is unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of settlement. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with the method used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued. The amount of gain or loss relating to the early redemption or repurchase of the liability component is recognized in profit or loss. The amount of consideration relating to the equity component is recognized in equity.

(d) Cash and cash equivalents

Cash and cash equivalents usually consist of highly liquid investments which are readily convertible into cash with maturity of three months or less and are subject to an insignificant risk of change in value. As at March 31, 2018 and March 31, 2017, the Company had no cash equivalents.

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2018 and 2017
(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

(e) Revenue recognition

The Company, from time to time, earns rental fees from the rental of its developmental technologies. Revenue is recorded in the month the rentals are made. Revenue is only recognized when reasonableness of collection is assured. Rental assets have been capitalized to equipment in the Consolidated Statements of Financial Position.

Revenue from electric bus sales is recognized when a customer obtains control of the product and collectability is reasonably assured. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the product.

(f) Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the Consolidated Statements of Operations for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Consolidated Statements of Operations.

(g) Foreign currency translation

The consolidated entities and their respective functional currencies are as follows:

<u>Entity</u>	<u>Functional Currency</u>
GreenPower Motor Company Inc. (parent)	Canadian Dollar
GP GreenPower Industries Inc.	Canadian Dollar
GreenPower Motor Company, Inc.	U.S. Dollar
0939181 BC Ltd	Canadian Dollar
Utah Manganese, Inc.	Canadian Dollar
0999314 B.C. Ltd.	Canadian Dollar

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2018 and 2017
(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

(g) Foreign currency translation (continued)

Translation to functional currency

Foreign currency transactions are translated into U.S. dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at FVTPL. Gains and losses arising from foreign exchange are included in the Consolidated Statements of Operations.

Translation to presentation currency

The results and financial position of those entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the Statements of Financial Position;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognized in accumulated other comprehensive income/loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising on translation of foreign operations are recognized in accumulated other comprehensive loss. On disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified from accumulated other comprehensive income/loss to net income/loss for the period.

(h) Inventory

Inventory is recorded at the lower of cost and net realizable value with cost determined on a specific item basis. The Company's inventory consists of electric buses in process, production supplies, and finished goods. In determining net realizable value for new buses, the Company primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used buses, the Company considers recent market data and trends such as loss histories along with the current age of the inventory.

GREENPOWER MOTOR COMPANY INC.
Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2018 and 2017
(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

(i) Property, plant, and equipment

Property, plant and equipment (“PPE”) are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the following rates/estimated lives and methods:

Computers	3 years, straight line method
EV equipment	3 years, straight line method
Diesel bus and EV 350	7 years, straight line method
Leased asset	7 years, straight line method
Furniture	7 years, straight line method
Automobile	10 years, straight line method

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the Consolidated Statements of Operations. Where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Expenditures incurred to replace a component of an item of PPE is accounted for separately, including major inspection and overhaul expenditures are capitalized.

(j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(k) Share capital

Common shares are classified as equity. Finders fees and other related share issue costs, such as legal, regulatory, and printing, on the issue of the Company’s shares are charged directly to share capital, net of any tax effects. During the year ended March 31, 2018, the Company recorded \$nil (March 31, 2017 - \$32,422) in share issuance costs on its Consolidated Statements of Changes in Equity in regards to the issuance of shares (Note 6).

(l) Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net income/loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

GREENPOWER MOTOR COMPANY INC.
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2. Significant Accounting Policies (continued)

(l) Income taxes (continued)

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect to previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits, and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(m) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to critical accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

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

Critical accounting judgments

- i. the determination of the discount rate to use to discount the promissory note receivable;
- ii. the determination of categories of financial assets and financial liabilities;
- iii. the determination of the functional currency of each entity within the consolidated Company;
- iv. the allocation between debt and equity for the convertible debentures; and
- v. the Company's ability to continue as a going concern (Note 1).

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2. Significant Accounting Policies (continued)

(n) Share-based payment transactions

The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity-settled awards, the fair value is charged to the Statement of Operations and credited to the share-option reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value is determined by using the Black-Scholes option pricing model. At each financial reporting date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the Consolidated Statements of Operations with a corresponding entry against the related equity settled share-based payments reserve account. No expense is recognized for awards that do not ultimately vest. If the awards expire unexercised, the related amount remains in share-option reserve.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Consolidated Statements of Operations, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of valuation model. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement.

(o) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in warrant reserve.

GREENPOWER MOTOR COMPANY INC.
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2. Significant Accounting Policies (continued)

(p) Adoption of accounting standards

The following new or amended standards were adopted during the year ended March 31, 2018:

Amendments to IAS 7 Statement of Cash Flows require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

The adoption of the above accounting policy did not have an effect on the consolidated financial statements for the year ended March 31, 2018.

(q) Future accounting pronouncements

Certain new accounting standards and interpretations have been published by the IASB or the IFRS Interpretations Committee that are not mandatory for the March 31, 2018 reporting period.

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

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

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

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

GREENPOWER MOTOR COMPANY INC.
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3. Inventory

The following is a listing of inventory as at March 31, 2018 and 2017:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Work in-Process	\$ 2,711,947	\$ 1,078,324
Production Supplies	70,900	81,462
Finished Goods	463,241	50,000
	<u>\$ 3,246,088</u>	<u>\$ 1,209,786</u>

4. Promissory Note Receivable

On January 23, 2018, the Company entered into multiple lease agreements (the "Agreements") with a third party (the "Customer") for the purposes of leasing EV550's for a period of five years. On January 30, 2018, these lease payments, except for the final payment to be made by the Customer of CDN\$1,000,000 to the Company, were purchased by and transferred to an independent third party (the "Purchaser") in exchange for a lump sum payment of CDN\$1,492,611 to the Company. The Purchaser was granted a first priority security interest in the EV550's. Both the lump sum and the discounted final payment were included in Revenue in the Consolidated Statements of Operations.

The CDN\$1,000,000 due at the end of the lease term is classified as a Promissory Note Receivable on the Consolidated Statements of Financial Position. The Promissory Note Receivable has been discounted over the five-year lease term at a rate of 6.4%.

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5. Property and Equipment

The following is a summary of activities for the years ended March 31, 2018 and March 31, 2017:

Cost	Computers	Furniture	Automobiles	Diesel Bus	Demonstration Buses		Leased Asset	EV Equipment	Land	Total
					EV 350's	WIP				
Balance, March 31, 2016	\$ 6,617	\$ 23,453	\$ 25,283	\$ 45,275	\$ 652,836	\$ -	\$ -	\$ -	\$ -	\$ 753,464
Additions	962	-	-	-	-	-	-	-	679,254	680,216
Transfers from inventory	-	-	-	-	527,985	217,325	669,373	616,491	-	2,031,174
Foreign exchange translation	(151)	(539)	-	(1,310)	-	-	-	-	-	(2,000)
Balance, March 31, 2017	7,428	22,914	25,283	43,965	1,180,821	217,325	669,373	616,491	679,254	3,462,854
Additions	-	-	26,000	-	213,213	-	10,034	12,140	61,191	322,578
Transfers from inventory	-	-	-	-	217,325	(217,325)	(679,407)	-	-	(679,407)
Foreign exchange translation	(707)	904	-	2,017	-	-	-	-	-	2,214
Balance, March 31, 2018	\$ 6,721	\$ 23,818	\$ 51,283	\$ 45,982	\$ 1,611,359	\$ -	\$ -	\$ 628,631	\$ 740,445	\$ 3,108,239
Depreciation and impairment losses										
Balance, March 31, 2016	\$ 2,622	\$ -	\$ 1,347	\$ 18,384	\$ 139,893	\$ -	\$ -	\$ -	\$ -	\$ 162,246
Depreciation	1,738	3,323	2,528	6,417	112,119	-	-	51,373	-	177,498
Foreign exchange translation	(354)	(49)	-	(518)	-	-	-	-	-	(921)
Balance, March 31, 2017	4,006	3,274	3,875	24,283	252,012	-	-	51,373	-	338,823
Depreciation	1,967	3,403	4,478	6,569	217,087	-	84,926	206,798	-	525,228
Transfers from inventory	-	-	-	-	-	-	(84,926)	-	-	(84,926)
Foreign exchange translation	(513)	129	-	958	-	-	-	-	-	574
Balance, March 31, 2018	\$ 5,460	\$ 6,806	\$ 8,353	\$ 31,810	\$ 469,099	\$ -	\$ -	\$ 258,171	\$ -	\$ 779,699
Carrying amounts										
As at March 31, 2017	\$ 3,422	\$ 19,640	\$ 21,408	\$ 19,682	\$ 928,809	\$ 217,325	\$ 669,373	\$ 565,118	\$ 679,254	\$ 3,124,031
As at March 31, 2018	\$ 1,261	\$ 17,012	\$ 42,930	\$ 14,172	\$ 1,142,260	\$ -	\$ -	\$ 370,460	\$ 740,445	\$ 2,328,540

During the year ended March 31, 2018, the Company sold its leased asset to a third party. The proceeds from the disposals have been included in Revenue and the net realizable value of the asset is included in Cost of Sales on the Consolidated Statements of Operations.

GREENPOWER MOTOR COMPANY INC.
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6. Share Capital

Authorized

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

Issued

During the year ended March 31, 2018, the Company issued a total of 1,745,000 shares pursuant to the exercise of 1,495,000 stock options and 250,000 converted debentures. During the year ended March 31, 2017, the Company issued a total of 6,081,588 shares pursuant to the exercise of 284,520 broker options, 1,338,750 stock options, 4,408,318 warrants and 50,000 converted debentures.

On May 25, 2016, the Company completed a non-brokered private placement of 1,000,000 common shares at a subscription price of CDN\$0.30 per share for gross proceeds of CDN\$300,000 (USD\$232,440) and incurred \$22,004 in share issuance costs including \$11,613 in finder's fees.

On October 17, 2016, the Company completed a non-brokered private placement for a total of 684,541 units at a price of CDN\$0.75 per unit for gross proceeds of CDN\$513,406 (USD\$391,557). Each unit consisted of one common share and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one common share with an exercise price of CDN\$1.10 per share until and on October 16, 2017 and CDN\$1.50 per share until and on October 16, 2018. The Company issued 342,270 common share purchase warrants (Note 8), and incurred \$10,418 in share issuance costs including \$5,412 in finder's fees.

As at March 31, 2018, the Company had no shares held in escrow (March 31, 2017 – 15,154,197).

7. Stock Options

The Company has an incentive stock option plan whereby it grants options to directors, officers, employees, and consultants of the Company. On March 9, 2016, the shareholders approved the current plan which allows for the issuance of up to 10,440,790 shares (the "2016 Plan"). The exercise price of options granted under the 2016 Plan may not be less than the minimum prevailing price permitted by the TSXV policies with a maximum term of 10 years. Prior to the adoption of the 2016 Plan, the Company had adopted an incentive stock option plan (the "Plan"), whereby it could grant options to directors, officers, employees, and consultants of the Company.

On March 30, 2017, the shareholders approved an increase in the number of common shares available for issuance under the 2016 Plan from 10,440,790 to 13,656,367. On April 5, 2018, the number available for issuance was further increased to 14,909,992.

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7. Stock Options (continued)

The Company had the following incentive stock options granted under its Plan and 2016 Plan that are issued and outstanding at March 31, 2018:

Expiry Date	Exercise Price (CDN\$)	<i>Incentive Stock Options</i>				Balance March 31, 2018
		Balance March 31, 2017	Granted	Exercised	Forfeited	
April 25, 2017	\$ 0.82	25,000	-	-	(25,000)	-
July 3, 2017	\$ 0.25	45,000	-	(45,000)	-	-
February 22, 2018	\$ 0.25	250,000	-	(250,000)	-	-
July 3, 2018	\$ 0.40	150,000	-	(100,000)	-	50,000
July 3, 2018	\$ 0.25	750,000	-	-	-	750,000
September 1, 2018	\$ 0.25	20,000	-	-	-	20,000
December 23, 2019	\$ 0.25	375,000	-	(100,000)	-	275,000
December 23, 2019	\$ 0.25	3,884,717	-	(900,000)	-	2,984,717
December 23, 2019	\$ 0.25	300,000	-	-	-	300,000
July 10, 2020	\$ 0.55	-	50,000	-	-	50,000
March 25, 2020	\$ 0.25	200,000	-	-	-	200,000
May 26, 2020	\$ 0.60	-	150,000	-	-	150,000
September 1, 2020	\$ 0.25	100,000	-	(100,000)	-	-
February 4, 2021	\$ 0.35	500,000	-	-	-	500,000
May 6, 2021	\$ 0.35	530,000	-	-	-	530,000
October 27, 2021	\$ 0.62	500,000	-	-	-	500,000
February 2, 2022	\$ 0.75	715,000	-	-	-	715,000
May 26, 2022	\$ 0.60	-	200,000	-	-	200,000
May 26, 2022	\$ 0.75	-	1,037,500	-	-	1,037,500
December 18, 2022	\$ 0.45	-	260,000	-	(25,000)	235,000
Total outstanding		8,344,717	1,697,500	(1,495,000)	(50,000)	8,497,217
Total exercisable		6,272,217				7,003,717
Weighted Average Exercise Price (CDN\$)		\$ 0.33	\$ 0.67	\$ 0.26	\$ 0.65	\$ 0.41
Weighted Average Remaining Life						2.5 years

As at March 31, 2018, there are 3,429,025 options available for issuance under the 2016 Plan.

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7. Stock Options (continued)

The Company had the following incentive stock options granted under its Plan and 2016 Plan that are issued and outstanding at March 31, 2017:

Expiry Date	Exercise Price (CDN\$)	<i>Incentive Stock Options</i>				Balance March 31, 2017
		Balance March 31, 2016	Granted	Exercised	Forfeited	
December 23, 2016	\$ 0.25	215,000	-	(215,000)	-	-
February 22, 2017	\$ 0.25	45,000	-	(45,000)	-	-
April 25, 2017	\$ 0.82	-	100,000	-	(75,000)	25,000
July 3, 2017	\$ 0.25	45,000	-	-	-	45,000
February 22, 2018	\$ 0.25	250,000	-	-	-	250,000
July 3, 2018	\$ 0.40	200,000	-	-	(50,000)	150,000
July 3, 2018	\$ 0.25	750,000	-	-	-	750,000
September 1, 2018	\$ 0.25	20,000	-	-	-	20,000
October 20, 2018	\$ 0.25	90,000	-	(67,500)	(22,500)	-
January 20, 2019	\$ 0.25	85,000	-	(42,500)	(42,500)	-
April 20, 2019	\$ 0.19	-	175,000	(43,750)	(131,250)	-
December 23, 2019	\$ 0.25	450,000	-	(25,000)	(50,000)	375,000
December 23, 2019	\$ 0.25	4,684,717	-	(800,000)	-	3,884,717
December 23, 2019	\$ 0.25	500,000	-	(100,000)	(100,000)	300,000
March 25, 2020	\$ 0.25	200,000	-	-	-	200,000
September 1, 2020	\$ 0.25	100,000	-	-	-	100,000
January 8, 2021	\$ 0.30	50,000	-	-	(50,000)	-
February 4, 2021	\$ 0.35	500,000	-	-	-	500,000
May 6, 2021	\$ 0.35	-	530,000	-	-	530,000
October 27, 2021	\$ 0.62	-	500,000	-	-	500,000
February 2, 2022	\$ 0.75	-	715,000	-	-	715,000
Total outstanding		8,184,717	2,020,000	(1,338,750)	(521,250)	8,344,717
Total exercisable		6,507,217				6,272,217
Weighted Average Exercise Price (CDN\$)		\$ 0.26	\$ 0.57	\$ 0.25	\$ 0.33	\$ 0.33
Weighted Average Remaining Life						2.95 years

During the year ended March 31, 2018, the Company incurred share-based compensation to employees, advisors, and directors with a measured fair value of \$744,801 (March 31, 2017 - \$391,769). The fair value of the options granted and vested were recorded as share-based payments on the Consolidated Statements of Operations.

On May 26, 2017, the Company granted:

- 1,037,500 options to Directors with an exercise price of CDN\$0.75 per share with a term of 5 years. The options fully vest on the grant date.
- 100,000 options to an advisor with an exercise price of CDN\$0.60 per share with a term of 3 years. The options fully vest on the grant date.

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7. Stock Options (continued)

- 200,000 options to an employee with an exercise price of CDN\$0.60 per share which vest 25% after 4 months and then 25% after years 1, 2 & 3, and with a term of five years.
- 50,000 options to a consultant (IR provider) with an exercise price of CDN\$0.60 per share which vest 25% at the end of every 3 months for a period of twelve months and with a term of 3 years.

On July 10, 2017, the Company granted 50,000 stock options to a consultant (IR provider). The options have an exercise price of CDN\$0.55 per share which vest 25% at the end of every 3 months for a period of twelve months and with a term of 3 years.

On December 18, 2017, the Company granted 260,000 stock options to employees and a consultant. The options have an exercise price of CDN\$0.45 per share which vest 25% after 4 months and then 25% after years 1, 2 & 3, and with a term of five years.

During the year ended March 31, 2018, 1,495,000 (2017 – 1,338,750) stock options were exercised at prices between CDN\$0.25 – CDN\$0.40 (2017 – CDN\$0.19 – CDN\$0.25) per share for proceeds of CDN\$388,750 (USD\$296,468) (2017 – CDN\$331,000 (USD\$248,882)). The weighted average share price on the date of exercises was CDN\$0.50 (2017 – CDN\$0.70). 50,000 (2017 – 521,250) options expired unexercised.

On April 20, 2016, the Company granted 175,000 options to a consultant (IR provider) with an exercise price of CDN\$0.19 per share which vest 25% at the end of every 3 months for a period of twelve months and with a term of 3 years.

On May 6, 2016, the Company granted 530,000 options to Directors and an employee with an exercise price of CDN\$0.35 per share with a term of 5 years. The options vest 25% at the end of 4 months, 6 months, 9 months and 1 year.

On August 22, 2016, the Company granted 100,000 options to an employee with an exercise price of CDN\$0.82 per share which vest 25% after 4 months and then 25% after years 1, 2 & 3, and with a term of five years.

On October 27, 2016, the Company granted 500,000 options to an employee with an exercise price of CDN\$0.62 per share which vest 25% after 4 months and then 25% after years 1, 2 & 3, and with a term of five years.

On February 2, 2017, the Company granted an aggregate of 715,000 incentive stock options to certain directors, officers, employees and consultants of the Company. The stock options are exercisable for a period of five years at a price of \$0.75 per share. The 548,000 stock options granted to the directors and officers vest as to 25% four months after the grant date, 25% six months after the grant date, 25% nine months after the grant date and 25% one year after the grant date and the 167,000 stock options granted to employees and consultants vest as to 25% four months after the grant date, 25% one year after the grant date, 25% two years after the grant date and 25% three years after the grant date.

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7. Stock Options (continued)

The following weighted-average assumptions were used for the Black-Scholes valuation of stock option grants:

For the year ended	March 31, 2018	March 31, 2017
Share price on grant date	CDN\$0.56	CDN\$0.57
Exercise price	CDN\$0.67	CDN\$0.57
Risk-free interest rate	1.07%	1.02%
Expected life of options	5 years	5 years
Annualized volatility ⁽¹⁾	100%	100%
Dividend rate	n/a	n/a

⁽¹⁾ Expected volatility was determined by reference to historical volatility of similar entities following a comparable period of lives.

The Company had the following broker agent stock options issued and outstanding during the years ended March 31, 2018 and March 31, 2017:

<i>Broker Agent Stock Options</i>						
Expiry Date	Exercise Price (CDN\$)	Balance			Balance	
		March 31, 2016	Granted	Exercised	Forfeited	March 31, 2017 and 2018
December 23, 2016	\$ 0.25	279,620	-	(279,620)	-	-
January 7, 2017	\$ 0.25	4,900	-	(4,900)	-	-
Total outstanding		284,520	-	(284,520)	-	-
Total exercisable		284,520				-
Weighted Average Exercise Price (CDN\$)	\$	0.25	\$ -	\$ 0.25	\$ -	-
Weighted Average Remaining Life						-

During the year ended March 31, 2018, there were no issuances of Broker Agent Stock Options.

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8. Warrants

As at March 31, 2018, the Company had outstanding warrants, enabling the holders to acquire common shares as follows:

Expiry Date	Exercise Price (CDN\$)	Balance				Balance March 31, 2018
		March 31, 2017	Granted	Exercised	Expired	
October 1, 2018	\$ 0.25	400,000	-	-	-	400,000
October 17, 2018	\$1.10 - \$1.50	342,270	-	-	-	342,270
December 10, 2018	\$0.75 - \$1.00	250	-	-	-	250
December 16, 2018	\$0.75 - \$1.00	153,928	-	-	-	153,928
May 17, 2020	\$ 0.75	-	2,922,200	-	-	2,922,200
May 31, 2020	\$ 0.75	-	384,500	-	-	384,500
September 25, 2021	\$ 0.50	-	3,690,000	-	-	3,690,000
October 12, 2021	\$ 0.50	-	5,550,000	-	-	5,550,000
Total outstanding		896,448	12,546,700	-	-	13,443,148
Weighted Average Exercise Price (CDN\$)		\$ 0.66	\$ 0.57	\$ -	\$ -	\$ 0.60
Weighted Average Life						3.0 years

In May 2017, there were 3,306,700 warrants issued with a fair value of \$516,046 as a result of the issuance of Convertible Debentures (Note 9). The transaction costs assigned to the issuance of the warrants with regards to the Convertible Debentures was \$7,390.

In September 2017, 3,690,000 warrants were issued with a fair value of \$538,002 as a result of the issuance of Convertible Debentures (Note 9). The transaction costs assigned to the issuance of the warrants with regards to the Convertible Debentures was \$4,153.

In October 2017, 5,550,000 warrants were issued with a fair value of \$809,190 as a result of the issuance of Convertible Debentures (Note 9). The transaction costs assigned to the issuance of the warrants with regards to the Convertible Debentures was \$30,096.

The following weighted average assumptions were used for the Black-Scholes valuation of warrants granted with Convertible Debentures (Note 9):

Exercise price	CDN\$0.57
Share price on date of issuance	CDN\$0.43
Risk-free interest rate	1.46%
Expected life of warrants	1.87 years
Annualized volatility (1)	100%
Dividend rate	n/a

(1) Expected volatility was determined by reference to historical volatility of similar entities following a comparable period of lives.

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8. Warrants (continued)

As at March 31, 2017, the Company had outstanding warrants, enabling the holders to acquire common shares as follows:

Expiry Date	Exercise Price (CDN\$)	Balance				Balance March 31, 2017
		March 31, 2016	Issued	Exercised	Expired	
July 3, 2016	\$0.40	525,000	-	(335,000)	(190,000)	-
October 1, 2018	\$0.25	400,000	-	-	-	400,000
October 17, 2018	\$1.10 - \$1.50	-	342,270	-	-	342,270
December 10, 2018	\$0.75 - \$1.00	1,126,650	-	(1,126,400)	-	250
December 16, 2018	\$0.75 - \$1.00	3,100,846	-	(2,946,918)	-	153,928
Total		5,152,496	342,270	(4,408,318)	(190,000)	896,448
Weighted Average						
Exercise Price (CDN\$)		\$ 0.47	\$ 1.10	\$ 0.49	\$ 0.40	\$ 0.66
Weighted Average Remaining Life						1.56 years

On October 17, 2016, there were 342,270 warrants issued as a result of the private placement (Note 6).

During the year ended March 31, 2017, 4,408,318 warrants were exercised at a weighted average price of CDN\$0.49 per share for proceeds of CDN\$2,170,659 (USD\$1,637,171) and 190,000 warrants expired unexercised.

9. Convertible Debentures

As at March 31, 2018, the Company had issued the following outstanding convertible debentures all with an 8% interest rate and a term of four years, with the exception of the December 11, 2015 issue which has a three year term. The Convertible Debentures have effective rates ranging from 18.6% - 38.5%.

Issue Date	Amount (\$CDN)	Converted Amount (\$CDN)	Outstanding Amount (\$CDN)	Conversion Price (\$CDN)	Shares on Conversion
December 11, 2015	777,000	(20,000)	757,000	0.40	1,892,500
May 17, 2017	1,900,000	-	1,900,000	0.65	2,923,077
May 31, 2017	250,000	-	250,000	0.65	384,615
September 25, 2017	1,476,000	-	1,476,000	0.40	3,690,000
October 12, 2017	2,220,000	(100,000)	2,120,000	0.40	5,300,000
Total	6,623,000	(120,000)	6,503,000		14,190,192

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9. Convertible Debentures (continued)

\$CDN	Dec 11, 2015	May 17 & 31, 2017	Sep 25, 2017	October 16, 2017
Proceeds bifurcated to carrying value of the loan	\$582,141	\$1,169,370	\$660,360	\$938,557
Proceeds bifurcated to equity	94,215	247,744	139,904	198,843
Transaction costs related to the Debentures	10,512	30,789	11,536	83,600
Fair value assigned to the issuance of warrants	90,132	702,097	664,200	999,000
<i>Proceeds on issuance of Convertible Debentures</i>	<i>\$777,000</i>	<i>\$2,150,000</i>	<i>\$1,476,000</i>	<i>\$2,220,000</i>

On June 2, 2016, CDN\$20,000 worth of debentures (issued on December 11, 2015) were converted into 50,000 common shares with a conversion price of CDN\$0.40.

On February 27, 2018, CDN\$100,000 worth of debentures (issued on October 16, 2017) were converted into 250,000 common shares with a conversion price of CDN\$0.40.

During the year ended March 31, 2018, the Company paid interest of \$276,957 (March 31, 2017 - \$46,008) and recognized accretion of \$275,523 (March 31, 2017 - \$44,766) related to all the debentures listed above.

10. Promissory Note Payable

During the year ended March 31, 2017, the Company issued a \$594,000 promissory note (the "Note") to the City of Porterville to acquire land (Note 5). The Note bears interest at 2.0% per annum and is payable in blended monthly installments of \$5,463, beginning November 1, 2016. The monthly installments will occur for five years, at which point a balloon payment of \$311,764 is due and payable. The Note is secured by an interest in the land in favour of the City of Porterville.

A summary of the remaining principal payments over the next four years are as follows:

<i>Year</i>	<i>Payment</i>
1	\$ 55,774
2	56,895
3	58,039
4	346,201
	<u>516,909</u>
Current portion	<u>(55,774)</u>
Long-term portion	<u>\$ 461,135</u>

During the year ended March 31, 2018, the Company incurred \$10,931 (March 31, 2017 - \$4,855) of interest on the Note. This amount is included in Interest and accretion on the Consolidated Statements of Operations.

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11. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, promissory note receivable, accounts payable and accrued liabilities, loans payable to related parties, promissory note payable and convertible debentures.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and

Level 3: Inputs that are not based on observable market data

The Company does not currently hold any financial instruments measured at fair value on the Consolidated Statements of Financial Position.

The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Overview

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

Credit risk

The Company's exposure to credit risk is on its cash and promissory note receivable. The maximum exposure to credit risk is their carrying amounts in the consolidated statement of Financial Statements.

Cash consists of cash bank balances held in major Canadian and United States financial institutions with a high credit quality and therefore the Company is exposed to minimal risk.

In connection with the sale of the EV550's (Note 4), the Company has granted the Purchaser a first priority security interest in the EV550's. Accordingly, the Company is exposed to credit risk in the promissory note that may arise from the Customer failing to make the required payments under the Agreements. The Company assesses the credit risk of the Customer on an annual basis and believes it is exposed to minimal credit risk.

Liquidity risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in a bank and is available on demand. The Company will continue to rely on additional financings to further its operations and meet its capital requirements.

Market risks

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

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

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11. Financial Instruments (continued)

Market risks (continued)

At March 31, 2018, the Company was exposed to currency risk through the following monetary assets and liabilities in CDN Dollars.

	CDN\$
Cash	134,779
Accounts receivable	104,214
GST receivable	19,650
Promissory note receivable	1,000,000
Accounts payable and accrued liabilities	(91,393)
Deposits from customers	(28,885)
Loans payable to related parties	(755,758)
Convertible debentures	(3,731,217)

Based on the net exposure and assuming all other variables remain constant, a 10% change in the appreciation or depreciation of the Canadian dollar relative to the US dollar would result in a change of approximately \$260,000 to other comprehensive income/loss.

12. Capital Management

As the Company is seeking business opportunities, its principal source of capital is from the issuance of common shares. The Company's capital management objective is to obtain sufficient capital to develop new business opportunities for the benefit of its shareholders. To meet the objectives, management monitors the Company's ongoing capital requirements on specific business opportunities on a case-by-case basis. The capital structure of the Company consists of cash and equity attributable to common shareholders, consisting of issued share capital and deficit. There was no change to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

13. Related Party Transactions

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

	Year Ended	
	March 31, 2018	March 31, 2017
Salaries and benefits (1)	\$ 225,000	\$ 93,750
Consulting fees (2)	293,400	259,150
Accommodation (3)	64,085	22,328
Truck and trailer rentals (4)	144,807	174,756
Options (5)	571,130	275,196
Total	\$ 1,298,422	\$ 825,180

- 1) Salaries and benefits incurred with directors and officers are included in Administrative fees on the Consolidated Statements of Operations.
- 2) Consulting fees included in professional fees on Consolidated Statements of Operations are paid to the directors of the Company to provide accounting, management consulting and director services.

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13. Related Party Transactions (continued)

- 3) Accommodation expense paid to Stage Coach Landing, Inc., a company that the Chairman of GreenPower is an officer and director. These costs are expensed on the Consolidated Statements of Operations .
- 4) Truck and trailer rental fees paid to Maple Leaf Equipment Aircraft and Recovery Inc., a company that the Chairman of GreenPower is an officer and director. These costs are included in Transportation costs on the Consolidated Statements of Operations.
- 5) Amounts recognized for related party stock-based compensation are included in Share-based payments on the Consolidated Statements of Operations.

Accounts payable and accrued liabilities at March 31, 2018, included \$57,755 (March 31, 2017 - \$115,464) owed to officers, directors, companies controlled by directors and officers, and shareholders, which is non-interest bearing, unsecured and has no fixed terms of repayment.

During the year ended March 31, 2018, two companies beneficially owned by the Chairman of the Company loaned the Company an aggregate of CDN \$650,000 at a rate of 10% per annum. The principal and interest is repayable on the earlier of (i) the date the Company completes a debt or equity financing; (ii) from receipt of excess proceeds on the sale of buses; and (iii) August 31, 2018.

During the year ended March 31, 2018, there were \$38,034 (March 31, 2017 - \$253,028) of shareholder loan repayments.

Loans payable to related parties of \$756,241 at March 31, 2018 (March 31, 2017 - \$172,326) includes the CDN \$650,000 loans with terms described above and other loans payable to directors and officers, companies controlled by directors and officers, and shareholders of the Company, which are unsecured and have no fixed terms of repayment.

The outstanding balance of unconverted convertible debentures at March 31, 2018 (Note 9), includes CDN\$3,255,000 owed to directors and companies controlled by directors.

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

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14. Income Taxes

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate for the full financial year applied to the pre-tax income of the reporting period. The Company's effective tax rate for the years ended March 31, 2018 and March 31, 2017 was 26.25% and 26.00% respectively.

The difference between tax expenses for the years and the expected income taxes based on the statutory rate are as follows:

	Year ended	Year ended
	March 31	March 31
	2018	2017
Combined statutory tax rate	26.25%	26.00%
Expected income tax expense (recovery)	\$ (888,337)	\$ (731,436)
Items not deductible for tax purposes	193,900	115,295
Difference in tax rate in other jurisdictions	(124,699)	(105,162)
Effect of change in tax rates	(52,391)	-
Unrecognized (recognized) loss carryforwards	261,527	721,303
Deferred income tax expense (recovery)	\$ (610,000)	\$ -

The nature and effect of the temporary differences giving rise to the deferred income tax assets as of March 31, 2018 and March 31, 2017 are summarized below:

	March 31	March 31
Deferred income tax assets	2018	2017
Non-capital loss carry-forwards	\$ 2,730,030	\$ 2,081,207
Investment in subsidiary	97,598	90,883
Promissory note receivable	53,422	-
Capital assets	291,049	112,745
Resource properties	86,199	102,332
Warranty provision	37,264	-
Convertible debentures	(573,438)	(11,889)
Other carryforward balances	4,392	4,090
Share issue costs	46,497	44,659
Unrecognized deferred tax assets	(2,773,013)	(2,424,027)
Net deferred income tax asset (liability)	\$ -	\$ -

As at March 31, 2018, and March 31, 2017, the Company has approximately \$5,813,000 and \$4,901,000, respectively, of non-capital losses carry forwards available to reduce Canadian taxable income for future years. The losses expire between 2030 and 2038 if unused. The potential benefits of these carry-forward non-capital losses has not been recognized in these consolidated financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

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15. Segmented Information

The Company operates in one reportable operating segment, being the manufacture and distribution of all-electric transit, school and charter buses.

During the year ended March 31, 2018, the Company was economically dependent on two (2017 – nil) customers who each accounted for more than 10% of revenue from continuing operations and in aggregate accounted for 100% (2017: nil) of sales.

During the year ended March 31, 2018, revenue consisted of rental income of \$80,166 and the remainder is from the sale of products.

The Company's revenues are allocated to geographic segments for the years ended March 31, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Canada	\$ 1,868,600	\$ -
United States of America	<u>1,647,556</u>	<u>-</u>
	<u>\$ 3,516,156</u>	<u>\$ -</u>

As at March 31, 2018 and March 31, 2017 the majority of the Company's non-current assets, being property and equipment, are located in the United States.

16. Warranty Liability

The Company generally provides its customers with a base warranty on the entire transit, school or charter bus. The Company also provides certain extended warranties, including those covering brake systems, lower level components, fleet defect provisions and battery-related components, covering a warranty period of approximately one to five years, depending on the contract. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest past cost information may differ from future claims. Warranty expense is recorded at 3.5% of revenue from product sales. During the year ended March 31, 2018, the Company recognized warranty expense of \$120,259 (2017 – nil).

17. Events After the Reporting Period

After the reporting period, the Company has obtained an authorized overdraft limit of \$2,000,000 from BMO Bank of Montreal to facilitate the manufacturing of customer orders. The facilities are personally guaranteed by two directors, who will be issued warrants by the Company subject to TSX-V approval.

On May 4, 2018, the Company granted:

- 500,000 options to directors with an exercise price of CDN\$0.50 per share which vest 25% after 4 months, 6 months, 9 months and 1 year after grant date, and with a term of five years.
- 130,000 options to a consultant and employees with an exercise price of CDN\$0.50 per share which vest 25% after 4 months and then 25% after years 1, 2 & 3, and with a term of five years.

On June 18, 2018, CDN\$100,000 worth of debentures were converted into 250,000 common shares with a conversion price of CDN\$0.40.