FACEDRIVE INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ended March 31, 2021 and 2020

FACEDRIVE INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2021 and 2020

May 27, 2021

The following interim Management's Discussion and Analysis ("**MD&A**") provides information concerning the financial conditions and results of operations of Facedrive Inc. (the "**Company**", "**Facedrive**", "**we**", "**us**" or "**our**") which includes its subsidiaries, for the three months ended March 31, 2021, and the three months ended March 31, 2020. This MD&A should be read in conjunction with our audited consolidated financial statements, including the related notes thereto, for the fiscal years ended December 31, 2020 and 2019, and the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2021 and 2020 (the "**Q1 2021 Interim Statements**").

Our Q1 2021 Interim Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of condensed interim financial statements, including International Accounting Standards ("**IAS**") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). Our fiscal year is the 12-month period ending December 31.

The Company's auditor, NVS Professional Corporation, performed a review of the Q1 2021 Interim Statements. The auditor was able to complete its review and it did not express a reservation of opinion in the auditor's interim review report.

All amounts in this MD&A are in Canadian dollars, unless otherwise indicated. All information presented has been rounded to the nearest hundred dollars, unless otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information or forward-looking statements (collectively referred to as "**forward-looking information**") which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Facedrive or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this MD&A, such information uses such words as "may", "would", "could", "will", "intend", "predict", "aim", "seek", "potential", "expect", "believe", "plan", "anticipate", "estimate" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. This information reflects Facedrive's current expectations regarding future events and operating performance and speaks only as of the date of this MD&A. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed below. Facedrive believes the material factors, expectations and assumptions reflected in the forward-looking information are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. Facedrive assumes no obligation to publicly update or revise forward-looking information to reflect new events or circumstances, except as may be required pursuant to applicable securities laws or regulations. These forward-looking statements include, among other things, statements relating to Facedrive's revenue streams and financial performance, future growth and profitability of the Company, the impact of the COVID-19 pandemic on the Company's business operations, financial condition and results of operations, the Company's ability to maintain or adjust its capital, the Company's ability to finance its future cash requirements through debt and/or equity and the ability of the Company to manage its credit risk through financially stable institutions and payment collection platforms.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of Facedrive to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information, including those factors discussed under the heading "Financial Risk Management Objectives and Policies" in this MD&A. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time.

Although Facedrive has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. As such, there can be no assurance that forward-looking information will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking information due to the inherent uncertainty in them. Furthermore, unless otherwise stated, the forward-looking information contained in this MD&A is made as of the date of this MD&A and we have no intention and undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

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COMPANY OVERVIEW

Facedrive Inc. was incorporated on January 18, 2018, under the *Business Corporations Act* (Alberta) as High Mountain Capital Corporation and was continued on December 31, 2019, under the *Business Corporations Act* (Ontario). The Company's corporate headquarters is located at 44 East Beaver Creek, Suite 16, Richmond Hill, Ontario L4B 1G8.

The Company was previously classified as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 of the TSX Venture Exchange ("**TSX-V**"). The principal business of the Company as a CPC was to identify and evaluate assets or businesses with a view to potentially acquiring such assets or businesses, or an interest therein, by completing a transaction, the purpose of which was to satisfy the related conditions of a "qualifying transaction" under the applicable rules of the TSX-V.

On May 17, 2019, the Company, 2696170 Ontario Inc. ("**Subco**"), a wholly-owned subsidiary of the Company, and Facedrive Inc. (the "**Private Company**"), a private company, entered into an amalgamation agreement pursuant to which, among other things, the Private Company amalgamated with Subco to form 5021780 Ontario Inc., a wholly-owned subsidiary of the Company, and each shareholder of the Private Company received 0.473538 common shares of the Company (with each common share of the Company constituting, a "**Share**") for every one share of the Private Company held (the "**RTO**"). Immediately prior to the RTO, the Company effected a consolidation of the Shares on a 50-to-1 basis. In connection with the RTO, the Company changed its name from "High Mountain Capital Corporation" to "Facedrive Inc.". The RTO was completed on September 16, 2019 and the Shares resumed trading on the TSX-V under the trading symbol "FD" on September 19, 2019. The RTO resulted in the issuance of 8,886,578 Shares and constituted a "reverse take-over" of the Company as the former Private Company shareholders acquired a majority of the outstanding Shares. All Share numbers in this paragraph are presented on a pre-Forward Split (as defined below) basis.

On October 9, 2019, the Company completed a forward split of its Shares on the basis of 10 new Shares for each one Share outstanding (the "**Forward Split**"). Prior to the Forward Split, the Company had 9,016,453 Shares issued and outstanding. Immediately following the Forward Split, the Company had 90,164,530 Shares issued and outstanding.

On December 31, 2019, the Company completed an amalgamation and continuance from a company incorporated under *the Business Corporations Act* (Alberta) to a company continued under the *Business Corporations Act* (Ontario) under the name "Facedrive Inc.".

Facedrive's Services and Offerings - Overview

Facedrive is a multi-faceted "people-and-planet first" tech ecosystem offering socially-responsible services to local communities with a strong commitment to doing business fairly, equitably and sustainably. As part of this commitment, Facedrive's vision is to fulfil its mandate through a number of services and offerings that either leverage existing technologies of the Company or have synergies with existing lines of business. These services and offerings include: an eco-friendly rideshare business ("**Facedrive Rideshare**"); a food-delivery business ("**Facedrive Foods**"); a contact-tracing and health services business ("**Facedrive Health"**); an e-commerce business ("**Facedrive Marketplace**"); and a social media platform ("**Facedrive Social**").

Facedrive Rideshare was among the first to offer a wide variety of environmentally and socially responsible solutions in the Transportation as a Service (TaaS) sector, where the Company competes head-to-head with a number of established competitors. However, Facedrive believes it has created a unique niche in the sector, as the Company offers its riders something different among competitors – the opportunity to mitigate the carbon footprint of their ride with carbon offsets. Facedrive Rideshare's "people-and-planet first" approach incentivizes conscientious drivers and passengers to choose a green alternative, thereby promoting the use of electric and hybrid vehicles or undertaking carbon offset activities (such as planting trees) that ultimately reduce the carbon footprint. Facedrive Foods is a food delivery platform that connects residents, restaurants (local, ethnic restaurants in particular) and driver partners. Facedrive Foods was established following the acquisition on July 9, 2020, of certain assets (the "**Foodora Assets**") of Foodora Canada Inc. On October 1, 2020, the Company completed the acquisition (the "**Food Hwy Acquisition**") of Food Hwy Canada Inc. ("**Food Hwy**"), a food delivery service, gaining a highly skilled food delivery team and a fully functional food delivery platform. Facedrive Health develops connected health technology solutions to help solve some of the pressing healthcare issues that communities face, including providing individuals with the ability to more easily comply with pandemic-related safety protocols. Facedrive Health's first product, TraceSCAN, is an artificial-intelligence enhanced wearable contact tracing solution that has been developed by the Company in partnership with the University of Waterloo. TraceSCAN tracks exposure to COVID-19 without the need for GPS information. Facedrive Marketplace is an online socially-conscious store that offers goods and merchandise for sale. The items that are selected for sale on the online marketplace are eco-friendly and/or sustainably manufactured and their sales are linked to support for social causes. Facedrive Social strives to keep people connected in a physically-distanced world through its HiQ Social App, which is an e-socialization platform that allows users to interact with each other based on common interests and by offering gamification and mutual community support features.

Facedrive's development of its business and operations during the current financial year to date consist of the following:

- On February 2, 2021, the Company completed a non-brokered private placement of 1,518,518 Shares issued at a price of $13.50 per Share for aggregate gross proceeds of $20,499,993 (the "**2021 Private Placement**"). The Company incurred finder's fees of $224,600 in connection with this financing.

- On February 11, 2021, the Company entered into agreement with respect to a $2,500,000 grant via the Province of Ontario's *Ontario Together Fund* ("**OTF**") to help fund the development and deployment of TraceSCAN technology. On February 17, 2021, the Company received an initial tranche of $1,500,000 of OTF funding.

- On March 8, 2021, the Company announced that key executives of the Company voluntarily agreed with the Company to extend the lock-up period of an aggregate of approximately 46.57 million Shares owned by them. Sayan Navaratnam – Chairman, CEO and largest shareholder of the Company –extended his lockup period for all Facedrive shares that he owns (both directly and indirectly) by two years to March 31, 2023, meaning all of his shares will only gradually begin releasing from lock-up on that date over 18 months (at a rate of 15 percent every 90 days). Similarly, Junaid Razvi, Executive Vice President and Suman Pushparajah, Chief Operating Officer (with all of the aforementioned, including Mr. Navaratnam, being "**Key Executives**") also extended their lockup period in respect of all shares held by them (both directly and indirectly) by one year to March 31, 2022, meaning all such shares will only gradually begin releasing from lock-up on that date (at a rate of 15 percent every 90 days) over 18 months.

- On April 7, 2021, the Company appointed two new members to Facedrive's Board of Directors. The new members of the Board of Directors are Susan Uthayakumar and Suman Pushparajah. Concurrent with these appointments to the Board of Directors, Mr. Jay Wilgar resigned from the Board. The new appointments are subject to the approval of the TSX Venture Exchange.

- On April 14, 2021, the Company announced that it had completed the acquisition of 100% of the ownership interest of EcoCRED, LLC, from Exelorate, a wholly-owned subsidiary of Exelon Corporation (NASDAQ:EXC). Facedrive acquired 100% of the ownership interest of EcoCRED, LLC in exchange for aggregate consideration of USD$1,000,000 satisfied through the issuance of 38,936 Shares. See "Subsequent Events – Acquisition of EcoCRED, LLC".

Facedrive's COVID-19 Internal Response

In March 2020, the World Health Organization declared the outbreak of a Novel Coronavirus, SARS-CoV-2, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, had an impact on the operations of the Company.

Since the beginning of the COVID-19 pandemic, the government of Ontario (which is the primary jurisdiction where the Company has operations) has imposed lockdowns at certain periods in order to curb infection rates, the latest of which was enacted on April 8, 2021, and currently extended to June 2, 2021. The duration and impact of this lockdown (which may be further extended), or if this most recent lockdown will be the last lock down, is not known at this time.

These lockdowns have impacted the demand for the Company's ride sharing business as non-essential travel has been reduced. As at March 31, 2021, the Company has not noted any significant impairment as a result of COVID-19, however, due to the delay in the Company's car-pooling platform, the Company recognized an impairment loss for December 31, 2020. The Company has responded to the COVID-19 pandemic by launching new, or expanding existing, services, features, or health and safety requirements on an expedited basis, particularly those relating to the delivery of food.

In light of the evolving nature of COVID-19, including the so called variants of concern, and the uncertainty it has produced around the world, the Company does not believe it is possible to predict with precision the pandemic's cumulative and ultimate impact on its future business operations, liquidity, financial condition, and results of operations. In addition, the Company cannot predict the impact the COVID-19 pandemic will have on its business partners and third-party vendors, and the Company may be adversely impacted as a result of the adverse impact its business partners and third-party vendors suffer. Additionally, concerns over the economic impact of the COVID-19 pandemic have caused volatility in financial markets, which may adversely impact the Company's stock price and its ability to access capital markets.

ANALYSIS OF RESULTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2021 AND 2020

The following section provides an overview of our financial performance during the three months ended March 31, 2021 ("**Q1 2021**") compared to the three months ended March 31, 2020 ("**Q1 2020**").

Revenue

Revenue for Q1 2021 was $4,255,800, an increase of $3,867,900 as compared to $387,900 in Q1 2020. The Company generates substantially all of its revenue from Facedrive Rideshare and Facedrive Foods.

Facedrive Rideshare

Total revenue for Facedrive Rideshare in Canada (which does not include the activities of Steer) ("**Ridesharing**") was $79,000 in Q1 2021, as compared to $287,900 in Q1 2020. The Company's gross fees from Ridesharing was $216,500 in Q1 2021, representing a decrease from $852,200 from Q1 2020. This year-over-year decrease was primarily attributable to the decrease in general demand for ridesharing as a result of the COVID-19 global pandemic. However, the Company expects demand to normalize and grow as the pandemic ends. Total number of rides were 16,782 in Q1 2021, representing a decrease from 71,693 rides in Q1 2020. The average gross receipt per ride was $13 (2020 - $12) and the average net revenue per ride was $3 (2020 - $4).

The Company saw growth in the number of Ridesharing drivers and users in Canada during 2020. The number of registered Facedrive Rideshare drivers in Canada has grown as follows: 19,696 as of March 31, 2021 (with 4,279 being fully approved to operate); 13,647 as of March 31, 2020 (with 3,515 being fully approved to operate). Registered Facedrive Rideshare drivers only become fully approved to operate after satisfying a car inspection, background check and receiving any requisite approvals from the jurisdictions in which they intend to operate. The number of registered Facedrive Rideshare users in Canada has grown as follows: March 31, 2021 – 67,278; March 31, 2020 – 46,138.

Total revenue from the Company's vehicle subscription service ("**Steer**") was $596,700 in Q1 2021, and $Nil in the Q1 2020. The increase was attributable to the Steer acquisition which was completed in September 2020. Of this revenue, approximately one to three percent represents activation fees, with the remaining amount representing recurring subscription-based revenues. The number of Steer vehicle subscription customers in the United States was 121 as at March 31, 2021. The Company leases the hybrid and electric-vehicle automobiles that are utilized by Steer and its subscribers. Lease payments, maintenance and insurance expenses are borne by the Company. Steer's customers pay only the subscription fee for use of the vehicles. The Company has launched the Steer vehicle subscription service platform in Toronto in Q1 2021 and expects the revenue in the upcoming quarters.

On March 31, 2020, the Company completed the acquisition (the "**HiRide Acquisition**") of HiRide Share Ltd, ("**HiRide**") a socially responsible ride-sharing and car-pooling business primarily targeted to long distance travel and long distance commuters such as university and college students. Steer and HiRide were two new businesses that became part of Facedrive Rideshare in 2020. The HiRide business experienced a severe decline in activity primarily as a result of government imposed lock downs and restrictions as a result of COVID-19. Revenues from HiRide are expected to commence upon the return of in-class learning at university and college campuses after individuals become more secure in attending in-class settings and restrictions relating to the COVID-19 pandemic are lifted. For further information regarding the development of HiRide and the progress that was made during Q1 2021, please see the table regarding HiRide in the section entitled "Discussion of Pre-Revenue Operations" below, which provides information about: (i) the status of the Company's project; (ii) the expenditures made on the project during the quarter; and (iii) the anticipated timing and costs to take the project to the next stage of the project plan.

Facedrive Foods

Facedrive Foods is a food delivery platform that connects restaurants (national chains, local businesses and ethnic restaurants) with driver partners and consumers. Facedrive Foods offers 100% contactless food delivery options and enable individuals and businesses to more easily comply with pandemic-related safety protocols, benefitting both consumers and businesses. Following the acquisition of Food Hwy, a Canada-based food delivery service with particularly strong ties within the Chinese-Canadian community, Facedrive increased its operational capabilities and market presence, and benefited from onboarding Food Highway's highly skilled team that had over six years of expertise in the field.

Facedrive Foods was initially established as a project within Facedrive in April 2020. On July 9, 2020, the Company completed the Foodora Transaction by acquiring assets from Foodora Canada including its customers list (and the customers, subject to their consent), along with 5,500 restaurant partners previously served by Foodora Canada (the "**Foodora Lists**"), in exchange for cash consideration of $500,000. The Company's primary object with the Foodora Transaction was not to purchase an operating business (which it was not) but rather, to gain entry into the food delivery market.

The total number of restaurant partners whose data and information (including customer contact information, menus, information pertaining to sales and top-selling items) the Company gained access to pursuant to the acquisition of the Foodora Lists was 5,500. Under Foodora's vendor contract, no opt-in consent was required to transfer such data and information to Facedrive, as a result, these restaurants were migrated to the Facedrive Foods platform. The Company previously announced that it would gain immediate access to Foodora Canada's hundreds of thousands of customers, subject to customer consent and opt in. In an attempt to do so, Foodora sent six opt-in communications to all of Foodora Canada's customers and approximately 44,000 customers provided their express consent to have their personal information shared with Facedrive and thereby become users with accounts on the Facedrive Foods platform. Although the Company had completed the Foodora Transaction, it did not have a fully functional food delivery platform until it completed the acquisition of Food Hwy. The Food Hwy Acquisition was completed on October 1, 2020 when the Company issued an aggregate of 487,142 Shares with a fair value of $3,538,575 as consideration for acquiring Food Hwy.

Facedrive Foods has been able to capitalize on the dramatic shift in consumer and business behavior in the wake of the COVID-19 pandemic, and was fulfilling over 5,000 orders per day by mid-April 2021 in 19 cities across Canada. Facedrive Foods serves local communities by supporting local restaurants and enabling drivers to generate revenue when demand for rideshare is low. Facedrive Foods prides itself on its thorough driver onboarding and training processes, safety features such as daily driver temperature checks and integration of contact-tracing technology, extended delivery radius to cater to remote and underserved communities, as well as recently introduced grocery delivery and subscription services.

After the Foodora Transaction and the Food Hwy Acquisition, due to various reasons the number of restaurant partners was not the sum of the restaurant partners for each separate entity. The total number of restaurant partners whose data and information (including contact information, menus, information pertaining to sales and top-selling items) the Company gained access to as a result of the Foodora Transaction was 5,500. However, not all of the restaurants became restaurant partners of the Company since some of them were located in locations outside of the Company's transportation service grid. In addition, there was also a decline in the number of restaurant partners shortly after the completion of the Foodora Transaction due to many restaurant partners experiencing financial hardship during the period of the COVID-19 pandemic. When the Company acquired restaurant partners as a result of the Food Hwy Acquisition it turned out that many of the restaurant partners were already restaurant partners of the Company as a result of the Foodora Transaction. As a result of these circumstances, the number of restaurant partners grew from zero as at June 30, 2020 to 4,258 as at December 31, 2020. As at March 31, 2021, Facedrive Foods had 4,905 restaurant partners. Regarding registered users, as a result of the Foodora Transaction the Company was able to obtain the consent of approximately 44,000 customers from the Foodora List to open and activate accounts with Facedrive Foods. Unlike with the restaurant partners from the Foodora Canada, due to privacy law requirements the express consent of each individual customer was required in order to effectively transfer their account information from Foodora Canada to Facedrive Foods. The number of registered users grew again upon the completion of the Food Hwy Acquisition on October 1, 2020 and as a result by December 31, 2020, Facedrive Foods had 238,621 registered users. As of March 31, 2021, Facedrive Foods had 273,625 registered users.

The Company's revenues attributable to Facedrive Foods' business activities in Canada was $3,490,400 in Q1 2021 as compared to $Nil in Q1 2020. The increase was due to the acquisition of the Foodora Assets which was completed in July 2020 and Food Hwy which was completed in October 2020.

Facedrive Health

Total revenue for Facedrive Health was $75,900 in Q1 2021, and $Nil in Q1 2020. Since Facedrive Health's TraceSCAN projects are in the piloting and proof of concept stage with various potential customers, only nominal amounts of revenue were earned from TraceSCAN sales in Canada during Q1 2021. The Company plans to continue the commercialization of the TraceSCAN device during 2021, including in respect of further uses and markets for the device.

TraceSCAN technology is made up of: hardware; firmware; a database; a web-based dashboard/notification system; gateways; and a gateway application. All programming and software development, including development of user interfaces and dashboards, integration with larger systems such as health networks, building security systems and software security, have been developed by Facedrive in Ontario in partnership with the University of Waterloo and are proprietary to the Company. Facedrive's locally developed firmware and interface run on hardware currently sourced from China and other countries. On February 22, 2021, the Company announced that the proceeds of its 2021 Private Placement (as defined below) were to be used, for amongst other things, "to service pent-up demand" for its TraceSCAN products and services. The Company would like to clarify that such "pent-up demand" related to funding key pilot and proof of concept projects and the implementation of such projects, respectively, of its TraceSCAN wearable.

During 2020, TraceSCAN was under development and it began to generate initial revenues in Q3 2020. To better understand the Company's operations and the progress that was made during Q1 2021, please see the table regarding Facedrive TraceSCAN in the section entitled "Discussion of Pre-Revenue Operations" below, which provides information about: (i) the status of the Company's project; (ii) the expenditures made on the project during the quarter; and (iii) the anticipated timing and costs to take the project to the next stage of the project plan.

On December 7, 2020, Air Canada and the Company announced an agreement to expand the scope of their TraceSCAN pilot project, contemplating a broader rollout. The Company has now entered into a supply agreement with Air Canada and is an official Air Canada supplier. Notwithstanding that commercialization is underway, the Company believes that scale is required in this business to deliver appreciable revenue.

The Labourers' International Union of North America ("**LiUNA**") has agreed to test and verify the Company's TraceSCAN technology and privacy controls via a pilot project at various sites, including LiUNA's 183 Training Centre. The 183 Training Centre pilot concluded at the end of 2020 and LiUNA proceeded to endorse TraceSCAN in a public tweet on January 13, 2021.

Facedrive Marketplace

Facedrive Marketplace is an online socially-conscious store (see: www.facedrivemarketplace.com) that offers goods and merchandise for sale. The items that are selected for sale in the online marketplace are typically eco-friendly and/or sustainably manufactured and their sales are linked to support social causes. Facedrive Marketplace targets the socially conscious consumer, who is also an ideal candidate for cross-selling and cross-marketing Facedrive's other services. Total revenue for Facedrive Marketplace was $13,700 in Q1 2021, as compared to $Nil in Q1 2020.

During 2020, Facedrive Marketplace was under development and it began to generate initial revenues in Q4 2020. To better understand the Company's operations and the progress that was made during Q1 2021, please see the table regarding Facedrive Marketplace in the section entitled "Discussion of Pre-Revenue Operations" below, which table provides information about: (i) the status of the Company's project; (ii) the expenditures made on the project during the quarter; and (iii) the anticipated timing and costs to take the project to the next stage of the project plan.

Facedrive Social

Facedrive Social strives to keep people connected in a physically-distanced world through its HiQ Social App that is an e-socialization platform that allows users to interact based on common interests and by offering gamification and mutual community support features. HiQ is emerging as a leader among trivia apps and it is especially popular among millennials. The Company believes that HiQ has an enhanced communication platform compared to its peers due to its gamification features and trivia challenges. The HiQ Social App was developed and is operated through the Company's HiRide business unit.

The HiQ Social App was downloaded by 7,907 unique users in Q2 2020, 1,915,774 unique users in Q3 2020, 674,670 unique users in Q4 2020, and 2,618 unique users in Q1 2021. Monthly active HiQ users, defined as individuals who have used the HiQ Application within a given month, totaled 5,902 as at June 30, 2020, 1,202,281 as at September 30, 2020, 567,573 as at December 31, 2020 and 168,573 as at March 31, 2021. The significance in the number of downloads and active users demonstrates public interest in an application; however, downloads and active users of an application has an indirect and uncertain connection to revenue to the extent that the number of downloads may not result in revenue at all.

HiPanda is another project under development by Facedrive Social within Facedrive Social's HiQ Project. HiPanda is an innovative project and online application that was developed by Facedrive's wholly-owned subsidiary HiRide and the University of Waterloo's Engineering Wellness Program to raise awareness of mental health issues faced by the younger demographic during the pandemic, and to help bridge the gap between individuals and wellness coordinators' hectic schedules. The HiPanda project is not a direct revenue-generating project; rather, it is intended to help grow the Company's business by growing the number of users and practical applications on Facedrive's platforms. None of the Company's expenses are directly attributable to the HiPanda project since the expenses are considered expenses of the HiQ project and several staff members and resources from across the Company contribute to the effort to develop and operate the HiPanda project.

During 2020, Facedrive Social and the HiQ Social App was under development. The product was launched on June 17, 2020, but does not yet generate revenue for the Company. To better understand the Company's operations and the progress that was made during Q1 2021, please see the table regarding Facedrive HiQ Application Project in the section entitled "Discussion of Pre-Revenue Operations" below, which table provides information about: (i) the status of the Company's project; (ii) the expenditures made on the project during the quarter; and (iii) the anticipated timing and costs to take the project to the next stage of the project plan.

Licensing

Total revenue from licensing arrangements was $Nil in Q1 2021, as compared to $100,000 in Q1 2020. The decrease in revenue was due to the licensing arrangements ending in fiscal 2020.

Cost of Revenue

Cost of revenue for Q1 2021 was $3,353,300, representing an increase from $248,500 in Q1 2020. Cost of revenue primarily consists of payouts to drivers, depreciation, payment processing charges, insurance expenses, automobile leasing and maintenance costs, direct costs associated with merchandise, TraceSCAN and its supply chain, as well as other credit card losses. Total payouts to drivers for Facedrive Foods was $1,734,600 in Q1 2021, as compared to $Nil in Q1 2020. The increase was the result of the acquisition of Food Hwy and the introduction of food delivery services from the second quarter in fiscal 2020. Total depreciation related to vehicle subscription services for Steer was $463,500, as compared to $Nil in Q1 2020. Total other automobile costs related to vehicle subscription services for Steer was $158,900, as compared to $Nil in Q1 2020. The increase was attributable to the acquisition of the Steer vehicle subscription business in September 2020. Total payment processing fees were $375,200, representing an increase from $71,100. The overall increase in payment processing fees were primarily attributable to an increase in revenue.

The cost of goods sold from the sale of merchandise, TraceSCAN and supply chain sales was $326,200 in Q1 2021 compared to $Nil in Q1 2020. These increases were attributable to the Company launching sales of merchandise for Facedrive Marketplace, Facedrive Health and Facedrive Foods in 2020.

General and Administration Expenses

General and Administrative expenses for Q1 2021 were $2,059,200, up from $578,600 in Q1 2020. Total legal and accounting fees were $606,300 for Q1 2021 as compared to $120,700 in Q1 2020. These increases were primarily attributable to the Company's continuous disclosure review that commenced in 2020 by the staff of the Corporate Finance Branch of the Ontario Securities Commission (the "**OSC Review**") and ongoing acquisition and investment activity in Q1 2021. In addition, total expenses for fees payable to TSX-V, our transfer agent and other third parties were $150,800 for Q1 2021, as compared to $32,000 in Q1 2020. These increases are primarily attributable to the private placement in February 2021.

Total share-based compensation expenses related to stock options and restricted share units granted to directors and officers of Facedrive were $123,300 for Q1 2021, as compared to $292,000 in Q1 2020. Total share-based compensation expenses related to restricted share units granted to advisors and consultants were $674,900 in Q1 2021, as compared to $Nil in Q1 2020.

Total insurance expenses increased to $122,500 in Q1 2021, compared to $20,700 in Q1 2020. The increase was attributable to the increase in directors' and officers' insurance premiums since the renewal in October 2020. Total salaries and benefits for general and administrative staff members increased from $2,000 for Q1 2020 to $316,400 in Q1 2021. The increase was primarily attributable to the Company's expansion and the additional headcount that were required. We anticipate an increase in share-based compensation expenses continuing in 2021 as we intend to recruit and expand management and employee ranks in line with the Company's intentions to continue growing Facedrive's services and product offerings. We also anticipate further significant increases to accounting, legal and professional fees in upcoming quarters associated with our growth strategy which we anticipate continuing to include strategic acquisitions as and when appropriate and the Company's aforementioned intentions to further grow Facedrive's services and product offerings. Any such increases to professional fees will be reflected in our General and Administrative expenses going forward.

Operational Support Expenses

Operational support expenses increased to $2,064,200 in Q1 2021, from $361,000 in Q1 2020. Much of this increase was due to a substantial expansion in our general operations (i.e. related salaries and benefits) and incremental operational support associated with our newly acquired businesses. Total salaries and benefits for the Company's technical operations and support staff were $1,627,800 in Q1 2021, an increase of $1,450,100 compared to $177,700 in Q1 2020 primarily due to the increase in employee headcount. The increased headcount occurred primarily for the benefit of our Facedrive Health and Facedrive Foods operations, but also to strengthen other Facedrive services.

Total fees paid to third parties providing operational support, driver background checks and onboarding procedures were $62,000 in Q1 2021, as compared to $29,200 in Q1 2020. The increase was attributable to the incremental operational support associated with our newly acquired assets and businesses. Total operational support expenses payable to Connex Telecommunications Inc., a related company ("**Connex**"), was $19,600 in Q1 2021, as compared to $15,000 in the comparative quarter. Total operational support expenses payable to 10328545 Canada Inc., a related company controlled by the Company's current Chief Operating Officer, was $Nil in Q1 2021, as compared to $30,500 in Q1 2020. See "Related Party Transactions" below.

Research and Development Expenses

Research and development expenses decreased to $344,400 in Q1 2021, as compared to $233,300 in Q1 2020. Research and development expenses included payments to consultants and salaries and benefits. Total salaries and benefits related to research and development personnel were $131,900 in Q1 2021, as compared to $45,700 in Q1 2020. The increase was primarily driven by the Company consolidating more research and development functions inhouse as opposed to outsourcing to third party providers. We continue to increase the functionality of our platforms and business units and improve efficiencies in attracting and retaining users, downloaders, drivers and riders in Facedrive Rideshare and Facedrive Foods. For Facedrive Health, the Company (along with alumni and participants from the University of Waterloo and its Faculty of Engineering) has developed the TraceSCAN wearable technology for contact tracing and the Company will continue to upgrade and test the Company's proprietary product and technology. In addition, the Company has developed Facedrive Social, which strives to keep people connected in a physically-distanced world through its HiQ and other e-socialization platforms that invite users to interact based on common interests and by offering gamification and mutual community support features. Total consulting fees were $212,500 in Q1 2021, as compared to $187,600 in Q1 2020. Total fees payable to Connex was $16,000 in the quarter, as compared to $16,000 in the comparative quarter. See "Related Party Transactions" below.

Sales and Marketing Expenses

Total sales and marketing expenses for the Company's user and prospective user incentive programs were $2,482,100 in the quarter, as compared to $574,900 in the comparative quarter. The quarter-over-quarter increase was primarily attributable to the increase in promotion for Facedrive Foods launched in the third quarter of fiscal 2020. The Company plans to continue to invest in sales and marketing to grow the number of platform users and increase our brand awareness.

Net Loss

The Company incurred a net loss of $5,878,400 in Q1 2021 compared to a net loss of $1,498,100 in Q1 2020. The increase in net loss was primarily attributable to the growth and development of the Company and the costs associated with such growth and development, as described above. The Company continually grew both organically and by acquisitions in the quarter. Net loss in Q1 2021 would have been $5,080,200 if we had excluded the non-cash portion of share-based compensation in the amount of $798,200 which was included in general and administration expenses.

Discussion of Pre-Revenue Operations

Issuers that have significant projects that have not yet generated revenue are required to describe each project, including the Company's plan for the project and the status of the project relative to that plan, and expenditures made during the period and how these relate to anticipated timing and costs to take the project to the next stage of the project plan. The following tables provide this information for each of the Company's main projects that were pre-revenue projects in Q1 2021. Information is provided for: (i) the HiRide project; (ii) the TraceSCAN project; (iii) the Facedrive Marketplace project; and (iv) the HiQ Application project.

The HiRide Project:

	Q1 2021
The status of the project:	With continuing restrictions related to COVID-19, and the consequential closing of in-class learning at post-secondary schools, operations in HiRide have been temporarily suspended.
The expenditures made on the project during the quarter:	The Company did not track expenses directly attributable to the HiRide project during this quarter. Efforts and resources were borrowed and shared amongst many of the Company's business units. However, given that operations have been temporarily suspended due to COVID-19, the Company estimates that expenditures during the quarter on this project were between $0 and $10,000 from a cost accounting perspective.
The anticipated timing and costs to take the project to the next stage of the project plan:	As at the end of Q1 2021, the next stage or anticipated milestone of the project was a full-launch at universities and schools upon a full re-opening occurs. While the Company anticipates the timing of such reopening to be in September of 2020, it anticipates costs to achieve this milestone of "re-opening launch readiness" in Q3 2021 to be roughly $20,000.

The TraceSCAN Project:

	Q1 2021
The status of the project:	The Company has a number of key pilot and proof of concept partnerships and continued working with these partners on testing and improving TraceSCAN. The Company also continued to further develop and finalize its TraceSCAN V2 devices, which have been slowed by global chipset shortages but that the Company anticipated being released in July 2021. As the chipset shortage is a global macroeconomic trend entirely outside the control of the Company, there can be no assurance that the chipsets necessary for final production and rollout of the V2 devices will be available within such a timeframe.
The expenditures made on the project during the quarter:	The Company did not track expenses directly attributable to the TraceSCAN project during this quarter. Efforts and resources were borrowed and shared amongst many of the Company's business units. However, the Company estimates that the expenditures during the quarter on this project were between $350,000 and $450,000 from a cost accounting perspective.
The anticipated timing and costs to take the project to the next stage of the project plan:	As at the end of Q1 2021, the next stage or anticipated milestone of the project was Q3 2021, the point at which the Company anticipated having generated enough key implementations and pilot engagements to achieve a "critical mass" of data and paid implementations so as to show material capture of market share and, with it, revenue. However, the anticipated timing and costs to achieve this next milestone is yet to be determined by the types, size and profile of the supply agreements and purchase orders that the Company is able to successfully achieve and the feedback received.

The Facedrive Marketplace Project:

	Q1 2021
The status of the project:	The project is functional and has products listed for distribution on the part of third-party vendors. The project remains focused on acquiring vendors and driving more traffic to its site, but is not yet anticipated to generate significant revenues.
The expenditures made on the project during the quarter:	Resources expended were borrowed from, and spread across, many different other campaigns and projects within the Company. As such, expenditure figures are not separately tracked.
The anticipated timing and costs to take the project to the next stage of the project plan	The Company intends to grow its vendor and product base, and is aiming to reach a critical mass for each. The Company anticipates having such critical mass in Q4 2021, but there is no guarantee that such critical mass for vendors and products will have a direct correlation with any significant level of sales.

The HiQ Application Project:

	Q1 2021
The status of the project:	The Company focused its efforts on further developing and refining its existing HiQ product, including adding a new functionality for existing users to create communities, allowing them to interact within such sub-groups.
The expenditures made on the project during the quarter:	$200,000 (these expenses include resources such as engineers, development and testing costs that are also shared with other teams within the Company and are, therefore, not unique to HiQ).
The anticipated timing and costs to take the project to the next stage of the project plan	As at the end of Q1 2021, the next stage or anticipated milestone of the project was Q3 2021, as the Company pursues strategic partnerships with sport leagues and associations. The anticipated timing and costs to achieve this next milestone is yet to be determined by the types, size and profile of the leagues and associations with which the Company is able to successfully achieve a partnership. Despite the Company's efforts and confidence, there can be no assurance that any such strategic partnerships can be achieved at this time.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the results of our operations for the eight most recently completed fiscal quarters:

(Unaudited)	Q1 2021 ($)	Q4 2020 ($)	Q3 2020 ($)	Q2 2020 ($)	Q1 2020 ($)	Q4 2019 ($)	Q3 2019 ($)	Q2 2019 ($)
Revenue	4,255,815(1)	3,186,378(2)	266,460(3)	93,615(4)	387,901(5)	234,525(6)	195,738(7)	132,814(8)
Net loss	(5,878,405)	(5,726,878)(2)	(3,874,179)(3)	(6,656,844)(4)	(1,498,142)(5)	(1,525,810)(6)	(3,527,753)(7)	(1,060,242)(8)
Basic and diluted loss per Share	(0.06)	(0.06)	(0.04)	(0.07)	(0.02)	(0.02)	(0.04)	(0.01)

Notes:

(1) Net loss increased for the three months ended March 31, 2021 as compared to the prior quarter, was primarily due to the growth of the Company and the costs associated with the increase in cost of revenue in the amount of $894,800, the increase in general and administration in the amount of $865,200 and the increase in sales and marketing in the amount of $172,400. Net loss for the three months ended March 31, 2021 would have been $5,080,200 if we exclude the non-cash portion of our share-based compensation expenses. For the three months ended March 31, 2021, the total non-cash portion of share-based compensation expenses was $798,200, and was included in general & administrative expenses.

(2) Net loss increased for the three months ended December 31, 2020 as compared to the prior quarter, was primarily due to the growth of the Company and the costs associated with the increase in cost of revenue in the amount of $2,315,100, the increase in operational support in the amount of $1,225,400 and the increase in sales and marketing in the amount of $1,476,500. The increase in revenue was mainly attributable to Food Hwy, the newly acquired food-delivery business on October 1, 2020. Net loss for the three months ended December 31, 2020 would have been $5,175,200 if we exclude the non-cash portion of our share-based compensation expenses. For the three months ended December 31, 2020, the total non-cash portion of share-based compensation expenses was $551,700, and was included in general & administrative expenses.

(3) Net loss decreased for the three months ended September 30, 2020 as compared to the prior quarter, was primarily due to the decrease in Sales and Marketing expenses attributable to the consulting agreement with Medtronics Online Solutions Ltd. "**Medtronics**") in the amount of $4,932,696. This decrease was partially offset by an increase in general & administrative, operational support, and research & development expenses due to the growth of the Company and the costs associated therewith. The increase in revenue was mainly attributable to Steer, the newly acquired electric-vehicle subscription business. Net loss for the three months ended September 30, 2020 would have been $3,520,100 if we exclude the non-cash portion of our share-based compensation expenses. For the three months ended September 30, 2020, the total non-cash portion of share-based compensation expenses was $354,100, and was included in general & administrative expenses. During the year-end audit process and in connection with the OSC Review, in order to reflect the consequences

of the continuing COVID-19 pandemic and its impact on the short-term reduction in demand for commuting as a result of university and college students and their schools transitioning to a learn-from-home and/or online classroom environment, the Company took an impairment charge of $350,000 related to the book value of the Company's intangible assets related to HiRide. This impairment charge represented approximately two-thirds of the book value of these intangible assets, reducing the book value to $169,506 as at December 31, 2020. As the indicators were present during the quarter ended September 30, 2020, the impairment charge should have been recorded in Q3 2020. As a result, impairment of intangible assets in Q3 2020 should have been higher by $350,000 and net loss also increased by $350,000. The net loss for the nine months ended September 30, 2020 was impacted by this error as well as the error set out in Note 4 below (the negative $2,700,000 change in the Medtronics share based compensation expense in Q2 2020 and the $350,000 impairment charge in Q3 2020). The cumulative effect of these errors on the net loss for the nine months ended September 30, 2020 was that net loss decreased by $2,350,000.

(4) Net loss increased for the three months ended June 30, 2020 as compared to the prior quarter, primarily due to the increase in Sales and Marketing expenses attributable to the consulting agreement with Medtronics in the amount of $4,932,696. The decrease in revenue was attributable to the decrease in ridership as a result of the COVID-19 global pandemic. Net loss for the three months ended June 30, 2020 would have been $1,365,200 if we exclude the non-cash portion of share-based compensation. For the three months ended June 30, 2020, the total non-cash portion of share-based compensation was $5,291,600, which we included in sales and marketing expenses in the amount of $4,932,696 and general & administrative expenses in the amount of $358,900. Earlier in 2020, the Company reported that the expense related to the share-based compensation paid to Medtronics was determined to be $7,632,700; however, during the year-end audit process and in connection with the OSC Review, the Company determined that it had made an error with respect to the computation of the fair value of the Shares issued to Medtronics and recorded a higher expense than it should have. The Company remedied this accounting error by discounting the value of such Shares by 35.6% in order to reflect and recognize the lock-up restrictions and therefore a liquidity discount that was included in the terms of the issuance of these locked-up Shares. Net loss for the second quarter of 2020 was re-estimated to $6,656,844 from $9,356,844.

(5) Net loss decreased for the three months ended March 31, 2020 as compared to the prior quarter, primarily due to an increase in interest income of $7,800 and unrealized foreign exchange gains of $120,900 attributable to the promissory note receivable completed in October 2019. The increase in revenue was attributable to an increase in riders. Net loss for the three months ended March 31, 2020 would have been $1,255,000 if we excluded the non-cash portion of share-based compensation. For the three months ended March 31, 2020, the total non-cash portion of share-based compensation was $246,200, and was included in general & administrative expenses. In addition, total sales and marketing expenses were $574,900, compared to $587,000 for the three months ended December 31, 2019. Sales and marketing expenses for the three months ended March 31, 2020 consisted primarily of rider discounts, advertising, promotions and incentives to drivers. The Company plans to continue to invest in sales and marketing to grow the number of platform users and increase its brand awareness.

(6) Net loss decreased for the three months ended December 31, 2019 as compared to the prior quarter, primarily due to the decrease in listing expenses of $2,376,000 attributable to the RTO completed in September 2019. The increase in revenue was attributable to an increase in riders. Net loss for the three months ended December 31, 2019 would have been $1,188,100 if we exclude the non-cash portion of share-based compensation. For the three months ended December 31, 2019, the total non-cash portion of share-based compensation was $337,700, and was included in general and administration expenses. In addition, there was an increase in sales and marketing expenses of $148,500 for the three months ended December 31, 2019. Sales and marketing expenses for the three months ended December 31, 2019 consisted primarily of rider discounts, advertising, promotions and incentives to drivers. The Company plans to continue to invest in sales and marketing to grow the number of platform users and increase its brand awareness.

(7) Net loss increased for the three months ended September 30, 2019 as compared to the prior quarter, primarily due to the listing expenses of $2,376,000 in connection with the RTO completed in September 2019. The total non-cash portion of the listing expenses was $1,853,200. The increase in revenue was attributable to an increase in riders. Net loss would have been $1,151,700 if we excluded the listing expenses associated with the RTO.

(8) Net loss increased for the three months ended June 30, 2019 as compared to the prior quarter, primarily due to the increase in operational support and sales and marketing expenses. The increase was due to increased fees paid to third parties to support the growth of local operations. In addition, the Company increased spending on marketing programs for advertising and incentives to riders and drivers. The increase in revenue was attributable to an increase in riders.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company currently manages its capital structure and makes adjustments to it based on cash resources expected to be available to the Company in order to support its future business plans. Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to safeguard its ability to sustain future development of the business, particularly in the face of uncertainty created by the COVID-19 global pandemic. The Company's objective is met by retaining adequate cash reserves – more than usual for the duration of the pandemic – to account for the possibility that cash flows from operations will not be sufficient to meet future cash flow requirements. In order to maintain or adjust its capital structure, the Company may issue Shares through public or private equity financings from time to time.

Cash Flows

The following table presents our cash flows for each of the periods presented:

	March 31, 2021 ($)	**March 31, 2020 ($)**
Net cash generated from (used in) operating activities	(4,791,658)	(1,240,128)
Net cash generated from (used in) investing activities	(239,543)	(53,579)
Net cash generated from (used in) financing activities	19,836,504	966,262
Impact of currency translation adjustment on cash	(4,925)	-
Increase (decrease) in cash and cash equivalents	**14,800,378**	**(327,445)**

Analysis of Cash Flows

The Company's cash balance as of March 31, 2021 was $18,716,200, as compared to $3,915,800 as at December 31, 2020. The Company had working capital of $16,830,300 as at March 31, 2021 as compared to working capital of $1,000,200 at December 31, 2020.

Cash Flows used in Operating Activities

Cash used in operations of the Company was $4,791,700 for the Q1 2021, as compared to $1,240,100 for Q1 2020. This consisted of a net loss of $5,878,400, gain on lease terminations of $5,000 and government and other grants of $12,000 offset by non-cash expenditures of $2,029,200 consisting of depreciation and amortization of $1,157,400, share-based payments of $798,200, an unrealized foreign exchange loss of $60,900 and interest expenses of $12,700. Total share-based compensation expenses for three months ended in March 31, 2021 were: (a) to several directors of the Company: $123,300; and (b) to advisors and consultants: $674,900. Cash was also used to fund the increase in prepaid expenses and deposits of $1,732,700, the increase in inventory of $641,200 and the increase in interest receivable of $9,600, offset by the increase in accounts payable and accrued liabilities of $450,600, decrease in trade and other receivables of $234,300, the increase in deferred income of $708,195 and the increase in deposits of $65,100.

Cash Flows used in Investing Activities

Cash used in investing activities was $239,500 for the Q1 2021, as compared to $53,600 in Q1 2020. This increase was largely driven by the purchase of vehicles for newly launched Steer vehicle subscription business in Toronto in Q1 2021.

Cash Flows generated from (used in) Financing Activities

Cash generated from financing activities was $19,836,500 for Q1 2021, as compared $966,300 for Q1 2020. The change was primarily attributed to the proceeds received from the issuance of Shares in connection with the non-brokered private placements completed in February 2021 for aggregate gross proceeds to the Company of $20,500,000.

At present, the Company has insufficient earnings to fund its operations. As such, the primary source of cash flows for the Company has been equity financings. The primary uses of cash are acquisition expenses and operating expenses, including product research and development. The Company intends to finance its future cash requirements through ordinary course revenue generation, together with a combination of debt and/or equity financings. While the Company has historically been successful in raising capital from equity financings, there can be no assurance that the Company will be able to obtain debt and/or such financings on favourable terms, or at all, in the future.

SHARE INFORMATION

The Company is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As of the date of this MD&A, there are 95,287,434 Shares and Nil preferred shares issued and outstanding.

RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. Total salaries and benefits paid to the key management personnel of the Company was $132,137 for the three months period ended March 31, 2021 (2020 - $Nil). Total share-based compensation paid to the Board of Directors and key management personnel of the Company was $123,325 for the three months ended March 31, 2021 (2020 - $330,075). There were no short-term employee benefits, post-employment benefits, other long-term benefits, or termination benefits paid to the directors and key management personnel of the Company for the three months ended March 31, 2021 and 2020.

Terms and Conditions of Transactions with Related Parties

The terms and conditions of transactions with related parties for the three months ended March 31, 2021 include:

- As at March 31, 2021, $36,567 (December 31, 2020 - $18,080) was due to Connex, a related company controlled by Sayan Navaratnam, the Company's Chairman and Chief Executive Officer. The amount owing was a result of Connex providing consulting and product development services to the Company. The amount owing by the Company to Connex is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's balance sheet as a short-term liability in the Company's trade payables. The total expenses charged to the Company by Connex for office space and operational support for the three months ended March 31, 2021 was $19,620 (2020 - $15,000), which were included in the Company's income statement as operational support expenses. The total expenses charged to the Company by Connex for product development services for three months ended March 31, 2021 was $16,000 (2020 - $Nil), which were included in the Company's income statement as research and development expenses.

- As at March 31, 2021, $462,578 (December 31, 2020 $462,578) was due to Dynalync, a related company controlled by Sayan Navaratnam, the Company's Chairman and Chief Executive Officer. The amount owing was a result of Dynalync providing consulting and product development services to the Company. The amount owing is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's balance sheet as a short-term liability in the Company's trade payables. The total expenses charged to the Company for the three months ended March 31, 2021 were $Nil (2020 - $Nil).

- As at March 31, 2021, $Nil (December 31, 2020, $138,469) was due to Junaid Razvi, one of the initial founders of the Company. These amounts were due as a result of Mr. Razvi making certain payments on the Company's behalf and providing initial working capital during 2018. The balance owing is unsecured, non-interest bearing. $138,469 was paid during the three months ended March 31, 2021.

- As at March 31, 2021, $195,559 (December 31, 2020 - $195,559) was due to Imran Khan, one of the initial founders of the Company. These amounts were due as a result of Mr. Khan making certain payments on the Company's behalf and providing initial working capital during 2018. The balance owing is reflected as a current liability on the Company's balance sheet as at March 31, 2021 and is unsecured and non-interest bearing and with no specific terms for repayment.

- As at March 31, 2021 and December 31, 2020, there were no amounts owing to or from 10328545 Canada Inc., a related company controlled by Suman Pushparajah, who became the Company's Chief Operating Officer and member of the Board of Directors on April 7, 2021. The total expenses charged to the Company by 10328545 Canada Inc. for office space, operational support and sales and marketing for the three months ended March 31, 2021 were $Nil (2020 - $37,488), which were included in the Company's income statement as expenses for operational support.

All amounts outstanding to related parties are unsecured and non-interesting bearing. There have been no guarantees provided or received for any related party receivables or payables. All transactions with related parties were intended to be carried on the same basis as they would have occurred if the transaction was with an arm's length party.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's primary risk management objective is to protect the Company's balance sheet and cash flow from financial distress. The Company's principal financial liabilities are comprised of accounts payable and accrued liabilities and amounts due to related parties. The main purpose of these financial liabilities is working capital for the Company's operations. During the normal course of operations, the Company may become exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Company's board of directors (the "**Board**") that advises on financial risks and the appropriate financial-risk-governance framework for the Company.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise several types of risk: interest rate risk, currency risk, commodity price risk, and other price risk, such as equity risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2021, the Company is primarily exposed to foreign exchange risk through its United State dollars denominated cash and cash equivalents, promissory note receivable and investment in Tally Technology Group Inc. To date, the Company's automobile subscription business (Steer) primarily conducts its business activities in United States dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends. The Company does not currently hedge its currency risk.

Based on current exposures as at March 31, 2021, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar relative to the United States dollar would result in a gain or loss of approximately $529,000 in the Company's consolidated statements of loss and comprehensive loss

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2021, the Company was not exposed to significant interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Examples include changes in commodity prices or equity prices. As at March 31, 2021, the Company was not exposed to significant other price risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's financial instruments that are exposed to credit risk consist primarily of cash and cash equivalents, trade and other receivables and promissory note receivable. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with financially stable and insured institutions. The Company's HST receivable has minimal credit risk as it is collectable from government institutions. The Company mitigates its exposure to credit risk from trade and other receivables through a payment collection platform which processes users' pre-authorized credit cards. The Company mitigates exposure to credit risk from its promissory note receivable by performing due diligence on investment opportunities and monitoring the credit worthiness of its borrowers. As payments from users are typically pre-authorized, the risk of credit loss is expected to be minimal. As at March 31, 2021, the Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far ahead as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions such as those created by the global pandemic COVID-19. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company continuously reviews both actual and forecasted cash flows in order to ensure that the Company has appropriate capital capacity.

Other Business Risks and Uncertainties

The Company's future results may be affected by a number of factors over many of which the Company has little or no control. In addition to the risks set out herein, please see the Company's annual Management and Discussion of Financial Condition and Results of Operations for the years ended 2020 and 2019, as well as the Company's annual financial statements for the year ended December 2020 and 2019, each of which has been filed under the Company's profile on SEDAR at www.sedar.com.

Climate Change

The impact of climate change is already widespread across both human populations and natural ecosystems. Addressing climate change, and the recognizing the urgent need to address greenhouse gas ("**GHG**") emissions because of the role they play in climate change, a real and rapidly growing threat to society and the planet, requires action and long-term commitments by every segment of society, including the business community. Strategies to reduce and mitigate GHG emissions, such as modifying how people and businesses conduct themselves and operate, can be effective in reducing and mitigating GHG and its impact on climate change.

Facedrive believes that businesses that can demonstrate how their product offerings and services can help mitigate the effects of climate change, for example by reducing or mitigating GHG can be successful in creating new product offerings and new markets at the same time. Facedrive believes it has created a unique niche in the rideshare sector, as the Company offers its riders something different among competitors – the opportunity to mitigate the carbon footprint of their ride with carbon offsets. Facedrive Rideshare's "people-and-planet first" approach incentivizes conscientious drivers and passengers to choose a green alternative, that ultimately reduces the carbon footprint of common everyday activities. Facedrive Rideshare was among the first to offer a wide variety of environmentally and socially responsible solutions in the Transportation as a Service (TaaS) space, planting thousands of trees based on user consumption and offering choices between electric, hybrid and conventional vehicles (including, more recently, electric and hybrid vehicles on a subscription basis through Steer). Facedrive Marketplace offers curated merchandise typically created from sustainably sourced materials and linked to social causes. EcoCRED, acquired in April 2021, has developed an app (the "**EcoCRED App**") that estimates users' daily carbon footprint based on their living habits, such as how they commute, the type of food they consume, their heating and air conditioning habits and the type of vehicle they drive. It suggests simple tasks and useful lifestyle tips to help educate its users and, if incorporated into their daily routine, help reduce their carbon footprint. Facedrive's objective is to develop the platform into a revenue-generating asset such that the platform will be further developed, further piloted in a commercial test market, and then become fully commercialized within the next 18 to 24 months in Canada and the United States. Meanwhile, in the nearer term, Facedrive's ancillary plan is to utilize the EcoCRED App to help introduce current and future users of the app to the Company's other "people-and-planet first" offerings such as Facedrive Rideshare, Facedrive Foods, Facedrive Health, Facedrive Marketplace and Facedrive Social.

Potential Secondary Market Liability

Pursuant to amendments to the *Securities Act* (Ontario) which took effect on December 31, 2005 (and similar legislation that was enacted in most of Canada's other provinces), a new regime of statutory provisions governing the civil liability of public companies (and of their directors, officers, influential persons, experts and spokespersons) was adopted to give protection to investors who buy or sell corporate securities in the secondary markets during a period when a public company's corporate disclosure obligations are not being met.

Although the statutory secondary market liability provisions that were adopted at the end of 2005 speak of a statutory "right" of action, the prospective plaintiff can only commence a proceeding under these provisions with the leave (i.e. permission) of the court. Leave will be granted only if the court is satisfied that: (i) the action is being brought in good faith; and (ii) there is a "reasonable possibility" that the action will be resolved in favour of the plaintiff.

During Q1 2021, an OSC Review that commenced in 2020 resulted in the Company providing clarifying information in the form of a press release (the "**Clarifying Press Release**") about the Foodora Transaction, the HiRide Acquisition, the consulting agreement with Medtronics and the status of Facedrive's early stage and non-revenue generating projects during fiscal Q2 and Q3 2020. The Clarifying Press Release also specifically quantified facts about the growth and demand for the Company's products and services with respect to Foodora Canada, HiRide, TraceSCAN and the Steer Acquisition and a downward re-adjustment of the expense attributed to the fair value of Shares issued to Medtronics, an impairment charge relating to the book value of the Company's intangible assets related to HiRide. For more information, see the Company's press releases dated April 9, 2021 and April 30, 2021. These press releases are available on SEDAR (www.sedar.com) and they are also available through the OSC's Refilings and Errors List webpage (www.osc.ca/en/industry/refilings-and-errors-list).

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet financing transactions.

PROPOSED TRANSACTIONS

There are no transactions that are currently under negotiation nor proposed to be entered into that have reached any threshold of materiality.

Craven Street

Craven Street, a UK-based capital markets, corporate finance, M&A and debt advisory firm, has been engaged by the Company to act as a corporate finance advisor to explore European expansion opportunities for the Company. The responsibilities of Craven Street range from introducing the Company to suitable potential acquisition opportunities in the European market to advising the Company on the various elements of potential acquisitions. Craven Street is only entitled to a success fee, which is to be paid upon the successful completion of an acquisition introduced by Craven Street to the Company. There have been no material monetary expenditures paid by the Company towards this engagement. The Company's engagement of Craven Street represents an ongoing initiative that currently involves regularly scheduled calls to discuss various potential strategic transaction candidates. While no transaction has yet been reached of any reasonable threshold of materiality, Craven Street continues to identify potential acquisition candidates for consideration by the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual events may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in net loss and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Significant assumptions regarding the future and other sources of estimation uncertainty that management has made at the financial position reporting date could result in a material adjustment to the carrying amounts of assets and liabilities. All significant estimates and critical judgments, estimates, and assumptions are described in Note 2 of the Company's unaudited condensed consolidated financial statements for the three months ended March 31, 2021.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

There were no changes to the Company's significant accounting policies for the three months ended March 31, 2021.

SUBSEQUENT EVENTS

Changes to the Board of Directors

On April 7, 2021, the Company appointed two new members to Facedrive's Board. The new members of the Board are Susan Uthayakumar and Suman Pushparajah. Concurrent with these appointments to the Board, Mr. Jay Wilgar resigned from the Board. The new appointments are subject to the approval of the TSX Venture Exchange.

Acquisition of EcoCRED, LLC

On April 14, 2021, the Company announced that it had completed the acquisition of 100% of the ownership interest of EcoCRED, LLC, from Exelorate, a wholly-owned subsidiary of Exelon Corporation (NASDAQ:EXC), a Fortune 100 energy company. EcoCRED, LLC has developed an app that estimates users' daily carbon footprint based on their living habits, and suggests simple tasks and useful lifestyle tips to help educate its users and reduce their carbon footprint. Facedrive acquired 100% of the ownership interest of EcoCRED, LLC in exchange for aggregate consideration of USD$1,000,000, which was satisfied through the issuance of 38,936 Shares (the "**EcoCRED Acquisition Shares**"), issued at a 30-day volume weighted average trading price of price of $32.36 (USD$25.68) per Share. All EcoCRED Acquisition Shares are subject to an 18-month lock-up period.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's other public filings, are available on SEDAR at www.sedar.com. The Company's Shares are listed for trading on the TSX Venture Exchange under the symbol "FD".