FACEDRIVE INC.
(formerly High Mountain Capital Corporation)

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2020 and 2019

FACEDRIVE INC. **(formerly High Mountain Capital Corporation)**
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended December 31, 2020 and 2019

April 30, 2021

The following 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**"). 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.

Our audited consolidated financial statements have been 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**"). Our fiscal year is the 12-month period ending December 31.

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. (formerly High Mountain Capital Corporation) was incorporated on January 18, 2018, under the *Business Corporations Act* (Alberta) 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 (the "**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 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 announced on April 7, 2021. The duration and impact of this lockdown, 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. 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 our ability to access capital markets.

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 ("**AI**") 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.

Three Year Development of the Business

Facedrive's development of its business and operations, including over the three most recently completed financial years and the current financial year to date, consist of the following:

- In April 2017, Facedrive Rideshare (a business of the Private Company) became the second ridesharing platform to secure licensing with the city of Toronto.

- In November 2017, Facedrive Rideshare became the second ridesharing platform to become operational in the city of Toronto.

- In March 2018, the Private Company partnered with DependableIT Group Inc. ("**DIT**"), a call center located in Hamilton, Ontario, to provide extended hours support to the Private Company's drivers and riders. The Company transitioned these services in-house in November 2019 and no longer was partnered with DIT as of such time.

- In October 2018, Facedrive Rideshare commenced operations in Hamilton, Ontario.

- On May 17, 2019, Facedrive entered into the Amalgamation Agreement in connection with the RTO.

- On August 27, 2019, Facedrive completed a private placement of 4,428,700 subscription receipts, each exchangeable for one Class B share in the capital of Facedrive, for aggregate gross proceeds of $7,015,005.

- In September 2019, Facedrive Rideshare commenced operations in London and Guelph, Ontario.

- On September 16, 2019, the Company completed the RTO.

- In October 2019, Facedrive Rideshare commenced operations in Kitchener, Waterloo and Cambridge, Ontario.

- On October 21, 2019, the Company entered into a strategic partnership with, and made an investment into, Westbrook Global Inc. ("**Westbrook**"), a content creation company founded by Will Smith and others. The investment included the purchase by the Company of US$1 million principal amount of 3.00% unsecured convertible notes of Westbrook, which mature on December 31, 2022. An option to purchase up to an additional US$4 million principal amount of convertible notes expired in January 2020, unexercised.

- On February 21, 2020, the Company completed a non-brokered private placement of 361,010 Shares issued at a price of $2.77 per Share for aggregate gross proceeds of $1,000,000. The Company incurred transaction fees of $26,785 in connection with this financing.

- In March 2020, Facedrive Rideshare became operational in Orillia, Ontario.

- In March 2020, Facedrive Rideshare secured permission to operate at Toronto Pearson International Airport in Toronto, Ontario.

- 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.

- In April 2020, Facedrive Rideshare secured a license to operate in Ottawa, Ontario, and became operational on July 1, 2020.

- In April 2020, Facedrive launched Facedrive Marketplace, an online platform for users to purchase merchandise that are eco-friendly and/or produced from sustainably sourced materials from Facedrive and in collaboration with various partners, including Westbrook.

- In April 2020, Facedrive launched Facedrive Foods, a food delivery pilot program to connect residents with local restaurant businesses in the Greater Toronto and London, Ontario, areas.

- In April 2020, in light of the world's challenges raised by the global pandemic, Facedrive launched Facedrive Health, an initiative to offer assistance to frontline healthcare workers in their response to COVID-19. Subsequently, Facedrive partnered with the University of Waterloo to develop TraceSCAN, a contact tracing app and wearable technology designed to help mitigate the spread of COVID-19.

- On May 11, 2020, Facedrive entered into an arms-length consulting services agreement with Medtronics Online Solutions Ltd. ("**Medtronics**"), whereby Medtronics provided and performed certain marketing and strategic consulting services for and on behalf of Facedrive (the "**Medtronics Consulting Agreement**"). On June 26, 2020, the Company issued an aggregate of 800,000 Shares to Medtronics for such marketing and strategic consulting services. For more information, see "Sales and Marketing Expenses".

- On June 9, 2020, the Company entered into a strategic advisory services agreement with Craven Street Capital Limited ("**Craven Street**"), a UK-based capital markets, corporate finance, M&A and debt advisory firm, to assist the Company in identifying and developing its European expansion plans. The scope of services provided by Craven Street to Facedrive included research and evaluation of European expansion opportunities, as well as sourcing of strategic acquisition and investment opportunities. For more information, see "Proposed Transactions - Craven Street" below.

- On June 17, 2020, the Company launched "HiQ", a social gaming application through the Company's wholly-owned subsidiary, HiRide.

- On June 29, 2020, the Company completed the initial tranche of a $10,000,000, non-brokered private placement by issuing 643,389 Shares at a price of $9.00 per Share, for aggregate gross proceeds of $5,790,501. The Company incurred transaction fees of $220,525 in connection with this tranche of the financing.

- On July 6, 2020, the Company completed the second tranche of a $10,000,000, non-brokered private placement issuing 368,548 Shares at a price of $9.00 per Share, for aggregate gross proceeds of $3,316,932.

- On July 9, 2020, the Company completed the acquisition ("**Foodora Transaction**") of the Foodora Assets of Foodora Inc. ("**Foodora Canada**"), pursuant to proposal proceedings commenced by Foodora Canada under the *Bankruptcy and Insolvency Act* (Canada).

- On July 21, 2020, the Company launched "TraceSCAN Wearables" on the Microsoft App Store, a contact tracing windows application through Facedrive Health.

- On July 22, 2020, the Company completed the final tranche of a $10,000,000, non-brokered private placement issuing 99,174 Shares at a price of $9.00 per Share for aggregate gross proceeds of $892,566.

- On August 7, 2020, the Company issued an aggregate of 151,457 Shares, with a fair value of $2,326,425, as consideration for an investment in Tally Technology Group Inc. ("**Tally**"), a white-label, free-to-play sports predictions platform.

- On September 4, 2020, the Company, through a wholly-owned subsidiary ("**Facedrive Subsidiary**"), completed an acquisition ("**Steer Acquisition**") of the substantive assets of Steer, a specialized electric vehicle subscription businesses from Exelorate Enterprises, LLC ("**Exelorate**"), a wholly-owned subsidiary of Exelon Corporation (NASDAQ:EXC).

- On October 1, 2020, the Company completed the acquisition of Food Hwy. The Company issued an aggregate of 487,142 Shares with a fair value of $3,538,575 as purchase consideration for the Food Hwy Acquisition.

- On October 8, 2020, the Shares commenced trading on the OTCQX Best Market, operated by the OTC Markets Group Inc.

- On October 15, 2020, the Shares commenced trading on the facilities of the Frankfurt Stock Exchange Deutsche Borse AG.

- On November 3, 2020, the Company announced that the Facedrive Foods Mobile App was available, bringing the Foodora Canada users and Food Hwy users under one platform.

- 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. See "Subsequent Events – Private Placement".

- On February 11, 2021, the Company entered into agreement with respect to $2,500,000 in non-dilutive funding 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. See "Subsequent Events - Ontario Together Fund".

- On March 8, 2021, the Company announced that key executives of the Company have voluntarily agreed with the Company to extend the lock-up period of the shares they own (directly and indirectly). See "Subsequent Events – Extension of Voluntary Lock-Up Agreements".

- 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. See "Subsequent Events – Acquisition of EcoCRED, LLC"

SELECTED FINANCIAL INFORMATION

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below has been derived from our audited consolidated financial statements and related notes.

	Year ended December 31, 2020 (1) ($)	Year ended December 31, 2019 (2) ($)	Year ended December 31, 2018 (3) ($)
Net revenue (1)	3,934,354	599,104	13,579
Income (loss) from operations	(18,127,560)	(4,556,729)	(1,933,548)
Net income (loss)	(17,756,043)	(6,942,357)	(1,933,548)
Income (loss) per share	(0.19)	(0.08)	(0.03)
Total assets	27,901,661	5,842,021	200,497
Total non-current liabilities	7,391,923	472,038	334,028
Cash dividends declared	-	-	-

Notes:

(1) Net loss increased for the year ended December 31, 2020, as compared to the prior year, primarily due to the growth of the Company and the costs associated with such growth. The increase in net revenue was mainly attributable to Steer, the newly acquired electric-vehicle subscription business, and Food Hwy, the newly acquired food-delivery business during the year ended December 31, 2020. Net loss for year ended December 31, 2020 would have been $11,176,500 if we exclude the non-cash portion of share-based compensation. For the year ended December 31, 2020, the total non-cash portion of share-based compensation was $6,579,500, which were included in general & administrative expenses in the amount of $1,692,600, operational support in the amount of ($45,800) and sales and marketing expenses in the amount of $4,932,696.

(2) On September 16, 2019, the Company completed the RTO. The loss from operations was primarily due to listing expenses of $2,376,100 attributable to the RTO transaction. The total non-cash portion of the listing expenses was $1,853,200. Excluding the listing expenses associated with the RTO transaction, net loss for the year ended December 31, 2019 would have been $4,566,300. Total assets increased was attributable to the issuance of Shares during the year ended December 31, 2019.

(3) Facedrive Rideshare became operational in the Greater Toronto Area in November 2017 and Hamilton in October 2018.

ANALYSIS OF RESULTS OF OPERATIONS – YEAR ENDED DECEMBER 31, 2020 AND 2019

The following section provides an overview of our financial performance during the year ended December 31, 2020 ("**Fiscal 2020**") compared to the year ended December 31, 2019 ("**Fiscal 2019**").

Revenue

Revenue for Fiscal 2020 was $3,934,400, an increase of $3,335,300 as compared to $599,100 in Fiscal 2019. The Company generates substantially all of its revenue from Facedrive Rideshare and Facedrive Foods.

Facedrive Rideshare

Total revenue for the Company's ridesharing business in Canada (which does not include the activities of Steer) ("**Ridesharing**") was $512,000 in Fiscal 2020, as compared to $349,100 in Fiscal 2019. Specifically, the following revenue figures are attributable to Ridesharing in Canada: Q1 2019 - $36,000; Q2 2019 - $82,800; Q3 2019 - $95,700; Q4 2019 - $134,600; Q1 2020 - $287,900; Q2 2020 - $36,700; Q3 2020 - $76,000; Q4 2020 - $111,400; for a total of $349,100 of revenue from Rideshare during Fiscal 2019 and for a total of $512,000 of revenue from Rideshare during

Fiscal 2020. This year-over-year increase was primarily attributable to expansion by the Company into additional geographic regions and the growth in drivers and riders utilizing the Company's platform in Fiscal 2019 and the first quarter of Fiscal 2020. Total number of rides were 136,208 in Fiscal 2020 and 106,871 in Fiscal 2019. Specifically, the following figures represent the number of Ridesharing rides in Canada for the following periods: Q1 2019 – 12,934; Q2 2019 – 29,455; Q3 2019 – 24,915; Q4 2019 - 39,567; Q1 2020 - 71,693; Q2 2020 - 11,081; Q3 2020 - 23,768; Q4 2020 - 29,666; for a total of 106,871 during Fiscal 2019 and a total of 136,208 during Fiscal 2020. The average gross receipt per ride was $13 (2019 - $13) and the average net revenue per ride was $4 (2019 - $3). The COVID-19 global pandemic has decreased the general demand for ridesharing; however, the Company expects demand to normalize and grow as the pandemic ends.

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: 10,376 as of December 31, 2019 (with 3,275 being fully approved to operate); 13,647 as of March 31, 2020 (with 3,515 being fully approved to operate); 14,323 as of June 30, 2020 (with 3,596 being fully approved to operate); 16,872 as of September 30, 2020 (with 3,928 being fully approved to operate); and 18,964 as of December 31, 2020 (with 4,175 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: December 31, 2019 – 34,031; March 31, 2020 – 46,138; June 30, 2020 – 48,645; September 30, 2020 – 56,870; December 31, 2020 – 64,224.

Total revenue from the Company's vehicle subscription service (Steer) was $738,800 in Fiscal 2020, and $Nil in the Fiscal 2019. The increase is primarily attributable to the Steer Acquisition in the third fiscal quarter in 2020. The following revenue figures are attributable to Steer's vehicle subscription business in the USA (which was acquired by the Company on September 5, 2020): Q3 2020 - $174,100; Q4 2020 - $564,700; for a total of $738,800 of revenue during Fiscal 2020. Steer has generated revenue for the Company of approximately $700,000 since its acquisition on September 5, 2020 to December 31, 2020, which annualizes to approximately $2.1 million per annum. Average monthly recurring revenue from Steer was approximately $184,700. Of this revenue, approximately 1 to 3 percent represents activation fees, with the remaining amount representing recurring subscription-based revenues. The number of Steer vehicle subscription service customers in the USA was: September 30, 2020 – 133; December 31, 2020 – 123; and March 31, 2021 – 121. The Company leases the hybrid and electric-vehicle (EV) 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 expects to launch of the Steer vehicle subscription service platform in Toronto in 2021.

The Company completed the Steer Acquisition on September 5, 2020, for aggregate consideration of USD$3,250,000, which was satisfied through the issuance of 222,819 Shares, issued at a deemed price of $19.27 per share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending three trading days prior to the date of the Steer Acquisition). The fair value of the Shares issued to Exelorate was determined to be a discounted $15.44 per Share, and includes a discount of 36.2% as the Shares are subject to an 18-month lock-up that ends on March 5, 2022. Concurrent with the closing of the Steer Acquisition, Exelorate invested in the Company by subscribing for Shares as part of a strategic investment. Exelorate subscribed for 137,119 Shares ("**Strategic Investment Shares**") at $19.27 per share for gross proceeds of USD$2,000,000 ($2,617,800). No finder's fee was paid in connection with such strategic investment. All Strategic Investment Shares are subject to an 18-month lock-up. The Steer Acquisition was determined to be a business combination as substantive processes and assets were acquired as part of the transaction. The Company also retained the services of Steer's former employees and its contracted management services provider.

Areas of the business that became part of Facedrive Rideshare in 2020, Steer and HiRide, saw a modest to severe decline in activity due in part to lock downs and restrictions as a result of COVID-19. The number of Steer vehicle subscription service customers in the USA was: September 30, 2020 – 133; December 31, 2020 – 123; and March 31, 2021 – 121. Revenues from HiRide (see below) are expected to commence upon the conclusion of the COVID-19 pandemic and the return of in-class learning at university and college campuses.

On March 31, 2020, the Company completed the HiRide Acquisition. Like Steer, HiRide forms a sub-division within the Company's Facedrive Rideshare services and offerings. HiRide is 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. HiQ is a social networking platform operated by HiRide.

HiRide enabled the Company to enter a new market segment within the TaaS sector, leveraging HiRide's developed ride-pooling software platform with its relatively high-profile brand name (HiRide and its founders had appeared on Season 13 of the CBC television show Dragon's Den in 2019). The Company paid an arms-length transaction price based on the Company's estimate of what it would cost the Company to obtain a product with similar brand recognition and to develop a similar and fully tested and operational software platform. The Company's primary objective with the HiRide Acquisition was to acquire its brand name and ride-pooling platform, and not to purchase an operating business, or any already existing cash flows of that business, but rather continue to build and gain further entry into the general ride-sharing market by using the HiRide platform in conjunction with the Company's other TaaS assets. As purchase consideration for the HiRide Acquisition, the Company issued an aggregate of 265,957 Shares at a price per Share equal to $3.76, representing aggregate consideration of $1,000,000. For accounting purposes, using the fair value method of accounting, consideration consisted of 265,957 Shares with a fair value of $739,360, representing a grant date fair value of the Shares of $2.78 per Share. Former HiRide shareholders are also entitled to receive future conditional payments of up to $2,500,000 (the "**Conditional Payments**") over the course of two years following closing of the HiRide Acquisition, which payments are contingent upon the achievement of the certain financial and operational milestones. The Conditional Payments, if any, will be payable in Shares or a combination of cash and Shares. The Company has assessed that the terms for the first Conditional Payment would not be met and as such, no amounts have been accrued in the Company's consolidated financial statements as at December 31, 2020.

On March 20, 2020, Facedrive announced that HiRide provided the Company "immediate access to HiRide's 20,000+ social network of car-poolers, giving riders an end-to-end experience without interruptions". To clarify, what the Company was intending to convey with that statement was that the acquisition of HiRide provided the company access to an existing network of HiRide account holders who formed a social network of more than 20,000 potential car poolers who through the HiRide app could arrange potential rides. HiRide's March 31, 2020 acquisition date occurred at the time that the COVID-19 pandemic was already underway. Since HiRide is primarily targeted at post-secondary students who desire a carpooling app for long-distance travel and commuting, and since most post-secondary schools are currently operating on a remote-learning basis with students residing at their homes and attending online classes, the Company is deferring any significant marketing efforts into the HiRide service until clear signs emerge that the pandemic will be ending. As a result of the foregoing, and notwithstanding a high number of HiRide downloads, the HiRide service has not generated revenues to date. It is also important to note that a high number of downloads does not necessarily guarantee future revenue. However, the Company does continue to expect HiRide to commence generating revenues once in-class activities at post-secondary schools restart. The Company currently expects that it could launch this service to two schools every six months for the first year, an additional two schools every quarter for the second year and an additional four schools every quarter thereafter. In the fourth quarter of Fiscal 2020 and in order to reflect the consequences of the continuing COVID-19 pandemic and its impact on university and college students and their schools transitioning to a learn-from-home and/or online classroom environment that has resulted in a short-term reduction the demand for commuting, the Company took an impairment charge of $350,000 related to the book value of the Company's intangible assets related to HiRide (see "Impairment Expense – HiRide" below). Despite the impairment charge, the Company still plans to further develop and pursue HiRide and the Company is still committed to the project.

Facedrive Foods

Facedrive Foods is a food delivery platform that connects restaurants (national chains, local businesses and ethnic restaurants) with driver partners and consumers. Total revenue for Facedrive Foods was $2,472,300 in Fiscal 2020, as compared to $Nil in Fiscal 2019. Facedrive Foods adheres to Facedrive's overarching principles of putting people and the planet first by offering 100% contactless food delivery options. These services 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. For further information regarding the development of Facedrive Foods, see the section below entitled "Discussion of Pre-Revenue Operations" which includes information about: (i) the status of the Company's project relative to the Company's plan; (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to anticipated timing and costs to take the project to the next stage of the project plan.

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 (more details are below).

The Company's revenues from Facedrive Foods grew during the second half of 2020. Specifically, the Company's total revenues attributable to Facedrive Foods' business activities in Canada grew as follows: Q3 2020 - $2,000; Q4 2020 - $2,470,300; for a total of $2,472,300 of revenue during Fiscal 2020 ($Nil during Fiscal 2019).

Facedrive Health

Total revenue for Facedrive Health was $52,500 in Fiscal 2020, and $Nil in the Fiscal 2019. Since Facedrive Health's TraceSCAN projects are in the piloting and proof of concept stage with various potential customers, only nominal amounts of revenue was earned from TraceSCAN sales in Canada during 2020. Specifically, sales were as follows: Q3 2020 - $12,800; Q4 2020 - $39,700; for a total of $52,500 of revenue during Fiscal 2020. 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 AI 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 Fiscal 2020, 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 relative to the Company's plan; (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to 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 $8,700 in Fiscal 2020, as compared to $Nil in Fiscal 2019.

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 2020, 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 relative to the Company's plan; (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to 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 and 674,670 unique users in Q4 2020, representing a cumulative download figure of 2,598,351. Monthly active HiQ users, defined as an individual who has used the HiQ Application during a month, totaled 5,902 as at June 30, 2020, 1,202,281 as at September 30, 2020, and 567,573 as at December 31, 2020. 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 2020, 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 relative to the Company's plan; (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to anticipated timing and costs to take the project to the next stage of the project plan.

Licensing

Total revenue from licensing arrangements was $150,000 in Fiscal 2020, as compared to $250,000 in Fiscal 2019. The decrease in revenue was due to the licensing arrangements that initiated during 2019 were completed during the Fiscal 2020.

Cost of Revenue

Cost of revenue for Fiscal 2020 was $3,228,300, representing an increase from $270,600 in Fiscal 2019. 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 $1,201,900 in Fiscal 2020, as compared to $Nil in Fiscal 2019. The increase was the result of the acquisition of Food Hwy and the introduction of food delivery services. Total depreciation related to vehicle subscription services for Steer was $641,900, as compared to $Nil in Fiscal 2019. Total other automobile costs related to vehicle subscription services for Steer was $260,300, as compared to $Nil in Fiscal 2019. The increase was attributable to the acquisition of the Steer vehicle subscription business in September 2020. Total payment processing fees were $436,300, representing an increase from $107,700. 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 $102,900 in Fiscal 2020 compared to $Nil in Fiscal 2019. These increases were attributable to the Company launching Facedrive Marketplace, Facedrive Health and Facedrive Foods in 2020 which all sell merchandise. Total insurance expenses were $386,700 in Fiscal 2020, as compared to $80,100 in Fiscal 2019. The increase was driven by the increase in the Ridesharing business in Fiscal 2020 as compared to Fiscal 2019 and the newly acquired vehicle subscription business (Steer).

General and Administration Expenses

General and Administrative expenses for Fiscal 2020 were $3,605,200, up from $848,800 in Fiscal 2019. Total legal and accounting fees were $846,200 for Fiscal 2020 as compared to $281,500 in Fiscal 2019. These increases were primarily attributable to the Company's increased acquisition and investment activity in Fiscal 2020. Total consulting fees related to general and administrative matters were $323,400 in Fiscal 2020 as compared to $Nil in Fiscal 2019. The increase was primarily attributable to consulting fees for advisory services further to the Company developing strategic partnerships and continuing to build out the Facedrive's services and product offerings.

Total share-based compensation expenses related to stock options and restricted share units granted to directors and officers of Facedrive were $1,166,200 for Fiscal 2020, as compared to $392,800 in Fiscal 2019. Total share-based compensation expenses related to restricted share units granted to advisors and consultants were $516,400, as compared to $Nil in Fiscal 2019. Total share-based payments related to suppliers of general and administrative supplies were $10,000 for Fiscal 2020, as compared to $Nil in Fiscal 2019.

Total salaries and benefits for general and administrative staff members increased from $Nil for Fiscal 2019 to $274,400 in Fiscal 2020. The increase was primarily attributable to the Company's expansion and the additional headcount that were required. In addition, total expenses for fees payable to TSX-V, our transfer agent and other third parties were $215,800 for Fiscal 2020, as compared to $86,300 in Fiscal 2019. These increases are primarily attributable to the fact that the RTO was completed in September 2019 and such expenses became payable by the Company from that point forward. We anticipate an increase in share-based compensation expenses 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 during 2021 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 $3,764,400 in Fiscal 2020, from $1,542,800 in Fiscal 2019. 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 $2,461,300 in Fiscal 2020, an increase of $2,129,400 compared to $331,900 in Fiscal 2019 primarily due to the increase in employee headcount. The increased headcount occurred primarily for the benefit of our Facedrive Rideshare and Facedrive Foods operations, but also to strengthen other Facedrive services. Total telephone, internet and data expenses increased to $611,600 in Fiscal 2020 from $173,300 in Fiscal 2019. This increase was attributable to an increase in the number of users on our different platforms. Total licencing fees were $110,600 in Fiscal 2020, as compared to $103,600 in Fiscal 2019.

Total fees paid to third parties providing operational support, driver background checks and onboarding procedures were $314,300 in Fiscal 2020, as compared to $766,200 in Fiscal 2019. The decrease was attributable to consolidating more operation support functions in-house as opposed to outsourcing to third party providers. Total operational support expenses payable to Connex Telecommunications Inc., a related company ("**Connex**"), was $71,500 in Fiscal 2020, as compared to $50,000 in Fiscal 2019. Total operational support expenses payable to Dynalync 2000 Inc., a related company ("**Dynalync**"), was $17,000 in Fiscal 2020, as compared to $527,700 in Fiscal 2019. Total operational support expenses payable to 10328545 Canada Inc., a related company controlled by the Company's current Chief Operating Officer, was $146,600 in Fiscal 2020, as compared to $131,300 in Fiscal 2019. See "Related Party Transactions" below.

Research and Development Expenses

Research and development expenses increased to $1,444,200 in Fiscal 2020, as compared to $917,200 in Fiscal 2019. Total salaries and benefits related to research and development staff members were $465,000 in Fiscal 2020, as compared to $Nil in Fiscal 2019 as the Company increased its employee headcount. The increase was primarily driven by the Company consolidating more research and development functions in-house 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 fees payable to Connex was $16,000 in Fiscal 2020, as compared to $Nil for Fiscal 2019. Total fees payable to Dynalync was $Nil in Fiscal 2020, as compared to $739,000 for Fiscal 2019. See "Related Party Transactions" below.

Sales and Marketing Expenses

Sales and marketing expenses for Fiscal 2020 were $8,933,600, as compared to $1,560,000 in Fiscal 2019. These increases were primarily attributable to the share-based compensation paid for services provided by Medtronics to the Company in the aggregate amount of $4,932,696 for Fiscal 2020, compared to $Nil in Fiscal 2019. Earlier in 2020, the Company reported that the estimated expense related to the share-based compensation paid to Medtronics was determined to be $7,632,700; however, during the Company's 2020 year-end audit process and as a result of a Continuous Disclosure Review with the staff of the Ontario Securities Commission ("**OSC**") that commenced in 2020, it was determined that the Company made a prior period accounting error during Q2 2020 regarding the value of the consideration that was paid in this transaction; specifically, the value of the share-based consideration had not been accounted for in a manner consistent with the Company's estimate of issuances of shares in other circumstances where a lengthy lock-up period is included in the terms of the transaction. The Company has therefore discounted the value by 35.6% in order to reflect and recognize the lock-up restrictions that were included in the terms of the issuance of these locked-up shares. See "Summary of Quarterly Results - Prior Period Errors" below.

Pursuant to the Medtronics Consulting Agreement, the services to be rendered by Medtronics to and for the benefit of the Company included assisting with the Company's business expansion strategy for entrance into high-potential markets, namely Mexico and South America (the "**Expansion Markets**"); making high-value and strategic business development introductions with a view to growing the Company's business; the design and implementation of marketing and promotional activities concentrated on user and customer acquisition and related viral marketing campaigns; assistance with the development of branding and marketing materials to promote the Company's products; introductions to online media channels and key influencers in certain business segments; and the provision of general consulting and due diligence services with respect to corporate partnerships and corporate strategy (collectively, the "**Medtronics Services**").

The Medtronics Services included making a number of business development introductions and managed relationships that were of considerable strategic value to the Company; providing general consulting and due diligence services with respect to corporate partnerships, user and restaurant conversion strategy while also assisting with business expansion strategy for entrance into the Expansion Markets; providing general and specific marketing advice with respect to the Company's website design, social media content creation and digital marketing (including architecture for HiQ's user acquisition campaign that has resulted in over 2.6m downloads to date); providing due diligence consulting services (including on potential and completed M&A transactions), onboarding assistance and marketing strategy with respect to the Company's acquisition of the Foodora Assets (including user and restaurant acquisition and retention); advising on leveraging social media with paid marketing on platforms such as Facebook and Google together with advising as to the types of advertising that can help the Company achieve a maximum return on investment in terms of new user acquisition; and engaging in in-depth discussions and knowledge transfer about target region and target audience demographics, budget optimization, A/B testing of advertisements, niche markets and social media influencer marketing (collectively, the "**Medtronics Deliverables**").

Through the Medtronics Deliverables, the Company – while at an early stage in its development – (a) enhanced its internal ability to create ad copies, utilize conversion-tracking, and use of certain third party tools utilized to make more informed decisions with respect to advertising spend across various channels; and (b) developed an in-house marketing team and know-how based off of the industry intelligence and trade secrets obtained from Medtronics under the Deliverables. The Medtronics Services and the Medtronics Deliverables included a heavy focus on the training and development of Facedrive's internal marketing team. With the advice and collaborative assistance of Medtronics, Facedrive's internal marketing team learned how to better obtain, collect and convert Facedrive's customer prospects into actual users, drivers and merchants, all based upon digital and online marketing efforts. In addition, Medtronics' services also included Medtronics acting as an agent/advisor to Facedrive on calls with high-profile third-party business prospects and global social media influencers. For example, Medtronics would help Facedrive to prepare for such calls and also assist Facedrive personnel and participate in the "pitch" or business proposition being presented during the calls. The Medtronics Services and Medtronics Deliverables proved to be very valuable for the Company at that time in its growth and helped pave the way for further corporate development. As a result, the Company has been able to internalize many marketing and business development functions.

Pursuant to the terms of the Medtronics Consulting Agreement, Medtronics was to earn an initial fee of 800,000 Shares once an initial period of substantial Medtronics Services and an initial amount of Medtronics Deliverables were provided to the Company. The Medtronics Consulting Agreement also stipulated that there would be additional Shares payable to Medtronics on a monthly basis during the remainder of the term of the Medtronics Services Agreement whilst additional Medtronics Services and Medtronics Deliverables would be provided to the Company.

On March 24, 2020 when the Company received the conditional approval from the TSXV for the share-for-services arrangement represented by the Medtronics Services Agreement, the Company's Shares closed at $2.94 per Share and 800,000 Shares represented a value of $2,352,000. However, by the time the initial period of substantial Medtronics Services and an initial amount of Medtronics Deliverables were provided to the Company and the Company issued the 800,000 Shares to Medtronics (which occurred on June 26, 2020), the market value of the 800,000 Shares had risen to a deemed amount of $8.2 million. A dispute arose between the Company and Medtronics since the Company believed that the Medtronics Services Agreement included an implied maximum $5 million fee cap that was expressed during the negotiation period for the Medtronics Services Agreement. Although the Company benefited from the Medtronics Services and the Medtronics Deliverables (which included (i) the time and effort of Medtronics' personnel; and more importantly (ii) the divulgence and irretrievable transfer of certain of Medtronics' proprietary know how, trade secrets and similar intellectual property related to the provision of the Medtronics Services and the Medtronics Deliverables), the Company believed the level of compensation that was payable to Medtronics constituted an unreasonable windfall. As such, the Company sent Medtronics a formal notice of termination of the Medtronics Consulting Agreement on September 9, 2020. The Company and Medtronics entered negotiations and eventually agreed to a settlement agreement dated October 19, 2020 (the "**Settlement Agreement**"). Pursuant to the terms of the Settlement Agreement, Medtronics was permitted to keep the 800,000 Shares it received on June 26, 2020; however, the Company was under no further obligation to pay any additional consideration to Medtronics, and both parties released each other from any obligations or claims related to the Medtronics Consulting Agreement so as to avoid any future litigation related thereto. As the fair value of the Medtronic Services received cannot be reliably measured, the Shares were initially measured and recognized based on the average closing price of the Shares over the service period, resulting in an initially estimated $7,632,696 charge to sales and marketing expense (which was later re-estimated to be a charge of $4,932,696, as discussed above). The Company incurred transaction fees of $41,120 in connection with the Medtronics Consulting Agreement and Settlement Agreement.

Total sales and marketing expenses for the Company's user and prospective user incentive programs were $2,177,200 for Fiscal 2020, as compared to $1,078,300 in Fiscal 2019. The increase was primarily attributable to the increase in promotion for Facedrive Foods launched in 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. Total sales and marketing expenses payable to the 10328545 Canada Inc., a related company controlled by the Company's current Chief Operating Officer, was $1,000 in Fiscal 2020, as compared to $Nil in Fiscal 2019. See "Related Party Transactions".

Impairment Expense - HiRide

In the fourth quarter of Fiscal 2020 and 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 intangibles assets, reducing the book value to $169,506 as at December 31, 2020 (see Note 22 in the Company's audited annual financial statements for the year ended December 31, 2020). In addition, during the Company's 2020 year-end audit process the Company determined that the Company made a prior period accounting error regarding the timing of this impairment charge. The impairment charge should have been taken in Q3 2020 rather than in Q4 2020. See "Summary of Quarterly Results - Prior Period Errors" below.

The amount of the impairment expense was determined based upon the Company's assessment of three possible future scenarios regarding the commercial and operational launch of HiRide:

- Scenario 1 assumes the same September 2021 launch date and that the Company will launch to four schools, and then will be able to launch to an additional two schools every six months for the first year, an additional two schools every quarter for the second year and an additional four schools every quarter thereafter. The Company believes that this is the most likely scenario based on its current plans. The present value of the expected net cashflows over five years in this scenario is $345,250. This scenario has been assigned a probability weighting of 43%.

- Scenario 2 assumes that school re-openings are delayed an additional four months to January 2022, but that the Company is still able to enact on the same expansion plan as in Scenario 1. The present value of the expected net cashflows over five years in this scenario is $47,133. This scenario has been assigned a probability weighting of 37%.

- Scenario 3 assumes a January 2022 school re-opening date, but that due to delays caused by multiple waves of COVID-19 outbreaks, the Company is unable to expand as planned, and only grows by two schools every six months. Additionally, the Company assumes the COVID-19 outbreaks also impact the Company's ability to add additional schools and that the number of rides expected to be provided per school decreases significantly. The present value of the expected net cashflows over five years in this scenario is $25,817. This scenario has been assigned a probability weighting of 20%.

The scenarios above do not assume or recognize any benefits or synergies that may occur as a result of cross-selling or introductions that may occur between HiRide users and the Company’s other business units, such as the ridesharing portion of Facedrive Rideshare, or Facedrive Foods, etc. The recoverable value of the HiRide intangible assets based on the scenarios above is estimated to be $167,570 as at December 31, 2020. As a result, the Company has recorded an impairment of $350,000 in its December 31, 2020 annual financial statements.

Despite this impairment charge, the Company still plans to further develop and pursue HiRide as a business segment and that the Company is still committed to the project. For this reason, the Company does not consider the impairment charge to be a material change in the business, operations or capital of Facedrive.

Net Loss

The Company incurred a net loss of $17,756,000 in Fiscal 2020 compared to a net loss of $6,942,400 in Fiscal 2019. The increase in net loss is primarily attributable to the growth and development of the Company during Fiscal 2020 and the costs associated with such growth and development, as described above. The Company grew both organically and by acquisitions during Fiscal 2020. The breadth of the Company’s activities, the scale of those activities and the nature of those activities all grew and transitioned during Fiscal 2020, as described herein. Having completed the RTO transaction in Fiscal 2019, the Company believes that the activities that occurred in Fiscal 2020 represent a foundational period for the Company’s current business foundation and multiple business unit platforms.

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 during Fiscal 2020. Information is provided for: (i) the Facedrive Foods project; (ii) the HiRide project; (iii) the TraceSCAN project; (iv) the Facedrive Marketplace project; and (v) the HiQ Application project.

The Facedrive Foods Project:

	Q2 2020	Q3 2020	Q4 2020
The status of the project:	With the onset of the global COVID-19 pandemic, the Company began looking for an entry into the food delivery market and, subsequently, entered into a binding term sheet to purchase the Foodora Assets.	The Company purchased the Foodora Assets including its customer list; however, the Company still had limited operations and delivery infrastructure and capabilities at this time since the Foodora Assets were purchased and not the Foodora business itself.	The Company completed the Food Hwy Acquisition and, with it, acquired a fully functional food delivery platform complete with technology, drivers, customers and merchants, thereby resulting in the Company's entry into the food delivery space.
The expenditures made on the project during the quarter:	$0	$53,000 (this figure does not include the acquisition costs of the Foodora Transaction)	$2,036,200 (this figure does not include the costs of the Food Hwy Acquisition)
The anticipated timing and costs to take the project to the next stage of the project plan:	As at the end of Q2 2020, the next stage or anticipated milestone of the project was completion of an acquisition that would provide the Company with a complete food delivery platform with drivers and supporting infrastructure. The anticipated timing and costs to achieve this next milestone had not yet been determined.	The next stage or anticipated milestone of the project was completion of an acquisition that would provide the Company with a complete food delivery platform with drivers and supporting infrastructure. The anticipated timing and costs to achieve this next milestone had not yet been determined.	As at the end of Q4 2020, Facedrive Foods became a mature revenue-generating asset by virtue of the completion of the Food Hwy Acquisition.

The HiRide Project:

	Q2 2020	Q3 2020	Q4 2020
The status of the project:	Concurrent with the onset of the global COVID-19 pandemic, the Company enter into another segment of the TaaS industry, when it entered into a binding agreement to purchase HiRide.	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.	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:	$0	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 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 Q2 2020, the next stage or anticipated milestone of the project was completion of an acquisition that would provide the Company with another entry into another segment of the TaaS industry. The anticipated timing and costs to achieve this next milestone had not yet been determined.	As at the end of Q3 2020, 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.	As at the end of Q4 2020, 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:

	Q2 2020	**Q3 2020**	**Q4 2020**
The status of the project:	During the early days of the global COVID-19 pandemic, the Company began to conceive the idea that would ultimately become TraceSCAN. The Company collaborated with McCarthy Tetrault LLP's venture arm to publish a white paper on privacy issues and COVID-19 tracking and tracing.	The Company began to create its early versions of its wearables and began to pursue implementations with various potential customers. The Company also received the endorsement of the Government of Ontario related to the Company's wearable technology.	The Company has a number of key pilot and proof of concept partnerships and continued on working with these partners on testing and improving TraceSCAN.
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 \$150,000 and \$200,000 from a cost accounting perspective.	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 \$250,000 and \$300,000 from a cost accounting perspective.	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 \$250,000 and \$300,000 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 Q2 2020, the next stage or anticipated milestone of the project was that the Company would develop and insert its proprietary software into the wearables being developed, and then seek new pilot partners for the purposes of testing. The anticipated timing to achieve this next milestone is Q3 2020 and the anticipated cost to achieve	As at the end of Q3 2020, the next stage or anticipated milestone of the project was that the Company was collecting data from existing pilot projects, and establishing further pilots for further test the wearable. The anticipated timing and costs to achieve this milestone is Q4 2020 and the anticipated cost to achieve this milestone was \$800,000.	As at the end of Q4 2020, 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

	this milestone was $500,000.		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:

	Q2 2020	Q3 2020	Q4 2020
The status of the project:	The project is in the pilot / launch phase. However, there are no significant unique resources expended on the project at this stage.	The project is in the pilot / launch phase. However, there are no significant unique resources expended on the project at this stage.	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.	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.	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	As at the end of Q2 2020, the next stage or anticipated milestone of the project was Q4 2020, when the Company anticipated having a sufficient number of vendors and products listed. The Company did not yet anticipate having to expend unique resources on this project to achieve this milestone.	As at the end of Q3 2020, the next stage or anticipated milestone of the project was Q4 2020, when the Company anticipated having a sufficient number of vendors and products listed. The Company did not yet anticipate having to expend unique resources on this project to achieve this milestone..	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:

	Q2 2020	Q3 2020	Q4 2020
The status of the project:	HiQ was conceived as an application during early Q2, 2020. It was developed internally and the project is positioned within the HiRide segment of the Company's business activities. The application was launched in June 2020.	HiQ conceptualization is further developed in direct response to the effects of the COVID-19 pandemic, and its continued effects on mental health, particularly among youth.	The Company begins to launch pilots including its IPL pilot and enrolls a number of users, reaching 2 million downloads. Based on this outcome, the Company begins planning development for a broader expansion into North American spectator sports for trivia.
The expenditures made on the project during the quarter:	As of the end of Q2 2020, there were no material separately dedicated resources or expenses allocated by the Company directly to the HiQ Application project. Resources expended during Q2 2020 were borrowed from, and spread across, many different other campaigns and projects within the Company.	$473,000 (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).	$319,000 (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	The HiQ Application became a "project" in Q3 2020.	As at the end of Q3 2020, the next stage or anticipated milestone of the project was Q4 2020. The anticipated timing and costs to achieve this next milestone was $400,000.	As at the end of Q4 2020, 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)	**Q4 2020 ($)**	**Q3 2020 ($)**	**Q2 2020 ($)**	**Q1 2020 ($)**	**Q4 2019 ($)**	**Q3 2019 ($)**	**Q2 2019 ($)**	**Q1 2019 ($)**
Revenue	3,186,378[(1)]	266,460[(2)]	93,615[(3)]	387,901[(4)]	234,525[(5)]	195,738[(6)]	132,814[(7)]	36,027[(8)]
Net loss	(5,726,878)[(1)]	(3,874,179)[(2)]	(6,656,844)[(3)]	(1,498,142)[(4)]	(1,525,810)[(5)]	(3,527,753)[(6)]	(1,060,242)[(7)]	(828,552)[(8)]
Basic and diluted loss per Share	(0.06)	(0.04)	(0.07)	(0.02)	(0.02)	(0.04)	(0.01)	(0.01)

Notes:

(1) 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.

(2) 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 Medtronics Consulting Agreement 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. 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. See "Prior Period Errors" below.

(3) 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 Medtronics Consulting Agreement 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 the Company remedied an accounting error related to transaction so that it would become consistent with the Company's estimates of similar issuance of shares. The Company discounted the value 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 of Q2 2020 was re-estimated to $6,656,844 from $9,356,844. See "Sales and Marketing Expenses" above. Also see "Prior Period Errors" below.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) Net loss increased for the three months ended March 31, 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.

Prior Period Errors

Restatement of Previously Filed MD&A for the Quarter ended June 30, 2020

In the second quarter of 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 Company's 2020 year-end audit process and as a result of a Continuous Disclosure Review by the OSC that commenced in 2020, it was determined that an accounting error had been made with regard to the computation of the fair value of the shares issued. The shares issued to Medtronics were subject to lock-up restrictions and as such, an illiquidity discount should have been applied in the determination of the fair value of the share-based compensation, which was not done in Q2 2020.

The adjusted expense related to the share-based compensation paid to Medtronics is determined to be $4,932,696 by applying a 35.6% illiquidity discount.

As a result, sales and marketing expense in Q2 2020 should have been lower by $2,700,000 and net loss also lower by $2,700,000. The capital stock balance should also have been decreased by $2,700,000 as at June 30, 2020.

The tables below reflect the impact of this misstatement on the previously filed financial statements of the Company.

Consolidated Statement of Financial Position as at June 30, 2020

		As previously filed		**Restated**	**Impact**
ASSETS					
Current assets					
Cash and cash equivalents	$	10,243,947	$	10,243,947	-
Trade and other receivables		696,971		696,971	-
Prepaid expenses and deposits		83,764		83,764	-
Inventory		46,569		46,569	-
		11,071,251		11,071,251	-
Deposits		17,006		17,006	-
Interest receivable		28,982		28,982	-
Promissory note receivable		1,362,800		1,362,800	-
Equipment		1,869		1,869	-
Right-of-use assets		149,067		149,067	-
Intangible assets		727,308		727,308	-
Total assets	$	13,358,283	$	13,358,283	-

LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	$	1,120,551	$	1,120,551	-
Deposit on equity financing		2,642,444		2,642,444	-
Lease liability – current		60,581		60,581	-
		3,823,576		3,823,576	-
Loans		40,000		40,000	-
Lease liability		117,312		117,312	-
Due to related parties		334,028		334,028	-
Total liabilities		4,314,916		4,314,916	-
SHAREHOLDERS' EQUITY (DEFICIT)					
Capital stock		28,718,097		26,018,097	(2,700,000)
Contributed surplus		1,144,252		1,144,252	-
Deficit		(20,818,982)		(18,118,982)	2,700,000
Total shareholders' equity (deficit)		9,043,367		9,043,367	-
Total liabilities and shareholders' equity	$	13,358,283	$	13,358,283	-

Consolidated Statement of Loss and Comprehensive loss for the Three Months Ended June 30, 2020

		As previously filed		Restated		Impact
REVENUE	$	93,615	$	93,615	$	-
Cost of revenue		125,370		125,370		-
General and administration		736,616		736,616		-
Operational support		394,337		394,337		-
Research and development		290,559		290,559		-
Sales and marketing		7,915,830		5,215,830		(2,700,000)
Amortization		103,901		103,901		-
Depreciation		16,734		16,734		-
Total operating expenses		9,583,347		6,883,347		(2,700,000)
OPERATING LOSS		(9,489,732)		(6,789,732)		2,700,000
Government grants		179,049		179,049		-
Foreign exchange gain (loss)		(52,804)		(52,804)		-
Interest expenses		(4,110)		(4,110)		-
Interest income		10,753		10,753		-
NET LOSS AND COMPREHENSIVE LOSS	$	(9,356,844)	$	(6,656,844)	$	2,700,000
Loss per share – Basic and diluted	$	(0.10)	$	(0.07)	$	0.03
Basic and diluted		90,870,804		90,870,804		-

Consolidated Statement of Loss and Comprehensive loss for the Six Months Ended June 30, 2020

		As previously filed		Restated	Impact
REVENUE	$	481,516	$	481,516	-
Cost of revenue		373,860		373,860	-
General and administration		1,315,195		1,315,195	-
Operational support		755,356		755,356	-
Research and development		523,857		523,857	-
Sales and marketing		8,490,737		5,790,737	(2,700,000)
Amortization		103,901		103,901	-
Depreciation		33,326		33,326	-
Total operating expenses		11,596,232		8,896,232	(2,700,000)
OPERATING LOSS		(11,114,716)		(8,414,716)	2,700,000
Government grants		179,049		179,049	-
Foreign exchange gain (loss)		68,104		68,104	-
Interest expenses		(8,377)		(8,377)	-
Interest income		20,954		20,954	-
NET LOSS AND COMPREHENSIVE LOSS	$	(10,854,986)	$	(8,154,986)	2,700,000
Loss per share – Basic and diluted	$	(0.12)	$	(0.09)	0.03
Basic and diluted		90,598,471		90,598,471	-

Consolidated Interim Statement of Changes in Equity for the Six Months Ended June 30, 2020

	Number of shares		Share capital		Contributed surplus		Deficit		Total shareholders' equity (deficit)
As previously filed									
Balance, December 31, 2019	**90,164,530**	**$**	**13,843,970**	**$**	**539,169**	**$**	**(9,963,996)**	**$**	**4,419,143**
Issuance of share capital	1,004,399		6,790,501		-		-		6,790,501
Share issuance costs	-		(288,430)		-		-		(288,430)
Acquisition of HiRide	265,957		739,360		-		-		739,360
Share-based payments	800,000		7,632,696		605,083		-		8,237,779
Net and comprehensive loss	-		-		-		(10,854,986)		(10,854,986)
Balance, June 30, 2020	**92,234,886**	**$**	**28,718,097**	**$**	**1,144,252**	**$**	**(20,818,982)**	**$**	**9,043,367**
Restated									
Balance, December 31, 2019	**90,164,530**	**$**	**13,843,970**	**$**	**539,169**	**$**	**(9,963,996)**	**$**	**4,419,143**
Issuance of share capital	1,004,399		6,790,501		-		-		6,790,501
Share issuance costs	-		(288,430)		-		-		(288,430)
Acquisition of HiRide	265,957		739,360		-		-		739,360
Share-based payments	800,000		4,932,696		605,083		-		5,537,779
Net and comprehensive loss	-		-		-		(8,154,986)		(8,154,986)
Balance, June 30, 2020	**92,234,886**	**$**	**26,018,097**	**$**	**1,144,252**	**$**	**(18,118,982)**	**$**	**9,043,367**
Impact									
Balance, December 31, 2019	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Issuance of share capital	-		-		-		-		-
Share issuance costs	-		-		-		-		-
Acquisition of HiRide	-		-		-		-		-
Share-based payments	-		(2,700,000)		-		-		(2,700,000)
Net and comprehensive loss	-		-		-		2,700,000		2,700,000
Balance, June 30, 2020	**-**	**$**	**(2,700,000)**	**$**	**-**	**$**	**2,700,000**	**$**	**-**

Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2020

		As previously filed		Restated		Impact
Cash provided by (used in)						
OPERATING ACTIVITIES						
Net loss	$	(10,854,986)	$	(8,154,986)	$	2,700,000
Items not affecting cash:						
Depreciation and amortization		137,227		137,227		-
Share-based payments		8,237,779		5,537,779		(2,700,000)
Unrealized foreign exchange gain		(64,100)		(64,100)		-
Net change in non-cash working capital items:						
Trade and other receivables		(268,885)		(268,885)		-
Prepaid expenses and deposits		50,599		50,599		-
Interest receivables		(21,196)		(21,196)		-
Deposits		(17,006)		(17,006)		-
Inventory		(46,569)		(46,569)		-
Accounts payable and accrued liabilities		333,318		333,318		-
Deferred income		(150,000)		(150,000)		-
Cash used in operating activities		(2,663,819)		(2,663,819)		-
INVESTING ACTIVITIES						
Acquisition of HiRide		(51,549)		(51,549)		-
Cash acquired from HiRide acquisition		40		40		-
Purchase of property, plant and equipment		(2,070)		(2,070)		-
Cash used in investing activities		(53,579)		(53,579)		-
FINANCING ACTIVITIES						
Issuance of common shares		6,790,501		6,790,501		-
Deposit received for equity financing		2,642,444		2,642,444		-
Share issuance costs		(288,430)		(288,430)		-
Principal payment of lease liabilities		(14,064)		(14,064)		-
Proceeds from loans		40,000		40,000		-
Cash provided by financing activities		9,170,451		9,170,451		-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**6,453,053**		**6,453,053**		**-**
Cash and cash equivalents, beginning of period		3,790,894		3,790,894		-
Cash and cash equivalents, end of period	$	**10,243,947**	**$**	**10,243,947**	**$**	**-**

Restatement of Previously Filed MD&A for the Quarter ended September 30, 2020

In the fourth quarter of Fiscal 2020, 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 (see Note 22 in the Company's audited annual financial statements for the year ended December 31, 2020). As the indicators were present during the third quarter of 2020, the impairment charge should have been recorded in Q3 2020.

As a result, impairment of intangible assets in Q3 should have been higher by $350,000 and net loss also increased by $350,000. The carrying value of Intangible assets should also have been decreased by $350,000 as at September 30, 2020.

The tables below reflect the impact of this misstatement and the misstatement resulting from the share-based payment issued to Medtronics on the previously filed financial statements of the Company.

Consolidated Statement of Financial Position as at September 30, 2020

		As previously filed		Restated		Impact
ASSETS						
Current assets						
Cash and cash equivalents	$	7,360,705	$	7,360,705	$	-
Trade and other receivables		2,322,206		2,322,206		-
Prepaid expenses and deposits		56,682		56,682		-
Inventory		82,605		82,605		-
		9,822,198		9,822,198		-
Deposits		1,025,930		1,025,930		-
Interest receivable		38,856		38,856		-
Promissory note receivable		1,333,900		1,333,900		-
Equipment		8,020		8,020		-
Right-of-use assets		8,552,615		8,552,615		-
Long-term investment		3,653,716		3,653,716		-
Intangible assets		2,415,742		2,065,742		(350,000)
Goodwill		914,309		914,309		-
Total assets	$	27,765,286	$	27,415,286	$	(350,000)
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	$	1,335,925	$	1,335,925	$	-
Deferred income		87,612		87,612		-
Lease liability – current		1,027,304		1,027,304		-
		2,450,841		2,450,841		-
Loans		40,000		40,000		-
Lease liability		7,647,946		7,647,946		-
Due to related parties		334,029		334,029		-
Total liabilities		10,472,816		10,472,816		-
Capital stock		40,077,951		37,377,951		(2,700,000)
Contributed surplus		1,498,344		1,498,344		-
Accumulated other comprehensive losses		59,336		59,336		-

Deficit		(24,343,161)	(21,993,161)	2,350,000
Total shareholders' equity (deficit)		17,292,470	16,942,470	(350,000)
Total liabilities and shareholders' equity	$	27,765,286	$ 27,415,286	(350,000)

Consolidated Statement of Loss and Comprehensive loss for the Three Months Ended September 30, 2020

		(As previously filed)		(Restated)		(Impact)
REVENUE	$	266,460	$	266,460	$	-
Cost of revenue		143,381		143,381		-
General and administration		1,096,034		1,096,034		-
Operational support		936,741		936,741		-
Research and development		490,549		490,549		-
Sales and marketing		833,155		833,155		-
Amortization		171,980		171,980		-
Depreciation		179,876		179,876		-
Total operating expenses		3,851,716		3,851,716		-
OPERATING LOSS		(3,585,256)		(3,585,256)		-
Government grants		106,571		106,571		-
Foreign exchange gain (loss)		(6,911)		(6,911)		-
Interest expenses		(49,044)		(49,044)		-
Interest income		10,461		10,461		-
Impairment of intangible assets		-		(350,000)		(350,000)
NET LOSS	$	(3,524,179)	$	(3,874,179)	$	(350,000)
Cumulative translation adjustment		59,336		59,336		-
Net and Comprehensive Loss		(3,464,843)		(3,814,843)		(350,000)
Loss per share – Basic and diluted	$	(0.04)	$	(0.04)	$	-
Basic and diluted		92,852,438		92,852,438		-

Consolidated Statement of Loss and Comprehensive loss for the Nine Months Ended September 30, 2020

		(As previously filed)		(Restated)	(Impact)
REVENUE	$	747,976	$	747,976	-
Cost of revenue		517,243		517,243	-
General and administration		2,411,229		2,411,229	-
Operational support		1,692,096		1,692,096	-
Research and development		1,014,406		1,014,406	-
Sales and marketing		9,323,891		6,623,891	(2,700,000)
Amortization		275,881		275,881	-
Depreciation		213,203		213,203	-
Total operating expenses		15,447,949		12,747,949	(2,700,000)
OPERATING LOSS		(14,699,973)		(11,999,973)	2,700,000
Government grants		285,620		285,620	-
Foreign exchange gain (loss)		61,193		61,193	-
Interest expenses		(57,420)		(57,420)	-
Interest income		31,415		31,415	-
Impairment of intangible assets		-		(350,000)	(350,000)
NET LOSS	$	(14,379,165)	$	(12,029,165)	2,350,000
Cumulative translation adjustment		59,336		59,336	-
Net and Comprehensive Loss		(14,319,829)		(11,969,829)	2,350,000
Loss per share – Basic and diluted	$	(0.16)	$	(0.13)	0.03
Basic and diluted		91,355,278		91,355,278	-

	Number of shares		Share capital		Contributed surplus		Deficit		Accumulated other comprehensive losses		Total shareholders' equity (deficit)
As previously filed											
Balance, December 31, 2019	**90,164,530**	**$**	**13,843,970**	**$**	**539,169**	**$**	**(9,963,996)**	**$**	**-**	**$**	**4,419,143**
Issuance of share capital	1,609,240		13,617,799		-		-		-		13,617,799
Share issuance costs	-		(288,430)		-		-		-		(288,430)
Acquisition of HiRide	265,957		739,360		-		-		-		739,360
Investment in Tally	151,457		2,326,425		-		-		-		2,326,425
Acquisition of Steer	222,819		2,196,173		-		-		-		2,196,173
Share-based payments	800,607		7,642,654		959,175		-		-		8,601,829
Net loss and comprehensive loss	-		-		-		(14,379,165)		59,336		(14,319,829)
Balance, September 30, 2020	**93,214,610**	**$**	**40,077,951**	**$**	**1,498,344**	**$**	**(24,343,161)**	**$**	**59,336**		**17,292,470**
Restated											
Balance, December 31, 2019	**90,164,530**	**$**	**13,843,970**	**$**	**539,169**	**$**	**(9,963,996)**	**$**	**-**	**$**	**4,419,143**
Issuance of share capital	1,609,240		13,617,799		-		-		-		13,617,799
Share issuance costs	-		(288,430)		-		-		-		(288,430)
Acquisition of HiRide	265,957		739,360		-		-		-		739,360
Investment in Tally	151,457		2,326,425		-		-		-		2,326,425
Acquisition of Steer	222,819		2,196,173		-		-		-		2,196,173
Share-based payments	800,607		4,942,654		959,175		-		-		5,901,829
Net loss and comprehensive loss	-		-		-		(12,029,165)		59,336		(11,969,829)
Balance, September 30, 2020	**93,214,610**	**$**	**37,377,951**	**$**	**1,498,344**	**$**	**(21,993,161)**	**$**	**59,336**		**16,942,470**
Impact											
Balance, December 31, 2019	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Issuance of share capital	-		-		-		-		-		-
Share issuance costs	-		-		-		-		-		-
Acquisition of HiRide	-		-		-		-		-		-
Investment in Tally	-		-		-		-		-		-
Acquisition of Steer	-		-		-		-		-		-
Share-based payments	-		(2,700,000)		-		-		-		(2,700,000)
Net loss and comprehensive loss	-		-		-		2,350,000		-		2,350,000
Balance, September 30, 2020	**-**	**$**	**(2,700,000)**	**$**	**-**	**$**	**2,350,000**	**$**	**-**		**(350,000)**

Consolidated Statement of Cash Flows for the Nine Months Ended September 30, 2020

	As previously filed	Restated	Impact
Cash provided by (used in)			
OPERATING ACTIVITIES			
Net loss	$ (14,379,165)	$ (12,029,165)	$ 2,350,000
Items not affecting cash:			
Depreciation and amortization	489,084	489,084	-
Share-based payments (Note 22 and 23)	8,601,829	5,901,829	(2,700,000)
General and administration	25,000	25,000	-
Unrealized foreign exchange gain	(21,204)	(21,204)	-
Impairment of intangible assets	-	350,000	350,000
Net change in non-cash working capital items:			
Trade and other receivables	(1,893,172)	(1,893,172)	-
Prepaid expenses and deposits	77,737	77,737	-
Interest receivables	(31,757)	(31,757)	-
Deposits	(1,017,606)	(1,017,606)	-
Inventory	(82,605)	(82,605)	-
Accounts payable and accrued liabilities	547,036	547,036	-
Deferred income	(63,117)	(63,117)	-
Cash used in operating activities	(7,747,940)	(7,747,940)	-
INVESTING ACTIVITIES			
Acquisition of HiRide	(51,549)	(51,549)	-
Cash acquired from HiRide Acquisition	40	40	-
Purchase of property, plant and equipment	(8,868)	(8,868)	-
Purchase of intangible assets	(561,660)	(561,660)	-
Investment in Tally	(1,340,600)	(1,340,600)	-
Cash used in investing activities	(1,962,637)	(1,962,637)	-
FINANCING ACTIVITIES			
Issuance of common shares	13,617,799	13,617,799	-
Share issuance costs	(288,430)	(288,430)	-
Principal payment of lease liabilities	(100,218)	(100,218)	-
Proceeds from loans	40,000	40,000	-
Cash provided by financing activities	13,269,151	13,269,151	-
Impact of currency translation adjustment on cash	11,237	11,237	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**3,569,811**	**3,569,811**	**-**
Cash and cash equivalents, beginning of period	**3,790,894**	**3,790,894**	**-**
Cash and cash equivalents, end of period	**$ 7,360,705**	**$ 7,360,705**	**-**

The information in this “Prior Period Errors” section and in the tables above was specifically requested pursuant to a Continuous Disclosure Review by the staff of the OSC that commenced in 2020. The staff of the Corporate Finance Branch of the OSC requested that the Company provide such clarifying information in this 2020 Annual MD&A in order to clearly describe the differences between the financial results that were presented in the Company’s Q2 2020 and Q3 2020 MD&As.

Shareholders and prospective investors in the Company should refer to and utilize the information in the tables above when considering the financial performance and position of the Company during Q2 2020 and Q3 2020. Due to the corrections that were made during the Company's 2020 year-end audit process, the applicable information in the tables above should be relied upon as compared to the information found in the Company's interim filings for Q2 2020 and Q3 2020.

ANALYSIS OF RESULTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2020 and 2019

The following section provides an overview of our financial performance during the three months ended December 31, 2020 ("**Q4 2020**") as compared to the three months ended December 31, 2019 ("**Q4 2019**").

Revenue

Revenue was $3,186,400 in Q4 2020 as compared to $234,500 in Q4 2019, representing a quarter-over-quarter increase of $2,951,900. The increase in revenue was primarily attributable to an increase in revenue from Facedrive Foods and Facedrive Rideshare. Total revenue for Facedrive Foods was $2,470,300 as compared to $Nil in Q4 2019. The increase was attributable to the acquisition of the Foodora Assets completed in July 2020 and Food Hwy completed in October 2020. Total revenue from the vehicle subscription service (Steer) was $564,700 in Q4 2020, as compared to $Nil in Q4 2019. The increase is primarily attributable to the Steer Acquisition in the third fiscal quarter in 2020.

Cost of Revenue

Cost of revenue for Q4 2020 was $2,458,500, representing an increase from $82,500 in Q4 2019. Cost of revenue primarily consists of payouts to drivers, depreciation, payment processing charges, insurance expenses, automobile costs, direct costs associated with merchandise, TraceSCAN and supply chain as well as other credit card losses. Total payouts to drivers for Facedrive Foods was $1,201,900 in Q4 2020, as compared to $Nil in Q4 2019. The increase was the result of the acquisition of Food Hwy and the introduction of food delivery services. Total depreciation related to vehicle subscription services (Steer) was $479,300, as compared to $Nil in Fiscal 2019. Total automobile costs were $202,000, as compared to $Nil in Fiscal 2019. Total insurance expenses were $74,500 in Fiscal 2020, as compared to $18,400 in Fiscal 2019. These increases were attributable to the acquisition of the Steer vehicle subscription business in September 2020. Total payment processing fees were $320,100, representing an increase from $40,300 in Q4 2019. 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 $89,000 in Fiscal 2020 compared to $Nil in Fiscal 2019.

General and Administration Expenses

General and administrative expenses for Q4 2020 were $1,194,000, as compared to $541,000 in Q4 2019. Total legal and accounting fees were $313,100 for Q4 2020 as compared to $84,400 in Q4 2019. Compared to Q4, 2019, these increases were primarily attributable to the Company's increased acquisition and investment activity in Q4 2020. Total share-based compensation expenses related to stock options and restricted share units accrued to directors and officers of Facedrive were $161,300 for Q4 2020, as compared to $333,700 in Q4 2019. Total share-based compensation expenses related to restricted share units granted to advisors and consultants were $390,400, as compared to $Nil in Q4 2019. The increase was primarily attributable to consulting fees for advisory services further to the Company developing strategic partnerships and continuing to expansion of services and product offerings.

Operational Support Expenses

Operational support expenses increased to $2,162,100 in Q4 2020, from $341,500 in Q4 2019. The quarter-over-quarter increase was primarily attributable to the substantial expansion in our general operations (i.e. related salaries and benefits) and incremental operational support associated with our newly acquired assets and businesses. Total salaries and benefits for operational support staff members were $1,472,700 in Q4 2020, an increase of $1,351,000 compared to $121,700 in Q4 2019 primarily due to the increase in employee headcount described above. The increased headcount occurred primarily in respect of Facedrive Rideshare and Facedrive Foods operations but also to other expanding Facedrive services. Total telephone, internet and data expenses increased to $239,700 in Q4 2020 from $90,100 in Q4 2019. This increase was attributable to an uptick in the number of users on our different platforms.

Research and Development Expenses

Research and development expenses increased to $429,700 in Q4 2020, as compared to $182,200 in Q4 2019. Research and development expenses included payable to consultants and salaries and benefits. Total salaries and benefits related to research and development personnel were $178,300 in Q4 2020, as compared to $Nil in Q4 2019. The increase was primarily driven by the Company consolidating more research and development functions in-house as opposed to outsourcing to third party providers. Total consulting fees were $251,400, as compared to $182,200 in Q4 2019.

Sales and Marketing Expenses

Sales and marketing expenses for Q4 2020 were $2,309,700, as compared to $587,000 in Q4 2019. The quarter-over-quarter increase was primarily attributable to the increase in promotion for Facedrive Foods.

Net Loss

Net loss was $5,726,900 in Q4 2020 as compared to $1,525,800 in Q4 2019, representing an increase of $4,201,100. The quarter-over-quarter increase was primarily attributable to the increase in cost of revenue of $2,628,500, operational support of $1,730,800 and sales and marketing expenses of $1,722,700 related to the newly acquired Food Hwy business on October 1, 2020. Net loss in Q4 2020 would have been $5,525,200 if we had excluded the non-cash portion of share-based compensation in the amount of $551,700, which was included in general and administration expenses.

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. See "Subsequent Events - 2021 Private Placement".

Cash Flows

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

	Fiscal 2020 ($)	**Fiscal 2019 ($)**
Net cash generated from (used in) operating activities	(9,590,664)	(4,151,953)
Net cash generated from (used in) investing activities	(3,332,666)	(1,060,947)
Net cash generated from (used in) financing activities	13,055,777	8,994,780
Impact of currency translation adjustment on cash	(7,553)	-
Increase (decrease) in cash and cash equivalents	**124,894**	**3,781,880**

Analysis of Cash Flows

The Company's cash balance as of December 31, 2020 was $3,915,800, as compared to $3,790,900 as at December 31, 2019. The Company had working capital of $1,000,200 as at December 31, 2020 as compared to working capital of $3,402,500 at December 31, 2019.

Cash Flows used in Operating Activities

Cash used in operations of the Company was $9,590,700 for the year ended December 31, 2020, as compared to $4,152,000 for the year ended December 31, 2019. This consisted of a net loss of $17,756,000, gain on lease terminations of $41,600, interest expenses of $19,700 and government and other grants of $40,000 offset by non-cash expenditures of $8,890,200 consisting of depreciation and amortization of $1,728,300, share based payments of $6,579,500, non-cash general and administrative costs of $25,000, impairment of intangible assets of $350,000 and an unrealized foreign exchange loss of $207,400. Total share-based compensation expenses for Fiscal 2020 were: (a) for consulting fees to Medtronics: $4,932,696; (b) to several directors of the Company: $1,120,400; (c) to advisors and consultants: $516,400; and (d) to suppliers: $10,000. Cash was also used to fund the increase in trade and other receivables of $499,300, increase in deposits of $1,050,600, increase in inventory of $117,700, increase in interest receivable of $41,700, increase in prepaid expenses and deposits of $235,800 and a decrease in deferred income of $58,400, partially offset by an increase in accounts payable and accrued liabilities of $1,380,000.

Cash Flows used in Investing Activities

Cash used in investing activities was $3,332,700 for the year ended December 31, 2020, as compared to $1,060,900 for the year ended December 31, 2019. This increase is largely driven by the cash portion of the Company's investment in Tally, totalling $1,340,600, the acquisition of the Foodora Assets, totaling $561,700, and the acquisition of Food Hwy, totalling $1,500,000.

Cash Flows generated from (used in) Financing Activities

Cash generated from financing activities was $13,055,800 for the year ended December 31, 2020, as compared $8,994,800 for the year ended December 31, 2019. The change is primarily attributed to the proceeds received from the issuance of Shares in connection with the non-brokered private placements completed in 2020 for aggregate gross proceeds to the Company of $13,617,800. The Company also received a term loan in the amount of $60,000 under the Canada Emergency Business Account program.

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. See "Subsequent Events - 2021 Private Placement".

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 $165,333 for the year ended December 31, 2020 (2019 - $Nil). Total share-based compensation paid to several members of the Board of Directors and key management personnel of the Company was $1,204,400 for the year ended December 31, 2020 (2019 - $356,600). 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 years ended December 31, 2020 and 2019.

Terms and Conditions of Transactions with Related Parties

The terms and conditions of transactions with related parties for the year ended December 31, 2019 include:

- As at December 31, 2020, $18,080 (2019 - $12,155) was due to Connex, a related company controlled by Sayan Navaratnam, the Company's Chairman and Chief Executive Officer. The amount owing is 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 year ended December 31, 2020 was $71,470 (2019 - $50,000), 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 the year ended December 31, 2020 was $16,000 (2019 - $Nil), which were included in the Company's income statement as research and development expenses. In March 2019, the Company issued 7,399,030 Shares to Connex (1,562,500 Shares on a pre-Share Capital Adjustments basis) at an average price of approximately $0.10 per Share. The Shares were issued to Connex as consideration for payments of expenses for pre-IPO working capital and related expenses totalling $750,000 that were made by Connex on behalf of the Company prior to March 2019.

- As at December 31, 2020, $462,578 (December 31, 2019 - $443,368) was due to Dynalync, a related company controlled by Sayan Navaratnam, the Company's Chairman and Chief Executive Officer. The amount owing is 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 by Dynalync for the year ended December 31, 2020 were $17,000 (2019 - $1,266,700), which were included in the Company's income statement as a research and development expense in the amount of $Nil (2019 - $739,000) and operational support expenses in the amount of $17,000 (2019 - $527,700).

- As at December 31, 2020, $138,469 (December 31, 2019 - $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 will be repaid within the next 12 months.

- As at December 31, 2020, $195,559 (December 31, 2019 - $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 December 31, 2020 and is unsecured and non-interest bearing.

- As at December 31, 2020, $ Nil (December 31, 2019 - $16,194) was due to 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 amount owing is a result of 10328545 Canada Inc. providing consulting and product development services to the Company. The amount owed by the Company 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 10328545 Canada Inc. for office space, operational support and sales and marketing for the year ended December 31, 2020 were $147,653 (2019 - $131,270), which were included in the Company's income statement as expenses for operational support in the amount of $146,607 (2019 - $131,370) and sales and marketing expenses in the amount of $1,046 (2019 - $Nil).

- In March 2019, the Private Company issued 1,146, 105 of its common shares to Seetha Investments Corp., a related company controlled by Suman Pushparajah, at a price of $0.44 per share for gross proceeds of $500,000, which after the Company's share consolidation, RTO and the Forward Split, now represent 5,427,240 Shares. The March 2019 transaction was part of a financing by the Private Company that raised an aggregate of $2,755,000.

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 a Board of Directors 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 December 31, 2020, the Company is primarily exposed to foreign exchange risk through its United State dollars denominated cash and cash equivalents, promissory note receivable and the Tally investment. To date, the Company's EV automobile subscription business (Steer) primarily conducts its business activities in USD. 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 December 31, 2020, 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 $582,000 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 December 31, 2020, the Company is 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 December 31, 2020, the Company is 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 December 31, 2020, 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. See "Subsequent Events - 2021 Private Placement".

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. The following discussion of risk factors contains forward-looking statements. The following issues, uncertainties and risks, among others, should be considered in evaluating the Company's business, prospects, financial condition, results of operations and cash flows, as well as the Company's Fiscal 2020 Financial Statements accompanying this MD&A.

Other risk factors relating to Facedrive include, but are not limited to, the following:

The novel coronavirus ("COVID-19") pandemic

In March 2020, the World Health Organization declared the outbreak of COVID-19, and that it had spread across the globe and was 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 Company's operations.

Starting on March 17, 2020, the government of Ontario declared a state of emergency in Ontario while ordering some businesses to be closed, including daycares, bars and restaurants, theatres and private schools. In addition, restrictions were implemented in the United States, where the Company has recently commenced operations. The restrictions in Ontario were gradually lessened through September 2020 but as the number of cases began to increase, a reinstitution of partial lockdown conditions were implemented starting in October 2020. A third lockdown, in response to so called variants of concern, was announced by the government of Ontario on April 7, 2021. The duration and impact of the third lockdown 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 curbed. 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. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the duration of the spread of the outbreak and any future "waves" or resurgences of the outbreak or variants of the virus, both globally and within Canada and the United States, the impact on capital and financial markets, foreign currencies exchange, governmental or regulatory orders that impact our business and whether the impacts may result in permanent changes to our end-users' behaviors, all of which are highly uncertain and cannot be predicted. Moreover, even after shelter at home orders and travel advisories are lifted, demand for our services and offerings may remain weak for a significant length of time and we cannot predict when and if demand will return to pre-COVID-19 demand levels. Although health authorities in Canada and the United States have approved vaccines for COVID-19, at this time, we cannot predict the timing of widespread adoption of vaccines against COVID-19 in Canada, the United States or internationally, nor their potential impact on our lines of business. Additionally, concerns over the economic impact of the COVID-19 pandemic have caused volatility in financial markets, which may adversely impact the price of the Shares and Facedrive's ability to access capital markets.

Drivers using Facedrive apps are not employees

Facedrive is of the view that drivers using its apps on Facedrive's various platforms (collectively, "**Facedrive Apps**") are not employees based on the fact that such drivers are free to choose whether, when, and where to provide services on respective platforms, and not restricted from providing services on competitors' platforms. This is consistent with competitors' views that also classify rideshare licensed drivers as independent contractors rather than employees. This view may be challenged in legal or administrative proceedings. Facedrive is aware of the ongoing litigation against its competitors, and does not exclude the possibility that some or all jurisdictions in which Facedrive operates or plans to expand into may rule that rideshare or food delivery drivers ought to be regarded as employees by the platforms they provide services with. The independent contractor status of drivers is currently being challenged in courts and by government agencies in various jurisdictions. Competitors of Facedrive are involved in legal proceedings globally, including putative class and collective class action lawsuits, demands for arbitration, charges and claims before administrative agencies, and investigations or audits by labor, social security, and tax authorities that claim that drivers should be treated as employees (or as workers or quasi-employees where those statuses exist), rather than as independent contractors. Such competitors may not be successful in defending the independent contractor status of drivers in some or all jurisdictions. Furthermore, the costs associated with defending, settling, or resolving pending and future lawsuits (including demands for arbitration) relating to the independent contractor status of drivers can be material. A determination in, or settlement of, any legal proceeding, whether Facedrive is party to such legal proceeding or not, that classifies a driver utilizing a Facedrive App as an employee, may require Facedrive to revise its pricing methodologies to account for such a change to driver classification. Further, any such reclassification might require Facedrive to fundamentally change its business model, and consequently could have an adverse effect on its business, results of operations, financial position and cash flows.

Classification of drivers

Companies operating in the TaaS industry are often subject to claims, lawsuits, arbitration proceedings, administrative actions, government investigations and other legal and regulatory proceedings in multiple jurisdictions challenging the classification of drivers on their platforms and asserting that they are employees. The tests governing whether a driver is an employee vary by governing law and are typically highly fact sensitive and the laws and regulations that govern such are subject to changes and divergent interpretations by various authorities can create uncertainty and unpredictability for Facedrive. Facedrive is of the view that drivers on Facedrive Apps are not employees, however this view may be challenged in legal or administrative proceedings. A final determination in, or settlement of, any legal proceeding, whether Facedrive is party to such legal proceeding or not, that classifies a driver utilizing a Facedrive App as an employee, could harm Facedrive's business, financial condition and results of operations, including as a result of:

• monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages and wage and hour laws and requirements (such as those pertaining to failure to pay minimum wage and overtime, or to provide required breaks and wage statements), expense reimbursement, statutory and punitive damages, penalties and government fines;
• injunctions prohibiting continuance of existing business practices;
• claims for employee benefits, social security, workers' compensation and unemployment;
• claims of discrimination, harassment and retaliation under civil rights laws;
• claims under laws pertaining to unionizing, collective bargaining and other concerted activity;
• other claims, charges or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability or agency liability; and
• harm to Facedrive's reputation and brand.

In addition to the harms listed above, a final determination in, or settlement of, any legal proceeding that classifies a driver on a ridesharing or food delivery platform as an employee may require Facedrive to significantly alter its existing business model and operations and impact its ability to add qualified drivers to its platforms and grow its business, which could have an adverse effect on its business, financial condition and results of operations.

Limited operating history and evolving business

Facedrive's relatively limited operating history and evolving business makes it difficult to evaluate future prospects and the risks and challenges it may encounter. These risks and challenges include Facedrive's ability to:
• forecast revenue, budget for and manage expenses;
• plan for and manage capital expenditures for current and future offerings;
• anticipate and respond to macroeconomic changes and changes in the markets in which Facedrive operates;
• comply with existing and new laws and regulations applicable to its business;
• successfully develop new platforms, offerings and services;
• effectively manage growth;
• successfully expand geographic reach;
• maintain and enhance the value of Facedrive's reputation and brand;
• hire, integrate and retain talented people of all levels; and
• attract new drivers, riders, customers and restaurants, and retain existing drivers, riders, customers and restaurants in a cost-effective manner.

If Facedrive fails to address the risks and difficulties that it faces, including those associated with the challenges listed above as well as those described elsewhere herein, its business, financial condition and results of operations could be adversely affected. Furthermore, because Facedrive has limited historical financial data and operates in a rapidly evolving market, any predictions about its future revenue and expenses may not be as accurate as they would be if it had a longer operating history or operated in more predictable markets. In the future, Facedrive will likely encounter risks and uncertainties frequently experienced by growing companies with limited operating histories in rapidly changing industries. If Facedrive's assumptions regarding these risks and uncertainties are incorrect or change, or if risks are not addressed successfully, its results of operations could differ materially from its expectations and Facedrive's business, financial condition and results of operations could be adversely affected.

Intense competition

The TaaS, food delivery and other markets in which the Company operates are intensely competitive and characterized by rapid changes in technology, shifting needs and frequent introductions of new services and offerings. Facedrive expects competition with respect to all of its current services and offerings, including its electric vehicle subscription service, to continue, both from current competitors and new entrants, that may be well established and enjoy greater resources or other strategic advantages. If Facedrive is unable to anticipate or react to these competitive challenges, Facedrive's competitive position overall, or with respect to one or more of its product offerings and services, could weaken, or fail to develop or improve, which could adversely affect its business, financial condition and results of operations. Facedrive's Rideshare main competitors in Canada and the United States include primarily Uber, Lyft, Juno, Via Transportation, Inc., Didi Chuxing Technology Co. and Comuto SA. Facedrive also competes with certain non-ridesharing TaaS network companies, including taxi cab and limousine companies as well as traditional automotive manufacturers which have entered the TaaS market. Additionally, there are other TaaS network companies that may expand into Canada. Facedrive Foods' main competitors in Canada and the United States include primarily Uber Eats, SkipTheDishes, DoorDash and GrubHub. Facedrive anticipates continued challenges from current competitors as well as from new entrants into the market segments that it operates.

Certain competitors have greater financial, technical, marketing, research and development, manufacturing and other resources, greater name recognition, longer operating histories or larger user bases than Facedrive. They may be able to devote greater resources to the development, promotion and sale of offerings and offer lower prices than Facedrive, which could adversely affect Facedrive's results of operations. Furthermore, certain competitors may have greater resources to deploy towards the research, development and commercialization of new technologies, or they may have other financial, technical or resource advantages. These factors may allow Facedrive's competitors to derive greater revenue and profits from their existing user bases, attract and retain new drivers, riders, customers and restaurants at lower costs or respond more quickly to new and emerging technologies and trends. Facedrive's current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings.

Facedrive believes that its ability to compete effectively depends upon many factors both within and beyond its control, including:

- the popularity, utility, ease of use, performance and reliability of Facedrive's offerings compared to those of its competitors;
- Facedrive's reputation and brand strength relative to its competitors;
- the prices of Facedrive's offerings and the fees Facedrive charges pursuant to its Facedrive Apps;
- Facedrive's ability to attract and retain drivers, riders, customers and restaurants;
- Facedrive's ability, and the ability of its competitors, to develop new offerings;
- Facedrive's ability to establish and maintain relationships with partners;
- Facedrive's ability to develop, manufacture, source, deploy, maintain and ensure utilization of its assets;
- changes mandated by, or that Facedrive elects to make, to address, legislation, regulatory authorities or litigation;
- Facedrive's ability to attract, retain and motivate talented employees;
- Facedrive's ability to raise additional capital; and
- acquisitions or consolidation within the industries that it currently operates.

If Facedrive is unable to compete successfully, its business, financial condition and results of operations could be adversely affected.

Effectively managing growth

Facedrive may not be able to manage its growth effectively, which could damage its reputation and negatively affect its operating results. Properly managing Facedrive's growth will require it to continue to hire, train, and manage qualified employees and staff, including engineers, operations personnel, financial and accounting staff, and sales and marketing staff, and to improve and maintain its technologies. If Facedrive's new hires perform poorly, if it is unsuccessful in hiring, training, managing, and integrating these new employees and staff, or if it is not successful in retaining its existing employees and staff, its business may be harmed. Properly managing Facedrive's growth will require it to establish consistent policies across regions, functions, product and services offerings, and a failure to do so could likewise harm its business.

Facedrive's failure to upgrade its technologies or network infrastructure to effectively support its growth could result in unanticipated system disruptions, slow response times, or poor experiences for drivers and riders. To manage the growth of Facedrive's operations and personnel and improve the technology that supports its business operations, as well as its financial and management systems, disclosure controls and procedures, and internal controls over financial reporting, Facedrive will be required to commit substantial financial, operational, and technical resources. In particular, Facedrive will need to improve its transaction processing and reporting, operational, and financial systems, procedures, and controls. If Facedrive is unable to expand its operations in an efficient manner, or if its operational technologies are insufficient to reliably service drivers, riders, customers and restaurants, platform user satisfaction will be adversely affected and may cause its various platform users and customers to switch to Facedrive's competitors' platforms and services, which would adversely affect Facedrive's business, financial condition, and operating results.

Facedrive's organizational structure will continue to grow as it adds additional drivers, riders, customers, restaurants, employees, products and offerings, and technologies, and as it continues to expand. Facedrive will need to improve its operational, financial, and management controls as well as its reporting systems and procedures to support the growth of its organizational structure. Facedrive will require capital and management resources to grow and mature in these areas. If Facedrive is unable to effectively manage the growth of its business, the quality of its platforms and services may suffer, and it may be unable to address competitive challenges, which would adversely affect its overall business, operations, and financial condition.

Continue development of new offerings and enhancement of existing offerings

Facedrive's ability to grow its business will depend in part on its ability to successfully create and introduce new offerings and to improve upon and enhance its existing offerings. As a result, Facedrive may introduce significant changes to its existing offerings or develop and introduce new and unproven offerings. Furthermore, new demands regarding service or platform features, the availability of superior competitive offerings or a deterioration in the quality of Facedrive's offerings or its ability to bring new or enhanced offerings to market quickly and efficiently could negatively affect the attractiveness of Facedrive Apps and the economics of its business and require Facedrive to make substantial changes to and additional investments in its offerings or business model. In addition, Facedrive frequently experiments with and tests different services, offerings and marketing strategies. If these experiments and tests are unsuccessful, or if the services, offerings and strategies Facedrive introduces based on the results of such experiments and tests do not perform as expected, Facedrive's ability to attract and retain drivers, riders, customers and restaurants may be adversely affected.

New services, offerings and technologies

The Company has made substantial investments to develop new services, offerings and technologies, and the Company intends to continue investing significant resources in developing new technologies, tools, features, services, products and offerings. If the Company does not spend its development budget efficiently or effectively on commercially successful and innovative technologies, the Company may not realize the expected benefits of our strategy. The Company's new initiatives also have a high degree of risk, as some involve nascent industries and unproven business strategies and technologies with which we have limited or no prior development or operating experience. Because such offerings and technologies are new, they will likely involve expenses, regulatory challenges, and other risks, some of which we do not currently anticipate.

There can be no assurance that consumer demand for such initiatives will exist or be sustained at the levels that we anticipate, or that any of these initiatives will gain sufficient traction or market acceptance to generate sufficient revenue to offset any new expenses or liabilities associated with these new investments. It is also possible that products and offerings developed by others will render our products and offerings noncompetitive or obsolete. Further, our development efforts with respect to new products, offerings and technologies could distract management from current operations, and will divert capital and other resources from our more established products, offerings and technologies. Even if we are successful in developing new products, offerings or technologies, regulatory authorities may subject us to new rules or restrictions in response to our innovations that could increase our expenses or prevent us from successfully commercializing new products, offerings or technologies. If Facedrive does not realize the expected benefits from these new ventures and product offerings, its business, financial condition, operating results, and prospects may be harmed.

*Subscription model for electric vehicles ("**EVs**")*

Our success with Steer will depend in large part on our ability to effectively develop our own sales channels and marketing strategies unique to EV subscription. As part of our sales and marketing efforts for subscription, we will need to educate customers as to savings of our EV subscription offering, and of EVs in general, that we believe they will benefit from during the life of the vehicle. If, in weighing these factors, consumers determine that there is not a compelling reason to switch from the traditional automotive purchasing or leasing models or if customers for any reason determine that there is not a compelling business justification for a subscription of EVs, then our Steer subscription model may not develop as expected or may develop or expand more slowly than expected.

The subscription model for EVs is relatively new and unproven and could subject Facedrive to substantial risk if it requires significant expenditures. Implementing a subscription model is subject to numerous significant challenges, including obtaining permits and approvals from government authorities in those jurisdictions which we intend to operate, and obtaining competitive insurance rates. We may not be successful in addressing these challenges. In addition, trade or other associations may mount challenges to our consumer subscription model by challenging the legality of our operations in court and employing administrative and legislative processes to attempt to prohibit or limit our ability to operate.

We generate a portion of our revenue through the sale of subscriptions with short-term commitments and no upfront payment or fees upon termination, and as a result, could experience a high rate of subscription agreement terminations. Under our current Steer EV subscription offering, our customers are able to terminate their subscription agreements at any time upon as little notice as 30 days. Customers may cancel a subscription for many reasons, including a perception that they do not make sufficient use of our EVs, that they need to reduce their expenses or that alternative transportation methods or other vehicles may provide better value or a better experience. If we are unable to replace customers who terminate their EV subscription agreements, our cash flows from our Steer subscription business may be adversely affected.

In addition, to the extent we include standard vehicle maintenance costs in our consumer subscription fee, we will need to accurately predict service costs and customer usage in order to provide customer support and vehicle maintenance in a cost-effective manner. Customer behavior and usage may result in higher than expected maintenance and repair costs, which may negatively affect our financial condition and operating results. Further, as the EVs in a subscription fleet age, consumers may be unwilling to pay the same subscription price as they are for a new vehicle, and if we are forced to discount our subscription prices, it may limit our ability to become profitable.

Reliance on related parties

Facedrive relies on a number of related party companies to deliver operational, technical, research and development, call center and marketing services as well as to sublease space. These parties may elect, at any time, to cease to engage in services with Facedrive. Loss of Facedrive's service providers may have a material adverse effect on its business, financial condition and results of operations. See "*Related Party Transactions*".

Slower growth than expected

Facedrive believes that its growth depends on a number of factors, including its ability to:

• grow supply and demand of Facedrive Apps, products and services;
• enter into new cities and countries;
• increase existing platform users' activity on Facedrive Apps;
• continue to introduce its platforms and services to new markets;
• provide high-quality support to drivers, riders, customers and restaurants;
• expand its business and increase its market share and category position;
• compete with the products and offerings of, and pricing and incentives offered by, its competitors;
• continue to develop new products, offerings, and technologies;
• continue to identify and acquire or invest in businesses, products, offerings, or technologies that it believes could complement or expand its current platforms and services;
• maintain existing local regulations in key markets where it operates; and

• increase positive perception of its brand.

Facedrive may not successfully accomplish any of these objectives. A softening of demand for its products and services, whether caused by changes in the preferences of such parties, failure to maintain Facedrive's brand, changes in economies, licensing and other fees in various jurisdictions, competition, or other factors, may result in decreased revenue or growth and Facedrive's financial results and future prospects would be adversely impacted. Facedrive expects to continue to incur significant expenses, and if it cannot increase its revenue at a faster rate than the increase in its expenses, it will not achieve profitability.

Utilization of Facedrive apps by drivers

Facedrive's continued growth depends in part on its ability to cost-effectively attract and retain qualified drivers for its Rideshare and Foods divisions who satisfy Facedrive's screening criteria and procedures and to increase utilization of Facedrive Apps. If Facedrive does not continue to provide drivers with flexibility, compelling opportunities to earn income and other incentive programs that are comparable or superior to competitors, Facedrive may fail to attract new drivers, retain current drivers or increase driver's utilization of Facedrive Apps. In addition, changes in certain laws and regulations, including immigration, labour and employment laws or background check requirements, may result in a shift or decrease in the pool of qualified drivers, which may result in increased competition for qualified drivers or higher costs of recruitment and retention. Other factors outside of Facedrive's control, such as increases in the price of gasoline, vehicles or insurance, may also reduce the number of drivers on Facedrive Apps. If Facedrive fails to attract qualified drivers on favorable terms, fails to increase utilization of Facedrive Apps by existing drivers or lose qualified drivers to competitors, Facedrive may not be able to meet the demand of its riders, including maintaining a competitive price of rides to riders, and Facedrive's business, financial condition and results of operations could be adversely affected.

Facedrive operates in an industry in which the competition for drivers is intense. In this highly competitive environment, the means Facedrive uses to onboard and attract drivers may be challenged legally by competitors, government regulators, or individual plaintiffs.

Utilization of Facedrive apps by riders, customers and restaurants

Facedrive's success depends in part on its ability to cost-effectively attract new riders, customers and restaurants, retain existing riders, customers and restaurants and increase utilization of Facedrive Apps by current riders, customers and restaurants. Facedrive riders, customers and restaurants have a wide variety of options, and preferences may also change from time to time. To expand its rider, customer and restaurant base, Facedrive must appeal to new riders, customers and restaurants. Facedrive's reputation, brand and ability to build trust with existing and new riders, customers and restaurants may be adversely affected by complaints and negative publicity about its offerings or drivers and others on Facedrive Apps, or Facedrive's competitors, even if factually incorrect or based on isolated incidents. Furthermore, if existing and new riders, customers and restaurants do not perceive the products and services provided by Facedrive to be reliable, safe and affordable, or if Facedrive fails to offer new and relevant offerings, Facedrive may not be able to attract or retain riders, customers and restaurants or to increase utilization of Facedrive Apps. As Facedrive continues to expand its offerings into new cities and countries, it will be relying in part on referrals from existing riders, customers and restaurants to attract new riders, customers and restaurants and therefore Facedrive must take efforts to ensure that existing riders, customers and restaurants remain satisfied. If Facedrive fails to continue to grow its rider, customers and restaurant base, or increase the overall utilization of Facedrive Apps by existing users, Facedrive's business, financial condition and results of operations could be adversely affected.

Pricing

Demand for Facedrive's offerings is highly sensitive to price. Many factors could significantly affect its pricing strategies. Certain competitors of Facedrive may offer lower-priced or a broader range of offerings. Similarly, certain competitors may use marketing strategies that enable them to attract or retain new drivers, riders, customers or restaurants at a lower cost than Facedrive. There can be no assurance that Facedrive will not be forced, through competition, regulation or otherwise, to reduce the price of its services, products or offerings, increase the incentives it pays to drivers and restaurants on its platforms or reduce the fees it charges drivers or restaurants on its platforms, or to increase its marketing and other expenses to attract and retain drivers, riders, customers and restaurants in response to competitive pressures. Furthermore, Facedrive's price sensitivity may vary by geographic location, and as it expands, Facedrive's pricing methodologies may not enable it to compete effectively in current or new locations. Facedrive may launch new pricing strategies and initiatives which may not ultimately be successful in attracting and retaining drivers, riders, customers and restaurants. Facedrive may launch certain changes to the rates and fee structure for drivers, riders, customers and restaurants on its platforms, which may not ultimately be successful in attracting and retaining drivers, riders, customers and restaurants. While Facedrive does and will attempt to set prices and pricing packages based on its prior operating experience, its assessments may not be accurate or there may be errors in the technology used in its pricing and Facedrive could be underpricing or overpricing its offerings. In addition, if the offerings on Facedrive Apps change, then it may need to revise its pricing methodologies. Any such changes to Facedrive's pricing methodologies or its ability to efficiently price its offerings could adversely affect its business, financial condition and results of operations.

User support

Facedrive's success is dependent, in part, on the ease and reliability of its offerings, including Facedrive's ability to provide high-quality support. Users on Facedrive's platforms depend on its support organization to resolve any issues relating to its offerings, EV subscriptions, fare and restaurant charge disputes, lost and found policies, disruptive behavior policies and other incident resolution protocols and procedures. Facedrive's ability to provide effective and timely support is largely dependent on its ability to attract and retain service providers who are qualified to support users and sufficiently knowledgeable regarding its offerings. As Facedrive continues to grow its business and improve its offerings, it will face challenges related to providing quality support services at scale. As Facedrive, its support organization will face additional challenges. Any failure to provide efficient user support, or a market perception that Facedrive does not maintain high-quality support, could adversely affect its reputation, brand, business, financial condition and results of operations.

Fluctuations in operating results

Facedrive's operating results have varied and will continue to vary significantly and are not necessarily an indication of future performance. These fluctuations may be a result of a variety of factors, some of which are beyond Facedrive's control such as the COVID-19 pandemic. Further, Facedrive experiences seasonal fluctuations in demand and supply which may be affected by extreme weather conditions, vacation season patterns, holidays and other factors. In addition to seasonality, Facedrive's operating results may fluctuate as a result of factors including its ability to attract and retain new platform users, increased competition in the markets in which it operates, Facedrive's ability to expand its operations in new and existing markets, its ability to maintain an adequate growth rate and effectively manage that growth, its ability to keep pace with technological changes in the industries in which it operates, changes in governmental or other regulations affecting its business, harm to its brand or reputation, and other risks. As such, Facedrive may not accurately forecast its operating results. Facedrive based its expense levels and investment plans on estimates. Facedrive may not be able to adjust its spending quickly enough if its revenue is less than expected, resulting in losses that exceed its expectations. If Facedrive is unable to achieve sustained profits, its prospects would be adversely affected and investors may lose some or all of the value of their investment.

Economic conditions

Facedrive's performance is subject to economic conditions and their impact on levels of discretionary consumer spending. Some of the factors that have an impact on discretionary consumer spending include general economic conditions, unemployment, consumer debt, reductions in net worth, residential real estate and mortgage markets, taxation, energy prices, interest rates, consumer confidence, and other macroeconomic factors. Consumer preferences tend to shift to lower-cost alternatives during recessionary periods and other periods in which disposable income is adversely affected. In such circumstances, consumers may choose to forego Facedrive's offerings for lower-cost options including personal vehicles, Facedrive's competitors or public transportation alternatives, or may reduce total miles traveled as economic activity decreases. Such a shift in consumer behavior may reduce Facedrive's network liquidity and may harm its business, financial condition, and operating results. Alternatively, if economic conditions improve, it could lead to drivers obtaining additional or alternative opportunities for work, which could negatively impact the number of drivers and restaurants on Facedrive Apps, and thereby reduce Facedrive's network liquidity.

Increases in costs

Factors such as inflation, increased fuel prices, and increased vehicle purchase, rental, or maintenance costs may increase the costs incurred by drivers when using Facedrive Apps. Many of the factors affecting driver costs are beyond the control of these parties. In many cases, these increased costs may cause drivers to spend less time providing services on Facedrive Apps or to seek alternative sources of income. A decreased supply of drivers on Facedrive Apps would decrease its network liquidity, which could harm its business and operating results.

Additional capital requirements

Facedrive's ability to obtain financing will depend on, among other things, its development efforts, business plans and operating performance and the condition of the capital markets at the time it seeks financing. Facedrive cannot be certain that additional financing will be available to it on favorable terms, or at all. If Facedrive is unable to obtain adequate financing or financing on terms satisfactory to it, when Facedrive requires it, Facedrive's ability to continue to support its business growth and to respond to business challenges could be significantly limited, and its business, financial condition and results of operations could be adversely affected.

Facedrive's culture

Facedrive's culture has been critical to its success. Facedrive may face a number of challenges that may affect its ability to sustain its corporate culture, including:

- failure to identify, attract, reward and retain people in leadership positions in Facedrive's organization who share and further its culture, values and mission;
- an increase in size and geographic diversity of Facedrive's workforce;
- competitive pressures to move in directions that may divert Facedrive from its mission, vision and values;
- the continued challenges of rapidly-evolving industries;
- the increasing need to develop expertise in new areas of business;
- negative perception of Facedrive's treatment of employees or its response to employee sentiment related to political or social causes or actions of management; and
- the integration of new personnel and businesses from acquisitions.

If Facedrive is not able to maintain its culture, its business, financial condition and results of operations could be adversely affected.

Marketing efforts

Promoting awareness of Facedrive's offerings is important to its ability to grow its business and to attract new drivers, riders, customers and restaurants, which can be costly. Facedrive's marketing efforts may currently at any given time include referral bonus systems, affiliate programs, discounted trial rides, use of promotional codes, sponsorships, partnerships and alliances, guerilla marketing, display advertising, television, radio, video, content, social media and email advertising, hiring and classified advertisement websites, mobile "push" communications, search engine optimization and keyword search campaigns. Facedrive's marketing initiatives may become increasingly expensive and generating a meaningful return on those initiatives may be difficult. Even if Facedrive successfully increases revenue as a result of its paid marketing efforts, it may not offset the additional marketing expenses it incurs. If Facedrive's marketing efforts are not successful in promoting awareness of its offerings or attracting new drivers, riders, customers or restaurants, or if Facedrive is not able to cost-effectively manage its marketing expenses, Facedrive's results of operations could be adversely affected. If Facedrive's marketing efforts are successful in increasing awareness of its offerings, this could also lead to increased public scrutiny of its business and increase the likelihood of third parties bringing legal proceedings against Facedrive. Any of the foregoing risks could harm Facedrive's business, financial condition and results of operations.

Reputation and brand

Building a strong reputation and brand as a safe, reliable and affordable platforms and continuing to increase the strength of the network effects among drivers, riders, customers and restaurants on Facedrive's platforms is critical to its ability to attract and retain drivers, riders, customers and restaurants. The successful development of Facedrive's reputation, brand and network effects will depend on a number of factors, many of which are outside of Facedrive's control. Ridesharing companies in particular have been an object of criticism for a number of reasons, including being related to job loss, treating workers as independent contractors and not employees, benefits not being accrued equally, unsafe driving practices among drivers interacting with online applications during rides, user privacy and data breaches and safety concerns. Negative perception of Facedrive and Facedrive Apps may harm its reputation, brand and networks effects.

If Facedrive does not successfully develop its brand, reputation and network effects and successfully differentiate its offerings from those of its competitors, Facedrive's business may not grow, it may not be able to compete effectively and could lose existing drivers, riders, customers or restaurants or fail to attract new drivers, riders, customers or restaurants, any of which could adversely affect Facedrive's business, financial condition and results of operations. In addition, changes Facedrive may make to enhance and improve its offerings and balance the needs and interests of the drivers, riders, customers and restaurants on its platforms may be viewed positively from one group's perspective (such as riders) but negatively from another's perspective (such as drivers), or may not be viewed positively by either drivers, riders, customers or restaurants. If Facedrive fails to balance these interests or make changes that are viewed negatively, it could adversely affect Facedrive's reputation, brand, business, financial condition and results of operations.

Retaining and attracting high-quality personnel

Facedrive's success depends in large part on its ability to attract and retain high-quality management, operations, engineering, and other personnel who are in high demand, are often subject to competing employment offers, and are attractive recruiting targets for Facedrive's competitors. Future leadership transitions and management changes may cause uncertainty in, or a disruption to, Facedrive's business, and may increase the likelihood of senior management or other employee turnover. The loss of qualified executives and employees, or an inability to attract, retain, and motivate high-quality executives and employees required for the planned expansion of its business, may harm its operating results and impair its ability to grow. In addition, Facedrive's failure to put in place adequate succession plans for senior and key management roles or the failure of key employees to successfully transition into new roles could have an adverse effect on its business and operating results. The unexpected or abrupt departure of one or more of Facedrive's key personnel and the failure to effectively transfer knowledge and effect smooth key personnel transitions has had and may in the future have an adverse effect on its business resulting from the loss of such person's skills, knowledge of its business, and years of industry experience. If Facedrive cannot effectively manage leadership transitions and management changes in the future, its reputation and future business prospects could be adversely affected.

Laws and regulations

Facedrive is and will be subject to a wide variety of laws in the various jurisdictions which it currently and intends to operate in. Laws, regulations and standards governing issues such as worker classification, labor and employment, anti-discrimination, payments, gift cards, whistleblowing and worker confidentiality obligations, product liability, personal injury, text messaging, subscription services, intellectual property, consumer protection, taxation, privacy, data security, competition, unionizing and collective action, arbitration agreements and class action waiver provisions, terms of service, mobile application accessibility, money transmittal, non-emergency medical transportation and background checks are often complex and subject to varying interpretations, in many cases due to their lack of specificity. As a result, their application in practice may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies.

Facedrive's business model is rapidly evolving. Some laws and regulations have been adopted that apply to Facedrive's business in a manner that may limit relationships with users and customers or otherwise inhibit the growth of its customer base. New laws and regulations and changes to existing laws and regulations continue to be adopted, implemented and interpreted in response to the industries in which it operates, including related technologies. As

Facedrive expands its business into new markets or introduces new offerings into existing markets, regulatory bodies or courts may claim that it or users or customers on its platforms are subject to additional requirements, or that Facedrive is prohibited from conducting its business in certain jurisdictions, or that users or customers are prohibited from using Facedrive's platforms, products or services, either generally or with respect to certain offerings.

Recent financial, political and other events may increase the level of regulatory scrutiny on technology companies in general and companies engaged in dealings with independent contractors. Regulatory bodies may enact new laws or promulgate new regulations that are adverse to Facedrive's business, or they may view matters or interpret laws and regulations differently than they have in the past or in a manner adverse to Facedrive's business. Such regulatory scrutiny or action may create different or conflicting obligations on Facedrive from one jurisdiction to another.

The industries in which Facedrive operates is rapidly evolving and increasingly regulated. For instance, rideshare companies have been subject to intense regulatory pressure from regulatory authorities across Canada and the United States, and a number of them have imposed limitations on or attempted to ban ridesharing. The application and interpretation of these and other rules could adversely affect Facedrive's competitive position and results of operations in respect of one or more of its products, services or offerings. Other jurisdictions in which Facedrive currently operates or may want to operate could follow suit. Facedrive could also face similar regulatory restrictions from foreign regulators as it expands operations internationally, particularly in areas where it faces competition from local incumbents. Adverse changes in laws or regulations at all levels of government or bans on or material limitations to Facedrive's products, services and offerings could adversely affect its business, financial condition and results of operations.

Privacy laws

Facedrive receives, transmits and stores a large volume of personally identifiable information and other data relating to customers, restaurants as well as other users on its platforms. Numerous laws and regulations address privacy, data protection and the collection, storing, sharing, use, disclosure and protection of certain types of data. These laws, rules and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation and changes in enforcement, and may be inconsistent from one jurisdiction to another. The effects of such legislation potentially are far-reaching, and may require Facedrive to modify its data processing practices and policies and incur substantial compliance-related costs and expenses. Other changes in laws or regulations relating to privacy, data protection and information security, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer or disclosure, could greatly increase the cost of providing Facedrive's offerings, require significant changes to Facedrive's operations or even prevent it from providing certain products, services or offerings in jurisdictions in which Facedrive currently operate and in which it may operate in the future.

Furthermore, as Facedrive continues to expand its customers, platforms, offerings and user base, it may become subject to additional privacy-related laws and regulations. Additionally, Facedrive has incurred, and may continue to incur, significant expenses in an effort to comply with privacy, data protection and information security standards and protocols imposed by law, regulation, industry standards or contractual obligations.

Despite Facedrive's efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that its practices, offerings or platforms could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations or obligations. Facedrive's failure, or the failure by its third-party providers or partners, to comply with applicable laws or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access to, or use or release of personally identifiable information or other driver or rider data, or the perception that any of the foregoing types of failure or compromise has occurred, could damage Facedrive's reputation, discourage new and existing drivers and riders from using Facedrive Apps or result in fines or proceedings by governmental agencies and private claims and litigation, any of which could adversely affect Facedrive's business, financial condition and results of operations.

Claims, lawsuits, government investigations and other proceedings

Companies in the TaaS industry are regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings in the ordinary course of business, including those involving personal injury, property damage, worker classification, labor and employment, antidiscrimination, commercial disputes, competition, consumer complaints, intellectual property disputes, compliance with regulatory requirements and other matters. Such companies are also regularly subject to claims, lawsuits, arbitration proceedings, government investigations and other legal and regulatory proceedings seeking to hold them liable for the actions of drivers on their platform. The results of any such claims, lawsuits, arbitration proceedings, government investigations or other legal or regulatory proceedings cannot be predicted with certainty. Any claims against Facedrive, whether meritorious or not, could be time-consuming, result in costly litigation, be harmful to Facedrive's reputation, require significant management attention and divert significant resources. Determining reserves for potential litigation is a complex and fact-intensive process that requires significant subjective judgment and speculation. It is possible that a resolution of a proceeding could result in substantial damages, settlement costs, fines and penalties that could adversely affect Facedrive's business, financial condition and results of operations. Such proceedings could also result in harm to Facedrive's reputation and brand or result in Facedrive requiring a change in its business practices. Any of these consequences could adversely affect Facedrive's business, financial condition and results of operations. A determination in, or settlement of, any legal proceeding, whether Facedrive is party to such legal proceeding or not, that involves Facedrive's industry, could harm its business, financial condition and results of operations. For example, a determination that classifies a driver of a ridesharing or food delivery platform as an employee, whether Facedrive is party to such determination or not, could cause Facedrive to incur significant expenses or require substantial changes to its business model.

Fraud

Facedrive may incur losses from various types of fraud, including use of stolen or fraudulent credit card data, claims of unauthorized payments by a rider or customer, attempted payments by riders or customers with insufficient funds and fraud committed by riders or restaurants in concert with drivers. Bad actors use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another person's identity, account information or payment information and unauthorized acquisition or use of credit or debit card details, bank account information and mobile phone numbers and accounts. Under current credit card practices, Facedrive may be liable for rides and food delivery services facilitated on its platforms with fraudulent credit card data, even if the associated financial institution approved the credit card transaction. Facedrive's failure to adequately detect or prevent fraudulent transactions could harm its reputation or brand, result in litigation or regulatory action and lead to expenses that could adversely affect its business, financial condition and results of operations. If Facedrive is unable to adequately anticipate and address misuse either through increased controls, platform solutions or other means, its partner relationships, business, financial condition and results of operations could be adversely affected.

Illegal, improper and inappropriate activity of users

Illegal, improper or otherwise inappropriate activities by users, including the activities of individuals who may have previously engaged with, but are not then receiving or providing services offered through, Facedrive Apps or individuals who are intentionally impersonating users of Facedrive Apps could adversely affect Facedrive's brand, business, financial condition and results of operations. These activities may include assault, theft, unauthorized use of credit and debit cards or bank accounts, sharing of rider, restaurant or other accounts and other misconduct. While Facedrive has implemented various measures intended to anticipate, identify and address the risk of these types of activities, these measures may not adequately address or prevent all illegal, improper or otherwise inappropriate activity by these parties from occurring in connection with Facedrive's offerings. Such conduct could expose Facedrive to liability or adversely affect its brand or reputation. At the same time, if the measures Facedrive has taken to guard against these illegal, improper or otherwise inappropriate activities, or if Facedrive is unable to implement and communicate measures fairly and transparently or is perceived to have failed to do so, the growth and retention of the number of drivers, riders, customers and restaurants on Facedrive's platforms and their utilization of Facedrive Apps could be negatively impacted. Furthermore, any negative publicity related to the foregoing, whether such incident occurred on Facedrive Apps or on a competitors' platforms, could adversely affect Facedrive's reputation and brand or public perception which could potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could harm Facedrive's business, financial condition and results of operations.

Unexpected events

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood or significant power outage, could disrupt Facedrive's operations, mobile networks, the Internet or the operations of its third-party technology providers. In addition, any unforeseen public health crises, such as epidemics, political crises, such as terrorist attacks, war and other political instability, or other catastrophic events could adversely affect Facedrive's operations or the economy as a whole. The impact of any natural disaster, act of terrorism or other disruption to Facedrive or its third-party providers' abilities could result in decreased demand for Facedrive's offerings or a delay in the provision of its offerings, which could adversely affect Facedrive's business, financial condition and results of operations. Moreover, the aforementioned risks may increase if Facedrive expands to areas prone to natural disasters, significant political and economic instability or characterized by poorly developed infrastructure, which further complicates the task of accurately assessing these risks. All of the aforementioned risks may be further increased if Facedrive's disaster recovery plans prove to be inadequate. Facedrive's business and results of operations are also subject to global economic conditions, including any resulting effect on spending by Facedrive or its riders. If general economic conditions deteriorate in markets where Facedrive operates, discretionary spending may decline and demand for ridesharing may be reduced. An economic downturn resulting in a prolonged recessionary period may have a further adverse effect on Facedrive's revenue.

Internet and mobile devices

Facedrive's business depends on users' access to Facedrive Apps via a mobile device and the Internet. Facedrive may operate in jurisdictions that provide limited Internet connectivity, particularly as it expands internationally. Internet access and access to a mobile device are frequently provided by companies with significant market power that could take actions that degrade, disrupt or increase the cost of users' ability to access Facedrive Apps. In addition, the Internet infrastructure that Facedrive and users of its platforms rely on in any particular geographic area may be unable to support the demands placed upon it. Any such failure in Internet or mobile device accessibility, even for a short period of time, could adversely affect Facedrive's results of operations. Moreover, Facedrive is subject to a number of laws and regulations specifically governing the Internet and mobile devices that are constantly evolving. Existing and future laws and regulations, or changes thereto, may impede the growth and availability of the Internet and online offerings, require Facedrive to change its business practices or raise compliance costs or other costs of doing business. These laws and regulations, which continue to evolve, cover taxation, privacy and data protection, pricing, copyrights, distribution, mobile and other communications, advertising practices, consumer protections, the provision of online payment services, unencumbered Internet access to Facedrive's offerings and the characteristics and quality of online offerings, among other things. Any failure, or perceived failure, by Facedrive to comply with any of these laws or regulations could result in damage to its reputation and brand, a loss in business and proceedings or actions against Facedrive by governmental entities or others, which could adversely impact its results of operations.

Mobile operating systems and application marketplaces

Facedrive depends in part on mobile operating systems, such as Android and iOS, and their respective application marketplaces to make Facedrive Apps available to drivers, riders, customers and restaurants. Any changes in such systems and application marketplaces that degrade the functionality of Facedrive's apps or give preferential treatment to its competitors' apps could adversely affect Facedrive Apps's usage on mobile devices. If such mobile operating systems or application marketplaces limit or prohibit Facedrive from making Facedrive Apps available to drivers, riders, customers and restaurants, make changes that degrade the functionality of Facedrive Apps, increase the cost of using Facedrive Apps, impose terms of use unsatisfactory to Facedrive or modify their search or ratings algorithms in ways that are detrimental to Facedrive, or if Facedrive's competitors' placement in such mobile operating systems' application marketplace is more prominent than the placement of Facedrive Apps, overall growth in Facedrive's driver, rider, customer and restaurant base could slow. The Facedrive App has experienced fluctuations in number of downloads in the past, and it is anticipated that there is a possibility of similar fluctuations occurring in the future. Any of the foregoing risks could adversely affect Facedrive's business, financial condition and results of operations.

Additionally, Facedrive needs to ensure that Facedrive Apps are designed to work effectively with a range of mobile technologies, systems, networks and standards. Facedrive may not be successful in developing or maintaining relationships with key participants in the mobile industry that enhance drivers', riders', customers' and restaurants' experience. If users of Facedrive Apps encounter any difficulty accessing or using them on their mobile devices or if Facedrive is unable to adapt to changes in popular mobile operating systems, Facedrive's business, financial condition and results of operations could be adversely affected.

Actual or perceived security or privacy breaches

Facedrive's business, including some of its products such as the TraceSCAN device, involves the collection, storage, processing and transmission of its users' personal data and other sensitive data. An increasing number of organizations, including large online and off-line merchants and businesses, other large Internet companies, financial institutions and government institutions, have disclosed breaches of their information security systems and other information security incidents, some of which have involved sophisticated and highly targeted attacks. Because techniques used to obtain unauthorized access to or to sabotage information systems change frequently and may not be known until launched against Facedrive, Facedrive may be unable to anticipate or prevent these attacks. Unauthorized parties may in the future gain access, to Facedrive's systems, facilities or products through various means, including gaining unauthorized access into its systems, facilities or products or those of its service providers, partners or users on its platform, or attempting to fraudulently induce Facedrive's employees, service providers, partners, users or others into disclosing rider or customer names, passwords, payment card information, sensitive information or personal data. Such information may also be used to access Facedrive's information technology systems, or attempt to fraudulently induce Facedrive's employees, partners or others into manipulating payment information, resulting in the fraudulent transfer of funds to criminal actors. In addition, users on Facedrive Apps could have vulnerabilities on their own mobile devices that are entirely unrelated to Facedrive's systems and platform, but could mistakenly attribute their own vulnerabilities to Facedrive. Furthermore, breaches experienced by other companies may also be leveraged against Facedrive. Certain efforts may be state-sponsored or supported by other significant interests (including, among other things, major capital market participants) with substantial financial and technological resources, making them even more difficult to detect.

Although Facedrive has developed systems and processes that are designed to protect its users' data, prevent data loss and prevent other security breaches, these security measures cannot fully exclude the possibility of such breaches happening. Facedrive's information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may be able to access Facedrive's users' personal information and limited payment card data that is accessible through those systems. Employee error, malfeasance or other errors in the storage, use or transmission of personal information could result in an actual or perceived privacy or security breach or other security incident of payment card data or other personal information.

Any actual or perceived breach of privacy or security could interrupt Facedrive's operations, result in Facedrive Apps being unavailable, result in loss or improper disclosure of data or personal information, result in fraudulent transfer of funds, harm Facedrive's reputation and brand, damage its relationships with third-party partners, result in significant legal, regulatory and financial exposure and lead to loss of driver, rider, customer or restaurant confidence in, or decreased use of Facedrive Apps, any of which could adversely affect its business, financial condition and results of operations. Furthermore, any cyberattacks or security and privacy breaches directed at Facedrive's competitors could reduce confidence in the industries or market segments in which Facedrive operates and, as a result, reduce confidence in Facedrive.

Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management's attention. Facedrive cannot be certain that its insurance coverage will be adequate for data handling or data security liabilities actually incurred, that insurance will continue to be available to it on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against Facedrive that exceed available insurance coverage, or the occurrence of changes in Facedrive's insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on Facedrive's reputation, brand, business, financial condition and results of operations.

Undetected errors

The Facedrive Apps and products, including the TraceSCAN device, comprise of complex systems composed of many interoperating components and incorporate software that is highly complex. Facedrive's business is dependent upon its ability to prevent system interruption on its platforms and products.

Facedrive's software, including open source software that is incorporated into its code, may now or in the future contain undetected errors, bugs, or vulnerabilities. Some errors in its software code may only be discovered after the code has been released. Bugs in Facedrive's software, third-party software including open source software that is incorporated into Facedrive's code, misconfigurations of its systems, and unintended interactions between systems could result in Facedrive's failure to comply with certain provincial, federal, state, or foreign reporting obligations, or could cause downtime that would impact the availability of its service to platform users or the proper functionality of its products. Any errors, bugs, or vulnerabilities discovered in Facedrive's code or systems after release could result in an interruption in the availability of its platform or the proper functionality of its products, which could result in negative publicity and unfavorable media coverage, damage to Facedrive's reputation, loss of platform users, loss of revenue or liability for damages, regulatory inquiries, or other proceedings, any of which could adversely affect its business and financial results.

Computer malware, viruses, spamming and phishing attacks

Facedrive relies heavily on information technology systems across its operations. Facedrive's information technology systems, including mobile and online platforms and mobile payment systems, administrative functions such as human resources, payroll, accounting, and internal and external communications, and the information technology systems of Facedrive's third-party business partners and service providers contain proprietary or confidential information related to business and sensitive personal data, including personally identifiable information, entrusted to Facedrive by platform users, employees, and job candidates. Computer malware, viruses, spamming, and phishing attacks have become more prevalent in Facedrive's industry and may occur on its systems in the future. Various other factors may also cause system failures, including power outages, catastrophic events, inadequate or ineffective redundancy, issues with upgrading or creating new systems or platforms, flaws in third-party software or services, errors by its employees or third-party service providers, or breaches in the security of these systems or platforms. For example, third parties may attempt to fraudulently induce employees or platform users to disclose information to gain access to Facedrive's data or the data of platform users. If Facedrive's incident response, disaster recovery, and business continuity plans do not resolve these issues in an effective manner, they could result in adverse impacts to its business operations and its financial results. Although Facedrive has developed systems and processes that are designed to protect its data and that of platform users, and to prevent data loss, undesirable activities on its platform, and security breaches, Facedrive cannot provide assurance that such measures will provide absolute security. Facedrive's efforts on this front may be unsuccessful as a result of, for example, software bugs or other technical malfunctions; employee, contractor, or vendor error or malfeasance; government surveillance; or other threats that evolve, and Facedrive may incur significant costs in protecting against or remediating cyber-attacks. Any actual or perceived failure to maintain the performance, reliability, security, and availability of its products, offerings, and technical infrastructure to the satisfaction of platform users and certain regulators would likely harm Facedrive's reputation and result in loss of revenue from the adverse impact to its reputation and brand, disruption to its business, and its decreased ability to attract and retain drivers, riders, customers and restaurants.

Third-party payment processors

Facedrive relies on third-party payment processors to process payments made by its customers and payments made on Facedrive Apps. If any of Facedrive's third-party payment processors terminates its relationship with Facedrive or refuses to renew its agreement with Facedrive on commercially reasonable terms, Facedrive would need to find an alternate payment processor, and may not be able to secure similar terms or replace such payment processor in an acceptable timeframe. Furthermore, the software and services provided by Facedrive's third-party payment processors may not meet its expectations, contain errors or vulnerabilities, be compromised or experience outages. Any of these risks could cause Facedrive to lose its ability to accept online payments or other payment transactions or make timely payments to drivers on Facedrive Apps, any of which could make its platforms less convenient and attractive to users and adversely affect Facedrive's ability to attract and retain drivers, riders, customers and restaurants.

Facedrive accepts a significant amount of payments by credit card, which subjects Facedrive to certain regulations and to the risk of fraud. Facedrive may in the future offer new payment options to riders that may be subject to additional regulations and risks. Facedrive is also subject to a number of other laws and regulations relating to the payments it accepts from riders and other customers, including with respect to money laundering, money transfers, privacy and information security. If Facedrive fails to comply with applicable rules and regulations, it may be subject to civil or criminal penalties, fines or higher transaction fees and may lose its ability to accept online payments or other payment card transactions, which could make Facedrive's offerings less convenient and attractive to riders and other customers. If any of these events were to occur, Facedrive's business, financial condition and results of operations could be adversely affected.

Facedrive could be subject to laws, rules and regulations related to the provision of payments and financial services, and if Facedrive expands into new jurisdictions, the foreign regulations and regulators governing its business that it is subject to will expand as well. If Facedrive is found to be a money transmitter under any applicable regulation and it is not in compliance with such regulations, it may be subject to fines or other penalties in one or more jurisdictions levied by federal or state or local regulators, as well as those levied by foreign regulators. In addition to fines, penalties for failing to comply with applicable rules and regulations could include criminal and civil proceedings, forfeiture of significant assets or other enforcement actions. Facedrive could also be required to make changes to its business practices or compliance programs as a result of regulatory scrutiny.

Additionally, Facedrive's payment processors require it to comply with payment card network operating rules, which are set and interpreted by the payment card networks. The payment card networks could adopt new operating rules or interpret or re-interpret existing rules in ways that might prohibit Facedrive from providing certain offerings to some users, be costly to implement or difficult to follow. Any of the foregoing risks could adversely affect Facedrive's business, financial condition and results of operations.

Claims of infringement of proprietary technology or other intellectual property

Companies in the Internet and technology industries are frequently subject to litigation based on allegations of infringement or other violations of intellectual property rights. In addition, certain companies and rights holders seek to enforce and monetize patents or other intellectual property rights they own, have purchased or otherwise obtained. As Facedrive gains a public profile and the number of competitors in Facedrive's market increases, the possibility of intellectual property rights claims against Facedrive grows. From time to time third parties may assert claims of infringement of intellectual property rights against Facedrive. Facedrive's competitors and others may now and in the future have significantly larger and more mature patent portfolios. In addition, future litigation may involve patent holding companies or other adverse patent owners who have no relevant product or service revenue and against whom Facedrive's own intellectual property may therefore provide little or no deterrence or protection. Many potential litigants, including competitors and patent-holding companies, have the ability to dedicate substantial resources to assert their intellectual property rights. Any claim of infringement by a third party, even those without merit, could cause Facedrive to incur substantial costs defending against the claim, could distract Facedrive's management from its business and could require Facedrive to cease use of such intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, Facedrive risks compromising its confidential information during this type of litigation. Facedrive may be required to pay substantial damages, royalties or other fees in connection with a claimant securing a judgment against it. Facedrive may be subject to an injunction or other restrictions that prevent it from using or distributing its intellectual property, or Facedrive may agree to a settlement that prevents it from distributing its offerings or a portion thereof, which could adversely affect its business, financial condition and results of operations.

With respect to any intellectual property rights claim, Facedrive may have to seek out a license to continue operations found to be in violation of such rights, which may not be available on favorable or commercially reasonable terms and may significantly increase its operating expenses. Some licenses may be non-exclusive, and therefore Facedrive competitors may have access to the same technology licensed to Facedrive. If a third party does not offer Facedrive a license to its intellectual property on reasonable terms, or at all, Facedrive may be required to develop alternative, non-infringing technology, which could require significant time (during which Facedrive would be unable to continue to offer its affected offerings), effort and expense and may ultimately not be successful. Any of these events could adversely affect Facedrive's business, financial condition and results of operations.

Failure to protect or enforce intellectual property rights

Facedrive's success is dependent in part upon protecting its intellectual property rights and technology (such as code, information, data, processes and other forms of information, knowhow and technology). Facedrive relies on a combination of contractual restrictions and industry standard practices to establish and protect its intellectual property. However, steps Facedrive may take to protect its intellectual property in the future may not be sufficient or effective. Even if Facedrive does detect violations, it may need to engage in litigation to enforce its rights. Any enforcement efforts which Facedrive undertakes, including litigation, could be time-consuming and expensive and could divert management attention. It may still be possible for competitors and other unauthorized third parties to use Facedrive information to create or enhance competing solutions and services, which could adversely affect Facedrive's position in its rapidly evolving and highly competitive industry. Facedrive enters into confidentiality agreements with its employees, consultants, third-party providers and strategic partners. However, these agreements do not prevent Facedrive's competitors from independently developing technologies that are substantially equivalent or superior to its offerings or eliciting information about Facedrive's developments and offerings directly from Facedrive's website or otherwise made public by Facedrive, with the goal of adopting or recreating similar developments and offerings. Additionally, remedies in the event of a breach by counterparties may not offer any adequate remedies to Facedrive.

Facedrive may be required to spend significant resources in order to monitor and protect its intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce Facedrive's intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of its intellectual property. Facedrive's efforts to enforce its intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. Facedrive's inability to protect its proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of its management's attention and resources, could impair the functionality of its platform, delay introductions of enhancements to its platform, result in it substituting inferior or more costly technologies into its platforms or harm its reputation or brand. In addition, Facedrive may be required to license additional technology from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms or at all and could adversely affect Facedrive's ability to compete.

Safety incidents

Facedrive is not able to control or predict the actions of drivers, riders, and third parties, either during their use of Facedrive Apps or otherwise, and Facedrive may be unable to protect or provide a safe environment for drivers and riders as a result of certain actions by drivers, riders and third parties. Such actions may result in injuries, property damage, or loss of life for drivers, riders and third parties, or business interruption, brand and reputational damage, or significant liabilities for Facedrive. Although Facedrive does administer certain qualification processes for users of Facedrive Apps, including vehicle safety inspection, driver background checks and driving record checks administered through third-party service providers as well as driver training upon onboarding the platform, these qualification processes and background checks may not expose all potentially relevant information and are limited in certain jurisdictions according to national and local laws, and Facedrive's third-party service providers may fail to conduct such background checks adequately or disclose information that could be relevant to a determination of eligibility. In addition, Facedrive does not independently test drivers' driving skills or the condition of vehicles intended for use on the Facedrive platform. If drivers, or individuals impersonating drivers, engage in criminal activity, misconduct, or inappropriate conduct or use Facedrive's platforms as a conduit for criminal activity, consumers may not consider Facedrive's products and offerings safe, and Facedrive may receive negative press coverage as a result of its business relationship with such driver, which would adversely impact its brand, reputation, and business. There have been numerous incidents and allegations worldwide of individuals on other TaaS platforms impersonating drivers and sexually assaulting, abusing, and kidnapping consumers, or otherwise engaging in criminal activity. Furthermore, if consumers engage in criminal activity or misconduct while using Facedrive Apps, drivers may be unwilling to continue using the platform. If other criminal, inappropriate, or other negative incidents occur due to the conduct of platform users or third parties, Facedrive's ability to attract platform users may be harmed, and its business and financial results could be adversely affected.

Public reporting or disclosure of reported safety information, including information about safety incidents reportedly occurring on or related to Facedrive Apps, whether generated by it or third parties such as media or regulators, may adversely impact Facedrive's business and financial results. Furthermore, Facedrive may be subject to claims of significant liability based on traffic accidents, deaths, injuries, or other incidents that are caused by drivers, consumers, or third parties while using its platform, or even when drivers, consumers, or third parties are not actively using its platform. On a smaller scale, Facedrive may face litigation related to claims by drivers for the actions of consumers or third parties. Facedrive's auto liability and general liability insurance policies may not cover all potential claims to which it is exposed, and may not be adequate to indemnify Facedrive for all liability. These incidents may subject Facedrive to liability and negative publicity, which would increase Facedrive's operating costs and adversely affect its business, operating results, and future prospects. Even if these claims do not result in liability, Facedrive will incur significant costs in investigating and defending against them. As Facedrive expands its products and offerings, this insurance risk will grow.

International markets

Facedrive expects to grow and operate in many jurisdictions and compete with local competitors. Conducting its business in countries in which it has limited experience, subjects Facedrive to risks. These risks include, among others:

- operational and compliance challenges caused by distance, language, and cultural differences;
- the resources required to localize Facedrive's business, which requires the translation of Facedrive Apps and website into foreign languages and the adaptation of its operations to local practices, laws, and regulations and any changes in such practices, laws, and regulations;
- laws and regulations, including laws governing competition, pricing, payment methods, Internet activities, transportation services (such as taxis and vehicles for hire), transportation network companies (such as ridesharing), logistics services, payment processing and payment gateways, real estate tenancy laws, tax and social security laws, employment and labor laws, driver screening and background checks, licensing regulations, email messaging, privacy, location services, collection, use, processing, or sharing of personal information, ownership of intellectual property, and other activities important to Facedrive's business;
- competition with companies or other services that understand local markets better than Facedrive does, that have pre-existing relationships with potential platform users in those markets, or that are favored by government or regulatory authorities in those markets;
- differing levels of social acceptance of Facedrive's brand, products, and offerings;
- differing levels of technological compatibility with Facedrive Apps;
- exposure to business cultures in which improper business practices may be prevalent;
- legal uncertainty regarding Facedrive's liability for the actions of drivers, riders and third parties, including uncertainty resulting from unique local laws or a lack of clear legal precedent;
- difficulties in managing, growing, and staffing international operations, including in countries in which foreign employees may become part of labor unions, employee representative bodies, or collective bargaining agreements, and challenges relating to work stoppages or slowdowns;
- fluctuations in currency exchange rates;
- managing operations in markets in which cash transactions are favored over credit or debit cards;
- regulations governing the control of local currencies that impact Facedrive's ability to collect fares on behalf of drivers and remit those funds to drivers in the same currencies, as well as higher levels of credit risk and payment fraud;
- adverse tax consequences, including the complexities of foreign value added tax systems, and restrictions on the repatriation of earnings;
- increased financial accounting and reporting burdens, and complexities associated with implementing and maintaining adequate internal controls;
- difficulties in implementing and maintaining the financial systems and processes needed to enable compliance across multiple offerings and jurisdictions;
- import and export restrictions and changes in trade regulation;
- political, social, and economic instability abroad, terrorist attacks and security concerns in general, and societal crime conditions that can directly impact platform users; and
- reduced or varied protection for intellectual property rights in some markets.

These risks could adversely affect Facedrive's operations, which could in turn adversely affect Facedrive's business, financial condition, and operating results.

Drivers licensing requirements

Many drivers currently are not required to obtain a commercial taxi or livery license in their respective jurisdictions. Local regulations requiring the licensing of Facedrive or drivers may adversely affect Facedrive's ability to scale its business and operations. In addition, it is possible that various jurisdictions could impose caps on the number of licensed drivers or vehicles with whom Facedrive may partner or impose limitations on the maximum number of hours a driver may work. If Facedrive or drivers become subject to such caps, limitations, or licensing requirements, its business and growth prospects would be adversely impacted.

Insurance coverage

Facedrive uses a combination of third-party insurance and self-insurance mechanisms. As both the ridesharing and tech-based delivery industry expands, insurance companies are becoming more mature in their offerings for operators. In many cases, depending on which geographical market is targeted, several insurance providers must be used. Insurance related to Facedrive's ridesharing and food delivery services and offerings may include third-party automobile, automobile comprehensive and collision, physical damage, and uninsured and underinsured motorist coverage. Facedrive relies on a limited number of insurance providers, particularly internationally, and should such providers discontinue or increase the cost of coverage, Facedrive cannot guarantee that it would be able to secure replacement coverage on reasonable terms or at all. In addition to insurance related to its products, Facedrive maintains other automobile insurance coverage for owned vehicles and employee activity, as well as insurance coverage for non-automotive corporate risks including general liability, workers' compensation, property, cyber liability, and director and officers' liability. Facedrive requires drivers to maintain personal insurance for vehicles used on the Facedrive platform. If Facedrive's insurance carriers change the terms of its policies in a manner not favorable to Facedrive or drivers, its insurance costs could increase. Furthermore, if the insurance coverage Facedrive maintains is not adequate to cover losses that occur, it could be liable for significant additional costs.

Facedrive may be subject to claims of significant liability based on traffic accidents, injuries, or other incidents that are claimed to have been caused by drivers who use our Steer EV subscription services, Facedrive Apps, even when those drivers are not actively using Facedrive Apps or when an individual impersonates a driver. As Facedrive expands to include more offerings on its platform, its insurance needs will likely extend to those additional offerings. As a result, its automobile liability and general liability insurance policies may not cover all potential claims related to traffic accidents, injuries, or other incidents that are claimed to have been caused by drivers who use Facedrive Apps, and may not be adequate to indemnify Facedrive for all liability that it could face. Even if these claims do not result in liability, Facedrive could incur significant costs investigating and defending against them. If Facedrive is subject to claims of liability relating to the acts of drivers or others using its platform, it may be subject to negative publicity and incur additional expenses, which could harm its business, financial condition, and operating results.

In addition, Facedrive is subject to local laws, rules, regulations and contractual obligations relating to insurance coverage which could result in proceedings or actions against Facedrive by governmental entities or others. Legislation has been proposed in jurisdictions that seeks to codify or change insurance requirements with respect to ridesharing and other Facedrive services. Any failure, or perceived failure, by Facedrive to comply with local laws, rules, and regulations or contractual obligations relating to insurance coverage could result in proceedings or actions against Facedrive by governmental entities or others. These lawsuits, proceedings, or actions may subject Facedrive to significant penalties and negative publicity, require it to increase its insurance coverage, require it to amend its insurance policy disclosure, increase its costs, and disrupt its business.

Pricing regulations

Facedrive's revenue is dependent on the pricing model it uses to calculate consumer fares, driver earnings and restaurant commissions and fees. Regulation of Facedrive's pricing model could increase its operating costs and adversely affect Facedrive's business. Facedrive may be forced to change its pricing model in certain jurisdictions and lines of business, which could harm its revenue or result in a sub-optimal tax structure.

Currency exchange rates.

Because Facedrive conducts a significant and growing portion of its business in currencies other than the Canadian dollar but reports consolidated financial results in Canadian dollars, it faces exposure to fluctuations in currency exchange rates. As exchange rates vary, revenue, cost of revenue, exclusive of depreciation and amortization, operating expenses, other income and expense, and assets and liabilities, when translated, may also vary materially and thus affect overall financial results. Facedrive has not to date, but may in the future, enter into hedging arrangements to manage foreign currency translation, but such activity may not completely eliminate fluctuations in operating results due to currency exchange rate changes. Hedging arrangements are inherently risky, and Facedrive does not have experience establishing hedging programs, which could expose it to additional risks that could adversely affect its financial condition and operating results.

Changes in accounting principles

The accounting for Facedrive's business is complicated, particularly in the area of revenue recognition, and is subject to change based on the development of its business model, interpretations of relevant accounting principles, evolution of industry regulations in the various municipalities Facedrive operations in or plans to expand into, and changes in agency policies, rules, regulations, and interpretations, of accounting regulations. Changes to Facedrive's business model and accounting methods could result in changes to its financial statements, including changes in revenue and expenses in any period, or in certain categories of revenue and expenses moving to different periods, may result in materially different financial results, and may require that Facedrive change how it processes, analyzes, and reports financial information and its financial reporting controls.

Public company requirements

As a public company, Facedrive is required to comply with applicable securities rules and regulations. Complying with these rules and regulations has increased our legal and financial compliance costs, making some activities more difficult, time-consuming, and costly, and increases demands on our systems and resources. Applicable securities laws requires, among other things, that we file annual, quarterly, and other filings and reports with respect to our business and operating results.

By disclosing information filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If those claims are successful, our business could be seriously harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management's resources and seriously harm our business.

As a public company, Facedrive may be subject to shareholder activism, which can lead to additional substantial costs, distract management and impact the manner in which Facedrive operates its business in ways it cannot currently anticipate. Many members of Facedrive's management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Facedrive's management team may not successfully or efficiently manage the requirements of being a public company that is subject to significant regulatory oversight and reporting obligations under securities laws and the continuous scrutiny of securities analysts and investors. These obligations and constituents require significant attention from Facedrive's senior management and could divert their attention away from the day-to-day management of Facedrive's business, which could adversely affect its business, financial condition and results of operations.

As disclosed in the Company's press release dated April 9, 2021, in 2020 the Company became the subject of a Continuous Disclosure Review by the staff of the Corporate Finance Branch of the OSC. Staff of the Corporate Finance Branch requested that the Company provide clarifying information regarding the Foodora Transaction, the HiRide Acquisition, the Medtronics Consulting Agreement, the status of Facedrive's early stage and non-revenue generating "projects" during fiscal Q2 and Q3 2020. The staff of the Corporate Finance Branch also requested that specific performance data and growth statistics be provided in a clarifying press release in order to specifically quantify and clarify facts about the growth and demand for the Company's products and services with respect to Foodora Canada, HiRide, TraceSCAN and the Steer Acquisition. Pursuant to the OSC's review, the OSC identified, among other things, that the Company was a late filer of certain material contracts and a material change report. The Company was added to the OSC's "Refilings and Errors List" on April 9, 2021. The Company's Board of Directors and its senior executives are working closely with the Company's auditors and external legal counsel to review and improve, where recommended, the design and effectiveness of the Company's disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR). See "Internal controls" below.

Internal controls

Effective internal controls over financial reporting are necessary for the Company to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause the Company to fail to meet its public company reporting obligations. In addition and when required, any testing by the Company may reveal deficiencies in the Company's internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to the Company's consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in the Company's reported financial information, which could have a negative effect on the trading price of the Shares. Further, Facedrive could be subject to sanctions or investigations by Canadian securities regulatory authorities, the TSX-V or other regulatory authorities. Failure to remedy any material weakness in internal control over financial reporting, or to implement or maintain these and other effective control systems required of public companies, could also restrict Facedrive's future access to the capital markets.

Volatility of Facedrive Shares

The market price of Facedrive Shares may fluctuate or decline significantly in response to numerous factors, many of which are beyond its control, including:

- actual or anticipated fluctuations in revenue, gross bookings or other operating and financial results;
- announcements by Facedrive or estimates by third parties of actual or anticipated changes in the number of drivers, riders, customers and restaurants on its platforms;
- variations between its actual operating results and the expectations of securities analysts, investors, and the financial community;
- actions of securities analysts who initiate or maintain coverage of Facedrive, changes in financial estimates by any securities analysts who follow Facedrive, or Facedrive's failure to meet these estimates or the expectations of investors;
- announcements by Facedrive or its competitors of significant products or features, technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- negative media coverage or publicity;
- changes in operating performance and stock market valuations of technology companies generally, or those in Facedrive's industry in particular, including its competitors;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- lawsuits threatened, filed, or decided against Facedrive;
- developments in legislation or regulatory actions, including interim or final rulings by judicial or regulatory bodies;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any major change in Facedrive's board of directors or management;
- any safety incidents or public reports of safety incidents that occur on Facedrive Apps, with respect to its products or in its industry;
- statements, commentary, or opinions by public officials that its product offerings are or may be unlawful, regardless of any interim or final rulings by judicial or regulatory bodies; and
- other events or factors, including those resulting from the ongoing COVID-19 pandemic, war, incidents of terrorism, natural disasters, or responses to these events.

In addition, price and volume fluctuations in the stock markets have affected and continue to affect many technology companies' stock prices. Often, their stock prices have fluctuated in ways unrelated or disproportionate to the companies' operating performance. This can include periods of pricing and/or valuation in the secondary-market that may not be strongly supported by the fundamentals of the underlying business. When secondary-market trading prices are too optimistic, this can impair a business's ability to complete certain prospective share-based acquisition projects because the counterparty is not confident in a meritorious valuation regarding the consideration being offered. This can stifle potential growth by acquisition or cause demands for overpayment. Similarly, the ability to attract, retain and incentivize key executives is affected when remuneration tools such as stock options become less effective when the value of the underlying securities experience significant valuation fluctuations that may not be strongly correlated with the fundamentals of the underlying business. In addition, companies that have experienced significant price volatility in their securities have become the subject of securities class action litigation following periods of market volatility to the downside. If Facedrive were to become involved in securities litigation, it could subject it to substantial costs, divert resources and the attention of management from its business, and seriously harm its business. In addition, the occurrence of any of the factors listed above, among others, may cause its Share price to decline significantly, and there can be no assurance that its Share price would recover.

Sales by existing shareholders

A significant number of Shares held by directors and officers of the Company, as well as third parties, are currently subject to contractual lock-up. Sales, directly or indirectly, of a substantial number of Shares, or the public perception that these sales might occur, could depress the market price of the Shares and could also impair Facedrive's ability to raise capital through the sale of additional equity securities. Facedrive may additionally issue Shares in connection with a financing, acquisition, investments, equity compensation awards or otherwise. This and any other such issuance, including the issuance of additional Shares upon exercise or settlement of equity compensation awards, could result in substantial dilution to existing holders of Shares and cause the trading price of Shares to decline.

Third Party Litigation

On March 21, 2021, Facedrive's Chief Executive Officer commenced a civil action pursuant to a statement of claim against a former founding officer and significant shareholder of the Company. While the Company is not a party to such claim, any allegations by the defendant against Facedrive, whether meritorious or not, could be harmful to Facedrive's reputation, and divert significant resources. Furthermore, the defendant may determine to counter claim and add the Company as a party, even without merit. The occurrence of such event could cause Facedrive to incur substantial costs defending against the claim, could require significant management attention, and because of the potential amount of discovery required in connection with this type of litigation, Facedrive risks potentially compromising certain of its confidential information during these proceedings, which could adversely affect its business, financial condition and results of operations.

Dividends

Facedrive currently intends to retain any future earnings to finance the operation and expansion of its business, and does not expect to declare or pay any cash dividends in the foreseeable future. As a results, investors may only receive a return on their investment if the market price of Facedrive Shares increases.

Securities or Industry Analysts

The trading market for Facedrive Shares may be influenced in part by the research and reports that securities or industry analysts may publish about Facedrive, its business, its market, or its competitors. If one or more of the analysts initiate research coverage with an unfavorable rating or downgrade of Facedrive Shares, provide more favorable recommendations about its competitors, or publish inaccurate or unfavorable research about its business, Facedrive Share price may decline. If any analyst who may cover Facedrive were to cease coverage of it or fail to regularly publish reports on it, it could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of Facedrive Shares to decline.

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 4 of the Company's audited consolidated financial statements for the year ended December 31, 2020.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Accounting policies that have been initially adopted or will be adopted subsequent to the most recently completed period are discussed in Notes 5 of the Company's audited consolidated financial statements for the year ended December 31, 2020.

SUBSEQUENT EVENTS

2021 Private Placement

On February 2, 2021, the Company completed the 2021 Private Placement of 1,518,518 Shares issued at a price of $13.50 per Share for aggregate gross proceeds of $20,499,993. All Shares issued were subject to a four-month statutory hold period from the date of issuance. The net proceeds from the private placement are intended to be used for general corporate purposes, including further development of TraceSCAN, and to augment the Company's cash reserves. The Company incurred finder's fees of $224,600 in connection with this financing.

Ontario Together Fund

TraceSCAN, the COVID-19 wearable contact-tracing solution developed by Facedrive Health, was endorsed with an investment by the Ontario Ministry of Economic Development, Job Creation and Trade (the "**Ministry**"). On February 11, 2021, the Company and the Ministry entered into agreement whereby Facedrive will receive CAD $2,500,000 in non-dilutive funding via the Ministry's *Ontario Together Fund* ("**OTF**"). The Company received an initial tranche of $1,500,000 from the OTF on February 17, 2021.

Extension of Voluntary Lock-Up Agreements

Recently, members of Facedrive's senior management team demonstrated their commitment to Facedrive's investors and all stakeholders by voluntarily extending the lock-up period of their shareholdings in the Company. On March 8, 2021, Sayan Navaratnam (the Chairman, CEO and largest shareholder of the Company) extended the lockup period for all of the Shares that he owns (both directly and indirectly) by two (2) years to March 31, 2023, meaning all of his Shares will only gradually begin releasing from lock-up on that date (at a rate of 15 percent every 90 days thereafter over the following 18 months). Similarly, Junaid Razvi (Executive Vice President and Director) and Suman Pushparajah (Chief Operating Officer of Facedrive) have also extended their lockup periods in respect of all Shares held by them (both directly and indirectly) by one (1) 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 the following 18 months).

The collective holdings of Mr. Navaratnam, Mr. Razvi and Mr. Pushparajah account for approximately 49% of the Company's Shares.

On March 9, 2021, Medtronics issued a press release announcing that it has also voluntarily agreed to extend the lock-up period of its 800,000 Shares of Facedrive for one additional year. The new release dates for Medtronics are as follows: (a) 15% (120,000 Shares) on March 31, 2022; (b) 15% (120,000 Shares) on June 30, 2022; (c) 15% (120,000 Shares) on September 30, 2022; (d) 15% (120,000 Shares) on December 31, 2022; (e) 15% (120,000 Shares) on March 31, 2023; and (f) 15% (120,000 Shares) on June 30, 2023. The remaining 10% of Medtronics' Share position (totaling 80,000 Shares) will be released from lock-up on September 30, 2023.

Changes to the Board of Directors

On April 7, 2021, the Company appointed two new members to Facedrive's Board of Directors. 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. 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.

EcoCRED, LLC has developed an app (the "**EcoCRED App**") that estimates users' daily carbon footprint based on their living habits, such as how they commute, 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. The EcoCRED App has gone through 24 upgrades since its initial stage of development and launch in 2017.

To date, the EcoCRED App has been available for download free of charge and it has not generated any material revenue for Exelorate. The EcoCRED App has had over 60,000 downloads since its launch. 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. 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

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".