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*The securities described in this offering document have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any of the securities laws of any state of the United States, and may not be offered or sold within the United States or for the account or benefit of U.S. persons or persons in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This offering document does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities described herein within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States. "United States" and "U.S. person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act.*

August 22, 2023

## Offering Document under the Listed Issuer Financing Exemption



FOBI AI INC.

(the "Company")

### SUMMARY OF OFFERING

#### What are we offering?

<b>Offering:</b>	Units of the Company (" <b>Units</b> "), with each Unit consisting of one (1) common share in the capital of the Company (a " <b>Common Share</b> ") and one-half of one (1/2) Common Share purchase warrant (each whole warrant, a " <b>Warrant</b> "). Each Warrant shall be exercisable to acquire one (1) additional Common Share at an exercise price of C\$0.30 until the earlier of (the " <b>Expiry Date</b> "): (i) thirty-six (36) months from the date of issuance thereof; and (ii) in the event the volume weighted average price of the Common Shares on the TSX Venture Exchange (" <b>TSXV</b> ") for any continuous 10 trading day period meets or exceeds \$0.50 following the closing of the Offering (the " <b>Acceleration Condition</b> "), the date that is thirty (30) days following the issuance of a news release by the Company announcing the acceleration of the expiry of the Warrants, which such news release may be issued at any time following the trigger of the Acceleration Condition (the " <b>Acceleration Right</b> "). For avoidance of doubt, the Company shall not be obligated to exercise the Acceleration Right at any time.
<b>Offering Price:</b>	C\$0.22 per Unit (the " <b>Offering Price</b> ").
<b>Offering Amount:</b>	Up to 13,636,363 Units of the Company at a price per Unit equal to the Offering Price for aggregate gross proceeds of up to approximately C\$3,000,000 subject to the terms and conditions set forth herein (the " <b>Offering</b> ").  All references in this offering document to "dollars", "C\$" or "\$" are to Canadian dollars, unless otherwise stated.
<b>Closing Date:</b>	On or about September 1, 2023, or on such other date or dates as the Company may determine.
<b>Exchange:</b>	The Common Shares of the Company are listed on the TSXV under the symbol "FOBI" and on the OTCQB trading platform (the " <b>OTCQB</b> ") in the United States under the trading symbol "FOBIF"
<b>Last Closing Price:</b>	On August 21, 2023, the last trading day prior to the date of this offering document, the closing price of the Common Shares on the TSXV and the OTCQB was C\$0.235 and US\$0.17 respectively.

**Fobi AI Inc. is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 – *Prospectus Exemptions* (“NI 45-106”). In connection with this Offering, the Company represents the following is true:**

- **The Company has active operations and its principal asset is not cash, cash equivalents or its exchange listing.**
- **The Company has filed all periodic and timely disclosure documents that it is required to have filed.**
- **The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made under the listed issuer financing exemption in the 12 months immediately before the date of this offering document, will not exceed \$5,000,000.**
- **The Company will not close this offering unless the Company reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.**
- **The Company will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Company seeks security holder approval.**

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This offering document contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “will”, “proposes”, “expects”, “targeted”, “possible”, “continue”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding any objectives and strategies of the Company) are forward-looking statements. Examples of such forward-looking statements in this offering document include: closing of the Offering; use of available funds, including the proceeds of the Offering and the costs of the Offering; the timing and results from the Company’s business activities; the Company’s business plans, milestones and timeframes related to such plans and milestones; costs and timing of business activities and the results that may be obtained therefrom; any acquisitions or dispositions of material assets; timing and receipt of approvals, consents and permits under applicable legislation; business objectives and milestones; and adequacy of financial resources. These forward-looking statements reflect the current expectations, assumptions or beliefs of the Company based on information currently available to the Company.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The material factors and assumptions used to develop the forward-looking statements contained in this offering document include, without limitation, that the Company is able to raise sufficient investments from investors to complete the Offering, that customers will continue to purchase and acquire the Company’s products and services, that the Company will remain competitive in the marketplace, that the Company will remain compliant with all applicable laws including those with respect to intellectual property, privacy and technology, that the Company will be able to adapt to changes to competition, consumer preferences and laws, the availability and final receipt of required approvals, licenses and permits, sufficient working capital, access to adequate services, workers and supplies, economic conditions, input prices, interest rates, access to equity and debt markets and associated costs of funds, availability of a qualified work force, that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis, that development and go to market timelines and capital costs for the Company’s plans are not incorrectly estimated or affected by unforeseen circumstances or adverse conditions, that any proceedings or disputes are satisfactorily resolved, and that the Company maintains its ongoing relations with its business partners and governmental authorities.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results, performance or developments could differ materially from those anticipated in such statements. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or developments to be materially different from any future results, performance or

developments expressed or implied by the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Prospective investors should consider the risk factors set forth below, as well as risks described in the Company's public disclosure filings with the Canadian securities regulatory authorities and available on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). Risks which may impact the forward looking information contained in this offering document include but are not limited to, obtaining the requisite approval of the TSXV for the Offering; the Company being unable to raise sufficient financing from investors and electing not to complete the Offering; costs, timing and the results that may be obtained in relation to the Company's business plans and operations; general political and economic conditions in Canada and globally; industry conditions, including fluctuations in the costs of key inputs including labour; currency fluctuations; general risks associated with the Company's business (including worker error, malfunctions, software bugs and other risks); Company's ability to obtain additional funding; regulatory, including evolving intellectual property, privacy and other regulations and legislation; changes in laws and regulations impacting the Company's activities; legal and litigation risks; statutory and regulatory compliance; insurance and uninsurable risks; the Company's history of losses and negative cashflow, which may continue into the foreseeable future; the Company's inability to pay dividends; volatility in the Company's share price, the continuation of the Company's management team and the Company's ability to secure the specialized skill and knowledge; and software, personnel and other services; the availability of capital on acceptable terms; failure to maintain or obtain all necessary government licenses, permits, approvals and authorizations; relations with and claims by key suppliers, customers, stakeholders and non-governmental organizations; failure to maintain market acceptance; actual and perceived political risks in local jurisdictions; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; general business, economic, competitive, political and social uncertainties including recession, interest rate hikes, trade disputes, war and other factors; and public health crises such as the COVID-19 pandemic and other uninsurable risks.

The forward-looking information contained in this offering document is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

## **SUMMARY DESCRIPTION OF BUSINESS**

### **What is our business?**

The Company is a provider of artificial intelligence and data intelligence company based in Vancouver, British Columbia, but having operations in Canada, United States, Germany and Portugal. Fobi provides businesses with real-time digital applications to enable businesses to action, leverage and monetize customer data by powering personalized and data-driven customer experiences and drive digital sustainability by reducing unnecessary paper and plastic waste.

Fobi works with some of the largest global organizations across retail & consumer packaged goods (CPG), insurance, sports & entertainment, casino gaming, and more. Fobi is a recognized provider of technology and data intelligence across North America and Europe and data aggregator in Canada's hospitality & tourism industry.

The Company drives revenue through software as a service (SaaS) business-to-business (B2B) and Resale Channels. Revenues come in through upfront & onboarding, monthly SaaS and usage fees. The Company also has a large focus and works several enterprise customers that produce revenues through white label and strategic partnership participation revenues.

The Company provides advanced integrated connectivity and digital transformation solutions, making it easy for operators to future-proof their businesses as the world accelerates toward a fully mobile-first and data-centric future. With over five years of extensive experience in automation, AI (artificial intelligence) is in our name for a reason. The Company has long been using AI, data intelligence, and real-time analytics to enable organizations to digitally transform their business models, raising the bar for customer engagement, personalization, and activation on a global scale.

By leveraging AI, automation, and analytics, the Company's data-driven, real-time applications deliver the speed, connectivity, and interoperability to bring businesses' existing infrastructure to the future of tomorrow. The Company makes it easy for operators to keep pace with consumer demands and future-proof their businesses through AI-driven digital transformation.

### **Recent Developments**

There are no material recent developments in respect of the Company that have not been disclosed in this offering document or in another publicly document filed by the Company in the 12 months preceding the date of this offering document.

Certain notable recent developments include the following:

- On August 22, 2022, the Company appointed Jon Haydock as Chief Technology Officer. Jon is an experienced technical leader with over two decades of experience in technology, innovation, entrepreneurship, and enterprise solution delivery. Most recently, Jon was the Director of Engineering at Open Ocean Robotics, where he looked after the electronics and software engineering teams.
- On September 26, 2022, the Company completed a non-brokered private placement offering of 3,681,595 units of the Company at a price per unit of \$0.35 for aggregate gross proceeds of \$1,288,558. Each unit consists of one Common Share of the Company and one-half of one common share purchase warrant of the Company. Each warrant shall entitle the holder to purchase one additional Common Share at a price of \$0.65 at any time on or before September 26, 2024.
- On October 6, 2022, the Company announced a three-year exclusive data license agreement with Ideal POS. Exclusive data licenses with Ideal POS and previously announced Barnet Technologies enables the Company to solidify the Company's position as a leading data aggregator for the independent retail marketplace.
- On January 24, 2023, the Company completed a non-brokered private placement offering of 4,723,946 units of the Company at a price per Unit of \$0.175 for aggregate gross proceeds of \$826,691. Each unit consists of one Common Share of the Company and one-half of one Common Share purchase warrant of the Company. Each warrant shall entitle the holder to purchase one additional Common Share of the Company at a price of \$0.30 at any time on or before January 24, 2025. In connection therewith, a finder's fee of \$21,875 was paid and 125,000 finder's warrants bearing the same terms as the warrants were issued to an arm's length finder.
- On March 1, 2023, the Company appoints Colby McKenzie as Chief Revenue Officer. Mr. McKenzie is a skilled senior executive with a proven track record of accelerating business growth and development. He brings expertise in corporate development and inorganic growth and will focus on advancing the Company's M&A, strategic licensing and joint venture initiatives. Prior to his career as an operator, McKenzie worked as an M&A attorney at Weil, Gotshal and Manges LLP before launching his own venture-focused private equity fund, McKenzie Ventures.
- On March 27, 2023, the Company announced it has signed a five-year \$10 million licensing agreement with Canadian beverage manufacturing company, BevWorks Brands Inc. The agreement will enable Fobi to deliver technology solutions to support BevWorks' growth strategy through a data-driven means to consolidate the independent beverage manufacturers in alcohol markets. On June 21, 2023, the Company received payment in full for this licensing agreement through the issuance of 11,875,000 common shares of BevWorks (equaling a 50% equity stake in BevWorks at the time of issuance).
- On April 11, 2023, the Company announced the appointment of David Nicholls as Vice President of Liquor Beverage. The new addition to the Company's senior management team brings significant industry experience to the Company's focus on its global liquor beverage strategy.
- On May 23, 2023, the Company announced the appointment of Jason Tong as Chief Financial Officer.

## Material facts

There are no material facts about the securities being distributed that have not been disclosed in this offering document or in any other document filed by the Company in the 12 months preceding the date of this offering document.

The Company is a corporate entity formed under the laws of the province of British Columbia and its Common Shares are governed by the *Business Corporations Act* (British Columbia) and the Company's articles. The laws and regulations applicable to the Company and its securities may be materially different than that applicable in any prospective purchaser's own jurisdiction. Prospectus purchasers should consult their own professional advisors with respect to receiving, owning and disposition of securities of the Company.

## Common Shares

Each Common Share underlying a Unit shall be a common share without par value in the capital of the Company. Holders of Common Shares are entitled to receive notice of, attend and vote at, all meetings of the shareholders of the Company and are entitled to one vote for each Common Share held on all matters to be voted on by shareholders at meetings of the shareholders of the Company. Holders of Common Shares are entitled to receive such dividends, if, as and when declared by the board of directors of the Company, in their sole discretion. All dividends which the board of directors of the Company may declare shall be declared and paid in equal amounts per Common Share on all Common Shares at the time outstanding. On liquidation, dissolution or winding up of the Company, the holders of Common Shares will be entitled to receive the property of the Company remaining after payment of all outstanding debts on a pro rata basis, but subject to the rights, privileges, restrictions and conditions of any other class of shares issued by the Company. There are no pre-emptive, redemption or conversion rights attached to the Common Shares. All Common Shares, when issued, are and will be issued as fully paid and non-assessable Shares without liability for further calls or assessment.

## Warrants

Each Warrant will entitle the holder to acquire, subject to adjustment in certain circumstances, one additional Common Share (a "**Warrant Share**") at an exercise price of C\$0.30 until the Expiry Date. The Warrants are subject to the Acceleration Right subject to the Acceleration Condition being met.

The Warrants will be governed by the terms and conditions set out in the certificates representing the Warrants (the "**Warrant Certificates**") delivered to purchasers at the closing of the Offering. The Warrant Certificates will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain customary events. No fractional Warrant Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid in lieu of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Certificate. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

### **What are the business objectives that we expect to accomplish using the available funds?**

Pursuant to the Offering, the Company may issue up to 13,636,363 Units at a price of C\$0.22 per Unit for aggregate net proceeds of up to approximately C\$2,350,000 in reliance upon the listed issuer financing exemption pursuant to section 5A.2 of NI 45-106.

The business objectives that the Company expect to accomplish using the available funds raised in connection with the Offering are set out in the following table. The balance of any amounts raised under the Offering will be allocated to general and administrative expenses as well as general working capital. In the event less than sufficient funds are raised to achieve the business objectives set out below, the Company shall prioritize deployment of capital for such business objectives as deemed fit by the Company in its sole discretion.

Event	Time Frame	Assuming 100% of offering
Product expansion and integrations <sup>(1)</sup>	Q3-Q4 2023	C\$340,000
Market expansion <sup>(2)</sup>	Ongoing	C\$310,000

**Notes:**

- (1) Costs expected to be associated with expansion of the Company's digital wallet operations, integration and growth via increased focus on sales expansion with the Company's products and services.
- (2) Costs associated with increased marketing, execution and servicing of contracts and expansion of technologies in Canada, United States and Europe.

### **USE OF AVAILABLE FUNDS**

#### **What will our available funds be upon the closing of the offering?**

		Assuming 100% of offering
A	Amount to be raised by this offering	C\$3,000,000
B	Selling commissions and fees <sup>(1)</sup>	C\$225,000
C	Estimated Offering costs (e.g., legal, accounting, audit)	C\$50,000
<b>D</b>	<b>Net proceeds of Offering: D = A – (B+C)</b>	<b>C\$2,725,000</b>
E	Working capital as at most recent month end (deficiency) <sup>(2)</sup>	(C\$390,000)
<b>G</b>	<b>Total available funds: G = D+E+F</b>	<b>C\$2,335,000</b>

**Notes:**

- (1) The Company has entered into a referral agreement dated on or about August 22, 2023 (the "**Referral Agreement**") with Echelon Wealth Partners Inc. ("**Echelon**") pursuant to which, among other things, the Company has agreed to pay to Echelon, in respect of purchasers for Units introduced to the Company by Echelon ("**Referred Purchasers**"), a cash commission equal to 7.0% of the proceeds raised from the Referred Purchasers, issue to Echelon that number of broker warrants ("**Broker Warrants**") as is equal to 7.0% of the number of Units acquired by Referred Purchasers, and, subject to Referred Purchasers acquiring a minimum of C\$500,000 of Units (the "**Threshold**"), pay to Echelon an additional cash fee of C\$15,000 and issue to Echelon that number of additional Common Shares as is equal C\$15,000 divided by the Offering Price (the "**Threshold Shares**"). Each Broker Warrant shall be exercisable to acquire one (1) Common Share for a period of thirty-six (36) months from the date of issuance thereof at an exercise price equal to the Offering Price. The table assumes that Referred Purchasers have acquired 13,636,363 Units for an aggregate purchase price of C\$3,000,000 and the Threshold has been met. Neither the Broker Warrants nor the Threshold Shares will be qualified by the Listed Issuer Financing Exemption and will be subject to a statutory hold period of four months from the date of issuance thereof.

- (2) Working capital includes total current assets less accounts payable and accrued liabilities and current portion of lease liabilities. As at July 31, 2023, the Company had negative working capital of \$390,000 compared to positive working capital of \$1,090,000 as at June 30, 2022. Working capital has decreased primarily as a result of an decrease in cash used in the operations of the business.

### How will we use the available funds?

Description of intended use of available funds listed in order of priority	Assuming 100% of offering <sup>(1)</sup>
Product expansion and integrations <sup>(1)</sup>	C\$340,000
Market expansion <sup>(2)</sup>	C\$310,000
General Working Capital and Corporate Expenses <sup>(3)</sup>	C\$1,685,000
<b>Total</b>	<b>C\$2,335,000</b>

#### Notes:

- (1) Costs expected to be associated with expansion of the Company's digital wallet operations, integration and growth via increased focus on sales expansion with the Company's products and services.
- (2) Costs associated with increased marketing, execution and servicing of contracts and expansion of technologies in Canada, United States and Europe.
- (3) Working capital and general corporate purposes is expected to include director and officer fees, contractor and consulting fees, marketing fees, professional fees and general and administration expenditures.

The above noted allocation of capital and anticipated timing represents the Company's current intentions based upon its present plans and business condition, which could change in the future as its plans and business conditions evolve. Although the Company intends to spend the proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan. See the "Cautionary Statement Regarding Forward-Looking Information" above.

The Company has generated negative cash flows from operating activities since inception and anticipates that it will continue to have negative operating cash flow beyond the 12 months after the closing date of the Offering. As a result, certain of the net proceeds from this Offering may be used to fund such negative cash flow from operating activities in future periods.

The most recent audited consolidated annual financial statements and unaudited condensed consolidated interim financial report of the Company included a going concern note. The Company is still in the development and growth stage and the Company has not yet generated positive cash flows from its operating activities, which may cast doubt on the Company's ability to continue as a going concern. The Offering is intended to permit the Company to advance its business objectives and is not expected to affect the decision to include a going concern note in future consolidated financial statements of the Company.

### How have we used the other funds we have raised in the past 12 months?

The Company completed private placements for aggregate gross proceeds of \$1,288,558 on September 26, 2022 and \$826,691 on January 24, 2023 (see "Summary Description of Business – Recent Developments"). All proceeds from such financings were used for general and corporate working capital purposes as disclosed.

## FEES AND COMMISSIONS

### Who are the dealers or finders that we have engaged in connection with this Offering, if any, and what are their fees?

The Company has not engaged a dealer in connection with the Offering. The Company expects that a majority of the funds raised pursuant to the Offering will be sourced through third party investment firms and other finders. To date, the Company has entered into the Referral Agreement with Echelon in connection with the Offering. See "Use of Available Funds".

In addition to Echelon, the Company may pay additional duly qualified registrants and eligible finders who introduce investors that participate in the Offering a finder's fee comprised of: (i) a cash commission in an amount as may be agreeable to the Company of the gross proceeds raised from investors introduced by such registrants or finders; and (ii) Broker Warrants (or such other compensation securities bearing terms agreeable to the Company) in such number as may be agreeable to the Company; and (iii) certain additional cash or securities compensation as may be determined by the Company.

## **PURCHASERS' RIGHTS**

### **Rights of Action in the Event of a Misrepresentation**

**If there is a misrepresentation in this offering document, you have a right**

- (a) to rescind your purchase of these securities with the Company, or**
- (b) to damages against the Company and may, in certain jurisdictions, have a statutory right to damages from other persons.**

**These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.**

**If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.**

**You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.**

## **ADDITIONAL INFORMATION**

### **Where can you find more information about us?**

Security holders can access the Company's continuous disclosure filings made with the Canadian securities regulatory authorities on the Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

For further information regarding the Company, visit our website at: [www.fobi.ai](http://www.fobi.ai).

**Investors should read this offering document and consult their own professional advisors to assess the income tax, legal, risk factors and other aspects of their investment in the Company.**

**CERTIFICATE OF THE COMPANY**

August 22, 2023

**This offering document, together with any document filed under Canadian securities legislation on or after August 22, 2022 contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.**

DocuSigned by:  
*Rob Anson*  
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Rob Anson  
Chief Executive Officer and Director

DocuSigned by:  
*Jason Tong*  
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Jason Tong  
Chief Financial Officer