## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This Management's Discussion and Analysis ("MD&A") of Fobi AI Inc. (the "Company", "we", "our", "us" or "Fobi") is dated May 30, 2022. You should read this MD&A in conjunction with our unaudited condensed interim consolidated financial statements and the related notes thereto for the fiscal quarter ended March 31, 2022. We present our unaudited condensed interim consolidated financial statements in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All references to dollar amounts are in Canadian dollars unless otherwise noted.*

*This MD&A contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in any forward-looking statements. Additional information on the Company, including our voluntarily-filed AIF, is available on SEDAR at www.sedar.com.*

**Company Overview**

Fobi AI Inc. ("Fobi", or the "Company") is an Internet of Things ("IoT") technology company that delivers contactless solutions and artificial intelligence for an array of industries, including but not limited to retail, telecom, hospitality, and sports and entertainment.

Fobi's contactless solution includes CheckPoint, Smart Vital, Kai Care, CheckVax and AltID that offer a contactless, end-to-end digital access and engagement system for registration, ticketing and check-ins at venues. Fobi's contactless solution enables organizations to move from paper and plastic-based analog credential systems to digitally validated credentials for users. Only the credentials a business requires are validated, which may include the customer's age and vaccine status, thereby preserving the guest's privacy, speeding up queues at venues, while enabling venues, vendors and exhibitors to engage with guests directly on their phone's lock screen.

Fobi's suite of products connect disparate data points using AI data processing to deliver real-time actionable insights, helping businesses make data-driven decisions and improve customer experience through digital transformation. Real-time insights enable businesses to personalize real-time marketing messages to their customers, thereby building customer loyalty with targeted promotions and engagement, where the marketing message is delivered through wallet passes, physical receipts, emails or text messages.

**Announcements and Highlights**

On August 27, 2021, the company announced the release of CheckVax, a digital proof of vaccination service to improve the speed and ease of vaccine verification at venues.

On August 30, 2021, the Company announced it has completed the integration of the Fobi App with the Shopify App Store, offering real-time data analytics solution to over 1.7M global retailers.

On September 1, 2021, the Company announced it has entered into an agreement to provide Fobi's Venue Management and Wallet Pass Solution to the Canadian Hockey League, the world's largest hockey league.

On September 7, 2021, the Company announces it has entered into an agreement with Lightspeed Commerce Inc. to provide real-time POS data aggregation and analytics to Lightspeed customers.

On September 29, 2021, the Company announced that it has entered into a data consulting agreement with Kiaro Holdings Corp. to consult on the development of Kiaro's data warehouse and real-time data analytics strategy.

On October 12, 2021, the Company announced it has entered into an agreement with Empower Clinics Inc. to integrate Fobi's artificial Intelligence data applications and wallet pass platform into Empower's Kai Care COVID-19 Testing product.

On October 13, 2021, the Company announced the receipt of TSXV approval and completion, for the acquisition of Qples, Inc. (“Qples”). In consideration for the acquisition of certain assets and assume specified liabilities of Qples, the Company will pay Qples US$2,120 in cash and issue 1,222,551 common shares of the Company for an aggregate purchase price of US$3,151,385.

On October 14, 2021, the Company announced it has entered into an agreement with RevelXP, where RevelXP will use Fobi’s Wallet Pass technology to deliver fan engagement across collegiate athletics and professional sports markets.

On November 5, 2021, the Company announced it has entered into an agreement with the University of Nevada Athletics, where the University of Nevada Athletics will use Fobi’s CheckVax to speed up entry into the University’s basketball games.

On November 8, 2021, the Company completed its acquisition of certain assets and assume certain liabilities related to the PassWallet application from Quicket GmbH. In consideration, the Company paid €355,200 in cash and issued 301,480 common shares of the Company.

On November 10, 2021, the Company announced it has entered into an agreement with the the University of Nevada, Las Vegas (UNLV), where the University of Nevada, Las Vegas (UNLV) will use Fobi’s CheckVax to speed up entry into the University’s basketball games.

On November 15, 2021, the Company announced that it has entered into an Agreement to provide Fobi’s Wallet pass based Venue Management solution for Sammy Hagar’s sold-out shows at the STRAT Hotel, Casino & SkyPod in Las Vegas.

On November 22, 2021, the Company successfully completed the Service Organization Control (SOC) 2 Type 1 audit. The audit was conducted by AARC-360, an independent PCAOB registered CPA firm. The audit allows Fobi to bid on large corporations and government bodies who require SOC2 compliance as a prerequisite.

On December 2, 2021, the Company announced it has become an Amazon Business Seller, providing the Company with access to Amazon’s global e-commerce, logistics and fulfillment infrastructure to distribute and fulfil the sale of the Company’s various hardware products.

On December 13, 2021, the Company announced that Fobi has been selected to be the Health and Safety Technology Provider for the RSPA Inspire 2022 event.

On December 14, 2021, the Company announced its collaboration with Kai Medical to help power a rapid Covid testing system for the Galaverse event that was held at the Aria Resort and Casino in Las Vegas by Gala Games.

On December 21, 2021, the Company announced a one-year agreement with one of the largest operators of golf courses in North America, to digitize their member cards using Fobi’s new digital golf membership Wallet pass solution.

On January 05, 2022, the Company announced that the Company had signed an annual license with one of the world's leading insurance providers.

On January 25, 2022, the Company announced it has completed the integration of the Fobi App with the Square App Marketplace, providing Fobi access to Square’s global sellers

On February 1, 2022 the Company announced the launch of PassPro, a new Enterprise-grade SaaS platform.

On February 3, 2022, the Company announced a strategic partnership with Barnet Technologies Corp. a Canadian software development company with extensive installations cross Canada and the US. In the highly regulated Liquor and Cannabis verticals in addition to providing management system solutions for the grocery and convenience industry. Fobi's collaboration with Barnet is to deliver Fobi's Wallet pass based loyalty, Employee ID and age verification solutions to clients including BCLC government PlayNow member program.

On February 9, 2022, the Company announced it has launched the Fobi Fan Pass, a fan engagement platform built off of the PassPro Solution. On March 15, 2022 the Company announced its first implementation of the fan pass, the Adam Hadwin Fan Pass.

February 14, 2022, the Company announced the release of its digital identification solution, AltID, which integrates into the PassPro Solution. AltID enables organizations to move from paper and plastic-based analog credential systems to digitally validated credentials for users.

February 17, 2022, the Company announced the relaunch of the Grocery Coupon Network (GCN). GCN is a key asset the Company inherited as a result of the successful completion of the Qples acquisition. GCN was originally launched back in 2009 and quickly became one of the fastest-growing and top-ranking grocery coupon websites online, with 231,164 active newsletter subscribers and over 14 million visitors since January 2016.

On February 28, 2022, the Company announced the termination of marketing services agreement with Emerging Markets Consulting, LLC.

On March 17, 2022, the Company announced a strategic two-year agreement with Vericast, a leading marketing solutions company to provide backend infrastructure for Vericast's Universal Coupon Solutions that is based on the new AI (8112) Universal Coupon standard developed by the Coupon Bureau.

On March 22, 2022, the Company announced the launch of the CheckPoint Venue Management System together with the newest 2.0 version Smart Tap device. Upon arrival, guests tap their phones on Fobi's new Smart Tap 2.0 device. This securely reads and decrypts the contents of their wallet pass and communicates with a tablet or PC running Fobi's browser-based CheckPoint application. The guest's information is fetched and displayed on the screen, enabling ID verification. The guest's ID badge can also be automatically printed out.

On April 1, 2022, the Company announced that Fobi's CheckPoint Solution was chosen as the venue management solution for a prestigious awards show.

On April 4, 2022, the Company announced the appointment of Annie Chan as its Chief Financial Officer. This is the first time that Fobi has invested in a full time CFO since the Company was founded. Ms. Chan has over 15 years post-qualification experience with publicly listed companies covering sectors in SaaS, telecommunications, mining and financial services. Most recently, she held the role of Chief Financial Officer with RESAAS Services Inc., a real estate digital cloud platform, where she played a cross sectional role enabling data driven decisions to acquire and engage RESAAS's 400,000 users.

On April 6, 2022, the Company announced changes to the Board of Directors. Debra Williams has resigned from the Board of Directors and was replaced with Mike Devine. Mr. Devine is the Founder and CEO of Jet Digitial Inc., the developer of JetStream, an accelerated file transfer software solution that moves big data quickly and securely. Mr. Devine previously held strategic leadership roles at companies in Fintech, Industrial IoT and telecommunications industries.

On April 7, 2022, the Company announced it has entered into a one-year agreement with a senior US stock exchange to provide Fobi's CheckPoint digital venue management and access solution, enabling this stock exchange to provide an automated, contactless and verified point of entry.

On April 12, 2022, the Company announced a data consulting deal to facilitate long-term tracking of land use and natural capital changes in the Muskoka watershed for the District of Muskoka, in cooperation with Dougan & Associates ("Dougan"). Funding for this project is provided by the Government of Ontario.

On April 21, 2022, the Company announced the launch of Investor Pass, a data driven communication and marketing platform that leverages the power of Fobi's AI, big data and mobile wallet technology. The powerful trio of applications and functionalities help public companies convert their unknown investors into known investors while being able to engage and improve on their investor relations strategies and communications through the delivery of real-time, data-driven, personalized shareholder communication.

On April 29, 2022, the Company announced the launch of its wholly owned subsidiary PulseIR. Pulse IR will not only provide a new data driven and mobile approach to investor relations with Fobi's Invest Pass product, but will also offer a full suite of custom managed and contract services and additional product offerings.

On May 12, 2022, the Company announced it has signed an LOI with Grocery Shopping Labs Inc. ("Grocery") to acquire certain intellectual properties and assets owned by Grocery related to the Basket application owned and operated by Grocery. It is anticipated that synergies between Basket and Qples is expected to drive increased advertising revenue and higher average revenue per user with coupons and promotions.

**Results of Operations**

**Comparison of the nine months ended March 31, 2022 and 2021**

The following table summarizes the results of our operations for the nine months ended March 31, 2022 and 2021

| | Nine Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| | $ | $ |
| Revenue | 1,818,148 | 10,016 |
| Net loss from continuing operations | (14,846,372) | (6,753,044) |
| Basic and diluted loss per share | (0.11) | (0.06) |
| Total assets | 12,790,899 | 3,341,301 |
| Working capital | 4,361,819 | 1,927,795 |

***Revenue***

The Company's revenue is primary earned from selling software-as-a-service, reselling, referring and licensing its technology to licensors. Revenue increased by $1,808,132 from $10,016 during the nine months ended March 31, 2021 to $1,818,148 for the nine months ended March 31, 2022. The increase in revenue is attributed to increased customer contracts, as well as the acquisition of Passcreator and Qples, Inc, in April 16, 2021 and October 13, 2021 respectively, where both are revenue generating entities.

***Net Loss***

Net loss from continuing operations increased by $8,093,328 from $6,753,044 during the nine months ended March 31, 2021 to $14,846,372 during the nine months ended March 31, 2022. The increase is primarily attributed to the increase in stock-based compensation of $4,650,068, increase in wages and benefits of $2,927,497, and increase in technology expense of $857,162. During the nine months ended March 31, 2022, the Company increased the head count from 34 on March 31, 2021 to 69 on March 31, 2022, where software developers account for the majority of new hires. Stock options were granted to new hires resulting in increased stock-based compensation on stock options granted and vested. The increase in technology expense is attributed to the subscription of technology tools including hosting charges to service our growing suite of products and clients.

***Operating Expenses***

*Amortization*

Amortization expense consists of the amortization of equipment, amortization of intellectual property, amortization of intangible assets, and amortization of right of use assets. Amortization expense increased by $942,563 to $987,590 for the nine months ended March 31, 2022 from $45,027 for the nine months ended March 31, 2021. The increase is primarily attributed to the acquisition of intangible assets and intellectual properties from Qples, Inc.

("Qples"), Quicket GmbH ("Quicket"), and Mediaheldon GmbH, d/b/a Passcreator ("Passcreator") after March 31, 2021. Subsequent to March 31, 2021, the Company capitalized $5.9 million in intangible assets and intellectual property where the amount is amortized over three to five years in accordance with the Company's amortization policy.

*Consulting Fees*

Consulting fees increased by $369,455, or 44%, to $1,213,146 for the nine months ended March 31, 2022 from $843,691 for the nine months ended March 31, 2021. The increase is primarily attributed to the increased number of consultants during the period. Subsequent to March 31, 2022, the Company terminated the services of certain consultants.

*Office and general*

Office and general decreased by $154,749, or 39%, to $240,250 for the nine months ended March 31, 2022 from $394,999 for the nine months ended March 31, 2021. Prior year's higher balance is primarily attributed to higher recruiting fees paid in the prior year, along with expensing the purchase of microchips for the Fobi devices that were capitalized as inventory in the current period.

*Professional fees*

Professional fees increased by $239,248, or 112%, to $453,699 for the nine months ended March 31, 2022 from $214,451 for the nine months ended March 31, 2021. Current year's higher balance is primarily attributed to a $96,000 payment to a professional firm for SOC 2 compliance, as well as general increase in professional services attributed to the acquisition of Passcreator, Qples and Quicket.

*Technology*

Technology expense increased by $857,162 to $889,201 for the nine months ended March 31, 2022 from $32,039 for the nine months ended March 31, 2021. Current year's higher balance is primarily attributed to the subscription of technology tools including hosting charges to service our growing suite of products and clients.

*Wages and benefits*

Wages and benefits increased by $2,927,497, to $4,394,848 for the nine months ended March 31, 2022 from $1,467,351 for the nine months ended March 31, 2021. During the nine months ended March 31, 2022, the Company increased the head count from 34 on March 31, 2021 to 69 on March 31, 2022, where software developers account for the majority of new hires.

***Total Assets***

Total assets were $12,790,899 at March 31, 2022 as compared with $3,341,301 at March 31, 2021. Assets consisted mainly of cash and cash equivalents of $2,976,238, amounts receivable of $1,947,308, intellectual property of $4,380,745, goodwill of $1,320,468 and intangible assets of $759,141 at March 31, 2022 as compared to cash and cash equivalents of $1,905,988, $188,417 in intellectual property, and $Nil amounts in goodwill and intangible assets at March 31, 2021.

**Results of Operations**

**Comparison of the three months ended March 31, 2022 and 2021**

The following table summarizes the results of our operations for the three months ended March 31, 2022, and 2021 together with the changes to those items.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| | $ | $ |
| Revenue | 315,008 | 10,016 |
| Net loss from continuing operations | (5,402,183) | (1,549,864) |
| Basic and diluted loss per share | (0.04) | (0.01) |

***Revenue***

The Company's revenue is primary earned from selling software-as-a-service, reselling, referring and licensing its technology to licensors. Revenue increased by $304,992 from $10,016 during the three months ended March 31, 2021 to $315,008 for the three months ended March 31, 2022. The increase in revenue is attributed to increased customer contracts, as well as the acquisition of Passcreator and Qples, Inc, in April 16, 2021 and October 13, 2021 respectively, where both are revenue generating entities.

***Net Loss***

Net loss from continuing operations increased by $3,852,319 from $1,549,864 during the three months ended March 31, 2021 to $5,402,183 during the three months ended March 31, 2022. The increase is primarily attributed to the increase in stock-based compensation of $1,977,499, increase in wages and benefits of $856,046, and increase in technology expense of $244,749. During the three months ended March 31, 2022, the Company increased the head count from 34 on March 31, 2021 to 69 on March 31, 2022, where software developers account for the majority of new hires. Stock options were granted to new hires resulting in increased stock-based compensation on stock options granted and vested. The increase in technology expense is attributed to the subscription of technology tools including hosting charges to service our growing suite of products and clients.

**Operating Expenses**

*Amortization*

Amortization expense consists of the amortization of equipment, amortization of intellectual property, amortization of intangible assets, and amortization of right of use assets. Amortization expense increased by $850,630 to $862,752 for the three months ended March 31, 2022 from $12,122 for the three months ended March 31, 2021. The increase is primarily attributed to the acquisition of intangible assets and intellectual properties from Qples, Quicket and Passcreator after March 31, 2021. Subsequent to March 31, 2021, the Company capitalized $5.9 million in intangible assets and intellectual property where the amount is amortized over three to five years in accordance with the Company's amortization policy.

*Consulting Fees*

Consulting fees increased by $206,760, or 69%, to $505,976 for the three months ended March 31, 2022 from $299,216 for the three months ended March 31, 2021. The increase is primarily attributed to increased number of consultants during the period. Subsequent to March 31, 2022, the Company terminated the services of certain consultants.

*Office and general*

Office and general decreased by $100,672, or 56%, to $79,110 for the three months ended March 31, 2022 from $179,782 for the three months ended March 31, 2021. Prior year's higher balance is primarily attributed to expensing the purchase of microchips for the Fobi devices that were capitalized as inventory in the current period.

*Professional fees*

Professional fees increased by $173,627, to $218,199 for the three months ended March 31, 2022 from $44,572 for the three months ended March 31, 2021. Current year's higher balance is primarily attributed to a $96,000 payment to a professional firm for SOC 2 compliance, general increase in professional services from the acquisition of Passcreator, Qples and Quicket, as well as timing of receipt of invoices from service providers.

*Technology*

Technology expense increased by $244,749 to $254,230 for the three months ended March 31, 2022 from $9,481 for the three months ended March 31, 2021. Current year's higher balance is primarily attributed to the subscription of technology tools including hosting charges to service our growing suite of products and clients.

*Wages and benefits*

Wages and benefits increased by $856,046, to $1,461,341 for the three months ended March 31, 2022 from $605,295 for the three months ended March 31, 2021. During the nine months ended March 31, 2022, the Company increased the head count from 34 on March 31, 2021 to 69 on March 31, 2022, where software developers account for the majority of new hires.

**Quarterly Information**

Selected consolidated financial information for each of our last eight quarters (unaudited) as prepared in accordance with IFRS is as follows:

| | March 31, 2022 $ | December 31, 2021 $ | September 30, 2021 $ | June 30, 2021 $ |
|---|---|---|---|---|
| **Total Assets** | 12,790,899 | 15,160,705 | 12,315,379 | 11,682,344 |
| **Working Capital** | 4,361,819 | 6,331,690 | 8,885,808 | 8,278,920 |
| **Revenue** | 315,008 | 922,823 | 580,317 | 147,533 |
| **Net Loss** | (5,402,183) | (5,012,199) | (4,431,990) | (4,343,557) |
| **Loss per Share** | (0.04) | (0.04) | (0.03) | (0.01) |

| | March 31, 2021 $ | December 31, 2020 $ | September 30, 2020 $ | June 30, 2020 $ |
|---|---|---|---|---|
| **Total Assets** | 3,341,301 | 3,713,842 | 2,401,881 | 1,663,273 |
| **Working Capital (deficiency)** | 1,927,795 | 2,299,026 | (17,449) | (1,271,161) |
| **Revenue** | 10,016 | - | - | - |
| **Net Loss** | (1,549,864) | (4,189,390) | (1,013,792) | (5,251,021) |
| **Loss per Share** | (0.01) | (0.04) | (0.01) | (0.08) |

***Three months ended March 31, 2022 and March 31, 2021***

At March 31, 2022, total assets were $12,790,899 and working capital was $4,361,819 compared to total assets of $3,341,301 and working capital of $1,927,795 at March 31, 2021. The increase in total assets and working capital was the result of an increase in intellectual property of $4,192,328, an increase in goodwill of $1,320,468, an increase in amounts receivable of $1,209,271, and an increase in cash of $1,070,250. The increase in cash was due to closing of private placements after March 31, 2021, and the increase in intellectual property and goodwill are attributed to the acquisition of Passcreator in April 2021, the acquisition of intellectual properties from Qples in October 2021, and the acquisition of the PassWallet application from Quicket in November 2021. For the three months ended March 31, 2022, the Company incurred a net loss of $5,402,183 compared to a net loss of $1,549,864 for the three months ended March 31, 2021. Net loss per share was $0.04 for the three months ended March 31, 2022 compared to net loss of $0.01 for the three months ended March 31, 2021. The increase is primarily attributed to the increase in stock-based compensation of $1,977,499, increase in wages and benefits of $856,046, and increase in technology expense of $244,749. During the three months ended March 31, 2022, the Company increased the head count from 34 on March 31, 2021 to 69 on March 31, 2022, where software developers account for the majority of new hires. Stock options were granted to new hires resulting in increased stock-based compensation on stock options granted and vested. The increase in technology expense is attributed to the subscription of technology tools including hosting charges to service our growing suite of products and clients.

***Three months ended March 31, 2022 and December 31, 2021***

At March 31, 2022, total assets were $12,790,899 and working capital was $4,361,819 compared to total assets of $15,160,705 and working capital of $6,331,690 at December 31, 2021. The decrease in total assets and working capital was due to cash used for operating expenditures. For the three months ended March 31, 2022, the Company incurred a net loss of $5,402,183 for the three months ended March 31, 2022 compared to net loss of $5,012,199 for the three months ended March 31, 2021. Net loss per shares was $0.04 for the three months ended March 31, 2022 and 2021.

**Liquidity and Capital Resources**

***Sources of Liquidity***

Since our inception, we have incurred operating losses. We will need capital to fund our operations, which we may obtain from additional financings, debt and operations revenue or other sources. To date, we have financed our operations primarily through the issuance of our common shares.

As at March 31, 2022, we had total assets of $12,790,899 compared with $11,682,344 as at June 30, 2021. The Company had a cash balance of $2,976,238 and working capital of $4,361,819 at March 31, 2022, compared with a cash balance of $7,501,753 and working capital of $8,278,920 at June 30, 2021. The decrease in cash and working capital was a result of funds used for operations.

The unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As of March 31, 2022, the Company had not yet generated significant revenue or positive cash flow from operations and had an accumulated deficit of $53,937,663. These factors, among others, create substantial doubt as to the ability of the Company to continue as a going concern. Management believes that the proceeds from additional equity financing activities that it is currently pursuing, combined with revenue that the Company expects to generate in subsequent periods, will provide the Company with sufficient working capital to satisfy its liabilities and commitments as they become due for the foreseeable future. There can be no assurances that sufficient equity can be raised on acceptable terms on a timely basis. The Company's strategy is to mitigate risks and uncertainties and to execute a business plan aimed at revenue growth and managing operating expenses and working capital requirements. Failure to implement this plan could have a material adverse effect on the Company's financial condition and results of operations.

***Cash Flows***

The following table summarizes the results of our cash flows for the nine months ended March 31, 2022 and 2021

| | **2022** | **2021** |
|---|---|---|
| Opening balance | $7,501,753 | $174,252 |
| Net cash (outflow) from operating activities | (6,708,427) | (4,367,511) |
| Net cash (outflow) from investing activities | (571,790) | (26,643) |
| Net cash inflow from financing activities | 2,754,702 | 6,125,890 |
| Closing balance | $2,976,238 | $1,905,988 |

*Operating Activities*

Net cash outflow from operating activities increased by $2,340,916, or 54%, to $6,708,428 for the nine months ended March 31, 2022 compared to $4,367,511 for the nine months ended March 31, 2021. The increase in net cash outflow is primarily attributed to increased operating expenditures as a result of increased head counts hired. During the nine months ended March 31, 2022, the Company increased the head count from 34 on March 31, 2021 to 69 on March 31, 2022.

*Investing Activities*

Net cash outflow from investing activities for the nine months ended March 31, 2022 increased by $545,147 to $571,790 for the nine months ended March 31, 2022 compared to $26,643 for the nine months ended March 31, 2021. The increase in net cash outflow is primarily attributed to the Company's acquisition of certain assets and assume certain liabilities related to the PassWallet application from Quicket GmbH. In consideration, the Company paid $511,153 in cash and issued 301,480 common shares of the Company at fair market value of $542,664.

*Financing Activities*

Net cash inflows from financing activities for the nine months ended March 31, 2022 and 2021 relates primarily to the issuance of common shares. During the nine months ended March 31, 2022, the Company received net proceeds of $2,679,273 from the issuance of 9,797,000 common shares pursuant to the exercise of warrants and stock options. During the nine months ended March 31, 2021, the Company received net proceeds of $5,544,310 from the issuance of 26,735,856 common shares pursuant to the exercise of warrants and stock options.

**Related Party Transactions**

The Company has identified its directors and senior officers as its key management personnel. No post employment benefits, other long-term benefits and termination benefits were made during the nine months ended March 31, 2022. Short-term key management compensation during the period ended March 31, 2022 and 2021 consists of the following:

| | | **Nine Months Ended March 31, 2022** | | **Nine Months Ended March 31, 2021** |
|---|---|---|---|---|
| Salaries, wages and professional fees | $ | 1,023,852 | $ | 602,789 |
| Share-based payments | | 2,984,117 | | 936,233 |
| | | **$4,007,969** | **$** | **1,539,022** |

The amounts incurred are in the normal course of operations and have been recorded at their exchange amounts, which are the amounts agreed upon by the transacting parties.

**Contractual Obligations and Commitments**

The following table summarizes our contractual commitments and obligations as of March 31, 2022:

| | Payments Due By Period | | | | |
|---|---|---|---|---|---|
| | **Total** | **Less Than 1 Year** | **Between 1 and 3 Years** | **Between 3 and 5 Years** | **More Than 5 Years** |
| Lease liabilities | $29,442 | $13,589 | $15,853 | $ – | $ – |
| Total contractual obligations | $29,442 | $13,589 | $15,853 | $ – | $ – |

**Off-Balance Sheet Arrangements**

We do not have any, and during the periods presented we did not have any, off-balance sheet arrangements, other than the contractual obligations and commitments described above.

**Funding Requirements**

We believe we will raise sufficient funds to enable us to fund our operating expenses and capital expenditure requirements. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- Raising capital through the sale of equity or convertible debt securities;
- Continue to grow recurring revenue through signing new customers;
- Continue to grow recurring revenue through acquisition of revenue generating entities;
- Continue to enhance our suite of products to increase opportunities for monetizing;
- maintaining, enforcing and protecting our intellectual property rights and defending against any intellectual property-related claims;
- our ability to establish and maintain collaborations, licensing or other arrangements and the financial terms of such arrangements;
- the extent to which we acquire or invest in other businesses, products and technologies;
- the costs of operating as a public company.

Until such time, if ever, as we can generate substantial revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, or licensing arrangements. We do not have any committed external source of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our existing shareholders may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of holders of our common shares. Debt financing, if available, may involve agreements that include covenants.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. While the Company does not anticipate any long-term impact, it is not possible to reliably estimate the immediate impact on the financial results and condition of the Company. The Company does not anticipated any material impact and will continue to monitor and assess risks associated with COVID-19.

**Critical Accounting Estimates**

We make 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 experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in our unaudited condensed interim consolidated financial statements within the next financial year are discussed below.

(a) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, we measure the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

The fair value of stock options granted is measured using a Black-Scholes model. Measurement inputs include share price on measure date, exercise price of the option, expected volatility, actual and expected life of the option, expected dividends based on the dividend yield at the date of the grant, anticipated forfeiture rate, and the risk-free interest rate. The expected life of the options is based on historical experience and general option holder behavior. The Company also makes an estimate of the number of options that will be forfeited and the rate is adjusted to reflect the actual number of options that vest. Consequently, the actual stock-based compensation expense may vary from the amount estimated.

(b) Impairment of Non-financial Assets

The carrying amounts of our non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU").

Our corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets other than goodwill that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(c) Revenue Recognition for Special Contracts and Projects

The Company has projects with multiple deliverables that generally include subscriptions for software and services. Estimates are required to determine the status of a project at each period end.

**Quantitative and Qualitative Disclosures about Financial Risks**

Our activities expose us to a variety of financial risks: market risk (including foreign currency risk), cash flow and fair value interest rate risk, credit risk, and liquidity risk. Our principal financial instrument comprises cash and cash equivalents, and this is used to finance our operations. We have various other financial instruments such as trade receivables and payables that arise directly from our operations. The category of loans and receivables contains only trade and other receivables, shown on the face of the balance sheet, all of which mature within one year. We have compared fair value to book value for each class of financial asset and liability and no difference was identified. We have a policy, which has been consistently followed, of not trading in financial instruments.

***Interest Rate Risk***

We do not hold any derivative instruments to manage interest rate risk.

***Foreign Currency Risk***

Foreign currency risk refers to the risk that the value of a financial commitment or recognized asset or liability will fluctuate due to changes in foreign currency rates. Our net income and financial position, as expressed in Canadian dollars, are exposed to movements in foreign exchange rates against the U.S. dollar and the Euro. We are exposed to foreign currency risk as a result of operating transactions and the translation for foreign bank accounts. We monitor our exposure to foreign exchange risk. Exposures are generally managed through natural hedging via the currency denomination of cash balances and any impact currently is not material to us.

***Credit Risk***

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk associated with cash and the potential non-collectability of accounts receivable. The risk to cash is mitigated by placing the cash in high credit quality Canadian financial institutions. The Company's credit risk and maximum exposure thereto is as follows:

| | **March 31, 2022** | **June 30, 2021** |
|---|---|---|
| | $ | $ |
| Cash held in Canadian financial institutions | 2,976,238 | 7,501,753 |
| Amounts receivable | 1,947,308 | 844,502 |
| | 4,923,546 | 8,346,255 |

***Liquidity Risk***

We have funded our operations since inception primarily through the issuance of equity securities. Until such time as we can generate significant revenue from platform, if ever, we expect to finance our operations through a combination of equity or debt financings or other sources. Adequate additional financing may not be available to us on acceptable terms, or at all. Our inability to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy.

**Subsequent Events**

a) Subsequent to period end, the Company granted 942,500 stock options to certain officers and employees of the Company. The stock options have an exercise price between $0.84, vests over two years and are exercisable until between April 6, 2027.

b) Subsequent to period end, the Company granted 25,000 stock options to an employee of the Company. The stock options have an exercise price between $0.51, vests immediately and are exercisable until between May 12, 2027.

c) Subsequent to period end, the Company granted 350,000 stock options to certain consultants. The stock options have an exercise price of $0.51 per share, vest immediately and are exercisable until May 12, 2027.

d) Subsequent to period end, 78,500 stock options were exercised between $0.11 to $0.62 per share for total proceeds of $28,005.

e) Subsequent to period end, 3,000 stock options with an exercise price of $0.62 expired unexercised

f) Subsequent to period end, 1,581,260 warrants were exercised at $0.15 per share for total proceeds of $237,189.

**Outstanding Share Data**

As at May 30, 2022, we had 147,743,054 common shares issued and outstanding.

As at May 30, 2022, we had 15,020,000 stock options and 5,076,035 warrants issued and outstanding.