



LOOP INSIGHT INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated November 18, 2020
For the Period Ended September 30, 2020

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") of Loop Insights Inc. (the "Company" or "LOOP") has been prepared by Management in accordance with the requirements of National Instrument 51-102. The information contained in this MD&A is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company. Specific risks facing the Company are set out explicitly in Appendix 1 of this MD&A. In addition, certain statements in this report incorporate forward looking information and readers are advised to review the cautionary note regarding such statements in Appendix 2 of this MD&A.

This MD&A should be read in conjunction with the Company's audited financial statements as at June 30, 2020 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

COMPANY OVERVIEW

Loop Insights Inc. (the "Company") was incorporated under the laws of the province of British Columbia, Canada, on January 2, 2018. On February 16, 2018, the Company changed its name from Cannabis Big Data Holdings Inc. to Loop Cannabis Insight Inc. On March 21, 2018, the Company changed its name from Loop Cannabis Insights Inc. to Loop Insights Inc. The address of the Company's corporate office and principal place of business is Suite 2F – 541 Howe Street, Vancouver B.C., V6C 2C2.

Loop Insights is an Internet of Things ("IoT") technology company that delivers transformative artificial intelligence, automated marketing, contact tracing, and contactless solutions to the brick and mortar space. Its unique IoT device, Fobi, is a simple plug n play hardware or software that instantly provides visibility to 100% of every transaction happening and enables data connectivity across online and on-premise platforms to provide real-time, detailed insights and automated, personalized engagement. Its ability to integrate seamlessly into any existing infrastructure, and customize campaigns according to each vertical, creates a highly scalable solution for its prospective global clients that span industries. Loop has also built off their original platform a very unique and scalable Venue Tracing solution. This platform is built on a future proof technology, NFC (Near Field Communication), and as the world goes more digital, Loop's solution is thinking much further ahead than the current app-based programs we see today. The Company is focused on key verticals such as, but not limited to, the telecom, casino gaming, sports and entertainment, hospitality, and retail industries, in Canada, the US, and now starting discussions in other regions globally.

OVERALL PERFORMANCE

Announcements and Highlights during the quarter:

- On July 2, 2020, the Company announced that Dallas Pretty resigned as a director of the Company. The Company wishes to thank Mr. Pretty for his valuable service and contributions and wish him well in his future endeavors.

- On July 7, 2020, the Company announced it has now entered into a partnership with Omnivore ("Omnivore"), a universal point-of-sale (POS) connectivity platform enabling instant access to hundreds of brands and technology providers to integrate seamlessly.
- On July 13, 2020, the Company has accelerated conversations and projects with two of Canada's largest telecommunications companies as well as two of the largest network providers in the United States (collectively, the "Telco(s)").
- On July 15, 2020, the Company announced that it has applied for eligibility to The Depository Trust Company ("DTC") in preparation for trading company shares on the OTCQB® American Venture Market, operated by OTC Markets Group based in New York.
- On July 17, 2020, the Company announced that it has accelerated conversations for the implementation of its Covid-19 contact tracing solution with government officials, and live event and stadium operators, in North America, Australia, Indonesia, and the U.K., since its launch in June 2020.
- On July 20, 2020, the Company announced the signing of an MOU with ImagineAR (CSE: IP); (OTCQB: IPNFF) an Augmented Reality ("AR") mobile platform.
- On July 20, 2020, the Company announced the launch of a 12-month online marketing campaign through AGORACOM for the purposes of targeting new potential investors that would be specifically interested in the Company's business model, as well as engaging shareholders through a custom and moderated forum.
- On July 23, 2020, the Company announced the launch of its contact tracing platform in Nevada with two of Grupo Anderson's flagship restaurants in Las Vegas, Senor Frog's and Carlos'n Charlies.
- On July 29, 2020, the Company announced the appointment of Jeffrey Hyman to the Company's Board of Directors. Jeffrey previously served on the Board of Advisors.
- On July 31, 2020, the Company announced the acceleration of conversations with municipal, provincial and federal school boards to implement its Covid-19 contact tracing solution throughout schools in Canada and the United States.
- On August 4, 2020, the Company explains how the Loop Insights Contact Tracing Platform is complementary to the government's "COVID Alert" App.
- On August 6, 2020, the announced the receipt of more than \$900,000 from the exercise of warrants.
- On August 10, 2020, the Company announced the signing of a channel reseller partnership with global cloud-based Point-of-Sale (POS) company, Vend, as well as, the first sale to a Vend client.
- On August 10, 2020, the Company announced two webinars taking place on August 11th and 20th through two esteemed investing firm platforms, SmallCap Power and RB Milestone Group ("RBMG").
- On August 13, 2020, the Company announced the signing of a channel reseller partnership with Kentucky-based bdG Sports LLC ("bdG") a leading representation, event management and public relations firm operating within the global sports marketing industry.
- On August 17, 2020, the Company announced it has been invited to present its contact tracing solutions to the Athletic Directors of the 11 NCAA Division 1 Schools of the Big East Conference ("Big East"), for the purposes of supporting resumption plans that provide a safe environment for students, faculty, athletes, fans and staff.
- On August 20, 2020, the Company announced the signing of a Pilot Agreement with Sunflora Inc., to implement Loop's analytics platform into 20 of its Your CBD Store retail locations.

- On August 25, 2020, the Company announced an initial partnership agreement with KABN Systems North America Inc., a wholly-owned subsidiary of KABN System NA Holding Corp. (CSE: KABN) ("KABN NA" or "KABN North America"), a Canadian Fintech company that specializes in continuous online identity verification, management and monetization in Canada and the US.
- On September 16, 2020, the Company announced the signing of an agreement with the University of Houston Athletics ("UH") to implement Loop's contactless, artificial intelligence marketing solutions to provide personalized promotions and targeted engagement, as well as, Loop's leading contact tracing solutions for the purposes of supporting resumption plans that provide a safe environment for fans and guests attending Houston football games at TDECU Stadium.
- On September 17, 2020, the Company announced that it has entered into a limited formal agreement with the TELUS Corporation (or "TELUS") (TSX: T) NYSE: TU), Canada's leading telecommunications company, to conduct a 90-day proof of concept pilot across TELUS's three flagship corporate retail locations in British Columbia.
- On September 21, 2020, the Company provided shareholders with the following corporate update reviewing recent significant business wins and near-term expectations. The company has been successful in reaching many milestones across both product lines, Contact Tracing, and Contactless Marketing, with world-renowned brands, which have led to accelerating opportunities and contract negotiations with potential customers of similar stature.
- On September 25, 2020, the Company announced that its common shares will commence trading on Monday, September 28th, 2020 on the OTCQB Venture Market ("OTCQB Venture") under the stock symbol "RACMF".
- On September 28, 2020, the Company announced the signing of a short form agreement to grant Austin, TX based startup CasaPerks LLC ("CasaPerks") a non-exclusive license to use various aspects of Loop's technology in return for \$1,930,000 in cash and shares.
- Management continued to actively focus on capital raising to support the company's business, marketing initiatives and general working capital.
- During the quarter, the Company issued 5,686,904 units at a price of \$0.105 per unit for gross proceeds of \$597,125. Each unit is comprised of one common share and one share purchase warrant exercisable at a price of \$0.25 for one common share of the Company for a period of two years.
- During the quarter, the Company issued 10,250,650 common shares pursuant to the exercise of stock options and share purchase warrants.
- During the quarter, the Company issued 1,000 common shares for services.

RESULTS OF OPERATIONS

During the year ended June 30, 2019, the Company entered into a license agreement wherein the Company licensed its technology to Kinect Technology, Inc. ("Kinect") for a fee of \$5,000,000 USD, of which \$3,000,000 USD was to be settled by the issuance of 12,000,000 common shares of Kinect and the remaining \$2,000,000 USD is receivable in cash over a period of four years. As at September 30, 2020, the Company has not received the common shares of Kinect. As a result, no revenue has been recognized as at September 30, 2020 related to this transaction with Kinect. The Company intends to get an update in the near future on the status of this transaction.

During the period ended September 30, 2020, the Company incurred net loss from the operations of \$1,013,792 (September 30, 2019 - \$1,385,318). The total net loss includes share-based compensation of \$58,692 (September 30, 2019 - \$235,997) and interest and accretion expense of \$23,846. The net

loss reduced by \$371,526 compared to last period due to reduction in operating expenses and license fees.

As at September 30, 2020, the Company had a negative working capital of \$287,449 (September 30, 2019 - \$1,513,571)

During the period ended September 30, 2020, the Company incurred share-based compensation of \$58,692 (September 30, 2019 - \$235,997). The net loss includes interest and accretion expense of \$23,846 (September 30, 2019 - \$ nil).

During the period, the Company incurred professional fees in the amount of \$111,402 (September 30, 2019 – \$178,522) due to a decrease from third party consulting services, corporate activities and operational activities of the Company. Professional fees include consulting services, legal fees and related expenses.

For the period ended September 30, 2020, consulting fees were \$212,310 compared to \$91,027 in the prior year. The Company is more active in product development and corporate activities in the current period. The Company reallocated funds from consulting to wages and benefits to increase internal team.

Advertising and marketing increased to \$108,042 compared to \$37,004 in the prior period mainly due to more marketing and marketing efforts to increase its business and market awareness during the period.

Office and miscellaneous expenses decreased to \$13,814 from \$34,971 compared to September 30, 2019 mainly due to reducing company expenditures in the current period.

The Company incurred rent expenses in the amount of \$3,362 (September 30, 2019 - \$26,800) mainly due to the reclassification of leases and rental expenses from operating expenses in 2019 to lease assets and obligations in 2020, in accordance to the adoption of new IFRS 16 Leases.

The Company had \$371,768 in wages and benefits (September 30, 2019 - \$578,265), the decrease was mainly due to reduction of some positions in the period and engaging contractors on an as needed basis. The decrease is also due to certain payments were recorded under consulting fees in the current period.

During the period ended September 30, 2020, the Company incurred \$5,028 in license and distribution fees during the period compared to \$nil in the prior period due to the payments of licenses which were non-recurring activities.

Research and development expenses decreased to \$62,975 from \$109,652 compared to September 30, 2019 mainly due to the Company focused more on marketing and reduced activities in research and development.

During the period ended September 30, 2020, the Company incurred travel expense in the amount of \$1,942 (September 30, 2019 – \$92,747) due to a decrease traveling because of COVID 19 related to marketing, tradeshow attendance and the selling of its products globally.

During the period ended September 30, 2020, the Company has focused on reducing operating expenditures mainly in the reduction of staffing and optimizing operational efficiencies.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial information as prepared in Canadian dollars under International Financial Reporting Standards derived from the Company's most recently completed fiscal quarters:

	Revenue	Basic and Diluted Loss per Share	Net Loss for the period
		\$	\$
September 30, 2018	-	(0.03)	(1,357,299)
December 31, 2018	-	(0.03)	(1,402,128)
March 31, 2019	-	(0.03)	(1,096,699)
September 30, 2019	-	(0.02)	(1,385,318)
December 31, 2019	-	(0.02)	(1,523,924)
March 31, 2020	-	(0.02)	(1,445,952)
June 30, 2020	-	(0.02)	(895,827)
September 30, 2020	-	(0.01)	(1,013,792)

LIQUIDITY AND CAPITAL RESOURCES

To date, the Company has funded its operations and capital requirements through a combination of loans from related parties and equity financings.

As at September 30, 2020, the Company had total assets of \$2,401,881. As at September 30, 2020, the Company had a negative working capital of \$287,449.

Cash utilized in operating activities during the period ended September 30, 2020, was \$1,194,320 (September 30, 2019 – \$1,233,852).

At September 30, 2020, the Company has not achieved profitable operations and has accumulated losses of \$29,008,499 since inception and expects to incur further losses in the development of its business. The Company's continuation as a going concern is dependent on its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

Equity financing

During the period ended September 30, 2020, the Company completed a private placement by issuing 5,686,904 common shares for net proceeds of \$597,125. In addition, 8,801,900 warrants were exercised for proceeds of \$1,237,785, of which \$75,000 was not received as at September 30, 2020, and 776,250 stock options were exercised for proceeds of \$145,438.

The Company's operations are mainly funded with equity and debt financing, which is dependent upon many external factors, and thus funds may be difficult to raise when required. Management continues to evaluate the need for additional financing and is of the opinion that additional financing will be available to continue its planned activities in the normal course. Nonetheless, there is no assurance that the Company will be able to raise sufficient funds in the future to complete its planned activities. The foregoing indicates the existence of a material uncertainty that may cast substantial doubt as to whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

CAPITAL MANAGEMENT

The Company considers capital to be the sole element of shareholders' equity. The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the sale and distribution of its technology products. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

COMMITMENTS

During the period ended September 30, 2020, the Company entered into a lease agreement to extend its current lease, including a negotiated reduction rate, due to current rental market conditions, for its office premises by way of an assignment agreement. The lease expired on October 31, 2020.

During the year ended June 30, 2020, the Company entered into a vehicle lease agreement for its company vehicle by way of a lease agreement. The lease term expires on March 31, 2022 and the required minimum payments are as follows:

Year(s)	\$
2020	8,987
2021	11,982
2022 onwards	2,996
	<u>26,960</u>

CONTINGENCIES

There are no contingent liabilities.

OFF-BALANCE SHEET ARRANGMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and senior officers as its key management personnel. No postemployment benefits, other long-terms benefits and termination benefits were made during the period ended September 30, 2020. Short-term key management compensation consists of the following:

	Period ended September 30, 2020	Period ended September 30, 2019
	\$	\$
Salaries and professional fees	181,100	167,250
Share-based payments	58,692	(16,625)
	<u>239,792</u>	<u>150,625</u>

As at September 30, 2020, the Company owed \$479,100 (September 30, 2019 - \$518,086) to the Company's CEO, a company controlled by the CEO, and significant shareholder. As at September 30, 2020, the Company also has a balance payable to other related parties totaling \$74,901 which is included in accounts payable and accrued liabilities. The amounts due to related parties are unsecured, non-interest bearing, and due on demand.

SUBSEQUENT EVENTS

- On October 5, 2020, the Company announced the filing of provisional patent applications and various Trademark Registries for its contactless data applications. The filings come in the wake of both actual integrations with globally renowned customers and a substantial increase in demand from various verticals, including college sports, professional sports, hotels, TV & movie productions, and hospitality & entertainment, amongst others.
- On October 7, 2020, the Company announced that it has entered into an agreement to acquire the intellectual property ("IP") assets (the "Agreement") of Digital2Go Media Networks, Inc., d/b/a Locally.io (the "Vendor" or "Locally"), a global leader in location data intelligence and real-time consumer engagement.
- On October 8, 2020, the Company announced the signing of its first deal with partner bdG Sports ("bdG") to provide venue tracing and enhanced fan engagement solutions for its #VegasBubble, which will feature NCAA Division I men's and women's basketball when the new season launches next month.
- On October 13, 2020, the Company announced the signing of a referral agreement with leading UK-based SG-retail to expand Loop's services and products into the UK and Europe. SG-retail, led by retail industry veteran Steve Gray, will assist Loop with its efforts to establish a strong presence in Europe and take advantage of recent momentum in the US and Canada.
- On October 15, 2020, the Company announced the Company has been accepted into the TELUS IoT Marketplace (T:TSX; TU: NYSE), which will serve to significantly expand Loop's sales distribution channels on a national scale.
- On October 19, 2020, the Company announced a partnership with Empower Clinics (CBDT:CSE) (EPWCF:OTC) (8EC:FRA) to provide an end-to-end COVID-19 mitigation solution complete with venue tracing, real-time automated guest exposure notifications, and frequent testing with rapid results in 15 minutes.
- On, October 27, 2020, the Company announced that the company has signed a referral and partnership agreement with Summit Services Inc. dba Summit One Source ("Summit") to provide a complete end-to-end integrated COVID-19 management solution consisting of rapid mobile testing, integrated lab results, and exposure alert notification capabilities.
- On October 30, 2020, The Company to announced that early response from its interactive webinar with Amazon Web Services to showcase the Company's Venue Tracing Solution to a global audi-ence on October 29th is indicating great success.
- On November 4, 2020, the Company announced the successful completion of initial 20-store pilot and will now roll out all 550 Your CBD Store retail locations.
- On November 9, 2020, the Company announced the implementation its "Venue Bubble," a fully integrated contact tracing to rapid testing solution, in a live venue environment at the Gulf Coast Showcase in Florida hosting 14 NCAA college basketball teams.
- On November 12, 2020, the Company announced the January 2021 launch of UKLIPZ, the first ever platform that enables consumers to create verified reviews using mobile video that can also be used, purchased or analyzed by brands and retailers to drive further engagement and sales. UKLIPZ was acquired by Loop on September 16th, 2019.

OTHER MD&A REQUIREMENTS

- a) Additional information relating to the Company is on SEDAR at www.sedar.com.
- b) Disclosure of September 30, 2020 and the date of this MD&A, the Company has 107,321,763 and 114,255,234 issued and outstanding common shares respectively.
- c) Options
As at September 30, 2020, there are 6,192,750 options outstanding.
- d) Warrants
As at September 30, 2020, the Company has 29,614,402 outstanding warrants.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Assumptions used in the calculation of the fair value assigned to share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions, including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's equity reserves.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

The Company's significant accounting policies are disclosed in Note 3 of the Company's annual audited consolidated financial statements for the year ended June 30, 2020.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of accounts payable, loans payable and due to related parties approximate their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2020, the Company had a cash balance of \$889,519 to settle current liabilities of \$2,638,222.

There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance to continue on-going enhancements of its technology, such capital to be derived from the completion of possible equity or debt financing options. The Company has no assurance that additional funding will be successfully secured for the future enhancements of its technology. The ability of the Company to secure additional capital in the future will depend on in the prevailing capital market conditions. In recent years, the securities markets have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist of GST receivable and SR&ED tax credits from the Government of Canada.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) **Interest rate risk**

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy will be to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at September 30, 2020, the Company did not have any investments in investment-grade short-term deposit certificates.

b) **Foreign currency risk**

The Company is not exposed to any foreign currency risk fluctuations.

c) **Price risk**

The Company is currently not exposed to any price risk.

Risk Factors

The Company has diversified technologies and is focused on many verticals and distribution strategies. The Company continues to focus on multiple verticals to generate future sales in the Company's main products but there is no assurance of success.

The Company has incurred a net loss for the period ended September 30, 2020 of \$1,013,792 and has a deficit of \$29,008,499. Management is continuing efforts to attract additional equity and capital investors and implement cost control measures to maintain adequate levels of working capital. Nevertheless, there can be no assurance provided with respect to the successful outcome of these ongoing actions. If the Company is unable to obtain additional financing on reasonable terms, the Company may be required to amend its business plan to create a successful strategy.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to our company or our management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of our technological property. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or our achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.