

FACEDRIVE INC.
(formerly High Mountain Capital Corporation)

**Management's Discussion and Analysis
of Financial Condition and Results of Operations for the
Three and Nine Months Ended September 30, 2020 and 2019**

FACEDRIVE INC. (formerly High Mountain Capital Corporation)
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2020 and 2019

November 25, 2020

The following interim Management's Discussion and Analysis ("**MD&A**") provides information concerning the financial condition and results of operations of Facedrive Inc. (the "**Company**", "**Facedrive**", "**we**", "**us**" or "**our**") which includes its subsidiaries, for the three months ended September 30, 2020 (the "**Quarter**"), the three months ended September 30, 2019 (the "**Comparative Quarter**"), the nine months ended September 30, 2020 (the "**YTD**"), and the nine months ended September 30, 2019 (the "**Prior YTD**"). This MD&A should be read in conjunction with our audited consolidated financial statements, including the related notes thereto, for the fiscal years ended December 31, 2019 and 2018, and the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2020 and 2019.

Our unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of condensed interim financial statements, including International Accounting Standards ("**IAS**") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**").

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

COMPANY OVERVIEW

Facedrive Inc. (formerly High Mountain Capital Corporation) (“Facedrive” or the “Company”) was incorporated on January 18, 2018 under the *Business Corporations Act* (Alberta). The Company’s corporate headquarters is located at 44 East Beaver Creek, Suite 16, Richmond Hill, Ontario L4B 1G8.

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

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

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

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

On January 30, 2020, the World Health Organization (“WHO”) declared a Public Health Emergency of International Concern resulting from an outbreak of pneumonia cases from an unknown cause which originated in Wuhan, China. On February 11, 2020, the WHO announced a name for this new disease calling it the coronavirus (“COVID-19”), and on March 11, 2020, the WHO declared COVID-19 to be a global pandemic and a world-wide health concern to all of humanity. As a result, governments of countries and their leaders around the world acted to mitigate the spread of this virus by restricting travel, testing and quarantining symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting residents to stay inside their homes. These measures have had a direct impact on the global and Canadian economy.

In response to the COVID-19 pandemic, the Canadian government acted by testing and treating symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting that individuals stay inside their homes. Due to these measures, many businesses were forced to lay off staff; postpone contracts and

work; request financial relief and defer payments to their financial lenders, landlords and stakeholders; and in some circumstances close their businesses altogether. The Federal government also responded by extending tax filing and payment deadlines and made available a wage subsidy to qualifying businesses to help provide some relief during this challenging time.

It is uncertain how long these COVID-19 conditions will last and what economic impact they will have on the Company's business, financial results, cash flows and its ability to continue as a going concern.

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

Facedrive Rideshare was among the first to offer a wide variety of environmentally and socially responsible solutions in the Transportation as a Service (TaaS) space, planting thousands of trees based on user consumption and offering choices between electric, hybrid and conventional vehicles (including, more recently, electric and hybrid vehicles on a subscription basis). Facedrive Marketplace offers curated merchandise created from sustainably sourced materials. Facedrive Foods offers contactless delivery of a wide variety of foods right to consumers' doorsteps, with a focus on doing so in a socially and environmentally-conscious manner. Facedrive Social strives to keep people connected in a physically-distanced world through its HiQ and other e-socialization platforms that invite users to interact based on common interests and by offering gamification and mutual community support features. Facedrive Health strives to develop and offer innovative technological solutions to the most acute health challenges including its proprietary TraceSCAN wearable technology for contact tracing. Facedrive envisions changing the ridesharing, food delivery, e-commerce, social and health tech narratives for the better, for everyone, and is currently operational in Canada and the United States.

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

- On February 21, 2020, the Company completed a non-brokered private placement of 361,010 Shares issued at a price of \$2.77 per Share for aggregate gross proceeds of \$1,000,000.
- In March 2020, Facedrive became the first ridesharing platform to secure licensing to operate within the city of Orillia, Ontario. Facedrive became operational in Orillia, Ontario in March 2020.
- In March 2020, Facedrive secured permission to operate at Toronto Pearson International Airport in Toronto, Ontario.
- On March 31, 2020, the Company completed the acquisition ("**HiRide Transaction**") of 100% of the issued and outstanding common shares of HiRide Share Ltd. ("**HiRide**"), a socially responsible ride-sharing and car-pooling business.
- In April 2020, Facedrive secured a licence to operate in Ottawa, Ontario, and became operational on July 1, 2020.
- In April 2020, Facedrive launched Facedrive Marketplace, its platform for users to purchase exclusive merchandise produced from sustainably sourced materials from Facedrive and in collaboration with various partners. Through the Facedrive Marketplace Platform, Facedrive and Westbrook Inc. ("**Westbrook**") launched an exclusive co-branded "Bel-Air Athletics Capsule Collection" on May 1, 2020.
- In April 2020, Facedrive launched Facedrive Foods, a food delivery platform designed to connect residents with local restaurant businesses. Facedrive Foods' pilot program was first launched in the Greater Toronto

Area and London, Ontario. Menu options available for delivery through the Facedrive Foods platform are generally comprised of healthy, nutritious, and sustainably sourced meal options.

- In April 2020, Facedrive launched Facedrive Health, its initiative to offer assistance to frontline healthcare workers in their response to COVID-19: including discounted rides for healthcare professionals; designated pick-up locations; dedicated COVID-19 trained drivers; and delivery of essential medical supplies. Facedrive Health is available in all regions in which Facedrive currently operates. Subsequently, through Facedrive Health, Facedrive partnered with the University of Waterloo to develop “TraceSCAN”, a contact tracing app and wearable technology designed to help mitigate the spread of COVID-19.
- On May 11, 2020, Facedrive entered into a consulting services agreement with Medtronics Online Solutions Ltd. (“**Medtronics**”), whereby Medtronics has provided and performed certain marketing and strategic consulting services for and on behalf of Facedrive (the “**Medtronics Consulting Agreement**”). On October 19, 2020, the Company signed a settlement agreement with Medtronics deeming all of the obligations under the Medtronics Consulting Agreement fulfilled.
- On June 9, 2020, the Company entered into a strategic advisory services agreement with Craven Street Capital Limited (“**Craven Street**”) to assist the Company in executing its European expansion plans. The scope of services to be provided by Craven Street to Facedrive includes research and evaluation of European expansion opportunities, as well as sourcing of strategic acquisition and investment opportunities.
- On June 17, 2020, the Company launched “HiQ”, a social gaming application through its wholly-owned subsidiary, HiRide.
- On June 30, 2020, the Company launched its Corporate Partnerships Program which will further extend its ecosystem of socially and environmentally responsible services into the corporate and business-to-business categories.
- On July 9, 2020, the Company completed the acquisition (“**Foodora Transaction**”) of certain assets of Foodora Inc. (“**Foodora Canada**”), in the proposal proceedings commenced by Foodora Canada under the *Bankruptcy and Insolvency Act*.
- On July 16, 2020, the Company announced a partnership with the Toronto Zoo’s Scenic Drive-Through Safari as a sustainable rideshare partner.
- On July 21, 2020, the Company launched “TraceSCAN Wearables” on the Microsoft App Store, a contact tracing windows application through Facedrive Health.
- On July 22, 2020, the Company completed the third and final tranche of its non-brokered private placement, issuing an aggregate of 1,111,111 Shares, at a price of \$9.00 per Share, for aggregate gross proceeds of \$9,999,999.
- On August 7, 2020, the Company completed a sign-and-close definitive agreement to partner and invest in Tally Technology Group Inc. (“**Tally**”), a white-label, free-to-play sports predictions platform.
- On September 4, 2020, the Company, through a wholly-owned subsidiary (“**Facedrive Subsidiary**”), completed an acquisition (“**Steer Acquisition**”) of the substantive assets of Steer, a specialized electric vehicle subscription businesses from Exelorate Enterprises, LLC (“**Exelorate**”), a wholly-owned subsidiary of Exelon Corporation. Concurrent with the closing of the Steer Acquisition, Exelorate subscribed for common shares of Facedrive (“**Facedrive Shares**”) as part of a strategic investment.
- On October 1, 2020, the Company completed the acquisition of 100% of the issued and outstanding common shares of Food Hwy Canada Inc. (“**Food Hwy**”), one of Canada’s leading “ethnic and student focused” food delivery services. See “Subsequent Events”.

- On October 8, 2020, the Company started to trade its shares on the OTCQX.
- On October 8, 2020, the Company started to trade its shares on the OTCQX Best Market, operated by the OTC Markets Group Inc.
- On October 15, 2020, the Company started to trade its shares on the Frankfurt Stock Exchange.

ANALYSIS OF RESULTS OF OPERATIONS – THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

The following section provides an overview of our financial performance during the three months ended September 30, 2020 (the “**Quarter**”) compared to the three months ended September 30, 2019 the “**Comparative Quarter**”).

Revenue

Revenue for the Quarter was \$266,500, an increase of \$70,800 as compared to \$195,700 in the Comparative Quarter. While the Company generated substantially all of its revenue in the Quarter from Facedrive Rideshare, management believes that the other Facedrive Verticals – particularly Facedrive Food, Facedrive Health and Facedrive Marketplace – will be in a position to generate revenue in the upcoming quarters as opportunities, business lines and products mature.

The Company’s gross fees from rides was \$315,400 in the Quarter, representing a decrease from 335,400 from the Comparative Quarter. This decrease is primarily attributable to a decrease in the number of rides during the COVID-19 global pandemic. Total revenue from the vehicle subscription service was \$174,100 in the Quarter, and \$nil in the Comparative Quarter. The increase is primarily attributable to the Steer Acquisition in the Quarter.

Total revenue from licensing arrangements was \$nil for the Quarter as compared to \$100,000 in the Comparative Quarter. The decrease in revenue was due to the licensing arrangements ending during the Quarter.

Total revenue from Facedrive Health was \$12,800 for the Quarter, as compared to \$nil in the Comparative Quarter. The Company launched Facedrive Health in April 2020.

Cost of Revenue

Cost of Revenue for the Quarter was \$143,400, representing an increase of \$81,700 from \$61,700 in the Comparative Quarter. Cost of Revenue consists largely of payment processing charges, direct costs associated with drivers and other credit card losses. The increase in Cost of Revenue was primarily due to an increase of \$66,000 in insurance expenses and \$8,500 in other credit card expenses. In addition, expenses associated with onboarding drivers decreased by \$7,000 due to the COVID-19 global pandemic.

The Cost of Goods Sold from the sale of merchandise and TraceSCAN were \$10,300 in the Quarter, as compared to \$nil in the Comparative Quarter. The increase was attributable to the Company launching Facedrive Marketplace and Facedrive Health in April 2020.

General and Administrative Expenses

General and Administrative expenses, consisting primarily of professional and consulting fees for the Quarter were \$1,096,000, up from \$160,100 in the Comparative Quarter. Total legal and accounting fees were \$262,000 in the Quarter as compared to \$27,800 in the Comparative Quarter. These increases were primarily attributable to acquisition and investment transactions (and related due diligence activities) in the Quarter. Total consulting fees were \$231,600 for the Quarter as compared to \$nil in the Comparative quarter. The increase was primarily attributable to the consulting fees for advisory services in developing strategic partnerships to support the Company’s growth initiatives.

Total share-based compensation expenses related to stock options and restricted share units granted to directors and officers of Facedrive were \$354,100 for the Quarter, as compared to \$55,200 in the Comparative Quarter, which was

when the Company completed the RTO and was at an earlier stage of its growth. We anticipate a continued increase in accounting, legal and professional fees, as well as share-based compensation expenses, on account of our growth as an expanding public company with a growing management, advisory and consultant base spread throughout the various Facedrive Verticals. This increase will be reflected in our General and Administrative expenses. In addition, total expenses for fees to the TSX Venture Exchange and the transfer agent were \$115,500 for the Quarter, compared to \$nil for the Comparative Quarter. This increase reflects transactions and related issuances of securities in the Quarter that bear an associated set of fees.

Operational Support Expenses

Operational Support Expenses increased to \$936,700 in the Quarter from \$425,700 in the Comparative Quarter. Much of this increase was due to a substantial expansion in our general operations (i.e. related salaries and benefits) and incremental operational support associated with our newly acquired vehicle subscription business, Steer.

Total salaries and benefits were \$575,300 in the Quarter, compared to \$100,700 in the Comparative Quarter, an increase of \$472,000. This increase primarily reflects an increase in our employee headcount as we continue to expand the Facedrive Verticals. In addition, telephone, internet and data expenses increased to \$151,200 in the Quarter from \$63,100 in the Comparative Quarter, attributable to an increased number of users of our platforms.

Total fees paid to third parties providing operational support, driver background checks and onboarding procedures were \$3,600 in the Quarter, as compared to \$199,000 in the Comparative Quarter. Total operational support expenses payable to Dynalync 2000 Inc., a related company (“**Dynalync**”), was \$nil in the Quarter, as compared to \$164,000 in the Comparative Quarter. See “Related Party Transactions”. The decrease in both of the above expenses to third-parties and Dynalync is primarily due to the Company consolidating more operational functions in-house as opposed to outsourcing to third party providers.

Research and Development Expenses

Research and development expenses increased to \$490,500 in the Quarter, as compared to \$261,400 in the Comparative Quarter. The expenses were primarily related to fees paid to third parties providing services and product development to the Company in the amount of \$349,500 in the Quarter, as compared to \$261,400 in the Comparative Quarter. The increase was driven by our efforts to continue to increase the functionality of our Rideshare and Foods platforms and improving efficiencies in attracting and retaining drivers and riders. The increase is also attributed to the additional research and development fees in developing TraceSCAN for Facedrive Health Inc. Total fees payable to Dynalync was \$nil in the Quarter, as compared to \$229,200 in the Comparative Quarter. See “Related Party Transactions”. This decrease was primarily due to the Company consolidating more research and development functions in-house, as opposed to outsourcing to third party providers.

Sales and Marketing Expenses

Sales and marketing expenses for the Quarter were \$833,200, as compared to \$438,500 in the Comparative Quarter. This increase is primarily due to increased spending on marketing programs, driven by an increase in marketing spending in our HiQ program (part of our Facedrive Social vertical) and advertising costs within our Facedrive Food vertical, as the Company continues to develop its presence in the respective markets.

Total expenses for driver and rider incentive programs were \$201,300 for the Quarter, as compared to \$251,800 in Comparative Quarter. This decrease can generally be traced to a decrease in active rider and driver demand, along with a general decline in activity, during the COVID-19 pandemic.

Net Loss

The Company incurred a net loss of \$3,524,200 in the Quarter, compared to \$3,527,800 in the Comparative Quarter, as the Company continually looks to develop and grow the Facedrive Verticals.

ANALYSIS OF RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

The following section provides an overview of our financial performance during the nine months ended September 30, 2020 (“**YTD Period**”) compared to the nine months ended September 30, 2019 (“**Prior YTD Period**”).

Revenue

Revenue for the YTD Period was \$748,000, an increase of \$383,400 compared to \$364,600 in the Prior YTD Period. While the Company generated substantially all of its revenue in the YTD Period from Facedrive Rideshare, management believes that the other Facedrive Verticals – particularly Facedrive Food, Facedrive Health and Facedrive Marketplace – will be in a position to generate revenue in the upcoming quarters as opportunities, business lines and products mature. Increase in the Company’s YTD Period revenue year-over-year was primarily attributable to expansion by the Company into additional geographic regions during the YTD Period and growth in drivers and riders utilizing the Company’s ridesharing platform.

The Company’s gross fees from rides was \$1,314,800 in the YTD Period, representing an increase from \$877,000 from the Prior YTD Period. This increase is also primarily attributable to expansion by the Company into additional geographic regions during the YTD Period and growth in drivers and riders utilizing the Company’s ridesharing platform.

Total revenue from the vehicle subscription service was \$174,100 in the YTD Period, and \$nil in the Prior YTD Period. This amount is the same as the amount reported for the Quarter as the Steer Acquisition occurred in September 2020.

Total revenue from licensing arrangements was \$150,000 for the YTD Period, as compared to \$150,000 in the Prior YTD Period.

Cost of Revenue

Cost of revenue for the YTD Period was \$517,200, representing an increase from \$188,100 in the Prior YTD Period. Cost of revenue consists largely of payment processing charges, direct costs associated with drivers and other credit card losses. The increase in cost of revenue was primarily due to an increase of \$218,800 in insurance expenses and \$59,900 in other credit card expenses as the number of users increased from the Prior YTD Period, when the Company was at a more nascent stage of growth.

On the other hand, expenses associated with onboarding drivers decreased by \$20,900 as a result of a general decrease in new active driver growth during the COVID-19 pandemic. Although the number of drivers continued to grow, such growth did not occur at the same rate as in the Prior YTD Period.

The cost of goods sold from the sale of merchandise and TraceSCAN was \$13,900 in the YTD Period compared to \$nil in the Prior YTD Period. This increase was attributable to the Company having recently launched Facedrive Marketplace and Facedrive Health in 2020.

General and Administrative Expenses

General and Administrative expenses for the YTD Period, consisting primarily of professional and consulting fees, were \$2,411,200, up from \$307,900 in the Prior YTD Period. Total legal and accounting fees were \$543,900 in the YTD Period as compared to \$283,400 in the Prior YTD Period. These increases were primarily attributable to the Company’s increased acquisition and investment activity in the YTD Period. Total consulting fees were \$432,400 in the YTD Period as compared to \$nil in the Prior YTD Period. The increase was primarily attributable to consulting fees for advisory services further to the Company developing strategic partnerships and continuing to build out the Facedrive Verticals.

Total share-based compensation expenses related to stock options and restricted share units granted to directors and officers of Facedrive were \$1,005,000 for the YTD Period, as compared to \$152,100 in the Prior YTD Period. We anticipate an increase in share-based compensation expenses as we intend to recruit and expand management and employee ranks in line with the Company’s intentions to continue growing the Facedrive Verticals. We also anticipate a further significant increase to accounting, legal and professional fees associated with our growth strategy which we

anticipate continuing to include strategic acquisitions as and when appropriate and the Company's aforementioned intentions to further grow the Facedrive Verticals. Any such increases to professional fees will be reflected in our General and Administrative expenses going forward.

Operational Support Expenses

The majority of operations of the Company during the YTD Period remained in support of Facedrive Rideshare and Facedrive Foods, as other Facedrive Verticals were in earlier stages of development. Operational support expenses increased to \$1,692,100 in the YTD Period, from \$1,201,300 in the Prior YTD Period. This increase was driven primarily by increases in salaries and benefits as well as licensing fees on account of our expanding operations.

Total salaries and benefits were \$982,800 in the YTD Period, as compared to \$210,300 in the Prior YTD Period, an increase of \$774,100, primarily due to the increase in employee headcount described above. The increased headcount occurred primarily for the benefit of our Facedrive Rideshare operations but also to strengthen the other Facedrive Verticals. Total telephone, internet and data expenses increased to \$371,600 in the YTD Period from \$83,200 in the Prior YTD Period. This increase was attributable to an uptick in the number of users on our platforms. Total licensing fees were \$91,000 in the YTD Period, as compared to \$70,900 in the Prior YTD Period.

Total fees paid to third parties providing operational support, driver background checks and onboarding procedures were \$69,300 in the YTD Period, as compared to \$632,700 in the Prior YTD Period. Total operational support expenses payable to Dynalync 2000 Inc., a related company ("**Dynalync**"), was \$nil in the YTD Period, as compared to \$505,000 in the Prior YTD Period. See "Related Party Transactions".

Research and Development Expenses

Research and development expenses increased to \$1,014,400 in the YTD Period, compared to \$734,900 in the Prior YTD Period. The increase was primarily driven by the Company consolidating more research and development functions in-house as opposed to outsourcing to third party providers. To this end, total salaries and benefits were \$286,700 in the YTD Period, as compared to \$nil in the Prior YTD Period as the Company increased its employee headcount as described above. We continue to increase the functionality of the platform and improve efficiencies in attracting and retaining users, downloaders, drivers and riders. total fees payable to Dynalync was \$nil in the YTD Period, as compared to \$702,300 in the Prior YTD Period. See "Related Party Transactions".

Sales and Marketing Expenses

Sales and marketing expenses for the YTD Period were \$9,323,900, as compared to \$973,000 in the Prior YTD Period. These increases were primarily attributable to the deemed cash value of share-based compensation paid for services provided by Medtronics to the Company in the aggregate amount of \$7,632,700 for the YTD Period, compared to \$nil in the Prior YTD Period. For the above transaction, the Company issued an aggregate of 800,000 Shares to Medtronics for marketing and strategic consulting services. The arrangement was negotiated as a share-based payment transaction with an arms-length non-employee and, at the time of such negotiation, the fair value of the number of Shares was considered reasonable by the Company based on the average closing price of the shares. Since the fair value of the services received cannot be reliably measured, the shares were measured and recognized based on the average closing price of the shares over the later service period, resulting in a \$7,632,700 sales and marketing expense charge.

Total expenses for driver and rider incentive programs were \$757,400 for the YTD Period, as compared to \$657,400 in the Prior YTD Period. This increase was primarily attributable to the Company's expansion into a greater number of cities than during the Prior YTD Period.

Net Loss

The Company incurred a net loss of \$14,319,800 in the YTD Period, as compared to a net loss of \$5,416,500 in the Prior YTD Period. The increase in net loss is primarily attributable to the growth of the Company and the costs associated with such growth, as described above. The Company is also of the position that the general trend of less

ridership, on account of physical-distancing and other policies enacted by Governments in the face of COVID-19, also led to an increase as to the Company's net loss in the YTD Period.

SUMMARY OF QUARTERLY RESULTS

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

<i>(Unaudited)</i>	Q3 2020 (\$)	Q2 2020 (\$)	Q1 2020 (\$)	Q4 2019 (\$)	Q3 2019 (\$)	Q2 2019 (\$)	Q1 2019 (\$)	Q4 2018 (\$)
Revenue	266,460	93,615	387,901	234,525	195,738	132,814	36,027	13,579
Net loss	(3,524,179) ⁽¹⁾	(9,356,844) ⁽²⁾	(1,498,142) ⁽³⁾	(1,525,810) ⁽⁴⁾	(3,527,753) ⁽⁵⁾	(1,060,242) ⁽⁶⁾	(828,552) ⁽⁷⁾	(388,041) ⁽⁸⁾
Net and comprehensive loss	(3,464,843)	(9,356,844)	(1,498,142)	(1,525,810)	(3,527,753)	(1,060,242)	(828,552)	(388,041)
Basic and diluted loss per Share	(0.04)	(0.10)	(0.02)	(0.02)	(0.04)	(0.01)	(0.01)	(0.01)

Notes:

- (1) Net loss decreased for the three months ended September 30, 2020 as compared to the prior quarter, was primarily due to the decrease in Sales and Marketing expenses attributable to the Medtronics Consulting Agreement in the amount of \$7,632,700. This decrease was partially offset by an increase in general & administrative, operational support, and research & development expenses due to the growth of the Company and the costs associated therewith. The increase in revenue was mainly attributable to Steer, the newly acquired electric-vehicle subscription business. Net loss for the three months ended September 30, 2020 would have been \$3,170,100 if we exclude the non-cash portion of our share-based compensation expenses. For the three months ended September 30, 2020, the total non-cash portion of share-based compensation expenses was \$354,100, and was included in general & administrative expenses.
- (2) Net loss increased for the three months ended June 30, 2020 as compared to the prior quarter, primarily due to the increase in Sales and Marketing expenses attributable to the Medtronics Consulting Agreement in the amount of \$7,632,700. The decrease in revenue was attributable to the decrease in ridership as a result of the COVID-19 global pandemic. Net loss for the three months ended June 30, 2020 would have been \$1,365,200 if we exclude the non-cash portion of share-based compensation. For the three months ended June 30, 2020, the total non-cash portion of share-based compensation was \$7,991,600, which we included in sales and marketing expenses in the amount of \$7,632,700 and general & administrative expenses in the amount of \$358,900.
- (3) Net loss decreased for the three months ended March 31, 2020 as compared to the prior quarter, primarily due to an increase in interest income of \$7,800 and unrealized foreign exchange gains of \$120,900 attributable to the promissory note receivable completed in October 2019. The increase in revenue was attributable to an increase in riders. Net loss for the three months ended March 31, 2020 would have been \$1,255,000 if we excluded the non-cash portion of share-based compensation. For the three months ended March 31, 2020, the total non-cash portion of share-based compensation was \$246,200, and was included in general & administrative expenses. In addition, total sales and marketing expenses were \$574,900, compared to \$587,000 for the three months ended December 31, 2019. Sales and marketing expenses for the three months ended March 31, 2020 consisted primarily of rider discounts, advertising, promotions and incentives to drivers. The Company plans to continue to invest in sales and marketing to grow the number of platform users and increase its brand awareness.
- (4) Net loss decreased for the three months ended December 31, 2019 as compared to the prior quarter, primarily due to the decrease in listing expenses of \$2,376,000 attributable to the Transaction completed in September 2019. The increase in revenue was attributable to an increase in riders. Net loss for the three months ended December 31, 2019 would have been \$1,188,100 if we exclude the non-cash portion of share-based compensation. For the three months ended December 31, 2019, the total non-cash portion of share-based compensation was \$337,700 and was included in General & Administrative expenses. In addition, there was an increase in sales and marketing expenses of \$148,500 for the three months ended December 31, 2019. Sales and marketing expenses for the three months ended December 31, 2019 consisted primarily of rider discounts, advertising, promotions and incentives to drivers. The Company plans to continue to invest in sales and marketing to grow the number of platform users and increase its brand awareness.
- (5) Net loss increased for the three months ended September 30, 2019 as compared to the prior quarter, primarily due to listing expenses of \$2,376,000 in connection with the RTO completed in September of 2019. The total non-cash portion of the listing expenses was \$1,853,200. The increase in revenue was attributable to an increase in riders. Net loss would have been \$1,151,700 if we exclude the listing expenses associated with the RTO.
- (6) Net loss increased for the three months ended June 30, 2019 as compared to the prior quarter, primarily due to an increase in operational support and sales and marketing expenses. The increase was due to increased fees paid to third parties to support the growth of local operations. In addition, the Company increased spending on marketing programs for advertising and incentives to riders and drivers. The increase in revenue was attributable to an increase in riders.
- (7) Net loss increased for the three months ended March 31, 2019 as compared to the prior quarter, primarily due to the increase in operational support and sales and marketing expenses. The increase was due to increased fees paid to third parties to

support the growth of local operations. In addition, the Company increased spending on marketing programs for advertising and incentives to riders and drivers.

- (8) Net loss increased for the three months ended December 31, 2018 as compared to the prior quarter. Increase in overall expenses was a result of increased fees paid to third parties to support the growth of local operations. In addition, the increase was attributable to the increase in research and development expenses.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Overview

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

Cash Flows

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

	September 30, 2020 (\$)	September 30, 2019 (\$)
Net cash generated from (used in) operating activities	(7,747,940)	(1,902,437)
Net cash generated from (used in) investing activities	(1,962,637)	253,053
Net cash generated from (used in) financing activities	13,269,151	9,011,993
Impact of currency translation adjustment on cash	11,237	-
Increase (decrease) in cash and cash equivalents	3,569,811	7,362,609

Analysis of Cash Flows

The Company's cash balance as of September 30, 2020 was \$7,360,700, compared to \$3,790,900 as at December 31, 2019, with working capital of \$7,371,400 as at September 30, 2020 compared to \$3,402,500 at December 31, 2019.

Cash Flows used in Operating Activities

Cash used in operations of the Company was \$7,747,900 for the YTD Period, as compared to cash used in operations of \$1,902,400 for the Prior YTD Period. This consisted of a net loss of \$14,379,200 offset by non-cash expenditures of \$9,094,700 consisting of depreciation and amortization of \$489,100, share based payments of \$8,601,800, non-cash general and administrative costs of \$25,000 and an unrealized foreign exchange gain of \$21,200. Total share-based compensation expenses for the YTD Period were: for consulting fees to Medtronic: \$7,632,700; to the Directors and Officers of the Company: \$959,200; and to suppliers: \$10,000. Cash was also used to fund the increase in trade and other receivables of \$1,893,200, increase in deposits of \$1,017,600, increase in inventory of \$82,600, increase in interest receivable of \$31,800 and a decrease in deferred income of \$63,100, partially offset by a decrease in prepaid expenses and deposits of \$77,700 and an increase in accounts payable and accrued liabilities of \$547,000.

Cash Flows used in Investing Activities

Cash used in investing activities was \$1,962,600 for the YTD Period, as compared to \$253,000 in the Prior YTD Period. This increase is largely driven by the cash portion of the Company's investment in Tally, totalling \$1,340,600, and the acquisition of certain assets of Foodora Canada, totaling \$561,700.

Cash Flows provided by Financing Activities

Cash generated from financing activities was \$13,269,200 for the YTD Period, as compared to \$9,012,000 for the Prior YTD Period. The change is primarily attributed to the proceeds received from the issuance of Shares in connection with the non-brokered private placements completed in 2020 for aggregate gross proceeds to the Company of 13,617,800. The Company also received a Term Loan in the amount of \$40,000 under the Canada Emergency Business Account program.

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

SHARE INFORMATION

The Company is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As of the date of this MD&A, there are 93,729,980 Shares and nil preferred shares issued and outstanding. As at the date of the MD&A, 85,919,039 Shares are subject to contractual lock-up restrictions which will be released on a rolling basis between January 1, 2021 and September 30, 2022. The increase in the total number of Shares issued and the Shares subject to contractual lockup as compared to the Share numbers reported in the Company's financial statements as at September 30, 2020 is due to the Shares issued pursuant to the acquisition of Food Hwy Canada Inc., which was completed on October 1, 2020.

In addition, there were 687,040 stock options and 576,414 restricted share units outstanding, each representing a right to acquire one Share, issued and outstanding. As of the date of this MD&A, assuming exercise and exchange of all outstanding options, warrants and restricted share units, there are 94,993,434 equity securities of the Company issued and outstanding on a fully-diluted basis.

RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. Total salaries and benefits paid to the key management personnel of the Company was \$41,500 for the nine months ended September 30, 2020 (2019 - \$Nil). Total share-based compensation paid to the Board of Directors and key management personnel of the Company was \$1,043,100 for the nine months ended September 30, 2020 (2019 - \$12,900). There were no short-term employee benefits, post-employment benefits, other long-term benefits, or termination benefits paid to the directors and key management personnel of the Company for the three months ended September 30, 2020 and 2019.

Terms and conditions of transactions with related parties

- As at September 30, 2020, \$Nil (December 31, 2019 - \$12,155) was due to Connex Telecommunications Inc. ("Connex"), a related company controlled by the Company's Chairman and Chief Executive Officer. This amount results from the rental of office space to the Company, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's trade payable. The total expenses charged to the Company for the office space for the nine months ended September 30, 2020 was \$45,000 (2019 - \$35,000), which were included in operational support expenses. In March 2019, the Company issued 7,399,030 Shares to Connex (1,562,500 Shares on a pre-Share Capital Adjustments basis) at an average price of \$0.10 per Share. The Shares were issued to Connex as consideration for payments of expenses made by Connex on behalf of the Company.

- As at September 30, 2020, \$443,368 (December 31, 2019 - \$443,368) was due to Dynalync 2000 Inc., a related company controlled by our Chairman and Chief Executive Officer. The amount owing is a result of the related company providing consulting and product development services to the Company, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's trade payable. The total expenses charged to the Company for the nine months ended September 30, 2020 were \$Nil (2019 - \$1,200,300), which were included in research and development in the amount of \$Nil (2019 - \$702,300) and operational support expenses in the amount of \$Nil (2019 - \$505,000).
- As at September 30, 2020, \$334,028 (December 31, 2019 - \$334,028) was due to the initial founders of the Company. These amounts were due as a result of the founders making certain payments on the Company's behalf. The balance owing is unsecured, non-interest bearing and is not repayable within the next 12 months.

All amounts outstanding to related parties are unsecured and non-interest bearing. There have been no guarantees provided or received for any related party receivables or payables. All transactions with related parties are carried out in the normal course of operations and are recorded at their exchange amounts as agreed upon by transacting parties.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at September 30, 2020, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents and promissory note receivable denominated in United States dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends. The Company does not currently hedge its currency risk.

Based on current exposures as at September 30, 2020, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar relative to the United States dollar would result in a gain or loss of approximately \$665,000 in the Company's consolidated statements of loss and comprehensive loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2020, the Company is not exposed to significant interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are

caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Examples include changes in commodity prices or equity prices. As at September 30, 2020, the Company is not exposed to significant other price risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's financial instruments that are exposed to credit risk consist primarily of cash and cash equivalents, trade and other receivables and promissory note receivable. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with financially stable and insured institutions. The Company's HST receivable has minimal credit risk as it is collectable from government institutions. The Company mitigates its exposure to credit risk from trade and other receivables through a payment collection platform which processes users' pre-authorized credit cards. The Company mitigates exposure to credit risk from its promissory note receivable by performing due diligence on investment opportunities and monitoring the credit worthiness of its borrowers. As payments from users are typically pre-authorized, the risk of credit loss is expected to be minimal. As at September 30, 2020, the Company is not exposed to significant credit risk.

Liquidity risk

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

Other business risks and uncertainties

There are a number of other risk factors that the Company faces in the Facedrive Verticals. For a general review of other business risks and uncertainties, the reader is referred to the Company's Filing Statement dated August 28, 2019 for a description of some of these risks as well as the Company's Q3 Financial Statements accompanying this MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual events may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in net loss and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Significant assumptions regarding the future and other sources of estimation uncertainty that management has made at the financial position reporting date could result in a material adjustment to the carrying amounts of assets and liabilities. All significant estimates and critical judgments were the same as those applied to the financial statements as at and for the year ended December 31, 2019, except for those summarized below:

(a) Estimates

Useful life of intangible assets

Intangible assets with finite lives are amortized on a straight-line basis over their expected useful life once the asset is available for use. Many factors are considered in determining the useful life of an intangible asset, including technical, technological, commercial or other types of obsolescence and typical product life cycles for the asset. Changes to the expected useful life of an asset is accounted for prospectively.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company “would have to pay”, which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Fair value adjustments for business combinations

In accordance with IFRS 3, ‘Business Combinations’, the Company remeasures the assets, liabilities and contingent liabilities acquired through a business combination relative to fair value. Similarly, consideration given, including shares issued, is also measured at fair value. Where possible, fair value adjustments are based on external appraisals or valuation models (e.g. where intangible assets were not recognized by an acquiree). These valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.

(b) Judgements

Business combinations

From time to time, the Company acquires subsidiaries. At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Investments in associated businesses

From time to time, the Company makes investments in other entities. At the time of investment, the Company considers whether there is significant influence over the investee. Where there is significant influence, the Company accounts for the investment using the equity method. In construing “significant influence”, consideration is given to the extent to which the Company has representation on the board of directors (or equivalent governing body) of the investee, participation in the policy-making process, material transactions between the Company and the investee, interchange of managerial personnel and the provision of essential technical information among other factors.

When there is no significant influence, the investment is classified as a financial asset at fair value through profit and loss.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies are discussed in Note 5 of the Company's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2020.

SUBSEQUENT EVENTS

Acquisition of Food Hwy Canada Inc.

On October 1, 2020, the Company completed an acquisition (the "**Food Hwy Acquisition**") with each of the shareholders of Food Hwy Canada Inc. ("**Food Hwy**"). Pursuant to the terms of the Food Hwy Acquisition, the Company acquired all of the outstanding shares of Food Hwy for consideration of \$1,500,000 in cash and \$7,600,000 in Shares. A total of 515,370 Shares were issued, at a price of \$14.75 per Share, based on a 30-Day volume weighted average trading price of the Company's Shares as reported by Bloomberg. In connection with the Food Hwy Acquisition, Facedrive also acquired the brand assets, technology, IP, and trademarks of Food Hwy which will continue to serve the latter's customers, drivers and restaurant partners under the Food Hwy brand and using the Food Hwy app.

Medtronics Consulting Agreement Settlement

On October 19, 2020, the Company signed a settlement agreement with Medtronics deeming the obligations under the Medtronics Consulting Agreement fulfilled.

ADDITIONAL INFORMATION

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