

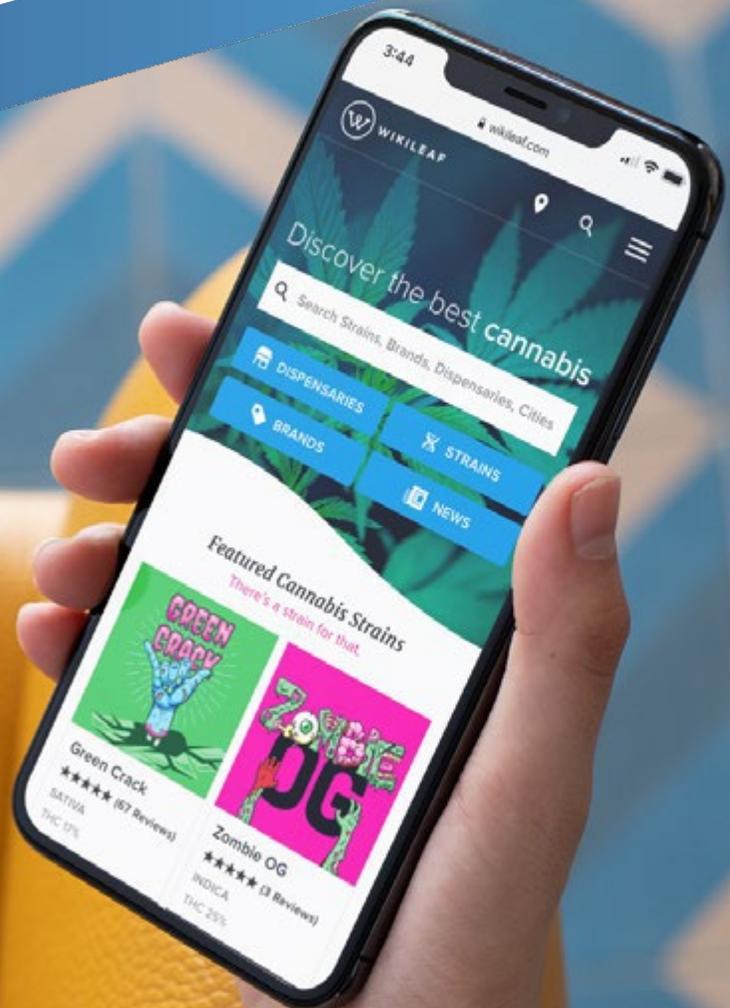


WIKILEAF

WIKILEAF TECHNOLOGIES INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (“MD&A”)

FOR THE THREE MONTHS
ENDED MARCH 31, 2021



Management Discussion and Analysis

The following management discussion and analysis (“**MD&A**”) of the results of the operations and financial position of Wikileaf Technologies Inc. (the “**Company**”, “**we**”, “**us**”, “**our**”) prepared for the three months ended March 31, 2021, should be read in conjunction with the Company’s unaudited consolidated financial statements for the three months ended March 31, 2021, and 2020. All figures contained in this MD&A are presented in Canadian dollars. This MD&A contains information up to and including May 28, 2021.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements. The MD&A includes forward-looking information with respect to our Wikileaf brand and its ability to capitalize on compelling opportunities in the future.

Forward-looking statements are often, but not always, identified using words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Company’s actual results could differ materially from those anticipated in these forward-looking statements because of various risk factors, including, but not limited to:

- assumptions about the ability of the Company to raise necessary capital for its existing operations and expansion plans,
- the ability of the Company to retain key management personnel,
- assumptions related to our ability to attract and retain advertisers
- the ability of the Company to continue to increase organic user traffic on the platform which in turn attracts dispensary and brand advertisers.

Canadian Companies with US Marijuana-Related Assets

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) Issuers with US Marijuana-Related Activities (the “Staff Notice”), which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the US as permitted within a particular state’s regulatory framework. All issuers with US cannabis-related activities are expected to disclose certain prescribed information clearly and prominently in required disclosure documents.

Such disclosure includes, but is not limited to, (i) a description of the nature of a reporting issuer’s involvement in the US marijuana industry; (ii) disclosure that marijuana is illegal under US federal law and that enforcement of relevant laws is a significant risk; (iii) related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer’s ability to operate in the US; and (iv) a discussion of the reporting issuer’s ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the US marijuana industry, or deemed to have “ancillary industry involvement”, all as further described in the Staff Notice. At this time, the Company’s involvement in the US cannabis industry is limited and its industry involvement of cannabis activities is “Ancillary” through direct control of a website that provides services to third parties who are involved in the US marijuana industry. In addition, the Company does not operate, nor control any subsidiary that is directly engaged in the cultivation or distribution of marijuana in accordance with any US state license. As a result of the Company having cannabis-related operations in the US, the Company is subject to the requirements of the Staff Notice and accordingly provides the following disclosures:

Compliance with Applicable State Laws in the US

The Company has not obtained legal advice regarding compliance with applicable state regulatory frameworks and exposure and implication arising from US federal laws in the states where it conducts operations. To the best of the Company’s knowledge, the Company is not aware of any non-compliance with applicable licensing requirements and the regulatory framework enacted by the applicable US state. The Company is not aware of: (i) any noncompliance with respect to marijuana-related activities, or (ii) any notices of violation with respect to its marijuana-related activities by its respective regulatory authorities.

Operational Overview





The Company

Overview

Wikileaf Technologies Inc. (“Wikileaf” or the “Company”) is the owner and operator of wikileaf.com, an online digital platform for cannabis enthusiasts to discover engaging and educational content, strain and product information and analytical tools allowing them to make informed purchasing decisions.

Wikileaf has created a data-generating advertisement inventory within an ecosystem of original content comprised of our online publication (“The Stash”), videos, podcasts, and repurposed shareable media across social platforms.

Each day, tens of thousands of cannabis consumers use the Wikileaf website to find new strain information and interact with local dispensaries to learn about and find the best prices for their desired cannabis strains and products. Dispensaries in turn use our free digital listing services to engage with consumers as an additional point of consumer engagement. Our active database includes thousands of licensed cannabis dispensaries thereby attracting a vibrant community of cannabis users seeking information on pricing, strains, products, and industry participants.

Our strain library makes it easy for users to find, review and read about thousands of cannabis strains; includes concise cannabis strain and use information in an app icon format that is easy to read. Users can then immediately locate the retailer offering the strain and the prices they are selling it for. Our dispensary finder shows all licensed dispensaries and deliveries in a users’ immediate vicinity, with real-time pricing and inventories based on the search query.

The Market Opportunity

- **Cannabis Consumers:** are limited in identifying accurate and engaging information with respect to cannabis, products, and reputable industry participants within their vicinity.
- **Dispensaries and Brands:** are challenged to properly advertise their cannabis-based products, identify new customers, and measure the effectiveness of their marketing efforts.



Our Value Proposition

We believe cannabis consumers research strain and product pricing when they intend to buy. Wikileaf puts dispensaries in front of cannabis shoppers with immediate purchase intent.

Value Proposition for Users

- **Content:** Providing engaging content for users, members, and customers,
- **Educational Tools:** Wikileaf has over 600,000 listed strains and products priced, more than 8,000 dispensaries and 2,700 brand profiles and thousands of customer reviews and pieces of content available to users to browse for free. ⁽¹⁾
- **Price Transparency:** The customer specifies a desired strain or product and instantly views multiple price quotes from dispensaries located nearby.

Value Proposition for Advertisers

- **Large Audience:** Wikileaf has over 950,000 organic visits per month with approximately 95% of U.S. visits originating from legalized U.S. jurisdictions. ⁽²⁾
- **Location-target advertising:** Dispensaries can understand the customer tastes based on their location-target advertising directly to cannabis users located nearby with digital advertising and tools.

With millions of inquiries on the platform that are tied to specific geographical locations, Wikileaf endeavours to be able to provide an understanding of local customer behavioural trends and user psychographics to individual dispensaries that will help inform their inventory purchasing, product stocking and strain cultivation decisions. We intend to derive our revenue through brand advertising, data licensing and E-Commerce functionality from our prospective customers, who range from cannabis consumers to dispensaries, national cannabis brands, product manufacturers and licensed cannabis producers.

⁽¹⁾ Source: Internal data as at March 31, 2021

⁽²⁾ Source: Google Analytics, Internal data as at March 31, 2021



Since inception, the Company has incurred operating losses. As at March 31, 2021, the Company has an accumulated deficit of \$20,343,964. The Company has not yet completed its efforts to establish a stabilized source of revenue sufficient to cover operating expenses and relies on support from its shareholders to cover such expenses.

The Company is actively seeking to secure additional funding through equity-based financing, debt financing or through other arrangements; however, there is no assurance that the Company will be successful in this or any of its endeavours or become financially viable and continue as a going concern. Consequently, these material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

Highlights

Company Restructuring

During the three months ended March 31, 2021, the Company continued an organizational and strategic review that was initiated by the Board in fiscal year 2020, to identify opportunities for monetization and to streamline the Company's cost structure. The objective of this initiative was to build sustainable value within changing market conditions and to significantly reduce operating costs. Restructuring efforts in fiscal year 2020 resulted in the downsizing of the Seattle and Ottawa offices which including termination of month-to-month office leases in both locations. Throughout the first three months of fiscal year 2021 the Company incurred significantly lower operating costs as a result of the ongoing streamlining endeavours.

Financing

During the three months ended March 31, 2021, the Company successfully raised \$1.25 million in equity financing. On January 29, 2021, the Company issued \$300,000 of convertible notes, which bear interest at an annual rate of 12%. The convertible notes come to maturity on their one-year anniversary date and are convertible into common shares or in the event the Company completes an equity financing prior to April 15, 2021, the holder of the notes is obligated to convert their convertible notes and accrued interest thereon into equity instruments on the same terms of the equity financing. In the event the holder of the notes does not exercise their conversion rights, the Company shall repay the notes with interest on the maturity date. On March 4, 2021, the Company announced a private placement whereby 19,000,000 units were sold for gross proceeds of \$950,000. Each unit consists of one common share at a price of \$0.05 per share and one share purchase warrant exercisable at \$0.075 per share for a period of two years from the date of closing. In addition to the private placement, the \$300,000 convertible notes were converted into common shares under the same terms as the private placement for 6,094,681 units.



Management Transition

On January 4, 2021, the Company announced that Dan Nelson has departed as Chief Growth Officer and Manoj Hippola as Chief Financial Officer of the Company. Mike Best was appointed Chief Financial Officer of the Company. Dan Nelson remains a member of the board of directors.

Monetization Plan

During fiscal year 2020, the Company's board of directors established a Monetization Committee, which consists of a group of internal board members and external advisors who have specific domain experience, specifically in monetizing Internet traffic and platforms. On February 25, 2020, the Committee presented the FY2020 Monetization plan, which was approved and ratified by the Company's board of directors.

Pursuant to this plan, the Company began investigating various online revenue opportunities. Management believes the Wikileaf Platform provides a compelling opportunity for companies who want to be in tune with cannabis users and enthusiasts and their purchasing intentions, and that an effective way to reach this audience is through the use of entertaining and informative content.

Wikileaf is in the process of creating a data-generating advertisement inventory comprised of items such as original content including articles, videos, podcasts, and re-purposed shareable media on social platforms. Through the Wikileaf platform, cannabis consumers provide a wealth of valuable information that we feel can be monetized synergistically with a content driven advertising model.

Merger & Acquisition Committee

On June 30, 2020, the Company's board of directors established a Mergers & Acquisition ('M&A') Committee, which consists of a group of internal board members and executives who have been given the mandate to evaluate possible merger candidates and/or analyze specific acquisition targets presented to the Company's board. The M&A Committee continue to evaluate merger and acquisition candidates throughout the three months ended March 31, 2021.



Key Metrics ⁽¹⁾

Management has identified organic site traffic, page views, unique users, and dispensary locations as relevant to investors' assessment of our operational results.

During the three months ended March 31, 2021, site traffic declined for unique users and organic sessions compared to the same period in fiscal year 2020. However, the page views key metric increased over the same period-to-period timeframe. Management reviewed certain website performance issues that may have led to a decline in unique users and organic sessions. Based on the review it was determined that overall slower loading and refresh speeds of the website may be a possible cause for the decrease in site visits. To address these issues the Company signed an agreement with a third-party contractor on March 25, 2021 to conduct a detailed audit of the Company's website including key infrastructure performance issues. The agreement provides for refactoring and consolidating of the backend code of the website and to create a plan and recommendations for future infrastructure and migration implementation plans.

Organic Site Traffic

We calculate desktop and mobile user 'engagement' as the number of organic user sessions (traffic) as measured by Google Analytics. This traffic metric is a good indicator of our user's level of engagement with our desktop website, mobile website, and mobile apps. This metric is solely our organic traffic and does not represent traffic acquired via our content partner sites, which display a Wikileaf widget for price comparison, deals and strain information. We believe highly engaged users conducting price comparison and informational searches are more likely to be 'purchase-ready' consumers and therefore more sought-after by our prospective advertising clients.

Page Views

A page view is triggered when any page is loaded by visitors to our website. Our dispensary and strain content are informative and well designed which has engaged our users to continue searching our site looking for more. Page views are important because each page view calculates an ad impression for each ad on the page. The Company's ads are sold on a cost per thousand views basis, and page view totals is an important metric for Company growth.

⁽¹⁾ Source Google Analytics, Internal data as at March 31, 2021



WIKILEAF

For the Three Months Ended March 31, 2021 and 2020

(in thousands)

	2021	2020	2020 to 2021 % change
Average Monthly Traffic	969.9	1,041.8	-6.9%
Average Monthly Page Views	2,239.2	1,888.5	18.6%

Unique Users

We calculate unique visitors as the number of individuals ‘users’ as measured by Google Analytics who have visited our desktop, mobile website and mobile apps at least once in a given month, averaged over the reporting period.

Measuring unique visitors is important to us because our future revenue will depend in part on our ability to enable dispensaries to connect with our users. We count unique visitor the first time the individual accesses one of our mobile applications using a mobile device during a calendar month and the first time an individual accesses our website using a web browser in a calendar month.

For the Three Months Ended March 31, 2021 and 2020

(in thousands)

	2021	2020	2020 to 2021 % change
Average Monthly Unique Users	720.0	775.4	-7.1%



Active Dispensary Locations

Active Dispensary Locations represents the cumulative number of licensed cannabis dispensaries and delivery services that are viewable on Wikileaf.com that have been actively engaged with the site over the previous 30 days. We define a dispensary location as each individual dispensary address or multi-site delivery operation operating legally within their respective jurisdiction with a free business listing on Wikileaf.com available to be viewed by our users.

As at March 31, 2021 and 2020

(in thousands)

	2021	2020	2020 to 2021 % change
Active Dispensary Locations	7,948	5,846	36.0%

As at March 31, 2021, our active dispensary location count represented approximately 85% U.S. market presence based on dispensary count statistics provided by Cannabiz Media (CNB Media, LLC) and our own internal calculations based on site issued dispensary licences. Wikileaf only lists licensed operators on its website and endeavours to remove any dispensary location operating unlicensed and illegally within its individual state's regulatory regime. The number of active dispensary locations have increased on our website primarily due to the greater number of legal dispensaries that have started operating in the U.S. over the previous fiscal year.

Growth Strategy

Our objective is to further extend our position as a leading provider of informational tools and content for cannabis users. To accomplish this, we intend to:

Improve our User Experience: Our mission is to empower the cannabis consumer. To that end we provide real-time price comparison of cannabis strains based on a user's location. In addition, we provide informational tools such as strain and brand profiles, dispensary reviews, engaging video, audio, and news content. We intend to continue developing technology offerings and site performance to meet the ever-changing expectations of today's cannabis consumers, with the goal of earning consumers' preference for using Wikileaf relative to new and existing digital web properties.



The Company launched a series of entertaining podcasts adding another point of engagement for site users. The first episode of the ‘Highly Unlikely’ podcast series, hosted by Alex Gettlin, was released on the website on April 5th. A total of eight podcasts are expected to be released in this series with one episode released each successive week. As well, another podcast, ‘Hip Hop History High’, hosted by comedian Donnell Rawlings, will be released during the second quarter of fiscal year 2021. These engaging and humorous podcasts are expected to generate additional visitors to the Company’s website.

Grow our Audience: We intend to expand our content distribution, targeted marketing and advertising programs, public relations, and social media initiatives to efficiently increase consumer awareness for our brand. We also intend to increase our user footprint via international expansion. We have over 8,000 dispensaries/retailers and 2,700 brands from across the United States and Canada with detailed profiles on Wikileaf. As cannabis legalization initiatives continue to proliferate worldwide, the Company intends to take advantage of the opportunity to scale its platform globally.

Grow the number of Dispensaries on Wikileaf: We intend to promote our niche valuation proposition to dispensaries who are severely hindered from advertising online and would benefit from a highly targeted, purchase intent audience.

Leverage our Data: With millions of pricing inquiries on our Wikileaf platform that are tied to specific geographical locations, our platform can provide an understanding of local customer behavioural trends and user psychographics to individual dispensaries aiming to properly service local customers in addition to multi-state operators seeking to understand state/local market dynamics based on user search queries.

Financial Overview





Selected Financial Information

The following tables highlight certain information and financial data of the Company for each of the two most recently completed financial years ended March 31, 2021 and 2020, respectively. Information set forth below should be read in conjunction with the Company's audited consolidated financial statements for the indicated years ended.

Summary of Quarterly Results

CDN \$	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	26,297	42,993	34,140	8,074	13,824	2,545	-	390
Net loss	(518,566)	(674,216)	(613,330)	(987,232)	(1,308,787)	(2,433,777)	(1,610,566)	(3,579,508)
Cash	1,067,753	286,248	854,081	1,454,193	2,321,588	3,562,858	5,738,132	6,175,742
Total assets	1,106,291	333,439	868,628	1,533,215	2,407,608	3,721,960	5,839,754	7,332,220
Total liabilities	250,208	224,888	3,196,325	3,328,329	3,373,954	3,215,309	3,735,498	10,423,070

Revenue

The Company's revenue for the three months ended March 31, 2021 and 2020 totalled \$26,297 and \$13,824, respectively. Revenue was derived primarily from the submission of Wikileaf.com to an online advertising network as a publisher website.

Operating Expenses

Operating expenses during the three months ended March 31, 2021 and 2020 totalled \$544,863 and \$1,322,611, respectively. The significant decrease in operating expenses for the three months ended March 31, 2021, is due primarily to the Company's workforce restructuring in fiscal year 2020 as well as a decrease in consulting fees incurred in the development of the Company's website Wikileaf.com. It is anticipated that operating expenses will increase in subsequent quarters, with additional sales and marketing initiatives planned related to the Company's monetization strategy. Also, additional consulting costs are expected to be incurred for ongoing website infrastructure development.



Salaries and Benefits

For the Three Months Ended March 31, 2021 and 2020

	2021	2020	2020 to 2021 % Change
Salaries and Benefits	332,644	727,692	-54%

Salaries and benefits expense during the three months ended March 31, 2021 and 2020 totalled \$332,644 and \$727,692, respectively. The decrease in salaries and benefits can be attributed to the Company's workforce restructuring in fiscal year 2020. This decrease was partially offset by executive settlement and employee severance payments pursuant to the Company's workforce restructuring earlier in the year.

Professional Fees

For the Three Months Ended March 31, 2021 and 2020

	2021	2020	2020 to 2021 % Change
Professional Fees	79,759	341,668	-77%

Professional fee expenses during the three months ended March 31, 2021 and 2020 totalled \$79,759 and \$341,668, respectively. The decrease period-to-period can be attributed to lower website development costs in the comparable period ended March 31, 2020, that were not incurred in the three-month period ended March 31, 2021.



Marketing Expenses

	For the Three Months Ended March 31, 2021 and 2020		
	2021	2020	2020 to 2021 % Change
Marketing & Entertainment	19,179	14,065	36%

Marketing expenses during the three months ended March 31, 2021 and 2020 totalled \$19,179 and \$14,065, respectively. The increase in marketing expenditures period-to-period is primarily due to the purchasing of merchandise for gift bags for our podcast hosts and guests.

Rent Expense

	For the Three Months Ended March 31, 2021 and 2020		
	2021	2020	2020 to 2021 % Change
Rent Expense	0	26,364	-100%

Rent expense during the three months ended March 31, 2021 and 2020 totalled \$0 and \$26,364, respectively. The elimination of rental costs is due to the Company's restructuring. The restructuring initiative included cancellation of the Ottawa and Seattle month-to-month rental agreements in the fourth quarter of fiscal year 2020.

Office Supplies

For the Three Months Ended March 31, 2021 and 2020

	2021	2020	2020 to 2021 % Change
Office Supplies	16,258	18,806	-14%

Office supplies expense during the three months ended March 31, 2021 and 2020 totalled \$16,258 and \$18,806, respectively. The decrease can be attributed to the Company's restructuring throughout the year. The reduction of staffing levels and the elimination of the month-to-month rental agreements in both Ottawa and Seattle were the primary reasons for the reductions in office supply during the first quarter of the year. The period-over-period decrease was offset marginally due to higher software expenses in the three months ended March 31, 2021.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as at the date of this of this MD&A:

Securities ⁽¹⁾	Units Outstanding
Issued and outstanding common shares	144,860,165
Warrants	25,094,681
Stock options	13,047,900
Restricted Stock Units	1,750,000

⁽¹⁾ Refer to the Company's Consolidated Financial Statements for a detailed description of these securities.

On March 4, 2021, the Company announced a private placement whereby it issued a total of 19,000,000 units at a price of \$0.05 per unit for gross proceeds of \$950,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.075 for a period of two years from the date of closing. Upon closing, the Company paid \$20,000 as finder fees.



On January 15, 2021, the Company issued convertible notes in the amount of \$300,000, bearing interest at an annual rate of 12%. The convertible notes mature after one-year and are convertible into common shares or, in the event the Company completes an equity financing prior to April 15, 2021, the holder of the notes is obligated to convert their notes and accrued interest thereon into equity instruments on the same terms of the equity financing. In the event the holder of the notes does not exercise their conversion rights, the Company shall repay the notes with interest on the maturity date. On March 4, 2021, the convertible notes, and their incurred interest of \$4,734 were converted into units at the same terms as above, resulting in the issuance of 6,094,681 common shares.

The fair value of the Company's share price at the date of issuance of the units was \$0.055, which is higher than the unit price and as a result, the entire amount of proceeds was allocated to the common shares issued.

As at March 31, 2021, all the 25,094,681 warrants issued, remain outstanding.

Share Capitalization

Loss per share

Basic and diluted loss per share for the three months ended March 31, 2021 and 2020 was -\$0.004 per share and -\$0.012 per share respectively, The decrease in loss per share is a result of the decrease in operating expenses from period-to-period, related primarily to salaries and benefits, professional fees, and other cost reductions related to the Company's reverse take over, lower share-based compensation expenses, and a decrease in management fees paid to the former parent company.

Stock Options

Stock options on January 1, 2021	12,347,900
Issuance of stock options	700,000
Forfeited stock options	-
Stock options on March 31, 2021	<u>13,047,900</u>



On February 19, 2021, the Company granted 700,000 stock options to employees and consultants, at an exercise price of \$0.07 per share and maturing in 10 years from the date of issuance. 220,000 of the stock options vest one-tenth on the grant date and the remaining on a monthly basis for the twelve months thereafter. 280,000 of the stock options vest one-third at the one-year anniversary date of the grant and the remaining over the 36 months thereafter. 200,000 of the stock options vest one-half at the date of the grant and the remaining on a monthly basis for the twelve months thereafter. The fair value of options granted has been estimated at \$32,745 using the Black-Scholes option pricing model with the assumptions in the table below.

Restricted Stock Units

On July 6, 2020, the Company granted 1,750,000 RSUs to its directors, expiring in 10 years from the date of issuance. On November 23, 2020, the Company granted 250,000 RSUs to two of its directors, vesting immediately on the date of issuance. As of the date March 31, 2021, 1,750,000 restricted stock units ('RSU's) remain outstanding and 130,000 have vested, with the remaining balance being unvested.

	No. of RSUs
RSUs on January 1, 2021	1,750,000
Issuance of RSUs	-
Exercise of RSUs	-
RSUs on March 31, 2021	<u>1,750,000</u>

As of the date of this MD&A, 1,750,000 RSU's are outstanding.

Liquidity and Capital Resources

	Three Months Ending	
	March 31,	
	2021	2020
Net cash used in operating activities	(445,307)	(1,258,566)
Net cash from investing activities	2,400	4,579
Net cash from financing activities	1,230,000	-



The Company's net cash used in operations for the three months ended March 31, 2021, was \$445,307 (2020: \$1,258,566). The decrease was largely attributed to lower operating expenditures. The Company continues to anticipate negative cash flows from operations for the foreseeable future.

The Company's net cash from investing for the three months ended March 31, 2021, was \$2,400 (2020: \$4,579) The amounts for both periods relate to proceeds from disposal of equipment.

The Company's net cash from financing for the three months ended March 31, 2021, was \$1,230,000 (2020: \$0). During the first three months of fiscal year 2021, \$950,000 (less \$20,000 issue costs) was raised from the issuance of private placement units and \$300,000 was raised from the issuance of convertible notes.

As at March 31, 2021, the Company had a cash balance of \$1,067,753 (March 31, 2020: \$2,321,588). Since inception, the Company has incurred operating losses. As at March 31, 2021, the Company has an accumulated deficit of \$20,343,964 (\$19,825,398 as at December 31, 2020). The Company has not yet completed its efforts to establish a stabilized source of revenue sufficient to cover operating expenses and relies on support from its shareholders and other potential financing arrangements to cover operating expenses.

The Company is actively seeking to secure additional funding via equity-based financing, debt-financing and/or other arrangements. However, there is no assurance that the Company will be successful in this or any of its endeavours or become financially viable and continue as a going concern. Consequently, these material uncertainties raise significant doubt regarding the Company's ability to continue as a going concern.

Our ability to continue as a going concern is dependent upon our generating profitable operations in the future and/or obtaining the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Management believes that actions presently being undertaken to further implement our business plan and generate revenues provide opportunity for the Company to continue as a going concern. While we believe in the viability of our strategy to generate additional revenues and our ability to raise additional funds, there can be no assurances to that effect.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Related Party Transactions

Transactions with related party exercising significant influence

The Company had an agreement with its former parent company, which required the Company to pay a fee \$5,000 per month (US\$60,000 per quarter for the month of January 2020, US\$12,000 for the month of February 2020 and \$5,000 per month starting March 2020) for management services rendered. On December 10, 2020, the Company came to an agreement with the former parent company to settle the management fees payable as at that date and following the payment of the January 2021 management fee, the agreement was terminated. As at March 31, 2021 and December 31, 2020, there are no management fees payable. The amount included in expenses for the three-month period ended March 31, 2021 is of \$5,000 (\$48,387 (US\$32,000 and \$5,000) for the three-month period ended March 31, 2020).

Notes payable to related parties

Unsecured promissory notes were issued to the former parent company, which now exercises significant influence over the Company. On December 10, 2020, the Company came to an agreement to settle the notes. As a result, there were no amounts outstanding as at March 31, 2021 or December 31, 2020.

The notes bore interest at prime plus 1% and an amount of \$6,585 (US\$4,896) of interest, for the three-month period ended March 31, 2020, was included in expenses.

On March 31, 2021, the parent company (Nesta Holding Co. Ltd.) privately sold a portion of their common shares of the Issuer to a third party and, as a result, it no longer has control over the Company, however they exercise significant influence I.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and current liabilities. Management has disclosed the impact of credit, liquidity, foreign currency, and interest rate risk below and in the audited consolidated financial statements.

FINANCIAL RISKS

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets are cash and trade accounts receivable, which are classified at amortized cost.

The main types of risks are credit risk, liquidity risk and foreign exchange risk.

The Company does not actively engage in the trading of financial assets for speculative purposes.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is subject to credit risk due to its cash and trade accounts receivable. The Company limits its exposure to credit risk for cash by placing its cash with high credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company might be unable to meet its obligations as they come due. This relies on the Company's ability to raise additional equity financing in excess of anticipated needs or increasing revenues.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources.

Foreign exchange risk

Foreign currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk is not considered significant as most of the Company's cash is in Canadian dollars; however, some expenses are settled in U.S. dollars. Currency risk results from the Company's expenses denominated in U.S. dollars.

COVID-19 Risk

The outbreak of the COVID-19 Coronavirus ("COVID-19") pandemic 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 social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and



impact of the COVID-19 pandemic is not known at this time, nor is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments or the impact on the financial position and financial results of the Company in future periods.

Risks and Uncertainties

A discussion of the Company's business and operational risks is set out in the Company's MD&A for the year ended December 31, 2020. If any of such risks or uncertainties actually occur, the Company's business, financial condition or operating results could be harmed substantially and could differ materially from the plans and other forward information discussed in this MD&A.

Critical Accounting Policies and Estimates

The Company has prepared the accompanying audited consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). Significant accounting policies and estimates are described in Notes 4 and 5 of the Company's consolidated financial statements as at March 31, 2021 and 2020.

The preparation of consolidated financial statements according to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Significant accounting estimates:

The valuation of share-based compensation.

Significant accounting judgments:

The evaluation of the Company's ability to continue as a going concern.