Datable Technology Corporation

Management's Discussion & Analysis

For the Three Months Ended March 31, 2020

Dated May 28, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

The following management's discussion and analysis of the financial position and results of operations for Datable Technology Corporation ("**DTC**", or the "**Company**"), formerly 3tl Technologies Corp., should be read in conjunction with the audited consolidated financial statements and the notes thereto for the three months ended March 31, 2020, which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and are reported in Canadian dollars.

This MD&A contains forward-looking statements. Forward-looking statements are based on current expectations that involve several risks and uncertainties, which could cause actual events or results to differ materially from those reflected in the MD&A. Forward-looking statements are based on the estimates and opinions of the Company's management at the time the statements were made.

The following information is prepared as at May 28, 2020.

CORPORATE STRUCTURE

DTC was incorporated under the Business Corporations Act of British Columbia on July 29, 2011 under the name of KCO Capital Inc. On August 1, 2012, the Company completed its initial public offering and became a Capital Pool Company to negotiate an acquisition or participation in a business (the "**Qualifying Transaction**"). On October 30, 2014, the Company completed its Qualifying Transaction by acquiring 3tl Technologies Corp. through an acquisition of 100% of the shares of 3tl Technologies Corp. On May 18, 2018, the Company changed its name from 3tl Technologies Corp. to DTC. On September 30, 2019, the Company voluntarily dissolved Flexx Data Inc., its wholly owned inactive subsidiary, which was incorporated on April 1, 2019. On January 27, 2020, DTC and 3 Tier Logic Inc., the Company's wholly owned subsidiary, amalgamated as one company, Datable Technology Corporation.

NATURE OF BUSINESS AND OVEREALL PERFORMANCE

Overview of Our Business

DTC is a technology company operating in the consumer Internet advertising sector and is a provider of digital and social media consumer engagement, data mining and loyalty solutions. DTC's core product is PLATFORM³, a Software as a Service ("**SaaS**") consumer marketing platform which enables consumer packaged goods companies and consumer brands to build and launch promotions and special offers on the mobile phone. These promotions are presented to consumers before they get into a store or when they are in the store aisle where most purchase decisions are made ("the moment of truth"). Promotions launched on PLATFORM³ are designed to engage consumers and influence purchasing decisions through their mobile devices and online. PLATFORM³ incorporates Artificial Intelligence ("**AI**") and Machine Learning to send targeted email and text messages to consumers once they have engaged with a Brand. Messages deployed from PLATFORM³ are customized based on information collected which includes demographic and purchase behaviour data. PLATFORM³ is built to be a leverage for the leading-edge cryptography to secure data collected from consumers, creating a highly secure environment required by DTC's global brand customers. The Platform encompasses proprietary consumer engagement strategies and technology modules including Contest and Promotions, Purchase Receipt Scanning, Social Portal (consumer-to-consumer content sharing), Rewards and Gamification, Shopper Messaging, Targeted Couponing, Data and Analytics, and Customer Relationship Management ("**CRM**").

Robert Craig, Chief Executive Officer of DTC, founded the Company in 2008 with the aim of providing clients (or "**brands**") dramatic and meaningful improvements in consumer engagement and communication via digital and social media technologies in the face of declining effectiveness of traditional forms of advertising. Increasingly, consumers have been using their social networks to share their opinions and experiences with leading brands through "shares", "posts", "likes", "follows", "check-ins" and other similar activity. Tapping into consumer's higher level of trust in "friend-to-friend" recommendations and the growth of social media, DTC aimed to provide disruptive solutions to existing methods of digital marketing.

From 2008 to 2012, DTC's business was exclusively managed services and the development of custom digital marketing applications for brands. These applications enabled brands to engage consumers through promotions via digital and social channels. DTC's applications also enabled brands to capture consumer data.

Between 2011 and 2014, DTC generated cumulative revenues in excess of $3,010,000 by developing over 200 custom digital marketing applications.

In its first four years, DTC was able to identify valuable consumer trends as well as first-hand experience with the challenge's brands faced when attempting to engage and activate consumers in a fragmented consumer marketplace. Traditional engagement strategies through radio, print and TV were not as effective as they used to be.

In 2012, DTC began development of PLATFORM^3, a proprietary digital marketing, data mining and rewards product. After one year of development, DTC began pre-selling the product resulting in $500,000 of orders. The Company's intention was to move from providing managed services to be a product company.

In 2014, after two years of development, DTC launched PLATFORM^3 as a commercial product. PLATFORM^3 is a proprietary suite of digital applications that provides brands with an integrated digital marketing, data mining and rewards platform to engage consumers on the web, desktop and mobile phone, through digital and social channels. PLATFORM^3's features enable brands to engage consumers, facilitate friend-to-friend sharing, and collect and analyze data. PLATFORM^3 allows brands to determine which consumers are most valuable based on their level of engagement with the brand on social media and incentivize and reward their most valuable consumers. Customers access PLATFORM^3 through a cloud-based SaaS subscription model.

In the Fall of 2015, DTC launched significant enhancements to several modules of PLATFORM^3. These upgrades included:

- Launch of version 2.0 of Purchase Receipt Scanning the mobile shopper marketing module of PLATFORM^3 in September 2015. Purchase Receipt Scanning version 2.0 which encompass enhancements in accuracy and usability in each module of Purchase Receipt Scanning's core modules including Optical Character Recognition ("**OCR**"), Image Processing, Security and Fraud Detection, Rules Engine and Management Dashboard.

- Launch of version 2.0 of Social Portal in November 2015, the consumer-to-consumer content sharing module of PLATFORM^3. Changes which encompass increased use of video and the ability for brands to upload this content for consumers to share via social media.

During 2016, DTC began focusing its sales and marketing resources solely on CPG companies. The Company sold PLATFORM^3 directly to CPG companies and to advertising agencies of major CPG companies. This strategy yielded results. Throughout 2016, DTC's revenue increased as its sales pipeline grew steadily.

In 2017, DTC continued its commitment to building a world-class shopper marketing technology that differentiates the Company in the highly competitive US market. This effort included the launch of version 3.0 of PLATFORM^3. Additional modules were added in v 3.0 including Targeted Couponing and Shopper Messaging. Advanced cryptographic algorithms were used in v.30 to increase data integrity and security. The new modules, along with advanced security features, were developed based on specific needs and requirements (product opportunities) the Company identified while working with consumers and marketing executives of the leading CPG companies in the U.S.

In 2017, DTC continued selling into the CPG vertical as a primary vertical. While the Company continues to work with advertising agencies, in 2017, it began to focus sales efforts and marketing resources to building direct relationships with CPG brands. This resulted in 2017 with 71% (2016, 38%) of revenues coming direct from brands and 29% (2016, 62%) coming direct from agencies. This direct to brand strategy enables DTC to build long term, more profitable customer relationships with brands. This strategy has enabled DTC's sales team to steadily grow revenues and increase the sales pipeline. In addition, the success of previous promotions has led to repeat business, and to larger and longer-term license agreements.

In 2018, after spending four years working directly with global consumer brands and ad agencies to build and launch over 100 digital promotions that engaged millions of consumers in the US and international markets, DTC began work on its own consumer portal and data marketplace - the *flexxi* Rewards Network ("***flexxi***").

flexxi is a consumer data platform that is expected to empower consumers to collect, store and secure data about their lives and purchase behaviors in the form of a digital asset/profile ("Data Wallet"). Brands will be given pseudonymous access to these profiles to search for consumers that meet their target demographics. They will be also able to publish simple tasks ("Jobs") for consumers to complete and provide financial incentives for completing these tasks. The Company feels that *flexxi* will compel consumers, rather than data brokers and ad tech companies, to aggregate, control and package their personal data assets to gain financial rewards while providing brands and agencies access to the highest quality consumer data available anywhere.

flexxi is being built to address the challenges brands and consumers experience in the current digital advertising ecosystem. Brands are often disappointed with the results of their digital ad campaigns in relation to the budgets they allocate to their ongoing effort to connect with target consumers. Consumers are increasingly concerned that their personal data is being scraped, stolen, misused, and abused mostly without their knowledge or compensation. Both groups are key stakeholders in today's digital advertising ecosystem and are looking for more effective alternatives. This represents a significant market opportunity for DTC and *flexxi* is the solution.

flexxi will provide brands, agencies, and consumers with an alternative to the existing digital advertising model. DTC's solution is intended to provide a more compelling and cost-efficient way for brands to connect directly with target consumers while empowering consumers for the first time to become paid stakeholders - owners, controllers, and beneficiaries of their personal data.

The first version, *flexxi* 1.0, is expected to be launched at the end of Q2 2020 and will leverage foundational technology from DTC's proprietary SaaS platform - PLATFORM^3. *flexxi* will adopt technology and modules used in PLATFORM^3 including Consumer Engagement, Game Theory and Mechanics, Artificial Intelligence, Cryptography, Data Mining, and Analytics. Leveraging DTC's existing technology to build *flexxi*, in combination with its domain expertise in consumer retail and the extensive relationships built over four years working with Fortune 500 consumer brands will dramatically reduce development costs, increase cost efficiencies and reduce time to market.

DTC anticipates beginning the process of attracting consumers to participate in the *flexxi* Rewards Network in Q3 2020. DTC will leverage its vast experience over the past 4 years in the consumer market and relationships with global consumer brands to populate *flexxi* with consumers. During this period, DTC has developed proven practices and strategies while working with world-class digital marketing teams at global consumer brands (along with their strategic partners) to build over 100 opt-in consumer databases. DTC will employ these strategies and partner with organizations that have existing databases of consumers to build a database of millions of opt-in consumers for *flexxi*. These best practices include:

- Digital Ad and Influencer Campaigns
- Contesting and Promotions
- Consumer Engagement and Interaction
- Gamification
- Rewards
- Retargeting and Automated Messaging
- Co-marketing and Strategic Partnerships with Consumer Community Portals
- Freemium Licensing to DTC's PLATFORM^3 to increase membership in *flexxi*

As *flexxi* is populated with registered consumers, it will be added to DTC's existing suite of solutions and sold into the Company's target market - Consumer Packaged Goods Companies.

DTC anticipates signing a Definitive Agreement with its first Co-marketing and Strategic Partnership with Perkville. Perkville is a privately held company based in San Francisco, U.S.A. Their core offering is a SaaS-based rewards and loyalty platform that they sell to health clubs and yoga studios. While their customer base in primarily in the U.S.A., they have clients around the world. Over 6 million consumers have registered trough their Platform. Terms of the Definitive Agreement between Perkville and Datable include Perkville marketing flexxi to their Members. While this relationship is in the early stages, Datable believes that it will drive awareness and Member registration to *flexxi*.

In Q4 2019 Datable released a major upgrade of its' core technology PLATFORM^3 4.0. Enhancements to various modules of the Platform included advances to Shopper Messaging, CRM, receipt processing, data capture and tracking capabilities.

Work completed on the Shopper Messaging module of PLATFORM^3 deepened the Company's differentiation in the market. Re-branded as Dynamic Messaging and Rewards (DMR), this module was built on an Artificial Intelligence (AI) framework and empowers brands to deploy omnichannel communications, retargeting and contextual rewards to induce consumer purchases based on their previous and ongoing purchase behavior and brand engagement. DMR transforms PLATFORM^3 into a self-regulating continuous feedback loop for ongoing sales.

PLATFORM^3 4.0's DMR module has helped the Company secure critical competitive wins and has accelerated upselling and cross-selling into current clients. Universal Pictures executives called out DMR as one of the key reasons for choosing Datable over global competitors to build the next generation of their rewards and consumer engagement initiative.

A significant part of this upgrade included advancements in PLATFORM^3's infrastructure and security. Investment in the infrastructure of PLATFORM^3 has enabled substantial efficiencies in the time and cost of building and deploying promotions on the Platform. These improvements helped to impact the Cost of Goods sold in 2019 which increased the gross margin percentage to 68%, compared to 59% in the same period in 2018.

Datable's latest release of PLATFORM^3 4.0 included the expansion of algorithms to prevent consumer fraud. These enhancements included an upgrade to PLATFORM^3's API which uses Scala to integrate Lucene full-text search engine library that runs on Elastic Search technology. PLATFORM^3's API now includes enhanced security features that are integrated with OCR technology and leverage multiple text analysis techniques designed to mitigate fraud on the Platform. These techniques include the execution of Lucene scoring formula to calculate and compare the score of potential fraud submission with a database of previously validated receipts to identify and maximize fraud detection. The system will now identify fraud submissions based on comparing the content of the receipt with carefully identified risk threshold values that flag the submissions as potential frauds. Since launching these enhancements, Datable's largest client Fandango, has experienced significant decreases in fraud on the applications they launch on PLATFORM^3 4.0.

Additional enhancements to PLATFORM^3 in 2019 included the launch of a Rewards Portal which connects consumers to 300 gift cards including Virtual Visa, Amazon, Best Buy and others. Datable profits from the consumers who fail to redeem their gift cards earned as rewards for participating in promotions launched by brands on PLATFORM^3 – otherwise known as "breakage" fees.

Product Overview

Datable Market Differentiators

Datable's early roots are in building custom applications for large, US-based consumer brands. The Company's culture is derived from these roots which encompass keen attention to, and comprehension of, its' clients' key objectives, their critical requirements and an understanding of market forces and related business challenges. Customer-centric innovation has delivered consistent competitive advantages to Datable as it has extended and matured PLATFORM^3 into a full suite of integrated functional modules.

Datable's customers are large consumer brands that use PLATFORM^3 to connect directly with consumers, drive incremental revenues by promoting initial purchases and increasing purchase frequency, and to enhance loyalty via rewards and ongoing engagement. PLATFORM^3 collects and organizes rich demographic, behavioural and purchasing data from ongoing digital consumer engagement and provides consumer brands with tools to automatically retarget consumers based on this valuable data to facilitate more sales and enhance ROI.

Clear and concise differentiation has enabled Datable to win license agreements with the world's largest consumer brands:

- Closing the loop from awareness to purchase
- Omni channel consumers engagement (instore, mobile and online)
- Retargeting consumers for new sales using large consumer datasets, dynamic messaging and rewards.
- Enterprise-grade software platform; scalable, secure, API friendly, and easy to use

Datable's PLATFORM^3 is made up of integrated modules that allow brands to effectively engage with and capture behavioural data when consumers interact through social, email, SMS, and web channels to make purchases in-store and online. Built over several years with direct client input, key modules include Dynamic Messaging and Rewards (DMR), Optical Character Recognition (OCR)-based purchase receipt scanning and online purchases, Polls and Surveys, Social Engagement and Sharing, Data/Analytics/CRM and mobile/web sites.

While direct Datable competitors offer some engagement or channel tools, they are generally delivered as stand-alone solutions. What separates Datable from competitors is PLATFORM^3's cohesive omni-channel platform that enables clients to connect with consumers flexibly through individual or multiple channels concurrently. PLATFORM^3's template-based web and mobile applications can be integrated with modules that connect directly to FB and Twitter as well as all of the major telephone carriers in the US. The omnichannel engagement capabilities of PLATFORM^3 is unique and enables brands to minimize workflow and centralize consumer data while delivering an integrated end-to-end customer journey from awareness to confirmed purchase.

In 2019 Datable extended and deepened its' differentiation in the market by launching a break-through feature on PLATFORM^3 - Dynamic Messaging and Rewards (DMR). This feature is built on an Artificial Intelligence (AI) framework and empowers brands to deploy omnichannel communications, retargeting and contextual rewards to induce consumer purchases based on their previous and ongoing purchase behavior and brand engagement. DMR transforms PLATFORM^3 into a self-regulating continuous feedback loop for ongoing sales.

Currently, PLATFORM^3 4.0's DMR messages are designed to reward behaviour-based consumer purchase patterns including type, quantity and frequency; and where the purchases are made, including location and retailer. Messaging and retargeting are further enhanced by including other ways consumers interact with the brand such as watching videos, taking polls or visiting websites.

PLATFORM^3 4.0's DMR module has helped the Company secure critical competitive wins and has accelerated upselling and cross-selling into current clients. Universal Pictures executives called out DMR as one of the key reasons for renewing and expanding fourfold the Datable contract to build the next generation of their rewards and consumer engagement initiative.

PLATFORM^3 4.0 was built from the ground up to be scalable and secure enterprise solution that integrates with existing infrastructure including CRM, messaging and rewards platforms. For example, PLATFORM^3 connects with more than 300 rewards programs allowing for easy integration with complementary technology solutions. In addition, PLATFORM^3 provides brand managers with easy-to-use administrative interfaces and managed services that enable them to set up marketing promotions, set rules for DMR, analyze data and create useful reports without the need for IT support.

Continuous client-sponsored R&D and expanding data sets will allow Datable to improve pattern recognition and build neural nets to further automate omni-channel messaging and sales execution. By fulfilling these use cases for its' clients, the Company expects that current customers and prospects in the pipeline will continue to direct increasingly larger brand marketing budgets to PLATFORM^3 4.0.

Brands use PLATFORM^3's various modules to launch promotions to engage and activate consumers through the most popular digital platforms and channels. Consumers can participate in a brand promotion launched on PLATFORM^3 by connecting through most devices that are connected to the Internet including mobile, desktop and tablets. Targeted email and text messages are deployed to consumers once they have engaged with a brand through PLATFORM^3. These messages leverage Artificial Intelligence to customized content based on consumer information collected including demographic and purchase behaviour data.

When consumers participate in a special offer, promotion or contest launched on PLATFORM^3, detailed data can be captured including consumer demographics and purchasing behavior.

PLATFORM^3's Purchase Receipt Scanning module is able to scan purchase receipts and connect consumers to a purchase when they participate in a promotion. Promotions that use Purchase Receipt Scanning enable consumers to take a picture of their purchase receipt to validate the purchase of a specific brand product. Purchase Receipt Scanning scans data from a typical receipt provided to consumers when they make purchases. The Receipt Scanning module leverages cryptography to provide a security layer in this process to prevent fraud and duplication. Purchase data includes standard specific products, date, retailer, location and other relevant data found on a purchase receipt. Brands use Purchase Receipt Scanning in conjunction with other PLATFORM^3 modules to engage consumers through contests and promotions.

DTC collects and mines consumer data within the permitted parameters of the privacy policies of the social media channels in which its platform operates, as well as DTC's own privacy policy and other (including legal) obligations it may have with respect to privacy and data protection. DTC protects data through multiple layers of security. All access to production systems requires two-factor authentication. Further, to prevent application-level fraudulent access, all passwords are encrypted using the latest version of encryption. DTC has developed processes to ensure access is only available with either 2-factor passwords or encryption keys. In 2017, the Company instigated a Research & Development ("**R&D**") program to determine the potential of cryptography and Blockchain technology to enhance security to consumer data. Initial R&D is promising and showing significant potential for this technology to improve and differentiate DTC's offering.

All DTC staff sign employee agreements which contain assignment of intellectual property, non-compete and confidentiality clauses. Additionally, DTC has in place an employee off-boarding process to prevent access to further accounts after their employment ends.

Using PLATFORM^3, brands can aggregate and segment consumers to identify those who have purchased their brand, are most engaged and are more likely to share the brand with their friend networks. PLATFORM^3's Shopper Messaging module enables brands to communicate directly with consumers based on this information by introducing targeted special offers, incentives and rewards. PLATFORM^3's Rewards and Gamification module enables brands to incent the most influential and valued consumers.

PLATFORM^3 is a cloud-based, SaaS subscription platform that is available as a license on a promotion by promotion basis or for one-year subscriptions. Organizations access PLATFORM^3 by simply logging in via a standard desktop computer with a web connection. Consumer data is stored online in a secure, cloud environment. Data can be accessed via PLATFORM^3 using built in analytics, segmentation, search and sort tools. Brands can search, sort and download databases of consumers to deploy special offers, new products and rewards.

PLATFORM^3 subscriptions are offered as "Self-Serve" or "Managed Services". Brands using the Self-Serve option build their own promotions, create and administer their rewards and manage their data. Managed Services subscribers receive a turnkey service for which DTC builds engagement promotions and manages rewards and data. Thus, DTC generates both a product revenue stream and a professional services revenue stream.

The principal markets for PLATFORM^3 are Canada and the United States.

In practical terms, DTC CPG brands use PLATFORM^3 to influence, track and reward purchases through the mobile device. These capabilities increase revenues and customer loyalty by:

1. <u>Connecting with consumers</u> in the store aisle on mobile devices

2. Influencing purchase behavior in the store aisle when most purchase decisions are being made at "the moment of truth".

3. Activating and engaging consumers – Brands use marketing and promotion tools to create consumer engagement and interaction from mobile, web and social channels.

4. Track and validate purchases of the brand product – Brands use PLATFORM³'s receipt scanning capabilities to connect with consumers whom have purchased their products.

5. Messaging and retargeting consumers based on purchase behavior and brand interactions.

6. Capturing and mining data – Brands capture consumer engagement data to analyze and determine consumer behavior and preferences.

7. Consumer segmentation – Consumers are segmented based on their interactions with the brand and demographics.

8. Rewarding consumers for interacting, purchasing and sharing with friends – The most desired consumer behaviors, based on the number of interactions a social media user has with a brand, can be rewarded to accelerate consumer engagement, sharing and loyalty.

9. Driving direct revenue opportunities – The most valuable consumers, those that purchase and interact with the brand, are provided with purchase incentives and invitations to participate in exclusive promotions and events.

The net effect is that DTC's customers can engage consumers on mobile phones in the store aisle at "the moment of truth", influence their purchase decisions, identify their top customers, incentivize them to buy and share, and reward them for doing so. This has shown to influence and increase purchase frequency and amount and is the core value proposition of the Company to its customers.

Principal Products and Services

Clients of the Company can choose from several versions of PLATFORM³ according to their needs:

- "Self-Serve" or "Managed Services" platform – Brands that subscribe to the self-serve platform can build their own engagement promotions, create and administer rewards programs and manage the consumer data collected. Subscribers to the managed services platform receive a turnkey service in which the Company builds engagement promotions and manages rewards and data on their behalf.

- Application Protocol Interface access to PLATFORM³ – (Launched in September 2015). Application Protocol Interface ("**API**") access is licensed by brands that wish to use internal resources or partners to build consumer interface applications on top of PLATFORM³'s core technology. Consumer interfaces generally encompass mobile and web-based microsites. Brands will be able to integrate PLATFORM³'s API with existing technology applications and infrastructure including mobile apps and CRM systems.

Brands can license single or multiple modules of PLATFORM³. These modules include:

- Purchase Receipt Scanning, a mobile shopper marketing technology module that encompasses proprietary technology and modules including OCR, Image Processing, Security and Fraud Detection, Rules Engine and Management Dashboard. Brands use Purchase Receipt Scanning to run shopper marketing promotions designed to engage consumers, influence their purchasing decisions and track their purchasing behaviors. A critical component of Purchase Receipt Scanning is its ability to scan purchase receipts to connect a consumer to a purchase as well as scan purchase data found on standard receipts. Purchase data scanned by Purchase Receipt Scanning on receipts include specific products, date, retailer and all other relevant data on a purchase receipt.

- Social Portal is a consumer-to-consumer sharing module that enables brands to publish content for consumers to share via social media. The brand provides the content, and their customers can be incented to spread the message.
- The Rewards and Gamification module enables brands to attach rewards and points with or without monetary value. The Rewards and Gamification module encompasses Inventory Management, Redemption, Leader Board and Currency modules. Rewards and Gamification encourage consumers to engage and allows brands to reward consumers for taking specific action in context to the brand. This includes the ability to set reward levels, upload rewards including merchandise and virtual prizing (extra entries, badges, etc.) and confirm redemption of rewards.
- The Data and Analytics module provides brands with detailed reporting including purchasing behavior and demographics to analyze and determine consumer preferences. The Data and Analytics module allows for segmentation of data - consumers can be segmented based on their interaction with the brand and their purchasing behavior. This gives the brand deep insights into the behavior of their consumers.
- The Customer Relationship Management module hosts all consumer data which can be downloaded or transferred via API connection to a brand's CRM system. This allows for efficient management of their consumer data.[3]
- Targeted Couponing. PLATFORM^3's Targeted Couponing module enables brands to send valuable coupons to shoppers based on purchase behavior. Purchased behavior is gleaned from a receipt that consumers upload when participating in a promotion launched on PLATFORM^3. This is a game-changer for CPG brands that wish to target and reward their highest-value shoppers. In the past, CPG companies had only been able to send generic coupons to consumers, because they did not have access to purchase data. Using Purchase Receipt Scanning Module in conjunction with PLATFORM^3's Targeted Couponing module, CPG companies are able to send valuable coupons only to consumers that have purchased specific quantities at specific times from specific retailers.
- Dynamic Messaging and Rewards (DMR) Module. This feature is built on an Artificial Intelligence (AI) framework and empowers brands to deploy omnichannel communications, retargeting and contextual rewards to induce consumer purchases based on their previous and ongoing purchase behavior and brand engagement. DMR transforms PLATFORM^3 into a self-regulating continuous feedback loop for ongoing sales.

DTC's modular tool set provides four key value drivers for DTC's customers:

1. Customer acquisition – The DTC tools reduce the cost of customer acquisition for the brand, using the power of the Internet and mobile devices.
2. Customer Data – The DTC tools enable brands to capture purchase data and demographic data that can be used to track and drive revenue.
3. Customer retention – The DTC tools help the brand keep their best customers, increasing their lifetime value to the brand.
4. Customer understanding – The DTC tools provide valuable data analytics on the brand's customers, increasing the brand's ability to market efficiently and successfully.

In 2016, DTC began building direct connections between PLATFORM^3 and third-party reward platforms. This work was ongoing throughout 2017 and 2018 with the addition of third-party reward platforms. In 2018, DTC expanded its reward partner network to 300 partners representing a variety of retailer and brands. By connecting directly to an increasing number of digital reward platforms, DTC can offer a variety of consumer rewards as part of its promotion solutions. These rewards include gift cards from various retailers, movie tickets and virtual visa cards. With the addition of turnkey digital rewards and fulfillment capabilities, PLATFORM^3 makes it easy for brands to implement and manage short and long-term consumer promotions and loyalty programs.

Research and Development

In 2018 and 2019, DTC continued its commitment to building a world-class shopper marketing technology that differentiates the Company in the highly competitive US market. This effort included the launch of version 3.0 of PLATFORM^3 in 2018. Version 3.0 encompasses two new modules to PLATFORM^3 - Targeted Couponing and Shopper Messaging. These modules were developed based on specific needs and requirements (product opportunities) the Company identified while working with consumers and marketing executives of the leading CPG companies in the U.S. During 2017, DTC made enhancements to various modules of PLATFORM^3 including the integration of Machine Learning and Artificial Intelligence (“AI”) capabilities to the Shopper Messaging and Targeted Couponing modules and increased capabilities of the Data and Analytics module.

In 2019, Datable completed significant advancements in PLATFORM^3’s infrastructure and security. Investment in the infrastructure of PLATFORM^3 enabled substantial efficiencies in the time and cost of building and deploying promotions on the Platform. Investments in security included the expansion of cryptographic algorithms to prevent fraud. This included an upgrade to PLATFORM^3’s API which uses Scala to integrate Lucene full-text search engine library that runs on Elastic Search technology. PLATFORM^3’s API includes enhanced security features that are integrated with OCR technology and leverage multiple text analysis techniques designed to mitigate fraud on the Platform. These techniques include the execution of Lucene scoring formula to calculate and compare the score of potential fraud submission with a database of previously validated receipts to identify and maximize fraud detection. The system will identify fraud submissions based on comparing the content of the receipt with carefully identified risk threshold values that flag the submissions as potential frauds.

Additional enhancements to PLATFORM^3 in 2019 included the launch of a Rewards Portal which connects consumers to 300 gift cards including Virtual Visa, Amazon, Best Buy and others. The Rewards Portal provides brands with additional security layer against fraud and a method to aggregate additional permissioned-based data.

When consumers complete the necessary requirements to qualify for a reward, they are directed to the Rewards Portal to collect their reward. When consumers go to the Rewards Portal, they are validated as the qualified to receive the reward. Brands have the option to ask the consumer for additional data such as home address, age, etc. Datable profits from the consumers who fail to redeem their gift cards earned as rewards for participating in promotions launched by brands on PLATFORM^3 – otherwise known as “breakage” fees.

Datable launched a major upgrade of its core technology PLATFORM^3 4.0 which was released in Q4 of 2019. PLATFORM^3 4.0 will encompass enhanced Shopper Messaging and Retargeting (re-branded as Dynamic Messaging), CRM, receipt processing, data capture and tracking capabilities. PLATFORM^3 4.0

will incorporate enhanced data collection from multiple consumer sources and consumers interactions, communications and customer service interactions.

COVID-19 Impact on Operations and Financial Position

In March 2020, the World Health Organization declared the coronavirus (specifically identified as "**COVID-19**") a global pandemic. The Covid-19 spread has had a limited impact on the Company's operations. All employees have switched to working remotely during this time. The Company's agreements with its customers are not impacted and the Company has resources available to fulfill its deliverables. The Company does not expect that the impact of COVID-19 will materially affect our business and financial results. The carrying amounts of the Company's financial assets and liabilities as at March 31, 2020 represent their fair value going forward, and the Company does not expect any material impairment as a result of COVID-19. The Company believes its response plan represents its positive contribution to the society and the business community, and it has sufficient funding resources going forward.

Overall Performance

The Company's overall performance for the three months ended March 31, 2020:

- DTC has signed 12 new license agreements to provide PLATFORM^3 with leading CPG brands.

- Revenue increased by 52% to $465,643 compared to the same period in 2019 due to the increase in average contract value, project deliveries and transactional revenues compared to that incurred in 2019.

- Gross margin as a percentage of revenue for the three months ended March 31, 2020 decreased to 67%, compared to 72% in the same period in 2019. Gross margin as a percentage of revenue depends on the sales product mix and the cost of sales for the reporting period. Revenues are comprised of a combination of higher margin sales of PLATFORM^3, the Company's proprietary Software as a Service product combined with some lower margin third party services. The Company has been focusing on increasing the average value of license agreements including the signing of multiple long term (1 and 2 years) agreements.

- Average contract value of signed contracts and service orders slightly increased by 1% compared to the same period in 2019.

- Launched version 4.0 of PLATFORM^3 which encompassed a major upgrade. Enhancements to various modules of the Platform included advances to Shopper Messaging, CRM, receipt processing, data capture and tracking capabilities.

- Continued development of *flexxi* - a consumer web portal. This portal will be designed for consumers as a place they can go to earn rewards for doing various activities related to CPG brands.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of the Company's performance are the following: revenue, gross profit, net and comprehensive loss, total assets, total long-term liabilities and shareholders' equity. Amounts are expressed in Canadian dollars, except for number of shares.

	December 31, 2019	December 31, 2018	December 31, 2017
Revenue	1,560,970	1,421,070	1,192,725
Gross profit	1,055,827	837,750	731,452
Net and comprehensive loss	(2,214,142)	(2,178,847)	(2,039,546)
EBITDA *	(2,074,311)	(2,157,749)	(2,035,615)
Adjusted EBITDA *	(1,810,957)	(1,761,590)	(1,972,682)
Loss per share - basic and diluted	(0.04)	(0.07)	(0.14)
Average number of ordinary shares - basic and diluted	50,842,852	32,624,030	14,111,899
Total assets	867,762	500,747	873,936
Total long-term liabilities	59,921	-	-

* EBITDA and Adjusted EBITDA are provided as a supplementary earnings measure to assist readers in determining the ability of the Company to generate cash from operations and to cover financial charges. They are also widely used for business valuation purposes. These measures do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA to which the Company adds share-based compensation and other infrequent items that do not result in any use of operating cash flows by the Company.

Reconciliation of EBITDA and Adjusted EBITDA

	December 31, 2019	December 31, 2018	December 31, 2017
	$	$	$
Net and comprehensive loss	(2,214,142)	(2,178,847)	(2,039,546)
Interest, net	15,153	(2,688)	(1,443)
Depreciation	124,678	23,786	5,374
EBITDA	(2,074,311)	(2,157,749)	(2,035,615)
Share-based compensation	263,354	396,159	62,933
Adjusted EBITDA	(1,810,957)	(1,761,590)	(1,972,682)

RESULTS OF OPERATIONS

Revenues

Revenue for three months ended March 31, 2020 increased by 52% to $465,643 compared with the same period in 2019 due to increase in average contract value, project deliveries and transactional revenues compared to that incurred in 2019. The Company's PLATFORM³ product is an integrated suite of digital marketing applications sold as SaaS for short-term promotions or on an annual subscription basis with recurring revenues. Revenue in the period reflected recognition of revenue from previous year contracts and new sales of the PLATFORM³ product offering.

Revenue growth in Q1 was partly due to improvements in the functionality of PLATFORM³. In late 2019, DTC launched version 3.0 of PLATFORM³ which included new modules that extended and deepened its differentiation in the market by launching a break-through features on PLATFORM3 - Dynamic Messaging and Rewards (DMR). This feature is built on an Artificial Intelligence (AI) framework and empowers brands to deploy omnichannel communications, retargeting and contextual rewards to induce consumer purchases based on their previous and ongoing purchase behavior and brand engagement. DMR transforms PLATFORM3 into a self-regulating continuous feedback loop for ongoing sales.

In 2020 year-to-date, DTC has engaged 32 signed agreements, which represent approximately $3.2 million in total contract value, that is anticipated to be 70% recognized as revenue throughout 2020 and the remaining 30% in 2021-2022:

- the agreements show a trend towards longer-term and larger agreements averaging $100,000;
- many of the agreements signed in 2019 and 2020 represent repeat business from leading U.S. based brands;
- 97% of agreements and orders signed in 2020 year-to-date were engaged from returning customers; and
- DTC has several annual agreements where PLATFORM³ hosts an ongoing digital loyalty and rewards program. DTC is generally paid an annual license fee plus transactions fees based on the number of times consumers validate purchases using PLATFORM³.

Gross profit and cost of sales

Gross profit for the three months ended March 31, 2020 increased by 40% to $310,529 compared to the same period in 2019. The Company's cost of sales for the three months ended March 31, 2020 increased by 80% to $155,114 compared to the same period in 2019.

Gross margin as a percentage of revenue for the three months ended March 31, 2020 was 67% compared to 72% for the same period in 2019. Gross margin depends on the product mix for the reporting period. Revenues are comprised of a combination of higher margin sales of PLATFORM³, the Company's proprietary Software as a Service product combined with some lower margin third party services. Cost of sales includes an API connection to third party digital rewards platforms. This service enables DTC clients to offer digital rewards such as gift cards, movie tickets and virtual visas to incentivize purchase and purchase frequency. DTC purchases these rewards on behalf of the Company's clients and charges a transaction fee for the total amount of rewards purchased. Cost of sales also includes the cost of servers to host PLATFORM³, and project management and customer support staff.

General and administrative

General and administrative expenses for the three months ended March 31, 2020 were $249,683 unchanged compared to $249,954 for the same period in 2019. The slightly decrease for the three months ended March 31, 2020 was mainly due to decrease in corporate consultancy and corporate finance service contracts engaged in 2020 compare to the same period in prior year.

General and administrative expenses include salaries and benefits, accounting, legal, corporate finance services, travel, rent, office, other administrative costs. For the three months ended March 31, 2020, general and administrative expenses consisted primarily of $93,939 respectively in office and other overhead expenses that include investor relations, corporate advisory fees, and regulatory filing fees, $34,879 in wages and salaries, $95,525 in consulting fees, and $25,340 in professional fees.

Sales and marketing

Sales and marketing expenses include wages and salaries, consulting fees, travel expenses, and advertising and licenses. Sales and marketing expenses for the three months ended March 31, 2020 were $170,523 respectively compared to $145,561 for the same period in 2019. The increase for three months ended March 31, 2020 was mainly due to increased consultancy paid in connection with advertising and marketing activities.

Research and development

Research and development expenditures for the three months ended March 31, 2020 were $214,473 compared to $171,853 for the same period in 2019. The increase in research and development expenses for the three months ended March 31, 2020 was related to enhancement to PLATFORM³ and developing new platform *flexxi*.

Research and development expenses may continue to increase in the future as the Company seeks to evolve and improve PLATFORM³ and *flexxi*, as well as to invest in creating new technology and products that will enhance the Company's value proposition to customers and provide additional revenues. Research and development expenses include wages and salaries and consulting fees.

Share-based compensation

Share-based compensation for the three months ended March 31, 2020 was $179,945 compared to $10,724 for the same period in 2019. The share-based compensation expense is a result of stock options and restricted share units that vested during the period for stock options and restricted share units granted to employees, directors and consultants in the current and prior periods.

Net and comprehensive loss

Net and comprehensive loss for the three months ended March 31, 2020 was $520,376 compared to $389,650 for the same period in 2019. This increase in net loss for the three months ended March 31, 2020 was mainly due to the increase of share-based compensation and research and development expenses, net of the increase in gross profit and growth in revenue.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of results for the eight most recent quarterly periods (in Canadian dollars, except for per share amounts).

For the quarter ended:	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Revenue	465,643	425,104	452,246	376,302
Gross profit	310,529	243,255	320,333	271,203
Net and comprehensive loss	(520,376)	(773,928)	(631,092)	(419,472)
Loss per share -basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of shares - basic and diluted	71,950,951	67,200,456	50,816,293	43,511,994

For the quarter ended:	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Revenue	307,318	217,437	422,607	392,767
Gross profit	221,036	118,706	210,645	228,280
Net and comprehensive loss	(389,650)	(614,434)	(403,266)	(448,767)
Loss per share -basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)
Weighted average number of shares - basic and diluted	41,211,181	41,181,205	35,367,156	27,420,927

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is the risk of the Company not being able to meet its financial obligations as they become due. The Company manages its liquidity risk through budgeting, ongoing management and forecasting of operating cash flows, reviews of trade receivables, management of cash, and use of equity financings when appropriate.

The Company's objective is to maintain a strong capital base to maintain customer, supplier, investor, creditor, and market confidence and to sustain future development of the business and increase shareholder value through organic growth and strategic acquisitions. As at March 31, 2020, the Company had cash of $332,494 and accounts receivable of $182,551 as compared to cash balance of $461,190 and accounts receivable of $66,621 at December 31, 2019 and the Company's capital, defined as the Company's shareholders' equity, was deficit - $759,497 (December 31, 2019 – deficit $702,885). The Company's management believes it can issue new shares or raise new debt, increase sales, improve existing products and develop new products to maintain or strengthen its capital structure. There were no changes in the Company's approach to capital management during the current period.

On March 10, 2020, the Company completed its non-brokered private placement, consisting of 3,000,000 units of the Company at $0.05 per unit for gross proceeds of $150,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one additional share at a price of $0.08 per share for a period of two years from the date of closing. The Company paid a cash commission of $14,250 and issued 250,000 finders' units and 285,000 non-transferable finder's warrants. Each finder's warrant entitles the holder to purchase one additional share at a price of $0.08 per share for a period of two years from the date of closing. The non-brokered private placement's size was increased to 20,000,000 subsequent to March 31, 2020. See Subsequent Events.

On April 15, 2020, the Company was approved for a $40,000 line of credit ("CEBA LOC") with Bank of Montreal under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA LOC is non-interest bearing, can be repaid at any time without penalty and is valid until December 31, 2020. To date, the Company has received the $40,000 from the CEBA LOC. On January 1, 2021, the outstanding balance of the CEBA LOC will automatically convert to a non-revolving term loan ("CEBA Term Loan"). The CEBA Term Loan will bear interest at 5% per annum and mature on December 31, 2025. The CEBA Term Loan may be repaid at any time without notice to us or the payment of any penalty. If 75% of the CEBA Term Loan at the CEBA Term Loan Commencement Date on or before December 31, 2022 is repaid, the repayment of the remaining 25% of such CEBA Term Loan shall be forgiven ("Early Payment Credit").

OFF BALANCE SHEET ARRANGEMENTS

As at March 31, 2020 and the date of the MD&A, The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

During the three months ended March 31, 2020 and 2019, compensation of key management personnel and related parties were as follows:

	Three Months Ended March 31, 2020	2019
	$	$
Remuneration, fees and short-term benefits	293,125	163,825
Total	293,125	163,825

The remuneration, fees and short-term benefits were allocated to cost of sales, general and administrative, sales and marketing, and research and development expenses.

The remuneration, fees and short-term benefits include stock-based compensations granted and consulting fees accrued to the Chief Executive Officer, Chief Financial Officer and the directors of the Company. The employment agreements and consulting agreement with the Chief Executive Officer, and Chief Financial Officer were ratified by the Board of Directors and are reviewed periodically.

As at March 31, 2020, $137,765 (December 31, 2019 - $211,684) was due to related parties, of which $98,474 (December 31, 2019 – $47,395) has been recorded in trade payables and $39,292 (December 31, 2019 - $164,292) has been recorded in accrued liabilities for unpaid director fees, accrued compensation and travel expenses. As at March 31, 2020, $4,111 (December 31, 2019 - $4,111) was due from a related party. Other than the short-term loan, the amounts of trade payables, advances and accrued liabilities are unsecured, non-interest bearing with no fixed terms of repayment.

SUBSEQUENT EVENT

On April 15, 2020, the Company was approved for a $40,000 line of credit (“CEBA LOC”) with Bank of Montreal under the Canada Emergency Business Account (“CEBA”) program funded by the Government of Canada. The CEBA LOC is non-interest bearing, can be repaid at any time without penalty and is valid until December 31, 2020. To date, the Company has received the $40,000 from the CEBA LOC. On January 1, 2021, the outstanding balance of the CEBA LOC will automatically convert to a non-revolving term loan ("CEBA Term Loan"). The CEBA Term Loan will bear interest at 5% per annum and mature on December 31, 2025. The CEBA Term Loan may be repaid at any time without notice or the payment of any penalty. If 75% of the CEBA Term Loan at the CEBA Term Loan Commencement Date on or before December 31, 2022 is repaid, the repayment of the remaining 25% of such CEBA Term Loan shall be forgiven ("Early Payment Credit").

On May 14, 2020, the Company increased the non-brokered private placement (the “Offering”) initially announced on March 2, 2020 and March 11, 2020 to 20,000,000 units from 10,000,000 units of the

Company (the “Units”) at $0.05 per Unit for gross proceeds of approximately $1,000,000. Each Unit consists of one common share in the capital of the Company (a” Share”) and one share purchase warrant (a “Warrant”). Each Warrant will entitle the holder to purchase one additional common share in the capital of the Company (a “Warrant Share”) at a price of $0.08 per Warrant Share for a period of two years from the closing of the Offering. In connection with the Offering, Mr. Kim Oishi, a director and Executive Chairman of the Company, and Mr. Rob Craig, a director and CEO of the Company plan to complete a "swap" (the "Swap"), whereby they sold 8,364,850 common shares of their personal holdings at a price of $0.035 per share on May 12, 2020 500,000 common shares at a price of $0.035 on May 14, 2020, 1,195,000 common shares at a price of $0.035 on May 19, 2020 and a further 1,400,000 common shares at a price of $0.035 on May 21, 2020. Mr. Oishi and Mr. Craig intend to use the proceeds from these sales to participate in the Offering and plan to purchase at least 11,500,000 Units. As of the date of these consolidated financial statements, the Swap had not been completed.

OUTSTANDING SHARE DATA

The following table summarizes the maximum number of ordinary shares outstanding as at the date of this MD&A and as at March 31, 2020 and December 31, 2019 if all outstanding options and warrants were converted to shares:

	May 25, 2020	March 31, 2020	December 31, 2019
Common shares	77,640,456	77,640,456	67,200,456
Stock options	2,659,000	2,659,000	3,619,000
Warrants	32,497,457	32,497,457	28,962,457
Restricted shares	20,000	20,000	20,000
Fully diluted	112,816,913	112,816,913	99,801,913

CRITICAL ACCOUNTING ESTIMATES

This MD&A should be read in conjunction with the Company’s unaudited consolidated financial statements for the three months ended March 31, 2020 and the notes thereto to gain a better understanding of the Company’s accounting estimates. Accounting estimates are critical if they require the Company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and that different estimates that could have been used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on the Company’s financial condition, changes in financial condition or financial performance. The accounting estimates that are determined to be critical are described below.

(i) Going concern - The evaluation of the Company’s ability to continue as a going concern, to raise additional financing to cover its operating expenses and its obligations for the incoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances.

(ii) Revenue recognition - The Company derives revenues from several sources. Significant management judgements must be made in connection with and determination of the revenue to be recognized.

(iii) Share-based payments - The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, number of awards that will eventually vest, volatility, dividend yield and forfeiture rate and making assumptions about them. Expected volatility is estimated by considering historic average share price volatility of the Company and comparable companies for periods that exceed the Company's trading.

CHANGES IN ACCOUNTING POLICIES

Adoption of new accounting standards

All significant accounting policies have been applied on a basis consistent with those applied in the most recent audited annual consolidated financial statements and new accosting standards that became effective in the period.

IFRS 16 - Leases was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company has applied IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company recognized a lease obligation related to its lease commitment for its office lease. It was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019. The associated right of use asset was measured at the lease obligation amount, plus prepaid lease payments, resulting in an adjustment to the opening balance of deficit of $4,409. The Company will apply the following practical expedients permitted under the new standard: leases of low dollar value will continue to be expensed as incurred; and the Company will not apply any grandfathering practical expedients.

As at January 1, 2019 the Company recognized a right-of-use asset and corresponding liability for its office lease. Furthermore, the Company expects a decrease in administrative expenses, an increase in depreciation expense (as the right-of-use asset is depreciated) and an increase in finance interest costs (due to accretion of the lease liability).

The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at the date the Board of Directors approved and authorized to issue these consolidated financial statements.

FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk through budgeting, ongoing management and forecasting of operating cash flows, reviews of trade receivables, management of cash, and use of equity financings when appropriate. The Company believes that it will generate sufficient funds from operations and financing activities to cover the expected short and long-term cash requirements. Due to the current COVID-19 pandemic, management has determined liquidity as high.

Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's functional and reporting currency is the Canadian dollar. The Company's exposure to foreign currency risk is primarily related to fluctuations in the value of the Canadian dollar relative to the United States dollar ("USD") as some of the Company's revenues and expenses are in USD. To limit the impact of fluctuations of the Canadian dollar over the foreign currencies, the Company matches, in general and when possible, the cash receipts in a foreign currency with the cash disbursements in the same foreign currency. The Company does not use derivative financial instruments to cover the variability of cash flows in foreign currencies.

Credit risk

Credit risk is the risk of a loss of counterparty to a financial instrument if it fails to meet its contractual obligations. Trade receivables are the most significant financial instrument exposed to credit risk. The Company provides credit to its customers in the normal course of operations. To minimize this risk, the Company grants credit to creditworthy customers and requires a portion of payment in advance. The Company believes that its exposure to credit risk is low due to a small number of customers. The maximum exposure to loss arising from trade receivables is equal to their total carrying amounts.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

RISK FACTORS

The following are certain factors relating to the business of DTC, which investors should carefully consider when making an investment decision concerning the Company's Common Shares. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to DTC, or that DTC currently deem immaterial, may also impair the operations of the Company. If any such risks occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of DTC to implement its growth plans could be adversely affected.

An investment in the Company is speculative. An investment in DTC will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of DTC.

Limited Operating History

DTC is a relatively new company with limited operating history. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. DTC's main commercial product, PLATFORM^3, was only introduced in early 2014 and the near-term focus of DTC has been to develop its customer base and building sales and marketing teams. The Company's future operations are dependent upon many factors, including the ability of DTC to generate sufficient profit and cash flows from operations and obtain additional funding.

Competition for Consumer Internet Advertising Spending

Competition for consumer Internet advertising spending by brands is intense. If DTC is unable to compete effectively, customers, its business, and operating results could be harmed.

DTC competes against many companies to attract and engage customers including companies, which have greater financial resources and substantially larger customer bases. As a result, its competitors may acquire and engage potential customers at the expense of the growth or engagement of DTC's user base, which would negatively affect its business. The Company believes that its ability to compete effectively for customers depends upon many factors both within and beyond its control, including:

- the popularity, usefulness, ease of use, performance and reliability of its products and services compared to those of its competitors;
- the timing and market acceptance of its products and services;
- the pricing for its advertising products relative to the advertising products and services of its competitors;
- the return that DTC's advertisers and users receive from its products and services, and those of its competitors;
- DTC's reputation and the brand strength relative to its competitors;
- the adoption of DTC's products and services internationally;
- DTC's ability, and the ability of its competitors, to develop new products and services and enhancements to existing products and services;
- DTC's ability to establish and maintain relationships with platform partners that integrate with PLATFORM^3 and *flexxi* Rewards Network;
- DTC's ability to attract, retain and motivate talented employees, particularly engineers, designers and product managers; and
- acquisitions or consolidation within DTC's industry, which may result in more formidable competitors.

Operating Losses and Inability to Achieve or Maintain Profitability

Since the Company's inception, it has not been profitable. The Company believes that its future revenue growth will depend on, among other factors, its ability to attract new customers, increase its brand awareness, compete effectively, maximize its sales efforts, demonstrate a positive return on investment for customers, successfully improve its product, and expand internationally. Accordingly, one should not rely on the financials of any prior period as an indication of the Company's future performance. The Company also expects its costs to increase in future periods as it continues to expend substantial financial resources on:

- technology infrastructure;
- research and development for its products and services;
- sales and marketing;
- North American expansion efforts;
- attracting and retaining talented employees;
- strategic opportunities, including commercial relationships and acquisitions;
- general administration, including personnel costs and legal and accounting expenses; and
- DTC's reputation and the strength of its brand relative to its competitors.

These investments may not result in increased revenue or growth in the Company's business.

New and Unproven Market - Corporate Adoption

The Company has developed a global platform, PLATFORM^3 that provides brands with single digital marketing, data mining and rewards platform to engage customers on the web or mobile phone through digital and social channels. The market for its products and services is relatively new and may not develop as expected, if at all, which makes it difficult to evaluate its future prospects and may increase the risk that it will not be successful. Convincing potential new users of the value of DTC's products and services is critical to increasing its user base and to the success of its business. One should consider DTC's business and prospects in light of the risks and challenges it encounters or may encounter in this developing and rapidly evolving market. These risks and challenges include its ability to, among other things:

- increase its number of customers;
- successfully expand its business in North America;
- develop a reliable, scalable, secure, high-performance technology infrastructure that can efficiently handle increased usage globally;
- convince the marketing or advertising departments of companies and brands of the benefits of DTC's product compared to alternative forms of advertising and marketing;
- complete the sales cycle - from initial contact to signed contract - in a viable timeframe;
- develop and deploy new and improved features for PLATFORM^3 and *flexxi* Rewards Network;
- successfully compete with other companies, some of which have substantially greater resources and market power than DTC;
- attract, retain and motivate talented employees, particularly engineers, designers and product managers; and
- process, store, protect and use personal data in compliance with governmental regulations, contractual obligations and other obligations related to privacy and security.

If the Company fails to educate potential customers about the value of its products and services, if the market for its platform does not develop as the Company expects, or if it fails to address the needs of this market, its business will be harmed. The Company may not be able to successfully address these risks and challenges or others. Failure to adequately address these risks and challenges could harm its business and cause its operating results to decline.

New and Unproven Market - Consumer Adoption

Brands will use PLATFORM^3 to engage consumers, however, there is always a risk that consumers reject the offering to interact with the brand, scan their purchase receipts and share content and offers via Twitter, Facebook and Instagram using web and mobile devices. This is a common practice of consumers (to interact and share brands via devices and social networks). PLATFORM^3 aggregates interactive brand content and offers and the ability to share via multiple social channels into one single platform and dashboard, there is a risk that consumers' social media behavior will reduce or change their activities or will use alternative social media outlets not supported by PLATFORM^3.

Intellectual Property and Proprietary Rights

The Company relies on, and DTC expects to continue to rely on, trade secrets, copyright laws, physical possession of source codes, confidentiality agreements with all employees, and segmentation of development among different employees, and the use of a third-party host of technology infrastructure, code and database to protect its intellectual property. However, there can be no guarantee that DTC will obtain or maintain effective intellectual property protection, or effective intellectual property protection may not be available in every country in which its products and services are or may become available. Also, the efforts DTC has taken to protect its intellectual property rights may not be sufficient or effective, and any of its intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. There can be no assurance that the Company's intellectual property rights will be sufficient to protect against others offering products or services that are substantially DTC's and compete with its business.

The Company relies on non-patented proprietary information and technology, such as trade secrets, confidential information, know-how and technical information. All DTC staff sign employee agreements, which contain protection of corporate interests, non-compete and confidentiality clauses. Additionally, DTC has in place an employee off-boarding process to prevent access to further accounts after their employment ends. The Company currently outsources certain development work to contractors in Nepal and India and it is anticipated that DTC will continue to do so. The Company intends to protect its intellectual property in this outsourced development by restricting the development to non-core intellectual property and by entering into confidentiality agreements with developers.

While these agreements and similar agreements with third parties place restrictions on the use and disclosure of this intellectual property, these agreements may be breached, or this intellectual property may otherwise be disclosed or become known to DTC's competitors, which could cause it to lose any competitive advantage resulting from this intellectual property.

The Company may be unable to obtain patent or trademark protection for its technologies and brands. Any patents or trademarks that may be issued in the future, may not provide it with competitive advantages or distinguish its products and services from those of its competitors. In addition, any patents and trademarks may be contested, circumvented or found unenforceable or invalid, and DTC may not be able to prevent third parties from infringing, diluting or otherwise violating them. As of the date of this MD&A, the Company had no issued patents or filed patent applications.

Claims Against Intellectual Property Rights

Companies in the Internet, technology and media industries own large numbers of patents, copyrights, trademarks and trade secrets, and frequently enter litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. Many companies in these industries, including many of the Company's competitors, have substantially larger intellectual property portfolios and resources than DTC, may seek to apply for and obtain patents that will prevent, limit or interfere with DTC's ability to sell the Company's products and services. The Company's current intellectual property may be exposed to patent infringement or other intellectual property claims.

In addition, various "non-practicing entities" that own patents and other intellectual property rights often attempt to aggressively assert claims to extract value from technology companies. Further, from time to time DTC may introduce new products and services, including areas where it currently does not have an offering, which could increase its exposure to patent and other intellectual property claims from competitors and non-practicing entities.

Privacy Violations

Concerns about, governmental or regulatory actions involving DTC's practices about the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, could damage DTC's reputation, cause it to lose existing or potential customers and adversely affect its operating results. While DTC strives to collect and mine consumer data under the parameters of the privacy policies of the social media channels in which its platform operates, as well as DTC's own privacy policy and other obligations it may have with respect to privacy and data protection, the failure or perceived failure to comply may result in inquiries and other proceedings or actions against it by governments, regulators or others, as well as negative publicity and damage to its reputation and brand, each of which could cause it to lose customers, thereby having an adverse effect on its business.

New Laws and Government Restrictions

Consumer and advertiser activity on the Internet have been and may be in the future subject to new laws and regulations. Governments may seek to regulate or restrict Internet activity in a way that may affect the Company's business, particularly by censoring content, restricting advertising, restricting electronic communications, enacting new or more comprehensive privacy laws, controlling pricing, altering intellectual property rights, or mandating information security protocols. Adoption of any such laws or restrictions might impact the ability of DTC to improve its platform or the ability of users of the platform to engage with their consumers or collect or handle consumer data. In addition, governments in other countries may seek to restrict access to DTC's products or services if they consider the Company to be in violation of their laws. If access to DTC's products and services is restricted, in whole or in part, in one or more countries or its competitors are able to successfully penetrate geographic markets that DTC cannot access, its ability to retain or increase its customer base may be adversely affected, and its operating results may be harmed.

Reliance on Third Party Technology

PLATFORM^3 leverages, connects to and relies upon multiple third-party platforms including Facebook, Twitter, and Instagram. There is a risk that one or more of these platforms could change its business strategy or policies thus, impeding PLATFORM^3 ability to connect with consumers using these platforms.

Potential Fluctuation in Operating Results

The Company's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to: access to funds for working capital, the number of securities sold pursuant to any financings and market acceptance of its services.

Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. Thus, there can be no assurance that the Company will be able to reach profitability on a quarterly or annual basis. In addition, DTC has had a focus on long-term goals over short-term results.

Each of the risk factors described in this "Risk Factors" section may affect DTC's operating results.

Reliance on Management and Dependence on Skilled Personnel

The success of DTC will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel, including engineers, designers, and sales personnel. The loss of the services of these persons may have a material adverse effect on DTC's business and prospects. The Company's performance to date has been and will continue to be largely dependent on the talents, efforts and performance of its senior management and key technical personnel, who generally have significant experience with the Company and substantial relationships and reputations within the marketing and social media industries. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that DTC can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on DTC and its prospects. Competition for highly skilled personnel is intense, particularly in the technology sector. If DTC has difficulty identifying, attracting, hiring, training and retaining qualified personnel, or must incur significant costs in order to do so, its business and financial results could be negatively impacted.

Cloud Storage Security Breaches

The business of the Company faces security risks. The Company's products and services involve storage using cloud-based hosting service. Although data is stored in specialized firewall security groups and are externally encrypted using TLS 1.2 protocols, storage hardware and networking infrastructure is provided by a third party, and security breaches expose it to a risk of loss of this information, litigation and potential liability. If an actual or perceived breach of security occurs, the market perception of the effectiveness of DTC's security measures could be harmed, DTC could lose users and it may incur significant legal and financial exposure, including legal claims and regulatory fines and penalties. Computer viruses, break-ins, or other security problems could lead to misappropriation of proprietary information and interruptions, delays, or cessation in service to clients. Any failure to adequately address these risks could have an adverse effect on the business and reputation of DTC.

Interruption or Delays in Cloud Hosting Services

The Company's products and services involve storage using a third-party cloud-based hosting service. Any damage to, or failure of, the hosting service's systems generally could result in interruptions in the use of DTC's products or services. Such interruptions may reduce DTC's revenue, cause customers to terminate their subscriptions and adversely affect the ability to attract new customers. DTC's business will also be harmed if its customers and potential customers believe its products or services are unreliable.

Market Price of Common Shares and Volatility

There can be no assurance that an active market for DTC Common Shares will be sustained. Securities of small-cap and mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of industries. The price of DTC's Common Shares is also likely to be significantly affected by the Company's financial condition or results of operations as reflected in its interim and annual financial statements. Other factors unrelated to the performance of the Company that may have an effect on the price of DTC Common Shares include the following: the extent of analytical coverage available to investors concerning the business of DTC may be limited if investment banks with research capabilities do not follow DTC's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of DTC's Common Shares; the size of DTC's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of DTC's Common Shares that persists for a significant period of time could cause DTC's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. If an active market for DTC Common Shares does not continue, the liquidity of an investor's investment may be limited, and the price of DTC Common Shares may decline. If such a market does not develop, investors may lose their entire investment in DTC Common Shares.

As a result of any of these factors, the market price of DTC Common Shares at any given point in time may not accurately reflect the long-term value of the Company. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Conflicts of Interest

Certain of the directors and officers of DTC will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, because of these and other activities, such directors and officers may become subject to conflicts of interest. The BCBCA provides that if a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Access to or Restriction of the Internet

The Company depends on the ability of its customers and their consumers to access the Internet. Currently, this access is provided by companies that have significant market power in the broadband and Internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies, government owned service providers, device manufacturers and operating system providers, any of whom could take actions that degrade, disrupt or increase the cost of user access to its products or services, which would, in turn, negatively impact DTC's business. In Canada, competition in the markets for Internet service and mobile phone services is limited. The adoption of any laws or regulations that adversely affect the growth, popularity or use of the Internet, including laws or practices limiting Internet neutrality, could decrease the demand for, or the usage of, DTC's products and services, increase its cost of doing business and adversely affect its operating results. DTC and its customers also rely on other companies to maintain reliable network systems that provide adequate speed, data capacity and security to the Company and its customers. As the Internet continues to experience growth in the number of users, frequency of use and amount of data transmitted, the Internet infrastructure that DTC and its customers rely on may be unable to support the demands placed upon it. The failure of the Internet infrastructure that DTC and its customers rely on, even for a short period of time, could undermine its operations and harm its operating results.

Foreign Financial, Political, or Economic Conditions

The Company may be subject to additional risks associated with doing business in foreign countries.

DTC currently operates from Vancouver, Canada and within the United States, and also outsources programming work to contractors in Nepal and India. The Company may face significant additional risks associated with doing business in a developing country. In addition to the language barriers, different presentations of financial information, different business practices, different employment and labour practices, and other cultural differences and barriers, ongoing business risks may result from the international political situation, uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability. In doing business in foreign countries the Company may also be subject to such risks including, but not limited to, currency fluctuations, regulatory problems, punitive tariffs, unstable local tax policies, trade embargoes, expropriation, corporate and personal liability for violations of local laws, possible difficulties in collecting accounts receivable, increased costs of doing business in countries with limited infrastructure, and cultural and language differences.

Foreign economies may differ favorably or unfavorably from the United States economy or Canadian economy in growth of gross national product, rate of inflation, market development, rate of savings, and capital investment, resource self-sufficiency and balance of payments positions, and in other respects. Legal systems in many foreign countries are new, unclear, and continually evolving. There can be no certainty as to the application of laws and regulations instances. Many foreign countries do not have a comprehensive system of laws, and the existing regional and local laws are often in conflict and subject to inconsistent interpretation, implementation and enforcement. New laws and changes to existing laws may occur quickly and sometimes unpredictably. These factors may limit our ability to enforce agreements with our current and future clients and vendors. Furthermore, it may expose us to lawsuits by our clients and vendors in which we may not be adequately able to protect ourselves.

When doing business in foreign countries, the Company may be unable to fully comply with local and regional laws, which may expose it to financial risk.

When doing business in foreign countries, DTC may be required to comply with informal laws and trade practices imposed by local and regional government administrators. Local taxes and other charges may be levied depending on the local tax regulations and may not be predictable or evenly applied. These local and regional taxes/charges and governmentally imposed business practices may affect the cost of doing business and may require DTC to constantly modify its business methods to both comply with these local rules and to lessen the financial impact and operational interference of such policies. In addition, it is often extremely burdensome for businesses operating in foreign countries to comply with some of the local and regional laws and regulations. Any failure on the part of the Company to maintain compliance with the local laws may result in fines and fees, which may substantially impact its cash flow, cause a substantial decrease in revenues, and may affect its ability to continue operation.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak 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 significant economic uncertainty. These measures adopted by various governments worldwide could impact the Company's business whether through supply chain or retail demand. However, at this time, it is not possible for the Company to reliably estimate the duration or magnitude of the adverse results of the outbreak and its impact on the Company's financial results in future periods. The continued spread of the COVID-19 around the globe and the responses of governmental authorities and corporate entities, including through mandated or voluntary shutdowns, could lead to a prolonged general slow-down in the global economy with temporary disruptions and slowdowns to work forces and customers. The situation is dynamic and changing day-to-day, such that the Company will continue to monitor it closely as it develops and will take appropriate measures to mitigate any impact on the Company.

Foreign Currency Exchange

Currency exchange rate fluctuations may adversely affect the Company's financial position and results. DTC does not currently have in place a formal policy for managing or controlling foreign currency risks.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. In particular, forward-looking statements in this MD&A include, but are not limited to, statements relating to information concerning DTC and projected revenues and other statements that are not historical facts. These statements are based upon certain material factors, assumptions and analyses that were applied in drawing a conclusion or making a forecast or projection, including DTC's experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that are believed to be reasonable in the circumstances.

Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, milestones, strategies and outlook of DTC.

Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “pro forma”, “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts”, “seeks”, “likely”, “goals”, “milestones” or negative versions thereof, as applicable, and other similar expressions, or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond control of DTC, affect operations, business, financial condition, performance and results of DTC that may be expressed or implied by such forward-looking statements and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: limited operating history; competition; operating risks; risks related to a new and unproven market; reliance on management and dependence on skilled personnel; security breach risks; intellectual property risks; risks related to the market price of common shares and volatility; conflicts of interest of management; new laws and government restrictions; access to or restriction of the Internet; foreign financial, political, or economic risks; risks related to the conditions precedent to the closing of the Transaction; and other factors beyond the control of the Company.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect forward-looking statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management of DTC, as applicable, currently believes to be reasonable assumptions; actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These forward-looking statements are prepared as of the date of this MD&A and, other than as specifically required by law, DTC does not assume any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

For a more detailed discussion of certain of these risk factors, see “Risk Factors”.

ADDITIONAL INFORMATION

Additional information about the Company can be found on SEDAR at www.sedar.com.

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