

FILING STATEMENT

in respect of the Qualifying Transaction of

Spirit Banner II Capital Corp.

Involving the Business Combination with

Sabio Mobile, Inc.

Dated as at November 12, 2021

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

All information contained in this Filing Statement with respect to Sabio Mobile, Inc. ("**Sabio**") was supplied by Sabio for inclusion herein.

All information contained in this Filing Statement with respect to Spirit Banner II Capital Corp. ("**Spirit**") was supplied by Spirit for inclusion herein.

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GLOSSARY

The following is a glossary of certain general terms used in this Filing Statement, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“1933 Act” means the *United States Securities Act of 1933*.

“Affiliate” means a Company that is affiliated with another Company as described below:

A Company is an **“Affiliate”** of another Company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A Company is **“controlled”** by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“Agent’s Commission” has the meaning set forth in *“Sabio QT Financing”*.

“Amalgamation” has the meaning set forth in *“The Qualifying Transaction”*.

“Amended CPC Escrow Agreement” means the CPC Escrow Agreement amended and restated as of November 9, 2021.

“Article Amendments” means the amendment of the articles of incorporation of Spirit with respect to the creation of a new class of convertible restricted voting shares and corresponding amendments to the privileges, restrictions and conditions of the existing class of common shares.

“Associate” when used to indicate a relationship with a person or Company, means:

- (a) an issuer of which the person or Company beneficially owns or controls, directly or indirectly, voting securities entitling it to more than 10% of the voting rights attached to outstanding securities of the issuer;

- (b) any partner of the person or Company;
- (c) any trust or estate in which the person or Company has a substantial beneficial interest or in respect of which a person or Company serves as trustee or in a similar capacity; or
- (d) in the case of a person, a relative of that person, including:
 - (i) that person's spouse or child; or
 - (ii) any relative of the person or of his/her/their spouse who has the same residence as that person,

but where the TSXV determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D of the TSXV with respect to that Member firm, Member corporation or holding company.

"Available Funds" means the estimated working capital (total current assets less total current liabilities) that will be available to the Resulting Issuer (including the consolidated working capital of both Spirit and Sabio), as at the most recent month end preceding the date of this Filing Statement, after giving effect to the Transaction.

"Board" means the board of directors of Spirit or the Resulting Issuer, as the context requires.

"Closing" means the completion of the Transaction pursuant to the Definitive Agreement.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Common Share" means a common share in the capital of Spirit or the Resulting Issuer, as the context requires.

"Company" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

"Compensation Warrants" has the meaning set forth in *"Sabio QT Financing"*.

"Completion of the Qualifying Transaction" means the date the Final Exchange Bulletin is issued by the TSXV.

"Control Person" means any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"CPC" means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

“CPC Escrow Agreement” means the escrow agreement dated May 7, 2018 between Spirit, the Escrow Agent and certain shareholders of Spirit.

“CPC Escrow Shares” means the securities of Spirit held in escrow pursuant to the Amended CPC Escrow Agreement.

“CPC Policy” means Policy 2.4 – *Capital Pool Companies* of the TSXV Corporate Finance Manual.

“Definitive Agreement” means the business combination agreement among Spirit, Sabio, Finco, Pubco Sub and Merger Sub dated October 13, 2021, as the same may be amended, restated, supplemented or otherwise modified from time to time, providing for, among other things, the completion of the Transaction.

“Domestic Issuer” has the meaning ascribed thereto in Rule 902(e) of Regulation S under the 1933 Act.

“Effective Date” means the date when the Transaction becomes effective pursuant to the Definitive Agreement.

“Effective Time” means 12:01 a.m. (Toronto Time) on the Effective Date, or such other time as agreed upon by Sabio and Spirit.

“Escrow Agent” means TSX Trust Company, a trust corporation having an office in the City of Toronto, in its capacity as escrow agent pursuant to the terms of the Amended CPC Escrow Agreement.

“Escrow Release Conditions” means the following, collectively:

- (a) written confirmation from each of Sabio and Spirit that all conditions to the completion of the Transaction have been satisfied or waived, other than the release of the Escrowed Funds (including the escrowed portion of the Subscription Receipt Agents’ fee) and the closing of the Transaction, each of which will be completed forthwith upon release of the Escrowed Funds;
- (b) the receipt of all shareholder and regulatory approvals, as required with respect to the Transaction;
- (c) the distribution of: (A) the Finco Common Shares; and (B) the Resulting Issuer Shares to be issued in exchange for the Finco Common Shares, pursuant to the Transaction being exempt from applicable prospectus requirements and, in

jurisdictions outside of Canada, if applicable, registration requirements of applicable securities laws;

- (d) the Resulting Issuer Shares being approved for listing on the TSXV and the completion, satisfaction or waiver of all conditions precedent to such listing (other than the release of the Escrowed Funds);
- (e) such other customary escrow release conditions requested by the Subscription Receipt Agents, acting reasonably; and
- (f) the Company, Sabio and the Subscription Receipt Agents shall have delivered a release notice to the Subscription Receipt Escrow Agent confirming that items (a) through (e), inclusive, have been satisfied,

as same may be amended or supplemented as set forth in the Subscription Receipt Agreement.

“Escrow Release Deadline” means 5:00 p.m. (Eastern time) on the date that is 90 days after the closing date of the Sabio QT Financing, as same may be extended in accordance with the terms of the Subscription Receipt Agreement.

“Escrowed Funds” has the meaning set forth in *“Sabio QT Financing”*.

“Filing Statement” means this filing statement, together with all schedules attached hereto and including the summary hereof.

“Final Exchange Bulletin” means the TSXV bulletin that is issued following the Closing and the submission of all required documentation and that evidences the final TSXV acceptance of the Transaction.

“Finco” means Sabio Canada Finco, Inc., a corporation existing under the laws of the Province of Ontario.

“Finco Amalco” has the meaning set forth in *“The Qualifying Transaction”*.

“Finco Common Shares” means the common shares in the capital of Finco.

“Foreign Issuer” has the meaning ascribed thereto in Rule 902(e) of Regulation S under the 1933 Act.

“IFRS” means International Financial Reporting Standards.

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;

- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

“IPO” means the initial public offering of Common Shares by Spirit completed on November 1, 2018.

“IPO Agency Agreement” means the agency agreement dated May 7, 2018 between Spirit and the IPO Agent.

“IPO Agent” means Canaccord Genuity Corp.

“Lock-up Agreements” means the lock-up agreements entered into by certain directors, executive officers and significant shareholders of Sabio in connection with the Sabio QT Financing.

“Locked-up Securities” means Sabio Common Shares or Resulting Issuer Shares or other securities exchangeable for or convertible into Sabio Common Shares or Resulting Issuer Shares owned by Locked-up Shareholders.

“Locked-up Shareholder” means a holder of Locked-up Securities pursuant to the terms of a Lock-up Agreement.

“Member” has the meaning ascribed thereto in Policy 1.1 – *Interpretation of the TSXV Corporate Finance Manual*.

“Merger” means the combination of the businesses of Spirit and Sabio by way of a reverse triangular merger of Merger Sub into Sabio under the General Corporation Law of Delaware, pursuant to which Sabio will become a wholly-owned subsidiary of Spirit in accordance with the Merger Agreement.

“Merger Agreement” means the merger agreement to be entered into between Sabio, Spirit and Merger Sub.

“Merger Sub” means Spirit Banner Merger Sub, Inc., a corporation existing under the laws of Delaware.

“Name Change” means the proposed name change of the Resulting Issuer from “Spirit Banner II Capital Corp.” to “Sabio Holdings Inc.” or such other name as may be determined by Sabio and approved by the Board of Spirit.

“Non-Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets that are to be the subject of the proposed Qualifying Transaction.

“Person” means a Company or individual.

“President’s List” means the list of “president’s list” subscribers provided by Sabio to the Subscription Receipt Agents in connection with the Sabio QT Financing.

“Principals” has the meaning attributable thereto in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual.

“Pro Forma Financial Statements” means the unaudited *pro forma* statement of financial position for the Resulting Issuer as at June 30, 2021 to give effect to the Transaction as if it had taken place as of the Effective Date, which is attached to this Filing Statement as **Schedule “E”**.

“Promoter” means the definition prescribed by applicable Securities Laws.

“Pubco Sub” means 2872484 Ontario Inc., a corporation existing under the laws of the Province of Ontario.

“QT Finders’ Fee Agreement” means the finder’s fee agreement dated June 10, 2021 between Spirit and the Qualifying Transaction Finders.

“Qualifying Transaction” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, and, specifically in the case of Spirit, means the Transaction all as more particularly described herein.

“Qualifying Transaction Finders” means Angad Capital Inc., a company existing under the laws of the Province of British Columbia, and AtmaCorp Ltd., a company existing under the federal laws of Canada.

“Registrar and Transfer Agent Agreement” means the transfer agent agreement dated December 28, 2017 between Spirit and the Escrow Agent.

“Restricted Share Election” means the election by a Sabio Shareholder to receive a portion of the Merger consideration in Resulting Issuer Restricted Voting Shares.

“Resulting Issuer” means Spirit, following completion of the Transaction and the issuance of the Final Exchange Bulletin.

“Resulting Issuer Common Shares” means common shares in the capital of the Resulting Issuer.

“Resulting Issuer Compensation Warrants” means the non-transferable compensation warrants of the Resulting Issuer.

“Resulting Issuer Legacy Stock Option Plan” means the legacy stock option plan of the Resulting Issuer pursuant to which Resulting Issuer Options will be issued to the existing option holders of Sabio in connection with the Transaction, to be adopted in connection with the Transaction.

“Resulting Issuer Options” means the stock options of the Resulting Issuer exercisable for Resulting Issuer Shares.

“Resulting Issuer Restricted Voting Shares” means the convertible restricted voting common shares in the capital of the Resulting Issuer.

“Resulting Issuer Shares” means, collectively, the Resulting Issuer Common Shares and the Resulting Issuer Restricted Voting Common Shares.

“Resulting Issuer Stock Option Plan” means the amended and restated stock option plan of the Resulting Issuer, to be adopted in connection with the Transaction.

“Resulting Issuer Warrants” means common share purchase warrants to purchase Resulting Issuer Common Shares.

“Sabio” means Sabio Mobile, Inc., a company incorporated under the laws of the State of Delaware.

“Sabio Common Shares” means the common shares in the capital of Sabio.

“Sabio Consolidation” means the consolidation of Sabio Common Shares to be completed prior to or concurrently with the closing of the Transaction on the basis of one post-consolidation Sabio Common Share for approximately every 0.2734 outstanding Sabio Common Shares existing immediately before the consolidation.

“Sabio Convertible Notes” means the outstanding convertible notes of Sabio.

“Sabio Financial Statements” means the audited consolidated financial statements of Sabio for the years ended December 31, 2020 and 2019 and the unaudited consolidated financial statements for the six month period ended June 30, 2021, which are attached to this Filing Statement as **Schedule “C”**.

“Sabio MD&A” means the management’s discussion and analysis of the financial condition and results of operations of Sabio for the years ended December 31, 2020 and 2019 and the six month period ended June 30, 2021, which are attached to this Filing Statement as **Schedule “D”**.

“Sabio Named Executive Officers” means Sabio’s chief executive officer, chief financial officer and the three most highly compensated executive officers of Sabio as at December 31, 2020.

“Sabio Option Plan” means the stock option plan of Sabio.

“Sabio Options” means the options granted pursuant to the Sabio Option Plan, entitling the holders thereof to acquire Sabio Common Shares.

“Sabio QT Financing” means the brokered and concurrent non-brokered private placement in aggregate of 3,799,252 Subscription Receipts by Finco for aggregate gross proceeds of C\$6,648,691.

“Sabio Shareholder” means a holder of Sabio Common Shares.

“Sabio Warrants” means the common share purchase warrants of Sabio, entitling the holders thereof to acquire Sabio Common Shares.

“**SEC**” means the United States Securities and Exchange Commission.

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an issuer.

“**Significant Assets**” means one or more assets or businesses that, when purchased, optioned or otherwise acquired by the CPC, together with any concurrent transactions, would result in the CPC meeting the initial listing requirements of the TSXV.

“**Spirit**” means Spirit Banner II Capital Corp., a corporation existing under the laws of the Province of Ontario.

“**Spirit Consolidation**” means the consolidation of Common Shares to be completed prior to or concurrently with the closing of the Transaction on the basis of one post-consolidation Common Share for approximately every 15.9090 outstanding Common Shares existing immediately before the consolidation.

“**Spirit Financial Statements**” means the audited financial statements of Spirit for the years ended March 31, 2021, 2020 and 2019 and the unaudited financial statements for the three month period ended June 30, 2021, which are attached to this Filing Statement as **Schedule “A”**.

“**Spirit MD&A**” means the management’s discussion and analysis of Spirit for the years ended March 31, 2021 and 2020 and the three month period ended June 30, 2021, which are attached to this Filing Statement as **Schedule “B”**.

“**Spirit Meeting**” means the special meeting of Spirit’s shareholders held on October 6, 2021 to approve, among other things, Spirit Meeting Matters.

“**Spirit Meeting Matters**” means the following matters approved by shareholders of Spirit at the Spirit Meeting: the Name Change, the Article Amendments, the Spirit Consolidation, setting the size of and electing an alternate slate of directors namely a slate set at four (4) directors of the Resulting Issuer elected to replace the incumbent slate of directors of Spirit immediately following the completion of the Transaction, a special resolution empowering the directors of Spirit to determine the number of directors of Spirit, the adoption of new by-laws of Spirit, the approval of the Resulting Issuer Stock Option Plan and the approval of the Resulting Issuer Legacy Stock Option Plan.

“**Spirit Option Plan**” means the existing stock option plan of Spirit.

“**Spirit Options**” means the options granted pursuant to the Spirit Option Plan, entitling the holders thereof to acquire Common Shares.

“**Spirit Shareholder**” means holders of common shares in the capital of Spirit.

“**SSRRs**” means Seed Share Resale Restrictions as defined in Exchange Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions*.

“Subscription Receipt Agency Agreement” means the agency agreement dated October 14, 2021 between Sabio, Finco, the Subscription Receipt Agents, Spirit and Pubco Sub in respect of the brokered portion of the Sabio QT Financing.

“Subscription Receipt Agents” means the Subscription Receipt Co-Lead Agents and PI Financial Corp. and Echelon Wealth Partners Inc.

“Subscription Receipt Agreement” means the subscription receipt agreement between Sabio, Finco, the Subscription Receipt Agents and the Subscription Receipt Escrow Agent dated October 14, 2021.

“Subscription Receipt Co-Lead Agents” means Beacon Securities Limited and Paradigm Capital Inc.

“Subscription Receipt Escrow Agent” means TSX Trust Company, a trust corporation having an office in the City of Toronto, in its capacity as subscription receipt escrow agent pursuant to the terms of the Subscription Receipt Agreement.

“Subscription Receipt Finder” means Zelos Capital Ltd.

“Subscription Receipt Finder’s Fee Agreement” means the finder’s fee agreement dated October 1, 2021 between Sabio and the Subscription Receipt Finder, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Subscription Receipt Finder’s Warrants” means the warrants of Finco to be issued to the Subscription Receipt Finder in connection with the QT Financing.

“Subscription Receipts” means the subscription receipts of Finco, issued pursuant to the Sabio QT Financing.

“subsidiary” includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity.

“Tax Act” means *Income Tax Act*, (Canada), as amended.

“Transaction” has the meaning set forth in *“The Qualifying Transaction”*.

“TSXV” or **“Exchange”** means the TSX Venture Exchange.

“U.S. Exchange Act” means the *Securities Exchange Act of 1934*, as amended.

“U.S. Securities Act” means the *U.S. Securities Act of 1933*, as amended.

“Value Securities” has the meaning attributable thereto in Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* of the TSXV Corporate Finance Manual.

“Value Security Escrow Agreement” means the escrow requirements imposed by the Exchange Form 5D and Schedule B(2) Tier 2 Value Security Escrow Agreement on the Resulting Issuer

Shares held by certain shareholders in connection with the closing of the Transaction, as more particularly described in this Filing Statement.

“Voting Shares” means a security of an issuer that:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements that relate to Spirit's and Sabio's current expectations and views of future events. The forward-looking statements are contained principally in the sections titled "*Summary of Filing Statement*" and "*Part III – Information Concerning The Resulting Issuer*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", "plan", "believe", "aim", "seek" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Spirit and Sabio have based these forward-looking statements on their current expectations and projections about future events and financial trends that they believe may affect Spirit, Sabio and/or the Resulting Issuer's financial condition, results of operations, business strategy and financial needs, as the case may be.

Forward-looking statements relating to Sabio and the Resulting Issuer include, among other things, statements relating to:

- expectations regarding its revenue, expenses and operations;
- anticipated cash needs and its needs for additional financing;
- plans for and timing of expansion of its services;
- future growth plans;
- ability to attract and retain personnel;
- competitive position and its expectations regarding competition; and
- anticipated trends and challenges in its business and the markets in which it operates.

Forward-looking statements relating to Spirit include, among other things, statements relating to:

- the completion of the Transaction;
- the terms on which the Transaction is intended to be completed; and
- the ability to complete any Qualifying Transaction.

Forward-looking statements are based on certain assumptions and analysis made by Spirit and Sabio in light of their experience and perception of historical trends, current conditions and expected future developments and other factors they believe are appropriate, and are subject to risks and uncertainties. Such assumptions include, among others, those relating to general economic conditions, the Canadian and United States' legislative and regulatory environment, the impact of increasing competition and the ability to obtain regulatory and shareholder approvals. Although Spirit and Sabio believe that the assumptions underlying the forward-looking statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders should not place undue reliance on these forward-looking statements.

Whether actual results, performance or achievements will conform to Spirit's or Sabio's expectations and predictions is subject to a number of known and unknown risks, uncertainties,

assumptions and other factors, including those listed under “Risk Factors”, which include risks related to the following:

- retention and acquisition of skilled personnel;
- managing growth, including entering new markets;
- adding new customers and retaining existing customers;
- reliance on contracts with key customers and partners;
- long sales cycles;
- fluctuations in operating results and seasonality of business;
- continued access to publisher inventory and substantial reliance on one publisher;
- risks associated with contracts with buyers and sellers;
- relative early stage of the Connected TV (CTV) market and growth in CTV advertising spend;
- highly competitive nature of the market;
- ability to continuously innovate and enhance existing products and develop new products;
- successfully commercializing the App Science product;
- legislation and regulation of digital businesses, including privacy and data protection regimes;
- collection, use or disclosure of data;
- litigation risks;
- COVID-19 pandemic or other similar outbreaks;
- international operations;
- intellectual property;
- access to capital;
- risks related to revenues and quarterly operating results;
- foreign sales;
- estimates or judgements relating to critical accounting policies;
- market for the Resulting Issuer Shares;
- no history of payment of cash dividends;
- the Resulting Issuer’s status as a reporting issuer;
- significant sales of Resulting Issuer Shares;
- United States tax classification of the Resulting Issuer;
- analyst coverage of the Reporting Issuer;

- tax issues;
- conditions precedent to completion of the Transaction;
- foreign private issuer risks; and
- loss of foreign private issuer status.

The above risks, uncertainties, assumptions and other factors could cause Spirit, Sabio and/or the Resulting Issuer's actual results, performance, achievements and experience to differ materially from the expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

The forward-looking statements made in this Filing Statement relate only to events or information as of the date on which the statements are made in this Filing Statement. Except as required by law, Spirit, Sabio and the Resulting Issuer undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated or other events.

An investor should read this Filing Statement with the understanding that Spirit, Sabio and the Resulting Issuer's actual future results may be materially different from what is expected.

INFORMATION PERTAINING TO SABIO

The information contained or referred to in this Filing Statement with respect to Sabio and the industry in which it operates has been provided by the management of Sabio and is the responsibility of Sabio. Management of Spirit has relied upon Sabio for the accuracy of the information provided by Sabio without independent verification.

NOTICE TO INVESTORS

Currency Presentation

Unless otherwise specified, all dollar amounts referenced in this Filing Statement and in the financial statements of Spirit are in Canadian dollars and referred to as "\$" or "C\$". Unless otherwise specified, all dollar amounts referenced in the financial statements of Sabio are in U.S. dollars and referred to as "US\$".

Financial Statement Information

The audited annual financial statements and unaudited interim financial statements of Spirit contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in Canadian dollars.

The audited annual financial statements and unaudited interim financial statements of Sabio contained in this Filing Statement have been prepared in accordance with IFRS and are denominated in U.S. dollars.

The unaudited *pro forma* financial statements of the Resulting Issuer contained in this Filing Statement have been prepared on the basis of presentation as described in the Pro Forma Financial Statements and are denominated in U.S. dollars.

Market Data

Unless otherwise indicated, information contained in this Filing Statement concerning the industry and markets in which Sabio operates, including its general expectations and market position, market opportunity and market share is based on information from independent industry organizations and other third-party sources (including industry publications, surveys and forecasts) and management estimates. Unless otherwise indicated, management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from Sabio's internal research, and are based on assumptions made by Sabio based on such data and its knowledge of such industry and markets, which Sabio believes to be reasonable. Sabio's internal research has not been verified by any independent source, and it has not independently verified any third-party information. While Sabio believes the market position, market opportunity and market share information included in this Filing Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of Sabio's future performance and the future performance of the industry in which Sabio operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the "*Summary Risk Factors*".

Enforcement of Legal Rights

Sabio is incorporated under the laws of the State of Delaware. Sabio's business operations are located in the United States and India. Sabio's registered office and head office is located in the State of California, United States. All of Sabio's assets are located in the United States and India. Furthermore, all of Sabio's directors and officers reside outside of Canada. As a result, shareholders may not be able to effect service of process within Canada upon Sabio or its directors or officers or to enforce judgements against Sabio or its directors or officers in Canadian courts predicated on Canadian Securities Laws. It may also be difficult for a shareholder to bring an original action in a Canadian court or other foreign court predicated upon the civil liability provisions of applicable Canadian Securities Laws against Sabio or these persons.

It may be possible for civil liabilities predicated upon Canadian Securities Laws to be enforced through proceedings commenced in the courts of the United States or other jurisdictions, assuming such liabilities constitute a cause of action that is recognizable under the laws of the United States or other jurisdictions. Judgments of Canadian courts based upon the civil liability provisions of Canadian Securities Laws may not however be enforceable against Sabio in the United States or other jurisdictions.

Shareholders are advised that it may not be possible for them to enforce judgments obtained in Canada against any Person that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the Person has appointed an agent for service of process in Canada.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Spirit, Sabio and the Resulting Issuer (assuming Completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

The Companies

Spirit Banner II Capital Corp.

Spirit was incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario) on September 29, 2017. The full corporate name of Spirit is “Spirit Banner II Capital Corp.”. The Common Shares were first listed for trading on the TSXV under the symbol “SBTC.P” on November 5, 2018. Spirit is a CPC pursuant to the CPC Policy, and since its incorporation it has not carried on any business or operations other than identifying and evaluating business opportunities for the purposes of completing a Qualifying Transaction.

Spirit Subsidiaries

Spirit has two wholly-owned subsidiaries, Merger Sub and Pubco Sub. Merger Sub was incorporated on October 8, 2021 pursuant to the filing of articles of incorporation under the General Corporation Law of Delaware for purposes of completing the Merger and the Transaction. Pubco Sub was incorporated on October 8, 2021 pursuant to the filing of articles of incorporation under the *Business Corporations Act* (Ontario) for purposes of completing the Amalgamation and the Transaction. The registered office of Merger Sub is located at 16192 Coastal Highway, City of Lewes, County of Sussex, State of Delaware 19958. The registered office of Pubco Sub is located at 18 King Street East, Suite 902, Toronto, Ontario M5C1C4.

Sabio Mobile, Inc.

Sabio was originally incorporated as a limited liability company under the name “Sabio Mobile, LLC” under the laws of California on March 10, 2014, and was converted to a company existing under the Delaware General Corporation Law pursuant to Certificates of Conversion filed with the California and Delaware Secretaries of State on October 26, 2016 under the name “Sabio Mobile, Inc.”. Sabio is not a “reporting issuer” under applicable securities legislation and its securities are not listed for trading on any stock exchange.

Sabio Subsidiaries

Sabio has three wholly-owned subsidiaries, AppScience, Inc., Sabio Mobile India Private Limited and Finco. AppScience, Inc. was incorporated on June 27, 2018 pursuant to the New York Business Corporation Law and Sabio Mobile India Private Limited was incorporated on November 6, 2017 pursuant to the *Companies Act, 2013* (India). AppScience, Inc. and Sabio Mobile India Private Limited are operating wholly-owned subsidiaries of Sabio (see “*Part II – Information Concerning Sabio*”). Finco was incorporated on August 26, 2021 pursuant to the filing of articles of incorporation under the *Business Corporations Act* (Ontario) for purposes of the Sabio QT Financing.

The Qualifying Transaction

The Resulting Issuer

Upon Completion of the Qualifying Transaction and subject to the approval of the TSXV, it is expected that the Resulting Issuer will be listed on the TSXV as a Tier 2 Issuer (as such term is defined in the Corporate Finance Manual of the TSXV). The registered office of the Resulting Issuer will be located at Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3. The head office of the Resulting Issuer will be located at 16350 Ventura Boulevard, #D827, Encino, CA, United States 91436.

The Transaction

The following section contains a summary of the Transaction. This summary does not purport to be a complete summary and is qualified in its entirety by the terms of the Definitive Agreement, a copy of which is available for review under Spirit's SEDAR profile at www.sedar.com.

On June 23, 2021, Sabio entered into a letter of intent with Spirit with respect to the Transaction, as amended effective September 30, 2021. On October 13, 2021, Sabio, Spirit, Finco, Merger Sub and Pubco Sub entered into the Definitive Agreement, which superseded and replaced the letter of intent, as amended. The Transaction pursuant to the Definitive Agreement is intended to result in the reverse take-over of Spirit by Sabio, which, upon completion, will constitute a Qualifying Transaction for Spirit under the CPC Policy, and result in the shareholders of Sabio owning the substantial majority of the Resulting Issuer Shares.

The Transaction will proceed, amongst other steps, by way of a "three-cornered" amalgamation and a reverse triangular merger, pursuant to which: (i) Finco and Pubco Sub will amalgamate and the resulting entity will become a wholly-owned subsidiary of Spirit, being the Amalgamation; and (ii) Sabio and Merger Sub will merge and the resulting entity will become a wholly-owned subsidiary of Spirit, being the Merger.

If completed, the Transaction is intended to constitute the "Qualifying Transaction" of Spirit under the CPC Policy and Sabio Shareholders will own the substantial majority of the Resulting Issuer Shares. All references herein to the "Resulting Issuer" refer to Spirit after completion of the Transaction.

Under the Transaction, Sabio Shareholders will receive Resulting Issuer Shares in exchange for their Sabio Common Shares. In addition, in connection with the Transaction, all of Sabio's and Finco's securities exercisable or exchangeable for, or convertible into, or other rights to acquire Sabio or Finco securities outstanding immediately prior to completion of the Transaction will be exchanged for securities exercisable or exchangeable for, or convertible into, rights to acquire Resulting Issuer Shares, on the same economic terms and conditions as such original outstanding securities.

Upon completion of the Transaction, it is anticipated that: (i) Sabio Shareholders will hold approximately 39,049,111 Resulting Issuer Shares, representing approximately 89.43% of the outstanding Resulting Issuer Shares; (ii) the current shareholders of Spirit will hold 730,086 Resulting Issuer Shares, representing approximately 1.67% of the outstanding Resulting Issuer Shares; (iii) subscribers from the Sabio QT Financing will hold 3,799,252 Resulting Issuer Shares,

representing approximately 8.70% of the outstanding Resulting Issuer Shares; and (iv) the Qualifying Transaction Finders will hold an aggregate of 85,714 Resulting Issuer Shares, representing approximately 0.20% of the outstanding Resulting Issuer Shares.¹ The deemed issue price per Resulting Issuer Share issued in connection with the Transaction will be C\$1.75.

The above anticipated numbers are based on the conversion of the Sabio Convertible Notes into Sabio Common Shares and Sabio Warrants, to be exchanged for Resulting Issuer Shares and Resulting Issuer Warrants pursuant to the Transaction, with the interest on the Sabio Convertible Notes calculated up to October 31, 2021. The actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants issuable upon conversion and exchange is subject to adjustment based on the aggregate amount of interest on the convertible notes (which is calculated on a daily basis), accrued up to the actual date of conversion. Therefore, the actual number of securities of the Resulting Issuer outstanding on completion of the Transaction may be different than as disclosed herein.

The principal steps of the Transaction are as follows:

- (a) Closing of the Sabio QT Financing, which closed in October 2021.
- (b) Prior to Closing, Spirit's constating documents shall be amended to effect the following:
 - (i) the Name Change;
 - (ii) the Spirit Consolidation; and
 - (iii) the creation of a new class of shares, the Resulting Issuer Restricted Voting Shares, and in connection therewith making corresponding amendments to the terms and conditions attaching to the Resulting Issuer Common Shares.
- (c) Prior to Closing, Sabio will effect the Sabio Consolidation.
- (d) Immediately prior to Closing, and following conversion of the Subscription Receipts, Finco and Pubco Sub shall amalgamate to form "Finco Amalco" (the "**Amalgamation**") and:
 - (i) each Finco Common Share shall be cancelled and, in consideration therefor, each Finco shareholder will receive one Resulting Issuer Share for each Finco Common Share;

¹ The exact number of Resulting Issuer Shares outstanding following completion of the Transaction will depend on the actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants issuable upon conversion and exchange of the Sabio Convertible Notes (which Sabio Convertible Notes are to be converted into Sabio Common Shares and Sabio Warrants, which will be exchanged for Resulting Issuer Shares and Resulting Issuer Warrants pursuant to the Transaction). The conversion numbers in this Filing Statement are based on the interest on the Sabio Convertible Notes calculated up to October 31, 2021. The actual conversion numbers are subject to adjustment based on the aggregate amount of interest on the convertible notes (which is calculated on a daily basis), accrued up to the actual date of conversion. Therefore, the actual number of securities of the Resulting Issuer outstanding on completion of the Transaction may be different than as disclosed herein.

- (ii) each share of Pubco Sub held by Spirit shall be cancelled and, in consideration therefor, Spirit will receive one share of Finco Amalco for each share of Pubco Sub; and
 - (iii) each Compensation Warrant and Subscription Receipt Finder's Warrant outstanding will be exchanged for one Resulting Issuer Compensation Warrant, which warrant shall be substantially on the same terms and conditions as the Compensation Warrant or Subscription Receipt Finder's Warrant, as applicable, except for the right to receive Resulting Issuer Common Shares *in lieu* of Finco Common Shares upon, among other things, payment of the applicable exercise price.
- (e) In the following order at Closing:
- (i) each Sabio Convertible Note will be converted, pursuant to its terms, into Sabio Common Shares and Sabio Warrants;
 - (ii) electing Canadian Sabio Shareholders will transfer their Sabio Common Shares to Spirit, receiving one Resulting Issuer Share for each Sabio Common Share, and jointly electing with Spirit to effect the share exchange on a rollover basis; and
 - (iii) Merger Sub will merge with and into Sabio, with Sabio as the surviving entity (the "**Merger**") (which surviving entity shall change its name to "Sabio, Inc."), and in connection therewith:
 - (A) each Sabio Shareholder will receive one Resulting Issuer Share for each Sabio Common Share held;
 - (B) each Sabio Option will be exchanged for one Resulting Issuer Option; and
 - (C) each Sabio Warrant will be exchanged for one Resulting Issuer Warrant.
- (f) Immediately after the Merger, Finco Amalco will be wound up and it will distribute its assets (including the proceeds from the Sabio QT Financing) to Spirit.

Following completion of the Transaction, Spirit will have Sabio as its remaining direct wholly-owned subsidiary.

The number and terms of the securities to be issued in connection with the Transaction were determined pursuant to arm's length negotiations between the management of each of Sabio and Spirit.

Shareholder Approval Matters

Spirit held a special meeting of its shareholders on October 6, 2021 for approval of the Article Amendments and the other Spirit Meeting Matters, by way of a special or ordinary resolution, as

applicable. One of the Spirit Meeting Matters required the approval of the Resulting Issuer Stock Option Plan and the approval of the Resulting Issuer Legacy Stock Option Plan where all parties who are eligible participants under such plans, including certain directors and officers of Spirit, were excluded from the vote.

As required under the Delaware General Corporation Law, Sabio has obtained or will obtain written consent from its shareholders, *in lieu* of a special meeting of the shareholders of Sabio, with respect to the Merger.

Foreign Private Issuer Status

The Transaction is being structured with the aim that the Resulting Issuer will be considered a Foreign Private Issuer following Closing. The term “Foreign Private Issuer” is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

- (a) more than 50% of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and
- (b) any one of the following:
 - (i) the majority of the executive officers or directors are United States citizens or residents; or
 - (ii) more than 50% of the assets of the issuer are located in the United States; or
 - (iii) the business of the issuer is administered principally in the United States.

For purposes of determining whether more than 50% of its outstanding voting securities are held “of record” by U.S. residents, the Resulting Issuer must “look through” the record ownership of brokers, dealers, banks or nominees holding securities for the accounts of their customers, and also consider any beneficial ownership reports or other information available to the Resulting Issuer. It must conduct this “look through” in three jurisdictions: the United States; the Resulting Issuer’s home jurisdiction; and the primary trading market for the Resulting Issuer’s voting securities, if different from the Resulting Issuer’s home jurisdiction. Additionally, if the Resulting Issuer is not able to obtain information about the record holders’ accounts after reasonable inquiry, the Resulting Issuer may rely on the presumption that such accounts are held in the broker’s, dealer’s, bank’s, or nominee’s principal place of business. See “*Part IV – Risk Factors – Foreign Private Issuer Risks*”.

In December 2016, the SEC issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either: (i) the combined voting power of its share classes; or (ii) the number of voting securities, in each case held of record by U.S. residents. Each Resulting Issuer Restricted Voting Share is entitled to one vote per Resulting Issuer Restricted Voting Share, subject to the following exception: the Resulting Issuer Restricted Voting Shares do not carry any entitlement for the holder to vote for the election of the directors of the Resulting Issuer.

Holders of Sabio Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the Sabio Common Shares. Upon completion of the Proposed Transaction, the Resulting Issuer is expected to be treated as a “Foreign Private Issuer”. However, should the Securities Exchange Commission’s guidance and interpretation change, the Resulting Issuer may lose its Foreign Private Issuer status. See “*Part IV – Risk Factors – Loss of Foreign Private Issuer Status*”.

Conditions to Closing

Completion of the Transaction is subject to compliance with the terms and conditions set forth in the Definitive Agreement including, but not limited to:

- (a) completion of the Article Amendments;
- (b) completion of the Spirit Consolidation;
- (c) completion of the Sabio Consolidation;
- (d) exchange of the Subscription Receipts into Finco Common Shares;
- (e) completion of the Amalgamation and the Merger;
- (f) receipt of all required approvals, including the approval of the TSXV and all other necessary consents of other third parties; and
- (g) certain other customary conditions for a transaction of this nature.

Pursuant to the terms of the QT Finder’s Fee Agreement and subject to TSXV approval, the Resulting Issuer will be required to issue an aggregate of 85,714 Resulting Issuer Shares to the Qualifying Transaction Finders as payment of a one-time finder’s fee immediately following the Completion of the Transaction. Each Qualifying Transaction Finder is an arm’s length party to Spirit and Sabio.

Upon Completion of the Transaction (assuming completion of the Spirit Consolidation and the Sabio Consolidation), it is anticipated that:

- (a) an aggregate of 43,664,163 Resulting Issuer Shares will be issued and outstanding, consisting of:
 - (i) 39,049,111 Resulting Issuer Shares issued to existing holders of Sabio Common Shares and holders of Sabio Common Shares issued to holders of Sabio Convertible Notes², following their conversion into Sabio Common Shares, comprised of 26,116,287 Resulting Issuer Restricted Voting Shares issued to existing holders of Sabio Common Shares and 12,932,824

² The conversion of the Sabio Convertible Notes into Sabio Common Shares and Sabio Warrants, to be exchanged for Resulting Issuer Shares and Resulting Issuer Warrants pursuant to the Transaction, is based on the interest on the Sabio Convertible Notes calculated up to October 31, 2021. The actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants issuable upon conversion and exchange is subject to adjustment based on the aggregate amount of interest on the convertible notes (which is calculated on a daily basis), accrued up to the actual date of conversion. Therefore, the actual number of securities of the Resulting Issuer outstanding on completion of the Transaction may be different than as disclosed herein.

Resulting Issuer Common Shares issued to existing holders of Sabio Common Shares;

- (ii) 3,799,252 Resulting Issuer Common Shares issued to holders of Subscription Receipts;
 - (iii) 730,086 Resulting Issuer Common Shares held by Spirit Shareholders; and
 - (iv) 85,714 Resulting Issuer Common Shares issued to the Qualifying Transaction Finders;
- (b) an aggregate of 3,097,935 Resulting Issuer Options will be issued and outstanding, consisting of:
- (i) Resulting Issuer Options to purchase 73,008 Resulting Issuer Common Shares pursuant to the Spirit Options; and
 - (ii) Resulting Issuer Options to purchase 3,024,927 Resulting Issuer Common Shares to be issued to replace the outstanding Sabio Options;
- (c) an aggregate of 3,999,273 Resulting Issuer Warrants will be issued and outstanding, to be issued to replace the outstanding Sabio Warrants, comprised of 1,193,784 Resulting Issuer Warrants to be issued to holders of Sabio Convertible Notes, following their conversion into Sabio Warrants³, and 2,805,489 Resulting Issuer Warrants to be issued to the holder of existing Sabio Warrants as compensation for advisory services; and
- (d) an aggregate of 175,676 Resulting Issuer Compensation Warrants will be issued and outstanding.

The Resulting Issuer Restricted Voting Shares will not be listed on the TSXV.

Following closing of the Transaction, the Resulting Issuer will carry on the business of Sabio under the name “Sabio Holdings Inc.”, or another name approved by the Board. Following closing of the Transaction, the Board will be comprised of Aziz Rahimtoola, Paula Madison, Carl Farrell and Muizz Kheraj.

Sabio QT Financing

As a condition to the closing of the Transaction, Sabio, through its wholly-owned Canadian subsidiary, Finco, completed the Sabio QT Financing of 3,799,252 Subscription Receipts at a price of C\$1.75 per Subscription Receipt for aggregate gross proceeds of C\$6,648,691 to Finco. Finco

³ The conversion of the Sabio Convertible Notes into Sabio Common Shares and Sabio Warrants, to be exchanged for Resulting Issuer Shares and Resulting Issuer Warrants pursuant to the Transaction, is based on the interest on the Sabio Convertible Notes calculated up to October 31, 2021. The actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants issuable upon conversion and exchange is subject to adjustment based on the aggregate amount of interest on the convertible notes (which is calculated on a daily basis), accrued up to the actual date of conversion. Therefore, the actual number of securities of the Resulting Issuer outstanding on completion of the Transaction may be different than as disclosed herein.

is a special purpose Ontario company incorporated solely for the purpose of the Sabio QT Financing.

Each Subscription Receipt shall entitle the holder thereof to receive, upon automatic exchange in accordance with the terms of the Subscription Receipt Agreement, without payment of additional consideration or further action on the part of the holder thereof, one Finco Common Share, upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions at or before the Escrow Release Deadline. Each Finco Common Share will then be exchanged for one Resulting Issuer Share on completion of the Transaction. For avoidance of doubt, each Subscription Receipt shall ultimately result in the issuance of one Resulting Issuer Share to the holder thereof.

The Subscription Receipts will be issued pursuant to the terms of the Subscription Receipt Agreement entered into by and between Sabio, Finco, the Subscription Receipt Co-Lead Agents and the Subscription Receipt Escrow Agent.

Pursuant to the Subscription Receipt Agency Agreement, in relation to the brokered portion of the Sabio QT Financing, the Subscription Receipt Agents are entitled to: (i) a cash commission of C\$277,717.83 (the “**Agent’s Commission**”), being equal to 7.0% of the gross proceeds of the Sabio QT Financing (reduced to 2.0% in connection with up to C\$1,500,000 in gross proceeds raised from investors on the President’s List); and (ii) 162,296 compensation warrants (the “**Agents’ Warrants**”), being equal to 7.0% of the number of Subscription Receipts issued under the Sabio QT Financing (reduced to 2.0% in connection with up to C\$1,500,000 in Subscription Receipts issued to investors on the President’s List). In addition, the Agents were paid a corporate finance fee of C\$14,464.00 (the “**Corporate Finance Fee**”) and were issued an aggregate of 7,300 corporate finance warrants (the “**Corporate Finance Warrants**” and together with the Agents’ Warrants, the “**Compensation Warrants**”) in accordance with the terms of the Subscription Receipt Agency Agreement. Further, the Subscription Receipt Finder is entitled to receive: (i) a finder’s cash fee of C\$10,641.70, being equal to 7.0% of the principal amount of Subscription Receipts issued to subscribers introduced by the Subscription Receipt Finder; and (ii) 6,080 warrants (“**Subscription Receipt Finder’s Warrants**”), being equal to 7.0% of the number of Subscription Receipts issued to subscribers introduced by the Subscription Receipt Finder. Each Compensation Warrant and Subscription Receipt Finder’s Warrant is exchangeable into one Resulting Issuer Compensation Warrant, which warrant shall entitle the holder thereof to subscribe for one Resulting Issuer Common Share at a price of C\$1.75 per Resulting Issuer Common Share for a period of 24 months from the date of satisfaction of the Escrow Release Conditions.

Each of the directors and officers of Sabio and certain Sabio Shareholders have agreed to enter into Lock-up Agreements, pursuant to which each will agree to certain restrictions on their rights to transfer their securities of the Resulting Issuer for a period of 150 days following the date of satisfaction of the Escrow Release Conditions.

On closing of the Sabio QT Financing, the gross proceeds raised in connection with the Sabio QT Financing less 50% of the Agent’s Commission and all of the expenses of the Subscription Receipt Agents incurred up to the closing of the Sabio QT Financing (subject to the maximum amount agreed upon by the parties) were delivered to and are being held in escrow on behalf of Subscription Receipt holders by the Subscription Receipt Escrow Agent and are invested in an interest-bearing account at an approved bank comprised of short-term obligations of, or guaranteed

by, the Government of Canada or any other investments that may be approved by the Subscription Receipt Agents (the such amounts, together with all interest and other income earned thereon, the “**Escrowed Funds**”), pending the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions at or prior to the Escrow Release Deadline, in accordance with the provisions of the Subscription Receipt Agreement.

Pursuant to the Subscription Receipt Agreement, the Escrowed Funds (less 50% of the Agent’s Commission, together with any interest earned thereon and all of the expenses of the Subscription Receipt Agents incurred after the closing of the Sabio QT Financing (subject to the maximum amount agreed upon by the parties), which amount shall be released to Agents and the Subscription Receipt Agents, as applicable) will be released to Finco upon the satisfaction or waiver (to the extent such waiver is permitted) of the Escrow Release Conditions at or before the Escrow Release Deadline, at which time each Subscription Receipt shall automatically be exchanged as described above.

In the event that: (i) the Escrow Release Conditions are not satisfied at or before the Escrow Release Deadline; (ii) Finco advises the Subscription Receipt Agents or announces to the public that it does not intend to or cannot satisfy the Escrow Release Conditions; or (iii) the Definitive Agreement is terminated in accordance with its terms at any earlier time, the Subscription Receipt Agents will return to each holder of Subscription Receipts an amount equal to the aggregate purchase price for the Subscription Receipts held by such holder plus a *pro rata* share of any interest or other income earned thereon (less applicable withholding tax, if any). To the extent that the Escrowed Funds are insufficient to refund such amounts to the holders of the Subscription Receipts, Finco and Sabio, on a joint and several basis, will be liable for and will be required to contribute such amounts as are necessary to satisfy any shortfall.

Interests of Any Insider, Promoter or Control Person

The following is a summary of the interests of Insiders of Spirit, and their respective Associates and Affiliates, before and after giving effect to the Transaction.

Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Number and Percentage of Spirit Common Shares prior to the Transaction	Number and Percentage of Resulting Issuer Shares upon Completion of the Qualifying Transaction
Matthew Wood	CEO, CFO and Director of Spirit	1,200,000 10.33%	75,429 0.20%
Ali Haji	Director of Spirit	400,000 3.44%	25,143 0.06%
Bataa Tumur-Ochir	Director of Spirit	400,000 3.44%	25,143 0.06%

Non-Arm’s Length Qualifying Transaction

The proposed Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction and, as such, Spirit Shareholders are not required to approve the Transaction pursuant to the policies of the TSXV.

However, certain steps in the Transaction are subject to securityholder approval pursuant to applicable corporate laws, including: (i) the Article Amendments and other Spirit Meeting Matters, by shareholders of Spirit; and (ii) the Merger and the Sabio Consolidation, by shareholders of Sabio. See “*The Qualifying Transaction – Shareholder Approval Matters*”.

Estimated Available Funds and Principal Purposes

Estimated Available Funds

Based on information available as at October 31, 2021, upon Completion of the Qualifying Transaction and release of the Escrowed Funds, the Resulting Issuer is expected to have approximately US\$26.3M in Available Funds, which includes the following:

Estimated Funds Available	Estimated Amount (US\$)
Estimated consolidated working capital (deficit) as at October 31, 2021 ⁽¹⁾	(1,400,000)
Net proceeds of the Sabio QT Financing	4,441,626 ⁽²⁾
Proforma funds received / paid next 12 months ⁽³⁾	23,269,500
Total Estimated Available Funds	26,311,126

Notes:

- (1) Consolidated working capital is derived from the Pro Forma Financial Statements attached as **Schedule “E”** and does not include the proceeds of the Sabio QT Financing.
- (2) The aggregate gross proceeds of the Sabio QT Financing of US\$5,318,953 (being the gross proceeds of C\$6,648,691 as converted at an exchange rate of US\$0.80) and estimated aggregate fees and expenses of US\$877,327, comprised of (i) financing fees in the amount of US\$372,327 and (ii) estimated transactions costs of US\$505,000, including agent’s expenses, legal, audit, regulatory, listing and printing fees.
- (3) 12-month funds reflect that Sabio will continue to receive funds from its existing clients over the next 12 months and expenses associated with the costs of the raise will be reduced or eliminated.

Principal Purposes of Funds

Based on information available as at October 31, 2021, the following table sets forth the principal purposes for which the Available Funds upon Completion of the Qualifying Transaction and the release of the Escrowed Funds will be used and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Estimated Amount (US\$)
Cost of sales	9,122,850
Research & development expenditures ⁽¹⁾	2,424,701
Sales & marketing expenditures ⁽¹⁾	5,248,112
General & administrative expenditures ⁽¹⁾	2,516,357
Cash spent on tuck-in acquisitions	1,500,000
Unallocated working capital	5,499,106
Total:	26,311,126

Note:

- (1) The estimated amounts for research and development, sales and marketing and general and administrative expenditures include the aggregate US\$2.3M allocated to milestone expenses up to December 2022. See “Part III – Description of the Business – Stated Business Objectives and Milestones”.

Upon completion of the Transaction, it is anticipated that the Resulting Issuer’s working capital available to fund ongoing operations will be sufficient to meet its administrative costs for at least twelve months. The Resulting Issuer intends to spend the Available Funds as stated in this Filing Statement. Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds is necessary in order for the Resulting Issuer to achieve its objectives as set out in this Filing Statement. See “Summary Risk Factors”.

Selected Pro-Forma Consolidated Financial Information

The following table sets out certain financial information for Spirit and Sabio as at June 30, 2021, after giving effect to the Transaction and the Sabio QT Financing as if such events had occurred on such date for balance sheet purposes and should be read in conjunction with the *pro forma* consolidated financial statements and the notes thereto of the Resulting Issuer attached hereto as **Schedule “E”**.

Pro Forma Balance Sheet	Sabio as at June 30, 2021 (US\$)	Spirit as at June 30, 2021 (converted to US\$)	Pro Forma Adjustments (US\$)	Pro Forma Consolidated (US\$)
Cash and cash equivalents	217,760	332,904	5,198,977	5,749,641
Restricted cash				
Other Current Assets	3,228,097	-	-	3,228,097
Non-current Assets	789,899	-	-	789,899
Total Assets	4,235,756	332,904	5,198,977	9,767,637
Current Liabilities	8,526,359	26,418	(2,651,784)	5,900,993
Non-current Liabilities	4,936,289	-	(83,940)	4,852,349
Total Liabilities	13,462,648	26,418	(2,735,724)	10,753,342
Shareholders’ Equity	(9,226,892)	306,486	7,934,701	(985,705)

Note:

- (1) The Spirit balance sheet was converted to U.S. dollars at the rate of C\$1.00 = US\$0.8066 for June 30, 2021.

Market for Securities and Market Price

The Common Shares are listed on the TSXV under the trading symbol “SBTC.P”. On November 5, 2020, trading in the Common Shares was halted and then suspended in connection with Spirit not completing a Qualifying Transaction within twenty-four (24) months of its listing. Trading remains suspended as of the date of this Filing Statement.

The closing market price of the Common Shares on the last day on which there was a trade of Common Shares prior to trading in the Common Shares being halted was C\$0.075. It is anticipated that the Common Shares will resume trading on the TSXV upon completion of the Transaction under the symbol “SBIO”.

The Sabio Common Shares are not listed on any stock exchange and there is currently no public market for Sabio Common Shares.

Relationships

In connection with the brokered portion of the Sabio QT Financing, Sabio entered into the Subscription Receipt Agency Agreement with the Subscription Receipt Agents pursuant to which the Subscription Receipt Agents agreed to sell, on a commercially reasonable efforts basis, up to 5,714,285 Sabio Subscription Receipts for aggregate gross proceeds of up to C\$10,000,000. See “*Summary of Filing Statement – Sabio QT Financing*”.

Except as disclosed herein, there are no actual or anticipated agreements with any registrant to provide sponsorship or corporate finance services either now or in the future.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the closing of the Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Spirit and Sabio, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon completion of the Transaction, as of the date of this Filing Statement.

Interests of Experts

Except as disclosed herein, except auditors, no person or Company whose profession or business gives authority to a statement made by the person or Company and who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement currently holds, directly or indirectly, more than 1% of the Common Shares or Sabio Common Shares, or holds any property of Spirit or Sabio or of an Associate or Affiliate of Spirit or Sabio, and no such person is expected to be elected, appointed or employed as director, senior officer or employee of Spirit or Sabio or of an Associate or Affiliate of the Resulting Issuer and no such person is a Promoter of Spirit or Sabio or an Associate or Affiliate of Spirit or Sabio.

Conditional Listing Approval

The TSXV has conditionally accepted the Qualifying Transaction subject to Spirit fulfilling all of the requirements of the TSXV.

Summary Risk Factors

The Transaction is subject to a number of risk factors inherent to similar transactions of this nature. Additional risks and uncertainties may also adversely affect the Resulting Issuer Shares and/or the business of the Resulting Issuer following the Completion of the Qualifying Transaction. These risks include, but are not limited to, the risks discussed under the heading “*Part III – Information Concerning The Resulting Issuer – Summary Risk Factors*”.

PART I – INFORMATION CONCERNING SPIRIT

Corporate Structure

Spirit Banner II Capital Corp.

Spirit was incorporated pursuant to the provisions of the *Business Corporation Act* (Ontario) on September 29, 2017 under the name “Spirit Banner II Capital Corp.”. The Common Shares were first listed for trading on the TSXV under the symbol “SBTC.P” on November 5, 2018. The head office and the registered and records office of Spirit are located at 90 Adelaide Street West, Suite 400, Toronto, Ontario M4H 4A6.

Intercompany Relationships

Spirit has two wholly-owned subsidiaries, Merger Sub and Pubco Sub. Merger Sub was incorporated on October 8, 2021 pursuant to the filing of articles of incorporation under the General Corporation Law of Delaware for purposes of completing the Merger and the Transaction. Pubco Sub was incorporated on October 8, 2021 pursuant to the filing of articles of incorporation under the *Business Corporations Act* (Ontario) for purposes of completing the Amalgamation and the Transaction. The registered office of Merger Sub is located at 16192 Coastal Highway, City of Lewes, County of Sussex, State of Delaware 19958. The registered office of Pubco Sub is located at 18 King Street East, Suite 902, Toronto, Ontario M5C1C4.

Each of Merger Sub and Pubco Sub is authorized to issue an unlimited number of common shares, of which one common share of each of Merger Sub and Pubco Sub is issued and outstanding as of the date hereof, held by Spirit.

General Development of the Business

History

Spirit is a CPC created pursuant to the policies of the Exchange. Spirit does not own any assets, other than cash or cash equivalents and its rights under the Definitive Agreement. The principal business of Spirit is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to acceptance by the Exchange so as to complete a Qualifying Transaction in accordance with the policies of the Exchange.

Spirit completed its initial public offering on November 1, 2018. The Common Shares were listed on the TSXV on November 1, 2018 and began trading on November 5, 2018.

On March 25, 2019, Spirit announced it had entered into a letter of intent with Five Star Diamonds Ltd. (“**Five Star**”) to complete a transaction that would result in Spirit acquiring all of Five Star’s diamond projects in Brazil. On September 26, 2019, Spirit announced the letter of intent with Five Star had been terminated.

On November 5, 2020, trading in the Common Shares was halted and then suspended in connection with Spirit not completing a Qualifying Transaction within twenty-four (24) months of its listing. Trading remains suspended as of the date of this Filing Statement.

On June 23, 2021, Sabio entered into a letter of intent with Spirit with respect to the Transaction, which letter of intent was amended effective September 30, 2021.

Description of the Qualifying Transaction

See “*The Qualifying Transaction*”.

Financing

See “*Sabio QT Financing*”.

Selected Financial Information and Management’s Discussion and Analysis

Selected Financial Information

Since incorporation, Spirit has incurred costs in carrying out the IPO, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV.

The following tables set forth selected historical financial information for Spirit for the years ended March 31, 2021, 2020 and 2019 and the three month period ended June 30, 2021 and selected balance sheet data for such periods. The financial statements of Spirit have been prepared in accordance with IFRS and are denominated in Canadian dollars. Such information is derived from Spirit’s financial statements and should be read in conjunction with such financial statements included elsewhere in this Filing Statement, including those financial statements attached hereto as **Schedule “A”**.

Balance Sheet Data	As at June 30, 2021 (Unaudited) (C\$)	As at March 31, 2021 (Audited) (C\$)	As at March 31, 2020 (Audited) (C\$)	As at March 31, 2019 (Audited) (C\$)
Cash and cash equivalents	412,725	423,468	475,400	640,878
Total assets	412,725	423,468	477,167	644,778
Total liabilities	32,752	13,549	15,381	43,269
Shareholders’ equity	379,973	409,919	461,786	601,509

Income Statement Data	27 month period ended June 30, 2021 (Unaudited) (C\$)	24 month period ended March 31, 2021 (Audited) (C\$)	21 month period ended December 31, 2020 (Unaudited) (C\$)	18 month period ended September 30, 2020 (Unaudited) (C\$)	15 month period ended June 30, 2020 (Unaudited) (C\$)
Total Revenue	Nil	Nil	Nil	Nil	Nil
Total expenses	221,535	191,590	169,958	163,036	148,109
Net income (loss)	221,535	191,590	169,958	163,036	148,109

Income Statement Data	12 month period ended March 31, 2020 (Audited) (C\$)	9 month period ended December 31, 2019 (Unaudited) (C\$)	6 month period ended September 30, 2019 (Unaudited) (C\$)	3 month period ended June 30, 2019 (Unaudited) (C\$)
Total Revenue	Nil	Nil	Nil	Nil
Total expenses	139,723	102,915	84,330	35,399
Net income (loss)	139,723	102,915	84,330	35,399

Management's Discussion and Analysis

The Spirit MD&A for Spirit for the years ended March 31, 2021 and 2020 and the three month period ended June 30, 2021 are attached hereto as **Schedule “B”**. The Spirit MD&A should be read in conjunction with the Spirit Financial Statements where necessary.

Description of the Securities

Spirit is authorized to issue an unlimited number of Common Shares, of which 11,615,000 Common Shares are issued and outstanding as of the date hereof. In addition, as of the date hereof, up to 1,161,500 Common Shares are reserved for Spirit Options granted to directors and officers of Spirit.

As at the date hereof, Spirit has one class of shares: Common Shares. The holders of Common Shares are entitled to dividends if, as and when declared by the Board, to receive notice of and one vote per Common Share at meetings of the Spirit Shareholders and, upon liquidation, dissolution or winding up of Spirit, to share rateably in such assets of Spirit as are distributable to the holders of Common Shares. All Common Shares that are to be outstanding after Completion of the Qualifying Transaction will be fully paid and non-assessable. This summary does not purport to be complete and reference is made to the articles of incorporation of Spirit for a complete description of these securities and the full text of their provisions.

Stock Option Plan

Summary of Plan

Spirit has adopted an incentive stock option plan (the “**Spirit Option Plan**”), which provides that the board of directors of Spirit may, from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants to Spirit, non-transferable options (“**Spirit Options**”) to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. The Directors may also determine and impose terms upon which each such Spirit Option shall become vested.

On June 18, 2021, the shareholders of Spirit approved an amendment to the Spirit Option Plan whereby the maximum number of Common Shares reserved for issuance under the Spirit Option Plan was amended to 10% of the Common Shares of Spirit outstanding as at the date of grant of any stock option, rather than 10% of the Common Shares of Spirit outstanding as at the closing of Spirit’s IPO. Such Spirit Options will be exercisable for a period of up to ten years from the date of grant.

In connection with the foregoing, the number of Common Shares reserved for issuance pursuant to Spirit Options granted to: (a) any individual will not exceed 5% of the issued and outstanding Common Shares; and (b) all consultants will not exceed 2% of the issued and outstanding Common Shares. In addition, the Spirit Option Plan provides that the number of Common Shares reserved for issuance pursuant to Spirit Options may not be more than: (a) 5% of the issued Common Shares for any individual in any 12 month period; (b) 2% of the issued Common Shares for any one consultant in any 12 month period; and (c) 2% of the issued Common Shares for an employee conducting investor relations activities in any 12 month period. Spirit, as long as it is a CPC, will not grant Spirit Options to any person providing investor relations activities, promotional or market-making services.

Prior to the completion of Spirit's Qualifying Transaction, the number of Common Shares reserved for issuance pursuant to Spirit Options granted to: (a) any director or officer individually will not exceed 5% of the issued and outstanding Common Shares on closing of the IPO; and (b) all technical consultants will not exceed 2% of the issued and outstanding Common Shares on closing of the IPO. Spirit Options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with Spirit, provided that if the cessation of office, employment, directorship or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Spirit Option.

Spirit Options are non-assignable and non-transferable. The exercise price for any Spirit Options granted under the Spirit Option Plan cannot be less than the greater of the Discounted Market Price (as defined in the policies of the TSXV) and the offering price of the Common Shares under the IPO. Any Common Shares acquired pursuant to the exercise of options under the Spirit Option Plan prior to Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued. See "*Part III – Information Concerning The Resulting Issuer – Escrowed Securities*".

In terms of the Spirit Option Plan, termination of rights to exercise the Spirit Options is contingent on occurrence of the earliest of, the expiration date of such option or the option holder ceasing to be an eligible holder as a result of termination of employment, death or such other reason as described under the plan.

Stock Options Granted

As of the date of this Filing Statement, there are outstanding Spirit Options to acquire an aggregate of 1,161,500 Common Shares as follows:

Name	Number of Common Shares Under Option⁽¹⁾	Exercise Price per Common Share	Expiry Date
Matthew Wood	387,167	C\$0.10	November 1, 2023
Ali Haji	387,167	C\$0.10	November 1, 2023
Bataa Tumur-Ochir	387,166	C\$0.10	November 1, 2023
Total:	1,161,500	-	-

Note:

(1) On a pre-consolidation basis.

Prior Sales

Since the date of incorporation of Spirit, 11,615,000 Common Shares have been issued as follows, of which 11,615,000 Common Shares are issued and outstanding as of the date of this Filing Statement:

Date Issued	Number of Shares	Issue Price per Share	Aggregate Issue Price	Nature of Consideration
October 26, 2017	1,100,000	C\$0.05	C\$55,000	Cash
January 12, 2018	5,500,000 ⁽¹⁾	C\$0.05	C\$275,000	Cash
November 1, 2018	5,015,000	C\$0.10	C\$501,500	Cash
Total:	11,615,000	-	-	-

Note:

(1) 2,000,000 shares were issued to non-arm's length parties of Spirit.

Stock Exchange Price

On November 5, 2018, the Common Shares were listed on the TSXV under the symbol "SBTC.P". On November 5, 2020, trading in the Common Shares was halted and then suspended in connection with Spirit not completing a Qualifying Transaction within twenty-four (24) months of its listing. Trading remains suspended as of the date of this Filing Statement. Upon completion of the Transaction, it is anticipated that the Common Shares will be listed on the TSXV under the symbol "SBIO".

The following table sets out trading information for the Common Shares on the TSXV for the periods indicated:

Period	High (C\$)	Low (C\$)	Volume
Month ended June, 2020	0.06	0.06	Nil
Month ended July 31, 2020	0.10	0.06	43,000
Month ended August 31, 2020	0.10	0.10	57,000
Month ended September 30, 2020	0.10	0.065	500
Month ended October 31, 2020	0.075	0.065	10,000
November 1, 2020 to November 4, 2020	0.075	0.075	Nil
November 5, 2020 to present ⁽¹⁾	0.075	0.075	Nil

Note:

(1) On November 5, 2020, trading in the Common Shares was halted and then suspended in connection with Spirit not completing a Qualifying Transaction within twenty-four (24) months of its listing.

Arm's Length Party Transaction

The Transaction does not constitute a Non-Arm's Length Qualifying Transaction within the meaning of the CPC Policy.

Legal Proceedings

There are no legal proceedings material to Spirit to which Spirit is a party or of which any of its property is the subject matter or to which Spirit was a party or of which any of its property was the

subject matter since inception, and there are no such proceedings known to Spirit to be contemplated.

Auditor, Transfer Agent And Registrar

The auditors of Spirit are MNP LLP located at 111 Richmond Street West, Suite 300, Toronto, Ontario, Canada M5H 2G4.

The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal office located in the City of Toronto, Ontario, Canada.

Material Contracts

Spirit has not entered into any material contracts and will not enter into any material contracts prior to the closing of the Transaction, other than:

- the Registrar and Transfer Agent Agreement

Pursuant to the Registrar and Transfer Agent Agreement, Spirit appointed TSX Trust Company, with its office located at Suite 300, 100 Adelaide Street West, Toronto, ON M5H 4H1, as the registrar and transfer agent of the Common Shares of Spirit;

- the IPO Agency Agreement

Pursuant to the IPO Agency Agreement, Canaccord Genuity Corp. acted as an agent in connection with the initial public offering of Spirit. For its services, the agent received an administrative fee and a cash commission equal to 10% of the gross proceeds of the initial public offering in addition to an administrative fee and other expenses. In addition, the agent and members of its selling group received options to purchase an aggregate of 501,500 common shares of Spirit (the “**Agent’s IPO Shares**”) of the Spirit at an exercise price of C\$0.10 per Agent’s Share, exercisable for twenty-four (24) months from the date of listing;

- the Amended CPC Escrow Agreement (see “*Escrowed Securities*”); and
- the Definitive Agreement (see “*The Qualifying Transaction*”).

Copies of these agreements are available for inspection at the head office of Spirit, at 90 Adelaide Street West, Suite 400, Toronto, ON M4H 4A6, during ordinary business hours until the closing of the Transaction and for a period of 30 days thereafter.

PART II – INFORMATION CONCERNING SABIO

Corporate Structure

Sabio Mobile, Inc.

Sabio was originally incorporated as a limited liability company under the name “Sabio Mobile, LLC” under the laws of California on March 10, 2014, and was converted to a company existing under the Delaware General Corporation Law pursuant to Certificates of Conversion filed with the California and Delaware Secretaries of State on October 26, 2016 under the name “Sabio Mobile, Inc.”. Sabio’s head and registered office is located at 16350 Ventura Boulevard, #D827, Encino, CA, United States 91436.

Sabio is not a “reporting issuer” under applicable securities legislation and its securities are not listed for trading on any stock exchange.

Intercorporate Relationships

The following table sets forth the names of the subsidiaries of Sabio, their respective jurisdictions of incorporation and the current voting and equity interests therein beneficially owned, or controlled or directed, directly or indirectly, by Sabio. Also see “The Companies – Sabio Subsidiaries”.

Subsidiary	Jurisdiction	Date of Incorporation	Percentage of securities owned or controlled by Sabio
AppScience, Inc.	New York, USA	June 27, 2018	100%
Sabio Mobile India Private Limited	India	November 6, 2017	99.99% ⁽¹⁾
Sabio Canada Finco, Inc.	Ontario, Canada	August 26, 2021	100%

Note:

(1) 0.01% of the securities of Sabio Mobile India Private Limited are held by a nominee of Sabio Mobile, Inc.

History

Sabio, an advertisement software and services company headquartered in Los Angeles, California, United States, was originally founded in 2014. Since its founding, Sabio has grown organically through the development of its own propriety Demand Side Platform (DSP) and ad server that provides targeted campaign solutions to top agencies and the brands they represent. In 2017, Sabio formed its subsidiary, Sabio Mobile India Private Limited, which operates primarily as a back-office support center and also provides research and development support. In 2018, Sabio launched its stand-alone analytics business via its wholly owned subsidiary, AppScience, Inc.

On June 23, 2021, Sabio entered into a letter of intent with Spirit with respect to the Transaction, which letter of intent was amended effective September 30, 2021.

Description of the Business

Sabio is an advertisement software and services company headquartered in Los Angeles, California, United States. Its customers are leading brands, large advertising holding companies and independent advertisement agencies who engage Sabio to provide technology and services for their digital advertisement needs, including reach, targeting and analytics solutions for both mobile and Connected TV (CTV). Sabio's customers currently include 10 Fortune 100 brands as well as the leading media agencies from the world's top 6 advertising holding companies.⁴

Sabio has developed its technology in-house and in close collaboration with its leading customers. Sabio's technology stack includes a proprietary Demand Side Platform (DSP), Supply Side Platform (SSP), Data Management Platform (DMP) and analytics platform, which allows Sabio to provide substantially complete end-to-end CTV/OTT solutions and technology providers. This unified and organically developed platform provides Sabio the ability to deliver targeted ads on mobile and CTV and provide unique targeting and insights.

Sabio's approach combines mobile data signals, such as app profile, device location and other consumer behaviors, to provide brands with more effective mobile and CTV ad campaigns, as well as actionable analytics insights through its App Science™ subsidiary and its "Household Graph". Sabio's App Science uses data from over 300 million mobile devices and 110 million CTV devices to create a "Household Graph". The Household Graph ingests data from multiple sources, including first party data, shopper behavior, census data, triangulation data and viewing habits. Sabio's proprietary advertising technology is designed to bridge consumers' mobile behaviors with their CTV/OTT consumption patterns, aiming to provide effective ID resolution that is not dependent on cookie-based tracking or mobile device IDs.

Sabio was founded by an ad-tech and media team who are supported by a management team with over 170 years of combined television and ad-tech experience. Sabio has over 50 employees in the United States, Canada and India. Since its founding, Sabio has focused on the development of its proprietary stack, which has been developed by Sabio and focuses on processes and technologies that are forward driven and customer demand centric.

Principal Products and Services

Sabio offers a suite of advertising and analytics technology and services designed to address marketing problems faced by brands and agencies.

Sabio has organized itself along two primary business lines: digital ad media delivery and digital media analytics (App Science analytics). The media delivery business focuses on working with brands and agencies to run their advertising campaigns targeting audiences on both mobile and CTV devices. Sabio charges customers for these campaigns and purchases media inventory from publishers to execute these campaigns.

All of Sabio's revenue in 2019 was from its mobile advertising business. In 2020, more than 91% of Sabio's revenue was from its mobile advertising business, with the remainder of its revenue attributable to its CTV advertising business.

⁴ Statista June 2021

Sabio has established a wholly owned subsidiary, AppScience, Inc. for its analytics business, which is in its beginning states of commercialization.

Media Business

Sabio delivers ads on mobile devices and CTVs by targeting custom audiences based on their consumer behavior and digital media consumption patterns. Sabio leverages its analytics capabilities with the aim of optimizing ad campaigns in a continuously improving cycle of analytics and ad delivery.

All revenue of Sabio is currently generated through its digital ad media delivery business line, with the majority derived from mobile advertisement accounts. CTV is a relatively new segment, and Sabio is focused on growing this aspect of its business.

Below is a list of Sabio's product and service features for media delivery:

- CTV/Over the Top (OTT): Video ads delivered on connected TVs and mobile devices.
- Display: Rich media and banner ads delivered on mobile devices such as smartphones and tablets.
- APEX Ad Server: Near real time delivery either programmatically or via managed service that includes a self-serve function under development.
- Validated Publishers: Brand safety validation of premium mobile publishers.
- Custom Creative: Award winning production of mobile display and enhanced video for CTV/OTT developed for verticals such as QSR, Auto, & Entertainment.

App Science Analytics

Sabio recently launched its stand-alone analytics business via its wholly owned subsidiary, AppScience, Inc. App Science is intended to operate via a Software-as-a-Service (SaaS) business model. Sabio intends to target brands, ad-agencies and other media companies with respect to these services.

Below is a list of Sabio's product and service features for App Science:

- User Identification: Through deep analysis of privacy compliant data signals from mobile and CTV devices, develop user profiles with a Household Graph.
- Measurement: Unique metrics include total households reached, favorite apps, locations visited, types of shows watched and household demographics.
- Predictive Analytics: Machine learning tools designed to identify predictive data such as most likely customers.
- Fraud: Detection and mitigation of fraudulent ad traffic such as bots.
- UFP: Universal Frequency Pixel is used to reduce duplication and reduce waste of ad dollars.

- Customizable dashboard: Provides customers with access to timely analytics and measurement of insightful data.

Sabio has worked closely with some of its customers in the development of the App Science features and functionalities, with the aim of generating initial purchases of this product from Sabio's existing customer base. This line of business is in its beginning stages of commercialization and does not yet generate any revenues.

Technology & Product Development

Since the founding of Sabio, the company has strived to invest in the necessary engineering resources to build its own technology rather than relying on a patchwork of white labeled third party technologies. This strategy aims to allow Sabio to stay ahead of its competitors and to develop new features quickly. Over 20% of the company's employees are in research and development and product development.

Sabio has internally developed a broad product portfolio, including:

- A proprietary data management platform (DMP) and ad server, allowing Sabio to access, control and dissect raw data with granularity and scale.
- A proprietary integrated Demand-Side Platform (DSP) and Supply-Side Platform that allows for the implementation of cross screen campaigns on CTV, OTT and Mobile.

Sales and Marketing

Sabio is a sales and marketing driven organization with strong emphasis on customer service and support. Its customer relationships are managed by its sales team, which is organized regionally across five offices located in Los Angeles, Seattle, Chicago, Detroit and New York.

Sabio's sales team is comprised of eleven staff, who are responsible for generating business with new and existing clients. This team is supported by a two member creative team and four account managers, who are tasked with managing campaign execution. An additional ten person operations team, based in India, supports the fulfillment process.

Marketing Plans and Strategies

Sabio believes that its ability to customize solutions for its customers will allow it to grow strategic accounts through new lines of business and also replicate those same customizations for each vertical. Account based marketing continues to be a key focus for Sabio and includes outreach to brands through non-traditional methods, such as applying "Sabio Cares", a company-wide cause marketing initiative, to partner with brands on their own corporate cause initiatives.

While nearly all of Sabio's key customers are headquartered in the United States, many of them have a global footprint. Sabio's primary focus is to continue growing accounts in the United States, but plans to expand into other global markets such as Canada, Latin America, Asia and Europe. Sabio intends to carry out many of the activities required in these other markets remotely, which may reduce market entry costs.

The strategy for user acquisition between Sabio's media business and App Science analytics business varies. While the media business is limited to advertisers and agencies who are only interested in purchasing media, the analytics business is agnostic and can benefit companies seeking deeper insights, learnings and ROI analysis of their ad spend. App Science is designed to be a self-serve product where potential customers can schedule a demonstration on the website and purchase access to the analytics dashboard.

Seasonality of Business

Sabio's operating results experience material variation from quarter to quarter due to the seasonal nature of its customers' spending on advertisement campaigns, as many advertisers devote a disproportionate amount of their advertising budgets in the latter half of the calendar year to coincide with increased holiday purchasing. See "*Part IV – Risk Factors – Fluctuations in Operating Results and Seasonality of Business*".

Key Growth Strategies

Sabio's goal is to continue targeting the traditional OTT advertisement/media business while its App Science business line commercializes App Science as a stand-alone OTT analytics solution.

For the remainder of 2021 and the upcoming calendar year of 2022, Sabio expects to be working towards several milestones, assuming completion of the Transaction, including:

- **Increase revenues:** Sabio is expanding, both vertically through product development such as a self-serve platform and horizontally by growing and expanding market share among existing clients who have additional lines of business. One example is the automotive sector where Sabio currently serves multiple manufacturers but only specific models. By developing new products and creative capabilities for this and other verticals, Sabio believes it is positioned to gain additional ad campaigns of a brand's product lineup and markets served.
- **Expand sales operations domestically and internationally:** While Sabio is headquartered in Los Angeles, Sabio believes there is growth opportunity in New York. Sabio is expanding its sales operations and hiring senior sales staff in New York with the aim of opening its first international sales office in Toronto, Canada with additional international sales offices opening in 2022 to expand into the Asian, European and Latin American markets.
- **Add engineering and data science resources to increase analytics capacity:** Sabio will continue investing in engineering and data science resources with the aim of supporting quicker product development and increased scale of both its media business as well as App Science analytics.
- **Add sales capacity:** Continue to add sales capacity for App Science by recruiting proven software-as-a-Service (SaaS) sales leaders in key markets, primarily in New York and Chicago.

Our Customers and Partners

Currently, Sabio's customers consist of several leading brands. Sabio also has relationships with some of the top marketing agencies in the United States. Sabio's customer base is diversified as

its largest customer accounts for less than 15% of its revenues and its top two customers account for less than 30% of its revenues. Sabio is also diversified across the verticals as its top vertical market, financial services, accounts for approximately 20% of its total revenues.

Operations and Order Fulfillment

Sabio has developed relationships with publishers and supply side platforms. Its inventory relationships consist of publisher direct, SSP (supply side platform) and direct data partnerships integrated to the Sabio SSP and DMP (data management platform). Sabio and App Science have set up a “hub and spoke” system designed to execute and have scalability to meet its growth objectives. Sellers and account managers are further backed up by a centralized operations team.

Sabio’s media business model is both brand direct and media agency driven. In addition, Sabio provides ad delivery in two ways:

- **Managed Service:** Sabio’s in-house team of account managers utilizes its proprietary DSP and ad server to optimize each ad campaign.
- **Programmatic:** Through Sabio’s direct relationship with the trade desk, its clients access programmatic media buying to automate and optimize the ad buying process.

Market Dynamics

The digital era has dramatically changed the way people are consuming media. Technology, content and high cost of traditional services are driving rapid adoption of streaming through various CTV/OTT platforms. This shift began with the growth of mobile video and now includes CTV. This shift in consumer behavior is forcing brands and their agency partners to re-evaluate how they plan and spend across traditional media. Consumer engagement on the biggest screen continues to grow. As mobile devices work collaboratively with the addressability of CTV, brands are able to access customers across multiple screens.

The rise of streaming choices across CTV/OTT can be attributed to a number of factors but one key driver is the number of consumers eliminating cable subscriptions due to increased costs. Another factor that has led to the significant YOY adoption is the ability for consumers to be more selective with what they pay for in programming. Demographics has also played a significant role.

The key growth drivers in the industry can be summarized as follows:

- Number of consumers with access to high-speed connectivity both at home and on their mobile devices such as next generation 5G.
- Number of consumers wanting to control their viewing experience as premium and free ad supported video on demand (AVOD) are plentiful and easily obtained.
- Cost of linear TV (cable) becoming increasingly more expensive when compared to free AVOD (Advertisement-Based Video on Demand) or lower cost SVOD (subscription video on demand).
- Evolving technology producing more affordably priced devices for streaming. This includes large screen smart TVs that provide additional landscape for Sabio’s

custom CTV ads layered onto a brand's existing video ads. One example is a large retailer's ad supplemented with Sabio's custom QR code that takes CTV users directly to a shopping cart on their mobile device.

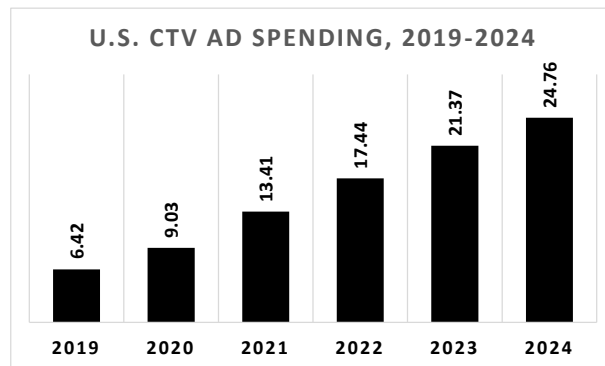
- Generational familiarity with new technologies and growing adoption rates. As Millennials and Gen Z enter the workplace and family formation, their purchasing power is sought after by brands that understand the generational familiarity with mobile and CTV devices and their functionality when making a purchase of goods and services.

One other factor accelerating the rise in CTV/OTT usage is directly related to COVID-19, forcing social distancing through lockdowns. As a result, during the pandemic consumers have been spending more time at home, which translated to more time in front of the television. That led to more people adding additional streaming services as they looked for new content. The time spent viewing TV increased as did the number of CTV/OTT households. This trend, while indirectly related to the pandemic, is projected to continue in 2021 and beyond.

Dollars Continue to Flow Towards Digital Advertising

As content consumption shifts from traditional media to new media so does the advertisement spend. The global 2020 digital video advertising market is an estimated US\$26.3B and is forecasted to grow at a compound annual growth rate of 41.1% through 2026 to reach US\$185.6B (according to a recent report by Research & Markets "Global Digital Video Advertising Market").

CTV advertising was amongst the major beneficiary of the pandemic trends as more people spent more time in front of the TV and most of this time was spent on streaming services. This translated into advertisers shifting focus to CTV and away from linear TV. According to a recent research report by eMarketer, CTV ad spend is forecasted to increase close to US\$25B in 2024 from US\$9B in 2020.



Source: eMarketer, May 3, 2021

Certain 2021 statistics are as follows:

- CTV/OTT ad spend in the United States is projected to reach US\$13.41B in 2021 and increase to US\$17.44B in 2022 and US\$21.37B in 2023 [source: eMarketer 5/21].
- 63.8% of the population in the United States, or 213.7MM people, will be CTV users in 2021 [source: eMarketer 5/21].
- 82.9% of all HHs in the United States are CTV connected [source: eMarketer 5/21].
- CTV users are not just young consumers who have grown up in the digital age. Highly desirable consumers make up a significant portion of the users:
 - Adults 35-44 total 34.8MM [16.3% of total user base]; and
 - 45-54 total 31.1MM [14.5% of total user base] [source: eMarketer 2/21].
- CTV project usage by generations in 2021:
 - Gen Z: 47.8MM;
 - Millennial: 58.2MM;
 - Gen X: 48.9MM; and
 - Baby Boomer: 33.1MM [source: eMarketer 8.20].
- The majority (59%) of linear or traditional TV buyers said they planned to make fewer upfront commitments in 2021, instead moving traditional TV ad dollars toward CTV [source: Advertiser Perceptions 11.20].
- 50% of CTV ad buyers said they were shifting from a content-first approach to an audience-first approach in 2021 [source: Advertiser Perceptions 11.20].

With its early investments in CTV, Sabio believes it is well positioned to take advantage of the emerging opportunity in CTV. Sabio delivered over US\$1 million in gross revenue in CTV in 2020 with the majority in the fourth quarter of 2020. Sabio anticipates that it will continue to grow in this market and in the services provided to customers, including combining mobile data with CTV to deliver unique targeting and insights to customers.

Cross Platform Analytics Becoming a Major Challenge/Opportunity

The capability to provide cross platform analytics is continuing to develop as a significant business opportunity to address existing industry challenges. Key concerns expressed by marketing managers according to a Convince & Convert research report indicate 59% of marketers have a concern with lack of data collection and centralization, and 46% state gaining actionable insights is a key concern.

The Sabio/App Science household graph and Household iD resolution currently uses data from over 300M mobile devices and 110 CTV devices. Sabio is a part of The Trade Desk unified iD consortium. The ability to see both mobile devices and CTV devices in homes provides a higher level of fraud mitigation and accuracy in AppScience powered analysis.

To Sabio's knowledge, no other platform combines mobile and CTV data to provide targeting and analytics in addition to fraud mitigation, conversation metric analysis and foot traffic reporting.

Sabio believes this will allow it to be well positioned to take advantage of the transition from linear TV to CTV.

Competitive Conditions

The digital advertisement industry is competitive and fragmented. The industry consists of public companies such as TradeDesk, Viant and Magnite in the United States and AcuityAds in Canada, divisions of technology giants such as Google, Facebook, Amazon, telecommunications/media companies such as Verizon and AT&T and smaller privately held companies. From its inception, Sabio has focused on building an understanding of in-app behavior first on mobile and CTV/Streaming Apps providing its customers with solutions that deliver return on investment, insights into their advertisement spend and focus on customer service and support.

Sabio believes it is competitively positioned to capitalize on its use of app level mobile data that allows for custom audience targeting. Sabio believes that using mobile data to drive CTV planning and buying provides brands with the opportunity to reach and engage with consumers that are more likely to be receptive to the messaging. In addition, Sabio's positioning is strengthened through its engineering and data science. Sabio believes that the ability for its engineers to create products that answer industry concerns may provide Sabio with a competitive advantage. Sabio's data science team provides the following benefits:

- Sabio offers DSP in an integrated manner with its people-based capabilities, so customers do not need to use separate providers for onboarding client information and ad and data purchasing services.
- Sabio's platform provides access to a wide range of inventory types across a range of channels.
- Sabio's platform provides access to a wide range of data partners across a range of industry verticals and channels to enable audience targeting and measurement.
- Sabio's identity resolution capabilities help marketers plan, buy and measure their campaigns.
- Sabio's platform provides a rich set of data-analytics to provide its customers with insights with the aim of driving higher ROI.

Employees

As of October 31, 2021, Sabio had 69 employees and seven contractors, as follows: 53 employees and seven contractors located in the United States, 13 employees located in India and three employees located in Canada.

Regulations

Sabio is fully compliant with the *California Consumer Privacy Act* (CCPA), a comprehensive privacy law that took effect on January 1, 2020.

Sabio is also enrolled in the Trustworthy Accountability Group (TAG) registry, a leading global initiative fighting criminal activity and increasing trust in the digital advertising industry. The 600+

member TAG community includes international brands, agencies, publishers and ad tech providers.

Proprietary Protection

Sabio does not currently hold patents on its algorithms and processes. Sabio, through its Affiliate, holds a registered trademark in the United States for “App Science”.

Bankruptcy and Similar Procedures

Sabio is not subject to any bankruptcy, or any receivership or similar proceedings against it or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by it or any of its subsidiaries within the three most recently completed financial years or the current financial year.

Neither Sabio nor any of its subsidiaries has undergone any material reorganization within the last three completed financial years, or the current financial year.

Selected Consolidated Financial Information and Management’s Discussion and Analysis

Selected Financial Information

The following table set forth selected historical financial information for Sabio for the years ended December 31, 2020 and December 31, 2019 and the six month period ended June 30, 2021. Such information is derived from Sabio’s financial statements and should be read in conjunction with the financial statements attached hereto as **Schedule “C”**.

Selected Balance Sheet Information			
	As at June 30, 2021 (Unaudited) (US\$)	As at December 31, 2020 (Audited) (US\$)	As at December 31, 2019 (Audited) (US\$)
Cash and cash equivalents	217,760	47,890	1,160,102
Total assets	4,235,756	3,515,513	4,009,874
Total liabilities	13,462,648	12,055,228	12,346,876
Shareholders’ deficiency	(9,226,892)	(8,539,715)	(8,337,002)

Selected Income Statement Information			
	As at June 30, 2021 (Unaudited) (US\$)	As at December 31, 2020 (Audited) (US\$)	As at December 31, 2019 (Audited) (US\$)
Revenues	6,812,013	13,192,426	16,311,492
Operating Expenses	5,552,958	7,204,233	9,082,193
Net Income (Loss)	(1,203,908)	(281,500)	(2,406,509)

Management’s Discussion and Analysis

MD&A for Sabio for the years ended December 31, 2020 and December 31, 2019 and the six month period ended June 30, 2021 are attached hereto as **Schedule “D”**. The MD&A for Sabio should be read in conjunction with the financial statements of Sabio.

Description of the Securities

Sabio Common Shares

Each Sabio Common Share is entitled to one vote per Sabio Common Share. Each Sabio Common Share is entitled to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the Sabio Common Shares from time to time. Each Sabio Common Share is entitled, in the event of any liquidation, dissolution or winding-up of Sabio (whether voluntary or involuntary), to receive in equal amounts per Sabio Common Share, the assets of Sabio available for liquidation.

Sabio Common Share Purchase Warrants

There are 767,000 Sabio Warrants outstanding as at the date of this Filing Statement, each of which entitles the holder thereof to acquire one Sabio Common Share at an exercise price of US\$0.61 per share for a term of four years. In addition, in connection with the completion of the Transaction, it is anticipated that the Sabio Convertible Notes plus all accrued interest will be converted into Sabio Common Shares and Sabio Warrants, as described below.

Sabio Secured Subordinated Convertible Notes

As of the date of this Filing Statement, Sabio currently has a principal amount of US\$2,418,801 in secured subordinated convertible notes (the “**Sabio Convertible Notes**”) outstanding, which contain a 7.0% annual interest rate. Unless earlier converted, the outstanding principal and all accrued and unpaid interest under the Sabio Convertible Notes will become due and payable on the earliest to occur of: (i) the maturity date of the Sabio Convertible Notes; and (ii) an event of default pursuant to the terms of the Sabio Convertible Notes. The Sabio Convertible Notes mature on December 31, 2021, unless earlier converted and subject to early acceleration in certain circumstances. The Sabio Convertible Notes are secured by general security agreements provided by Sabio and its subsidiary, AppScience, Inc., and are subordinated in priority to all existing liens of the Sabio and AppScience, Inc. as at March 29, 2021.

In the event that Sabio, prior to the maturity date, completes a Go-Public Transaction (as defined below): (A) the principal amount then outstanding under the Sabio Convertible Notes together with all accrued but unpaid interest thereon (the “**Go-Public Conversion Amount**”) shall be automatically converted (the “**Conversion**”) into that number of fully paid and non-assessable Sabio Common Share as is equal to the Go-Public Conversion Amount divided by the lower of: (i) the public offering price per share less a twenty-five percent (25%) discount (the “**Discount Rate**”) of the Sabio Common Share in such Go-Public Transaction; and (ii) the price per Sabio Common Share reflecting an enterprise value of Sabio, on a fully diluted basis, of US\$60.0 million; and (B) the holders of the Sabio Convertible Notes shall receive on Conversion share purchase warrants of Sabio exercisable to purchase that number of Sabio Common Shares as is equal to 50% of the number of Sabio Common Shares received on Conversion. Such share purchase warrants shall have a term of 24 months from the date of completion of the Go-Public Transaction and an exercise price equal to the purchase price of common shares of Sabio in any concurrent financing in connection with the Go-Public Transaction, or, in the event a concurrent financing does not take place, an exercise price reflecting an exercise price per Sabio Common Share reflecting an enterprise value of Sabio, on a fully diluted basis, of US\$35.0 million.

A “**Go-Public Transaction**” means a public offering by Sabio of Sabio Common Shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering that results in the securities of Sabio or a successor entity being offered in any public offering or being held by an entity that is a reporting issuer and is listed for trading on a stock exchange.

In the event of a change of control of Sabio, which for purposes of the Sabio Convertible Notes does not include a Go-Public Transaction, the holders of the Sabio Convertible Notes are entitled to receive, at the holder’s election: (i) a cash payment of any accrued interest plus 1.25 times the principal amount outstanding; or (ii) the number of Sabio Common Shares that is equal to the amount set out in clause (i) divided by the price paid in such change of control transaction.

In connection with the completion of the Transaction, it is anticipated that the Sabio Convertible Notes plus all accrued interest will be converted into Sabio Common Shares and Sabio Warrants, on the terms described above. Based on the interest on the convertible notes calculated up to October 31, 2021, the conversion of the Sabio Convertible Notes pursuant to the Transaction is anticipated to yield, following conversion into Sabio Common Shares and Sabio Warrants, 2,387,576 Resulting Issuer Common Shares and 1,193,784 Resulting Issuer Warrants, each exercisable to acquire one (1) Resulting Issuer Common Share at a price of C\$1.75 for a term of 24 months from the date of completion of the Transaction. The actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants issuable upon conversion and exchange is subject to adjustment based on the aggregate amount of interest on the convertible notes (which is calculated on a daily basis), accrued up to the actual date of conversion. Therefore, the actual number of securities of the Resulting Issuer outstanding on completion of the Transaction may be different than as disclosed herein.

Subscription Receipts

Sabio, through its wholly-owned subsidiary Finco, completed the Sabio QT Financing pursuant to which Subscription Receipts of Finco were issued to subscribers. Each Subscription Receipt is anticipated to be ultimately exchanged for one Resulting Issuer Common Share upon completion of the Transaction. Each Finco Common Share carries one vote per share and the Finco Common Shares entitle the holders thereof to their prorated share of dividends of Finco. In addition, in connection with the brokered portion of the Sabio QT Financing, the Subscription Receipt Agents are anticipated to receive the Agent’s Compensation and the Compensation Warrants. See “*Sabio QT Financing*”.

Consolidated Capitalization

The share capital of Sabio is as follows, which table is presented and should be read in conjunction with the financial statements and related notes included elsewhere in this Filing Statement.

Designation of Security	Amount Authorized	Amount Outstanding as at December 31, 2020	Amount Outstanding as at October 31, 2021 (prior to giving effect to the Transaction) ⁽¹⁾
Sabio Common Shares	12,000,000	8,328,000	10,022,999
Sabio Options	1,875,000	1,572,667	827,001
Sabio Warrants	N/A	0	767,000
Sabio Convertible Notes	N/A	0	US\$2,418,801
Subscription Receipts ⁽²⁾	N/A	0	3,799,252
Compensation Warrants and Subscription Receipt Finder's Warrants ⁽³⁾	N/A	0	175,676

Notes:

- (1) Prior to the Sabio Consolidation and prior to the share exchange of Sabio Common Shares for Resulting Issuer Shares.
(2) The Subscription Receipts were issued by Sabio's wholly-owned subsidiary, Finco, in connection with the Sabio QT Financing.
(3) The Compensation Warrants and Subscription Receipt Finder's Warrants were or will be issued by Finco as compensation to the Agents with Subscription Receipt Finder, respectively, with respect to the Sabio QT Financing.

Prior Sales

The following table sets forth the number and price at which securities of Sabio and Finco have been sold or issued within the 12 months period prior to the date of this Filing Statement.

Date	Number / Amount of Sabio Securities	Type	Issue Price Per Security	Aggregate Issue Price	Nature of Consideration Received
January 11, 2021	767,000 ⁽¹⁾	Sabio Warrants	N/A	N/A	Services
January 14, 2021	100,000 ⁽²⁾	Sabio Warrants	N/A	N/A	Services
January 14, 2021	1,170,000 ⁽³⁾	Sabio Options	N/A	N/A	N/A
April 20, 2021	US\$1,380,000	Sabio Convertible Notes	N/A	US\$1,380,000.00	Cash and Debt ⁽⁶⁾
April 27, 2021	US\$668,801	Sabio Convertible Notes	N/A	US\$668,801.00	Cash
May 3, 2021	US\$370,000	Sabio Convertible Notes	N/A	US\$370,000.00	Cash and Debt ⁽⁷⁾
July 15, 2021	774,000	Sabio Common Shares ⁽⁴⁾	US\$0.34	US\$263,160.00	Cash and Debt ⁽⁸⁾
July 15, 2021	100,000	Sabio Common Shares ⁽⁴⁾	US\$0.53	US\$53,000.00	Cash
July 15, 2021	684,999	Sabio Common Shares ⁽⁴⁾	US\$0.61	US\$417,849.39	Cash and Debt ⁽⁹⁾
July 19, 2021	5,000	Sabio Common Shares ⁽⁴⁾	US\$0.61	US\$3,050.00	Cash
August 12, 2021	25,000	Sabio Common Shares ⁽⁴⁾	US\$0.61	US\$15,250.00	Cash
August 12, 2021	5,000	Sabio Common Shares ⁽⁴⁾	US\$0.34	US\$1,700.00	Cash
August 16, 2021	100,000	Sabio Common Shares ⁽⁵⁾	US\$0.61	US\$61,000.00	Cash
August 26, 2021	100	Finco Common Shares ⁽¹⁰⁾	C\$1.00	C\$100.00	Cash

Date	Number / Amount of Sabio Securities	Type	Issue Price Per Security	Aggregate Issue Price	Nature of Consideration Received
October 14, 2021 and October 21, 2021	3,799,252	Finco Subscription Receipts	C\$1.75	C\$6,648,691.00	Cash

Notes:

- (1) Issued to an arm's length party as compensation for advisory services provided. Each warrant is exercisable to acquire one Sabio Common Share at an exercise price of US\$0.61 per share for a term expiring January 11, 2025.
- (2) Issued to an arm's length party to Sabio (who is anticipated to be a non-arm's length party to the Resulting Issuer) as compensation for advisory services provided. Each warrant was exercisable to acquire one Sabio Common Share at an exercise price of US\$0.61 per share for a term expiring January 24, 2022. These warrants were exercised on August 16, 2021.
- (3) Issued pursuant to the Sabio Option Plan to directors, officers, employees and consultants of Sabio, each Sabio Option is exercisable to acquire one Sabio Common Share at an exercise price of US\$0.61 for a term expiring January 14, 2021. 835,000 of these Sabio Options were exercised on July 15, 2021. An aggregate of 550,000 options were granted to non-arm's length parties to Sabio.
- (4) Issued in connection with the exercise of incentive stock options of Sabio by directors, officers, employees and consultants of Sabio. An aggregate of 787,999 options were exercised by non-arm's length parties to Sabio.
- (5) Issued in connection with the exercise of the 100,000 Sabio Warrants issued on January 14, 2021 by an arm's length party to Sabio (who is anticipated to be a non-arm's length party to the Resulting Issuer).
- (6) US\$150,000 of the aggregate purchase price was paid by way of forgiveness of existing debt with respect to a non-arm's length party to Sabio.
- (7) US\$250,000 of the aggregate purchase price was paid by way of forgiveness of existing debt with respect to a non-arm's length party to Sabio.
- (8) US\$71,740 of the aggregate purchase price was paid by way of forgiveness of existing debt with respect to a non-arm's length party to Sabio.
- (9) US\$12,200 of the aggregate purchase price was paid by way of forgiveness of existing debt with respect to a non-arm's length party to Sabio.
- (10) Issued to Sabio in connection with the incorporation and organization of Finco.

Compensation of Executive Officers and Directors

Director Compensation

Directors of Sabio do not receive any compensation for attending meetings of the board of directors of Sabio, meetings of committees of the board of directors of Sabio and shareholder meetings. Other than stock options to purchase Sabio Common Shares that are granted to Sabio's directors from time to time, Sabio does not have any arrangements pursuant to which directors are remunerated by Sabio or any of its subsidiaries for their services in their capacity as directors, consultants or experts.

Director and Named Executive Officer Compensation (excluding compensation securities)

The following table sets out information concerning the compensation during the calendar years ended December 31, 2020, 2019 and 2018 paid to Sabio's directors and the Sabio Named Executive Officers. Sabio has five individuals for whom disclosure is required. Sajid Premji was appointed CFO of Sabio effective May 1, 2021; previous to that appointment, Sam Wang performed the duties of CFO of Sabio.

Summary Compensation Table									
Name and position	Year	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-Equity Incentive Plan Compensation (US\$)		Pension Value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Aziz Rahimtoola CEO and Director, Sabio ⁽¹⁾	2020	\$122,541	N/A	N/A	N/A	N/A	N/A	N/A	\$122,541
	2019	\$168,750	N/A	N/A	N/A	N/A	N/A	N/A	\$168,750
	2018	\$403,500	N/A	N/A	\$41,500	N/A	N/A	N/A	\$445,000
Sam Wang VP Finance, Sabio	2020	\$63,000	N/A	N/A	N/A	N/A	N/A	N/A	\$63,000
	2019	\$123,142	N/A	N/A	N/A	N/A	N/A	N/A	\$123,142
	2018	\$175,000	N/A	N/A	\$25,000	N/A	N/A	N/A	\$200,000
Simon Wong SVP Strategy, Sabio	2020	\$145,833	N/A	\$10,750	N/A	N/A	N/A	N/A	\$156,583
	2019	\$161,250	N/A	N/A	N/A	N/A	N/A	N/A	\$161,250
	2018	\$140,000	N/A	\$9,750	\$25,000	N/A	N/A	N/A	\$174,750
Joe Camacho CMO, Sabio	2020	\$154,740	N/A	N/A	N/A	N/A	N/A	N/A	\$154,740
	2019	\$175,000	N/A	N/A	\$10,000	N/A	N/A	N/A	\$185,000
	2018	\$167,500	N/A	N/A	\$10,000	N/A	N/A	N/A	\$177,500
Helen Lum EVP AppScience, Inc.	2020	\$160,417	N/A	\$10,750	N/A	N/A	N/A	N/A	\$171,167
	2019	\$175,006	N/A	N/A	N/A	N/A	N/A	N/A	\$175,006
	2018	\$167,500	N/A	N/A	\$26,000	N/A	N/A	N/A	\$193,500

Note:

(1) No remuneration was received in connection with Mr. Rahimtoola's position as director of Sabio.

Stock Options and Other Compensation Securities

The following table sets out information concerning all compensation securities outstanding as at December 31, 2020 with respect to Sabio's directors and the Sabio Named Executive Officers.

Option-Based Awards						
Name and position	Type of compensation security	Number of securities underlying unexercised options	Date of issue or grant ⁽¹⁾	Issue, conversion or exercise price (US\$)	Value of unexercised in-the-money options (US\$)	Expiry date
Aziz Rahimtoola CEO and Director, Sabio	-	-	-	-	-	-
Sam Wang CFO, Sabio ⁽¹⁾	Incentive Stock Options	100,000	10/06/2017	0.34	27,000	10/05/2017
Helen Lum EVP AppScience, Inc. ⁽²⁾	Incentive Stock Options	50,000	11/15/2016	0.34	13,500	11/14/2026
		25,000	5/12/2017	0.34	6,750	5/11/2027
		25,000	3/14/2020	0.61	-	3/13/2030
Simon Wong EVP, Sabio ⁽³⁾	Incentive Stock Options	18,000	11/15/2016	0.34	4,860	11/14/2026
		20,000	3/24/2017	0.34	5,400	3/24/2027
		25,000	7/17/2018	0.53	2,000	7/16/2018
		25,000	3/14/2020	0.61	-	3/13/2030

Option-Based Awards						
Name and position	Type of compensation security	Number of securities underlying unexercised options	Date of issue or grant ⁽¹⁾	Issue, conversion or exercise price (US\$)	Value of unexercised in-the-money options (US\$)	Expiry date
Joe Camacho CMO, Sabio ⁽⁴⁾	-	-	-	-	-	-

Notes:

- (1) As at December 31, 2020, Sam Wang held 100,000 fully vested incentive stock options at an exercise price of US\$0.34.
- (2) As at December 31, 2020, Helen Lum held 75,000 fully vested incentive stock options at an exercise price of US\$0.34. Helen Lum also held 25,000 incentive stock options at an exercise price of US\$0.61 that fully vested on September 1, 2019.
- (3) As at December 31, 2020, Simon Wong held 38,000 fully vested options at an exercise price of US\$0.34, and 25,000 fully vested incentive stock options at an exercise price of US\$0.53. Simon Wong also held 25,000 incentive stock options at an exercise price of US\$0.61 that fully vested on September 1, 2019.
- (4) As at December 31, 2020, Joseph Camacho held 500,000 shares of Sabio.

The following table sets out information concerning all value vested or earned during the financial year ended December 31, 2020 with respect to incentive plan awards held by Sabio's directors and the Sabio Named Executive Officers.

Name and position	Option-based awards – Value vested during the year (US\$)	Share-based awards – Value vested during the year (US\$)	Non-equity incentive plan compensation – Value earned during the year (US\$)
Aziz Rahimtoola CEO and Director, Sabio	-	-	-
Sam Wang CFO, Sabio ⁽¹⁾	-	-	-
Helen Lum EVP, AppScience, Inc. ⁽²⁾	5,840	-	-
Simon Wong EVP, Sabio ⁽³⁾	6,361	-	-
Joe Camacho CMO, Sabio ⁽⁴⁾	-	-	-

Stock Option Plans and Other Incentive Plans

Sabio adopted a stock option plan on October 26, 2016, being the Sabio Option Plan, with the purpose of attracting and retaining the best available personnel for positions of substantial responsibility, providing additional incentive to employees and consultants and promoting the success of Sabio's business.

Under the Sabio Option Plan, Sabio may grant incentive stock options and restricted stock to eligible employees and consultants of Sabio. Options granted may not qualify as incentive stock options within the meaning of Section 422 of the Code (“**non-statutory stock options**”). To date, Sabio has not granted any restricted stock pursuant to the Sabio Option Plan.

The term of each option shall be a maximum of ten years from the date of grant, provided that in the case of a stock option granted to a Ten Percent Holder (defined below), the maximum term shall be five years from the date of grant. The exercise price for the shares to be issued pursuant

to the exercise of an option shall be the price as is determined by the administrator of the Sabio Option Plan, subject to certain limitations, including:

- In the case of stock options granted to an employee who is a Ten Percent Holder, the exercise price shall be no less than 100% of the fair market value of Sabio's common shares on the date of grant;
- In the case of stock options granted to any other employee, the exercise price shall be no less than 100% of the fair market value of Sabio's common shares on the date of grant; and
- In the case of non-statutory stock options, if the exercise price is less than 100% of the fair market value of Sabio's common shares on the date of grant, it shall otherwise comply with all applicable laws, including Section 409A of the Code.

The Sabio Option Plan permits payment of the exercise price by way of cash, delivery of a promissory note (subject to the terms of the Sabio Option Plan), cancellation of indebtedness, other previously owned shares of Sabio, cashless exercise and any combination of the foregoing.

The Sabio Option Plan is administered by the board of directors of Sabio or a committee of the board and has a term of ten years. Options granted pursuant to the Sabio Option Plan and the shares issuable upon exercise of such options are generally non-transferrable and non-assignable.

Under the Sabio Option Plan, a “**Ten Percent Holder**” means a person who owns stock representing more than 10% of the voting power of all classes of stock of Sabio or any parent or subsidiary company measured as of the date of grant.

Employment, Consulting and Management Agreements

No management functions of Sabio or its subsidiaries are to any substantial degree performed by a person other than the directors or senior officers of Sabio or its subsidiaries.

Termination and Change of Control Benefits

Sabio does not have in place any pension or retirement plan. Sabio has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer (as defined under Form 51-102F6 - *Statement of Executive Compensation*) or director of Sabio in connection with or related to the retirement, termination or resignation of such person. Sabio has not provided any compensation to such persons as a result of a change of control of Sabio, its subsidiaries or affiliates. Sabio is not party to any compensation plan or arrangement with Named Executive Officers or directors of Sabio resulting from the resignation, retirement or the termination of employment of such person.

Oversight and Description of Director and Named Executive Compensation

Compensation Philosophy and Objectives

The objectives of Sabio's executive compensation policy are: (a) to attract and retain individuals of high calibre to serve as officers of Sabio; (b) to motivate their performance in order to achieve Sabio's strategic objectives; and (c) to align the interests of executive officers with the long-term interests of Sabio Shareholders.

Overview

The board of directors of Sabio, on the recommendation of management, is responsible for setting the overall compensation strategy of Sabio and evaluating and making determinations for the compensation of its directors and executive officers. The board of directors, on the recommendation of management, annually reviews and determines base salary.

Each executive officer receives a base salary. The salary of the executive officers of Sabio is believed to be similar to salaries provided by comparable companies. No personal benefits are granted to the executive officers of Sabio.

Sabio does not offer any group benefit plans, including medical, dental, life, accidental death and dismemberment and long term disability coverage.

While Sabio reimburses its executive officers for expenses incurred in the course of performing their duties as executive officers of Sabio, Sabio has not provided any compensation that would be considered a perquisite or personal benefit to its executive officers.

Sabio has a stock option plan, being the Sabio Option Plan, and grants options with the aim of recruiting and retaining key personnel, including management and members of its board of directors. Sabio also grants stock options for performance on a periodic basis as approved by its board of directors.

Non-Arm's Length Transactions

Other than as disclosed herein, there has been no acquisition of assets or services or provision of assets or services in any transaction within the five years before the date of this Filing Statement, or in any proposed transaction, where Sabio or any subsidiary of Sabio has obtained such assets or services from:

- (a) any director, officer or Promoter of Sabio;
- (b) a security holder disclosed in this Filing Statement as a principal security holder, either before or after giving effect to the Qualifying Transaction; or
- (c) an Associate or Affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

Legal Proceedings

There are no legal proceedings material to Sabio to which Sabio is a party or of which any of its property is the subject matter or to which Sabio was a party or of which any of its property was the subject matter since inception, and there are no such proceedings known to Sabio to be contemplated.

Material Contracts

Sabio has not entered into any material contracts and does not intend to enter into any material contracts prior to closing of the Transaction, other than:

- the Definitive Agreement (see “*The Qualifying Transaction*”);
- the Subscription Receipt Agreement (see “*Sabio QT Financing*”); and
- the Subscription Receipt Agency Agreement (see “*Sabio QT Financing*” and “*Lock-up Agreements*”).

Copies of these agreements may be inspected during ordinary business hours at the office of Sabio’s Canadian legal counsel, McMillan LLP, at 181 Bay Street, Brookfield Place, Suite 4400, Toronto, Ontario, Canada M5J 2T3, until the closing of the Transaction and for a period of 30 days thereafter.

PART III – INFORMATION CONCERNING THE RESULTING ISSUER

Information contained in this Part III assumes completion of the Transaction and approval by the Exchange.

Corporate Structure

Name and Incorporation

In connection with the completion of the Transaction, it is anticipated that the Resulting Issuer will file articles of amendment to change its name to “Sabio Holdings Inc.”, or such other name as may be determined in the sole discretion of the Board. It is expected that the Resulting Issuer will continue to be subject to the *Business Corporations Act* (Ontario). The registered office of the Resulting Issuer will be located at Brookfield Place, 181 Bay Street, Suite 4400, Toronto, Ontario M5J 2T3. The head office of the Resulting Issuer will be located at 16350 Ventura Boulevard, #D827, Encino, CA, United States 91436.

Intercompany Relationships

The following table sets forth the names of the subsidiaries of the Resulting Issuer after completion of the Transaction, their respective jurisdictions of incorporation and the current voting and equity interests therein beneficially owned, or controlled or directed, directly or indirectly, by the Resulting Issuer:

Subsidiary	Jurisdiction	Date of Incorporation	Percentage of securities owned or controlled by the Resulting Issuer
AppScience, Inc.	New York, USA	June 27, 2018	100% ⁽¹⁾
Sabio Mobile India Private Limited	India	November 6, 2017	99.99% ⁽¹⁾⁽²⁾
Sabio, Inc. ⁽³⁾	Delaware, USA	March 10, 2014	100%

Notes:

- (1) Indirectly held through Sabio, Inc.
- (2) 0.01% of the securities of Sabio Mobile India Private Limited are held by a nominee of Sabio, Inc.
- (3) Sabio, Inc. will be the surviving entity of the Merger between Sabio and Merger Sub, which surviving entity shall change its name to “Sabio, Inc.” following the Merger.

Description of the Business

Following the Closing, the Resulting Issuer will continue to carry on the business of Sabio. See “Part II – Information Concerning Sabio – Description of the Business”.

Stated Business Objectives

In addition to having the same stated business objectives as Sabio, the Resulting Issuer intends to utilize the funds over the next 24 months after completion of the Transaction as described in “Available Funds and Principal Purposes”.

Milestones

Following the Completion of the Qualifying Transaction, the Resulting Issuer anticipates working towards several milestones, including:

Milestone	Target Date	Estimated Related Costs (US\$)
Expand operations in New York City with the addition of new Sabio Holdings Inc. sellers and senior management	July 2022	1,000,000
App Science integration with platforms and suppliers	July 2022	300,000
Continued growth of Connected TV (CTV) revenue and Quick Service Restaurant (QSR) vertical revenue	December 2022	1,000,000
Global expansion into Canadian, Asian, South American, and European markets.	December 2023	1,000,000
App Science business line achieving annual recurring revenues	December 2023	500,000

Description of the Securities

Resulting Issuer Common Shares

Each Resulting Issuer Common Share is entitled to one vote per Resulting Issuer Common Share. Each Resulting Issuer Common Share is entitled to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the Resulting Issuer Common Shares from time to time. No dividend on the Resulting Issuer Common Shares shall be declared unless a dividend is contemporaneously declared on the Resulting Issuer Restricted Voting Shares, and dividends declared on the Resulting Issuer Shares shall be declared and paid in equal amounts per share on all Resulting Issuer Shares. Each Resulting Issuer Common Share is entitled, in the event of any liquidation, dissolution or winding-up of the Resulting Issuer (whether voluntary or involuntary), to receive in equal amounts per Resulting Issuer Share, the assets of the Resulting Issuer available for liquidation.

Resulting Issuer Restricted Voting Shares

Holders of Sabio Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the Sabio Common Shares.

Each Resulting Issuer Restricted Voting Share is entitled to one vote per Resulting Issuer Restricted Voting Share. The Resulting Issuer Restricted Voting Shares do not carry entitlement for the holder to vote for the election of the directors of the Resulting Issuer. Each Resulting Issuer Restricted Voting Share is entitled to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the Resulting Issuer Restricted Voting Shares from time to time. No dividend on the Resulting Issuer Restricted Voting Shares shall be declared unless a dividend is contemporaneously declared on the Resulting Issuer Common Shares, and dividends declared on the Resulting Issuer Shares shall be declared and paid in equal amounts per share on all Resulting Issuer Shares. Each Resulting Issuer Restricted Voting Share is entitled, in the event of any liquidation, dissolution or winding-up of the Resulting Issuer (whether voluntary or involuntary), to receive in equal amounts per Resulting Issuer Share, the assets of the Resulting Issuer available for liquidation.

Each Resulting Issuer Restricted Voting Share may be converted into one Resulting Issuer Common Share, without payment of additional consideration, at the option of the holder:

- (a) at any time with the consent of the Board;
- (b) at any time that is not a time at which the Board reasonably believes that the Resulting Issuer is not a Domestic Issuer or would become a Domestic Issuer as a result of the issuance of Resulting Issuer Common Shares pursuant to the conversion of Resulting Issuer Restricted Voting Shares;
- (c) if the Board determines that the Resulting Issuer has ceased to be a Foreign Issuer, the Resulting Issuer shall notify the holders of Resulting Issuer Restricted Voting Shares in respect of such determination and, thereafter, each Resulting Issuer Restricted Voting Share may be converted into Resulting Issuer Common Shares at any time and from time to time thereafter;
- (d) if there is an offer to purchase Resulting Issuer Common Shares that must be made to all or substantially all of the holders of Resulting Issuer Common Shares, the Resulting Issuer shall notify the holders of the Resulting Issuer Restricted Voting Shares and during the period commencing on the date on which such offer is made until completion or termination of such offer, each Resulting Issuer Restricted Voting Share may be converted into Resulting Issuer Common Shares; or
- (e) if with respect to an annual or special meeting of the shareholders of the Resulting Issuer, there is a proposal to elect individual nominees to the board of directors of the Resulting Issuer whose election would result in the occurrence of a majority of the directors elected at any annual or special meeting of the shareholders of the Resulting Issuer not being individuals nominated by the Resulting Issuer's then-incumbent Board, the Resulting Issuer shall notify the holders of the Resulting Issuer Restricted Voting Shares at least ten days prior to the record date for the meeting and during the period commencing on such notice date until the record date for such meeting, each Resulting Issuer Restricted Voting Share may be converted into Resulting Issuer Common Shares.

In addition, each Resulting Issuer Restricted Voting Share may be converted into one Resulting Issuer Common Share, at any time and from time to time, at the option of the Resulting Issuer by delivery to a holder of Resulting Issuer Restricted Voting Share(s) of a notice indicating same and such holder shall only have the right to receive the relevant number of Resulting Issuer Common Shares resulting from such conversion and any accrued and unpaid dividends on the Resulting Issuer Restricted Voting Shares so converted upon compliance with the terms of the notice. The effective time of conversion shall be the close of business on the date specified in such notice and the Resulting Issuer Common Shares issuable upon conversion of such Resulting Issuer Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time and the applicable Resulting Issuer Restricted Voting Shares shall be cancelled at that time.

Further, in the event that a majority of the directors elected at any annual or special meeting of the shareholders of the Resulting Issuer are not individuals nominated by the Resulting Issuer's then-incumbent Board, all then outstanding Resulting Issuer Restricted Voting Shares shall

automatically convert, without further action on the part of the Resulting Issuer or the holder of such shares, into Resulting Issuer Common Shares on a one-for-one basis.

Upon completion of the Transaction, it is expected that the Resulting Issuer Restricted Voting Shares will represent approximately 59.81% of the shares of the Resulting Issuer.

Resulting Issuer Options

Upon closing of the Transaction, 3,097,935 Resulting Issuer Options will be issued and outstanding, consisting of: (i) 73,008 Resulting Issuer Options issued under the Resulting Issuer Stock Option Plan, each exercisable into one Resulting Issuer Common Share at an exercise price of C\$1.59 per Resulting Issuer Common Share; and (ii) 3,024,927 Resulting Issuer Options issued under the Resulting Issuer Legacy Stock Option Plan, each exercisable into one Resulting Issuer Common Share at an exercise price ranging from US\$0.09 to US\$0.17 per Resulting Issuer Common Share. 43,664,163 Resulting Issuer Shares will be issued and outstanding upon completion of the Transaction, and the Resulting Issuer may grant up to an additional 1,268,481 Resulting Issuer Options pursuant to the Resulting Issuer Stock Option Plan.

Holders of Resulting Issuer Options will have no claim to dividend rights, voting rights, rights upon dissolution or winding-up of the Resulting Issuer, pre-emptive rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or provisions requiring a holder to contribute additional capital (except upon exercise).

Resulting Issuer Warrants

The Resulting Issuer Warrants issuable on exchange of the 767,000 Sabio Warrants outstanding as at the date hereof shall entitle the holder thereof to purchase one Resulting Issuer Common Share at an exercise price of US\$0.17 per share for a term expiring January 11, 2025. The Resulting Issuer Warrants issuable to holders of the Sabio Convertible Notes (upon due conversion and exchange in accordance with the terms thereof and the Transaction) shall entitle the holders thereof to purchase one Resulting Issuer Common Share at an exercise price of C\$1.75 for a term of 24 months from the date of completion of the Transaction.

Resulting Issuer Compensation Warrants

Each Resulting Issuer Compensation Warrant shall be exercisable for one Resulting Issuer Common Share at a price of C\$1.75 per Resulting Issuer Common Share for a period of 24 months from the date of satisfaction of the Escrow Release Conditions.

Pro-Forma Consolidated Capitalization

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the transactions described in the unaudited Pro Forma Consolidated Financial Statements attached hereto as **Schedule “E”**.

Designation of Security	Amount Authorized or to be Authorised	Amount Outstanding After Giving Effect to the Qualifying Transaction ⁽¹⁾
Resulting Issuer Common Shares	Unlimited	17,547,876

Designation of Security	Amount Authorized or to be Authorised	Amount Outstanding After Giving Effect to the Qualifying Transaction⁽¹⁾
Resulting Issuer Restricted Voting Shares ⁽²⁾	Unlimited	26,116,287
Resulting Issuer Options ⁽³⁾	10% of the issued and outstanding securities of the Resulting Issuer	3,097,935
Resulting Issuer Warrants	Not applicable	3,999,273
Resulting Issuer Compensation Warrants	Not applicable	175,676

Notes:

- (1) Aggregate gross proceeds of C\$6,648,691 were raised under the Sabio QT Financing. The conversion of the Sabio Convertible Notes into Sabio Common Shares and Sabio Warrants, to be exchanged for Resulting Issuer Shares and Resulting Issuer Warrants pursuant to the Transaction, is based on the interest on the Sabio Convertible Notes calculated up to October 31, 2021. The actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants issuable upon conversion and exchange is subject to adjustment based on the aggregate amount of interest on the convertible notes (which is calculated on a daily basis), accrued up to the actual date of conversion. Therefore, the actual number of securities of the Resulting Issuer outstanding on completion of the Transaction may be different than as disclosed herein.
- (2) For details about the Resulting Issuer Restricted Voting Shares, see “Part III – Information Concerning The Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares”.
- (3) On an undiluted basis. Does not include the Resulting Issuer Common Shares to be reserved for issuance under the Resulting Issuer Option Plan. See “Part III – Information Concerning The Resulting Issuer – Options”.

Pro Forma Fully Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Qualifying Transaction.

	Number of Securities⁽¹⁾	Percentage of Total After Giving Effect to the Proposed Qualifying Transaction
Resulting Issuer Common Shares issued and outstanding pursuant to the Common Shares previously held by Spirit Shareholders	730,086	1.43%
Resulting Issuer Common Shares issued pursuant to the Transaction (to be issued to holders of existing Sabio Common Shares)	12,932,824	25.39%
Resulting Issuer Common Shares issued upon the automatic exercise of Subscription Receipts	3,799,252	7.45%
Resulting Issuer Common Shares issued to the Qualifying Transaction Finders	85,714	0.16%
Total Number of Resulting Issuer Common Shares	17,547,876	
Resulting Issuer Restricted Voting Shares issued pursuant to the Transaction (to be issued to holders of existing Sabio Common Shares) ⁽²⁾	26,116,287	51.27%
Total Number of Resulting Issuer Shares	43,664,163	
Resulting Issuer Common Shares reserved for issuance pursuant to the exercise of Resulting Issuer Options pursuant to the Resulting Issuer Option Plan	3,097,935	6.08%

	Number of Securities ⁽¹⁾	Percentage of Total After Giving Effect to the Proposed Qualifying Transaction
Resulting Issuer Common Shares reserved for issuance pursuant to the exercise of Resulting Issuer Warrants	3,999,273	7.85%
Resulting Issuer Common Shares reserved for issuance upon exercise of Resulting Issuer Compensation Warrants	175,676	0.34%
Total Number Of Issued And Outstanding Resulting Issuer Common Shares On A Fully Diluted Basis	50,937,047	

Notes:

- (1) After giving effect to the Transaction. The conversion of the Sabio Convertible Notes into Sabio Common Shares and Sabio Warrants, to be exchanged for Resulting Issuer Shares and Resulting Issuer Warrants pursuant to the Transaction, is based on the interest on the Sabio Convertible Notes calculated up to October 31, 2021. The actual number of Resulting Issuer Common Shares and Resulting Issuer Warrants issuable upon conversion and exchange is subject to adjustment based on the aggregate amount of interest on the convertible notes (which is calculated on a daily basis), accrued up to the actual date of conversion. Therefore, the actual number of securities of the Resulting Issuer outstanding on completion of the Transaction may be different than as disclosed herein.
- (2) Holders of Sabio Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the Sabio Common Shares. For details about the Resulting Issuer Restricted Voting Shares, see “Part III – Information Concerning The Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares”.

Estimated Available Funds and Principal Purposes

Estimated Available Funds

Based on information available as at October 31, 2021, upon Completion of the Qualifying Transaction and release of the Escrowed Funds, the Resulting Issuer is expected to have approximately US\$26.3M in Available Funds, which includes the following:

Estimated Funds Available	Estimated Amount (US\$)
Estimated consolidated working capital (deficit) as at October 31, 2021 ⁽¹⁾	(1,900,000)
Net proceeds of the Sabio QT Financing	4,441,626 ⁽²⁾
Proforma funds received / paid next 12 months ⁽³⁾	23,269,500
Total Estimated Available Funds:	26,311,126

Notes:

- (1) Consolidated working capital is derived from the Pro Forma Financial Statements attached as **Schedule “E”** and does not include the proceeds of the Sabio QT Financing.
- (2) Aggregate gross proceeds of the Sabio QT Financing of US\$5,318,953 (being the gross proceeds of C\$6,648,691 as converted at an exchange rate of US\$0.80) and estimated aggregate fees and expenses of US\$877,327, comprised of (i) financing fees in the amount of US\$372,327 and (ii) estimated transactions costs of US\$505,000, including agent’s expenses, legal, audit, regulatory, listing and printing fees.
- (3) 12-month funds reflects that Sabio will continue to receive funds from its existing clients over the next 12 months and expenses associated with the costs of the raise will be reduced or eliminated.

Principal Purposes of Funds

Based on information available as at October 31, 2021, the following table sets forth the principal purposes for which the Available Funds upon Completion of the Qualifying Transaction and the

release of the Escrowed Funds will be used and the current estimated amounts to be used for each such principal purpose:

Principal Use of Available Funds	Estimated Amount (US\$)
Cost of sales	9,122,850
Research & development expenditures ⁽¹⁾	2,424,701
Sales & marketing expenditures ⁽¹⁾	5,248,112
General & administrative expenditures ⁽¹⁾	2,516,357
Cash spent on tuck-in acquisitions	1,500,000
Unallocated working capital	5,499,106
Total:	26,311,126

Note:

- (1) The estimated amounts for research and development, sales and marketing and general and administrative expenditures include the aggregate US\$2.3M allocated to milestone expenses up to December 2022. See “Part III – Description of the Business – Stated Business Objectives and Milestones”.

The above sources and uses of funds are estimates only. Notwithstanding the proposed uses of Available Funds as discussed above, there may be circumstances where a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to execute the planned undertakings of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Resulting Issuer and its shareholders to permit a reasonable degree of flexibility as to how the Resulting Issuer’s funds are employed among the above uses or for other purposes, as the need may arise.

Dividend Policy

The Resulting Issuer does not currently intend to pay any cash dividends or distributions on the Resulting Issuer Shares in the foreseeable future and, therefore, holders of Resulting Issuer Shares may not be able to receive a return on their Resulting Issuer Shares unless they sell such Resulting Issuer Shares. The Resulting Issuer’s policy will be to retain earnings to reinvest in the Resulting Issuer.

The Resulting Issuer’s dividend policy will be reviewed from time to time by the Board of the Resulting Issuer in the context of its earnings, financial condition and other relevant factors. Until the Resulting Issuer pays dividends on the Resulting Issuer Shares, which it may never do, its shareholders will not be able to receive a return on the Resulting Issuer Shares unless they sell them.

Principal Security Holders

To the knowledge of management of Spirit and Sabio, no person or company is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of any class of voting securities of the Resulting Issuer upon completion of the Transaction, except as follows:

Name and Municipality of Residence	Aggregate Number of Resulting Issuer Shares Owned ⁽¹⁾	Percentage of Resulting Issuer Shares Owned ⁽²⁾⁽³⁾	Type of Ownership
Aziz Rahimtoola Los Angeles, United States	23,775,332	54.45% ⁽⁴⁾	Registered and Beneficial

Notes:

- (1) After giving effect to the Transaction.
- (2) Assuming that there are 43,664,163 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis.
- (3) Resulting Issuer Shares include the Resulting Issuer Common Shares and the Resulting Issuer Restricted Voting Shares. Holders of Sabio Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the Sabio Common Shares. For details about the Resulting Issuer Restricted Voting Shares, see “Part III – Information Concerning The Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares”.
- (4) Mr. Rahimtoola owns approximately 46.65% of the Resulting Issuer Shares on a fully-diluted basis.

Directors, Officers and Promoters

The following table lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer upon Completion of the Qualifying Transaction, their proposed positions and offices to be held with the Resulting Issuer, and their principal occupations or employment and the number of securities of the Resulting Issuer that will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon Completion of the Qualifying Transaction.

No person has been a Promoter of Spirit, Sabio or any subsidiary of Sabio in the two year period preceding this Filing Statement, and it is not expected that any person will be a Promoter of the Resulting Issuer.

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Period or periods during which each director or officer has served as a director or officer of Sabio	Proposed Position With the Resulting Issuer	Number and Percent of Resulting Issuer Shares ⁽¹⁾⁽²⁾
Aziz Rahimtoola Los Angeles, CA United States	CEO at Sabio Mobile, Inc. Managing Partner at Sabio Mobile, LLC	2015 - Present	Chief Executive Officer and Director	23,775,332 54.45%
Sajid Premji New York City, NY United States	CFO at Sabio Mobile, Inc. and Director, AML Compliance at TD Securities (USA) LLC	2021 - Present	Chief Financial Officer	237,753 0.54%
Joe Camacho Los Angeles, CA United States	CMO at Sabio Mobile, Inc.	2015-Present	Chief Marketing Officer	2,560,420 5.86%
Jason Tong San Leandro, CA United States	SVP of Engineering at Sabio Mobile, Inc. and Technical Lead, Engineering at Opera Mediaworks	2018-Present	SVP of Engineering	515,129 1.18%

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Period or periods during which each director or officer has served as a director or officer of Sabio	Proposed Position With the Resulting Issuer	Number and Percent of Resulting Issuer Shares ⁽¹⁾⁽²⁾
Helen Lum Los Angeles, CA United States	EVP, AppScience, Inc. SVP of Global Operations, Sabio Mobile, Inc. VP of Account Management, Sabio Mobile, Inc.	2017-Present	EVP of AppScience, Inc.	470,321 1.08%
Simon Wong New York City, NY United States	EVP, Sabio Mobile, Inc. Director, Advertising Operations VP, Strategy SVP, Strategy	2016-Present	EVP	433,742 0.99%
Kendra Low Vancouver, BC Canada	Corporate Secretary, Sabio Mobile, Inc. Corporate Secretary, Wishpond Technologies Ltd. Corporate Secretary, Four Arrows Capital Corp. Founder, Vancouver Corporate Solutions Inc.	2021 – Present	Corporate Secretary	-
Paula Madison ⁽³⁾⁽⁴⁾ Los Angeles, CA United States	CEO, Madison Media Management, LLC CEO, Madison Media Works Inc.	N/A	Director	-
Carl Farrell ⁽³⁾⁽⁴⁾ Toronto, ON Canada	Director of Basware Group President and Director of Altus Group Chief Revenue Officer and Director of SAS	N/A	Director	415,128 0.95%
Muizz Kheraj ⁽³⁾⁽⁴⁾ Los Angeles, CA United States	Managing Director, Investment Banking, FocalPoint Partners, LLC	N/A	Director	207,563 0.48%

Notes:

- (1) Assuming that there are 43,664,163 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis.
- (2) Resulting Issuer Shares include the Resulting Issuer Common Shares and the Resulting Issuer Restricted Voting Shares. Holders of Sabio Common Shares resident in the United States may elect to receive Resulting Issuer Restricted Voting Shares in exchange for the Sabio Common Shares. For details about the Resulting Issuer Restricted Voting Shares, see “Part III – Information Concerning The Resulting Issuer – Description of the Securities – Resulting Issuer Restricted Voting Shares”. Certain directors and officers may also hold warrants and options of the Resulting Issuer upon Completion of the Qualifying Transaction. See “Part III – Information Concerning the Resulting Issuer – Escrowed Securities”.
- (3) Proposed member of the Audit and Risk Committee.
- (4) Proposed member of the Nomination, Compensation and Governance Committee.

As a group, the directors and officers of the Resulting Issuer will hold approximately 28,615,388 Common Shares, representing 65.53% of all issued and outstanding Common Shares.

The following is a brief description of each of the proposed members of management for the Resulting Issuer (including details with regard to their principal occupations for the last five years):

Aziz Rahimtoola (Age 49) – Proposed Chief Executive Officer and Director – Aziz Rahimtoola is the CEO and Founding Team Member of Sabio and its subsidiary AppScience, Inc., with more than 24 years of experience in the TV and mobile advertising tech industry. He has held leadership roles with multiple media and telecommunications companies, such as NBC Universal and AT&T Adworks. Prior to Sabio, Aziz was the SVP at Opera Mediaworks where he helped foster revenue and product innovation. As CEO, Aziz is responsible for keeping the company and its employees focused on short and long-term growth objectives. On the rare days when Aziz is not traveling, he can be found in Los Angeles with his wife and daughter.

Paula Madison (Age 69) – Proposed Director – Paula Williams Madison is Chairman and CEO of Madison Media Management LLC and Madison Media Works Inc. In 2011, Madison retired from NBC Universal (NBCU), a media and entertainment company after a successful 22 years, where she held a number of leadership roles, including Executive Vice President for Diversity as well as a Vice President of the General Electric Company (GE), then the parent company of NBCU. She is also the author and executive producer, respectively, of the book and documentary FINDING SAMUEL LOWE, which tells the story of her successful search to locate her Chinese grandfather's descendants in China. Madison also is a board member of her family's investment company, Williams Group Holdings LLC, the majority owner of The Africa Channel. She and her husband Roosevelt Madison live in Los Angeles. Paula will be devoting 10% of her time towards her duties to the Resulting Issuer.

Carl Farrell (Age 60) – Proposed Director – Carl Farrell is an experienced board member and advisor with over 30 years of global management expertise guiding large and small organizations through growth and transformation. Most recently, before retirement from full time roles, Carl was the Group President of commercial real-estate leader Altus Group where he also served as an independent director on the company's board of directors. Prior to that, Carl was the Chief Revenue Officer and member of the board of directors of global analytics leader SAS Institute. Before his 15 year tenure at SAS, Carl held senior management positions at Vignette Corporation, J.D Edwards, Idiom Technologies and JBA. Currently, Carl is a member of the board of directors of enterprise software company Basware Corporation and acts as a strategic advisor to other technology companies in Europe and North America. Originally from England, Carl resides in Toronto, Canada. Carl will be devoting 10% of his time towards his duties to the Resulting Issuer.

Muizz Kheraj (Age 50) – Proposed Director – Muizz Kheraj has more than two decades of experience in technology, both as a software engineer and as an experienced advisor, supporting the capital market needs of middle-market entrepreneurs. Mr. Kheraj built the TMT practice at McGladrey Capital Markets, LLC. He has held leadership roles at various technology and digital media start-ups and currently holds active board advisory roles within numerous bleeding-edge technology firms. He has led, managed and closed an aggregate of more than US\$1 billion in transactions in the technology sector. Mr. Kheraj holds a Master of Business Administration from the University of Southern California's Marshall School of Business, a Master of Science in electrical engineering from California State University, Los Angeles, and a Bachelor of Science in aerospace engineering from the University of California, Los Angeles. Muizz will be devoting 10% of his time towards his duties to the Resulting Issuer.

Joe Camacho (Age 55) – Proposed Chief Marketing Officer – Joe is Sabio’s Chief Marketing Officer and Team Member of Sabio. Joe is responsible for all marketing efforts as well as Hispanic and Political growth opportunities at Sabio. He is a seasoned marketing executive with production and sales experiences that range from network broadcast television to mobile. Prior to joining Sabio, Joe was CMO of Latin American Multimedia Corp., and he holds an MBA from San Diego State University. Joe currently resides in Los Angeles where he invests much of his free time hiking and exploring the Gold Coast’s local beaches and mountains with his wife and two children.

Sajid Premji (Age 39) – Proposed Chief Financial Officer – Sajid Premji is the Chief Financial Officer of Sabio and its subsidiary AppScience, Inc. Sajid has 15 years of experience in accounting, finance and capital markets in both Canada and the United States. Sajid is a Certified Public Accountant (CPA) and a Chartered Professional Accountant (CPA, CA). Before joining Sabio, he spent several years in the public companies audit and assurance practice at a national public accounting firm in Canada, and in the Internal Audit group at a large, multi-national financial institution (TD Bank Financial Group). Most recently, he held a senior-level position in the financial crimes compliance function at TD Securities (USA) LLC, a New York City-based investment bank and registered broker/dealer. Originally from Toronto, Canada, Sajid resides in New York City.

Jason Tong (Age 46) – Proposed SVP of Engineering – Jason Tong is Sabio’s SVP of Engineering and is responsible for leading the engineering teams in California and India. He has been instrumental in Sabio’s growth and building its proprietary DSP, SSP and App Science Platforms. Jason has over ten years of experience in mobile marketing and overall ad tech with extensive knowledge of ad serving, action tracking and reporting. His specialties include LAMP, RTB, Ad network, performance marketing and programmatic marketing. Jason attended CSU Hayward and enjoys playing badminton.

Helen Lum (Age 35) – Proposed EVP of AppScience, Inc. – As one of the first employees who joined Sabio in 2015, Helen rose through the ranks from Associate Director to SVP of Operations, before becoming the Executive Vice President of AppScience, Inc., a subsidiary of Sabio. Helen has been an integral part of the company’s growth. She had a major role in facilitating the expansion of the company’s proprietary technology capabilities by executing its cutting-edge CTV advertising platform and launching the media agnostic SaaS platform, App Science. As the EVP of AppScience, Inc., Helen oversees all business and growth strategies. Before joining Sabio, Helen assisted in spearheading the first mobile retargeting campaign in the industry and led campaign management teams at companies such as Opera Mediaworks (AdColony) and Conversant.

Simon Wong (Age 38) – Proposed EVP – Simon is Sabio’s Executive Vice President and is responsible for leading product innovation, partnerships, inventory, marketing and, overall, the company’s growth efforts globally. With nearly ten years of digital advertising experience, Simon has become a jack-of-all-trades specialist at Sabio. His past roles have ranged from advertising operations and ad support to sales and business development. Simon joined Sabio in 2016, where he was the Director, Advertising Operations. Over the past five years at Sabio, Simon has been instrumental in Sabio’s product strategy, which helped transition Sabio from offering only mobile advertising to now offering CTV/OTT Advertising. Simon’s ability to lead the team and develop his vision for the product has allowed him to rise through the ranks to EVP.

Kendra Low (Age 42) – Proposed Corporate Secretary – Kendra has over 15 years of experience working in corporate and sustainability governance. An experienced corporate secretary, corporate and sustainability governance professional and business strategist, she has advised boards and managed the governance function for publicly-traded, go-public, private and not-for-profit organizations through different phases of organizational growth, including start-up, financing and development. Most recently, Kendra co-founded Vancouver Corporate Solutions Inc., which provides corporate secretarial and governance services to primarily public and go-public organizations. She was a director of Libby K Industries Inc., a capital pool company (CPC) that completed its qualifying transaction with Plurilock Security Inc. (TSXV:PLUR) in 2020. She is also the Corporate Secretary of Wishpond Technologies Ltd. (TSXV:WISH) and Four Arrows Capital Corp, a CPC (TSXV: AROW.P). Kendra holds an MBA and Bachelor of Kinesiology from the University of British Columbia in Vancouver, Canada.

Committees of the Board

Following the Completion of the Qualifying Transaction, the Board intends to establish an Audit and Risk Committee and a Nomination, Compensation and Governance Committee.

Audit and Risk Committee

The Audit and Risk Committee of the Resulting Issuer is expected to be composed of the following members:

Member	Independent / Not Independent⁽¹⁾	Financially Literate / not Financially Literate ⁽²⁾
Carl Farrell ⁽³⁾	Independent	Financially Literate
Paula Madison	Independent	Financially Literate
Muizz Kheraj	Independent	Financially Literate

Notes:

- (1) A member of the audit committee is independent if the member meets the meaning of that term as defined in Section 1.4 of National Instrument 52-110 Audit Committees (“**NI 52-110**”).
- (2) As defined by NI 52-110.
- (3) Chair of the Audit and Risk Committee.

In accordance with section 6.1.1(3) of NI 52-110 relating to the composition of the audit committee for venture issuers, a majority of the members of the Audit and Risk Committee are not executive officers, employees or control persons of the company.

All members of the Audit and Risk Committee are “financially literate” within the meaning of NI 52-110. Each of the Audit and Risk Committee members has an understanding of the accounting principles used to prepare financial statements and has varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

For additional details regarding the relevant education and experience of each member of the Audit and Risk Committee, see the relevant biographical experiences for each member of the Audit and Risk Committee under “*Directors, Officers and Promoters*”.

The Board will adopt a written charter for the Audit and Risk Committee that sets out the Audit and Risk Committee's responsibility in reviewing the financial statements of the Resulting Issuer and public disclosure documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the review of the Resulting Issuer's public disclosure documents that contain financial information, overseeing the work and reviewing the independence of the external auditors and reviewing, evaluating and approving systems of financial risk management and the internal control procedures that are implemented and maintained by management, overseeing risk profile and risk policy and supporting risk management systems.

Nomination, Compensation and Governance Committee

The Nomination, Compensation and Governance Committee of the Resulting Issuer is expected to be comprised of Muizz Kheraj, Carl Farrell and Paula Madison. The Nomination, Compensation and Governance Committee will consist of individuals who satisfy the independence requirements of the TSXV and who are experienced executives familiar with governance matters and compensation and incentive plans that appropriately align management with shareholder interests. Members of the committee also have decades of corporate, financial and public company leadership and governance experience, as well as day-to-day insight into the operations of Sabio.

Member	Independent / Not Independent
Muizz Kheraj ⁽¹⁾	Independent
Carl Farrell	Independent
Paula Madison	Independent

Note:

(1) Chair of the Nomination, Compensation and Governance Committee.

The Board will adopt a written charter for the Nomination, Compensation and Governance Committee that sets out the responsibilities in relation to the committee's governance, nomination and compensation functions. Its nomination and compensation functions will include: identifying, recruiting, endorsing and recommending the appointment of, and orienting new directors, reviewing and approving goals and objectives relevant to the CEO's compensation, reviewing and approving goals and objectives relevant to the senior management team compensation, reviewing and approving director compensation, reviewing and approving broad based incentive compensation plans, including stock based plans, and providing counsel to the CEO regarding personnel issues, management structure and succession planning.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Resulting Issuer, and takes into account the role of individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Resulting Issuer. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Nomination, Compensation and Governance Committee's governance duties will include discussing and coordinating with outside legal counsel regarding issues that may require Board oversight, coordinating overall Board activities, providing recommendations to the Board for structural changes to ensure the Resulting Issuer is in compliance with its legal and fiduciary duties, ensuring that the mission and strategic direction of

the Resulting Issuer is reviewed annually, ensuring that the Board and its committees carry out their respective functions in accordance with due process, and assessing the effectiveness of the Board as a whole and the effectiveness of each committee of the Board.

Work Commitment to the Resulting Issuer

Except Kendra Low, Paula Madison, Carl Farrell and Muizz Kheraj, all proposed directors and executive officers of the Resulting Issuer will work on a full-time basis for the Resulting Issuer. Each executive officer of the Resulting Issuer will enter into non-competition and non-disclosure agreements with the Resulting Issuer. The directors will devote their time and expertise as required by the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

Within the ten years before the date of this Filing Statement, no proposed director, officer or Promoter is or has been a director, officer or Promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

The foregoing information, not being within the knowledge of Sabio, has been furnished by the proposed directors.

Penalties or Sanctions

To the knowledge of Sabio, no proposed director, officer or Promoter of the Resulting Issuer has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Qualifying Transaction.

Personal Bankruptcies

To the knowledge of Sabio, no director, officer or Promoter of the Resulting Issuer, or a personal holding company of any of them, has, within the ten years prior to the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or

been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the closing of the Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers. To the knowledge of the directors and officers of Spirit and Sabio, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers upon closing of the Transaction, as of the date of this Filing Statement.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From		To	
				MM	YY	MM	YY
Kendra Low ⁽¹⁾	Libby K Industries Inc. (now Plurilock Security Inc.) Canada	TSX Venture Exchange	Corporate Secretary	07	2018	12	2018
	Libby K Industries Inc. (now Plurilock Security Inc.) Canada	TSX Venture Exchange	Director	12	2018	09	2020
	Wishpond Technologies Ltd. Canada	TSX Venture Exchange	Corporate Secretary	12	2020	current	
	Four Arrows Capital Corp. Canada	TSX Venture Exchange	Corporate Secretary	09	2020	current	
	Monarch West Ventures Inc. Canada	TSX Venture Exchange	Corporate Secretary	01	2021	current	
Paula Madison	National CineMedia	NASDAQ	Director	02	2015	07	2018
Carl Farrell	Basware Oyj Finland	NASDAQ Helsinki	Director	03	2021	current	
	Altus Group Canada	Toronto Stock Exchange	Director	03	2014	01	2020
			Group President	02	2018	01	2020

Note:

- (1) Kendra Low will also act as corporate secretary for Planting Hope Company Inc., an issuer that has filed its preliminary prospectus.

Executive Compensation

The Resulting Issuer's compensation payable to the Named Executive Officers will be based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of the Resulting Issuer.

In particular, the CEO's compensation will be determined by time spent on: (i) the Resulting Issuer's day to day operations; (ii) developing the Resulting Issuer's products and working to bring them to market; (iii) reviewing potential transactions and negotiating them on behalf of the Resulting Issuer; and (iv) new business ventures.

The CFO's compensation will be primarily determined by time spent in reviewing the Resulting Issuer's financial affairs, including, but not limited to, the Resulting Issuer's day-to-day accounting, budgets and financial reporting.

Compensation Discussion and Analysis

Disclosure of the executive compensation practices for Sabio is set forth in "*Part II – Information Concerning Sabio*". It is anticipated that the Resulting Issuer will continue the executive compensation practices of Sabio upon Completion of the Qualifying Transaction.

It is anticipated that from time to time Resulting Issuer Options will be granted under the Resulting Issuer Option Plan to: provide an incentive to the participants; to achieve the longer-term objectives of the Resulting Issuer; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Resulting Issuer; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Resulting Issuer.

Director Compensation

Upon Completion of the Qualifying Transaction the directors of the Resulting Issuer will determine how much, if any, compensation will be paid to directors for services rendered to the Resulting Issuer by them in that capacity. Such incentives may be in the form of an annual director's fee and/or in the form of incentive Resulting Issuer Options granted pursuant to the Resulting Issuer Option Plan.

Executive Compensation

The following table sets forth a summary of all compensation anticipated to be earned by the Resulting Issuer's Named Executive Officers in 2021.

Named Executive Officer Name and Principal Position	Salary (US\$)	Share Based Awards	Option Based Awards	Non-Equity Incentive Plan Compensation		Pension Value (US\$)	All other Compensation Plans (US\$)	Total Compensation (US\$)
				Annual Incentive Plans (US\$)	Long-Term Incentive Plans			
Aziz Rahimtoola Chief Executive Officer	See Note (1)	Nil	Nil	Nil	Nil	Nil	Nil	See Note (1)
Sajid Premji Chief Financial Officer	133,333	Nil	140,000	Nil	Nil	Nil	Nil	200,000
Helen Lum EVP, AppScience, Inc.	200,000 ⁽²⁾	Nil	84,000	Nil	Nil	Nil	Nil	202,500
Simon Wong EVP	200,000	Nil	96,000	Nil	Nil	Nil	Nil	200,000
Joseph Camacho Chief Marketing Officer	225,000	Nil	200,000	Nil	Nil	Nil	Nil	225,000

Notes:

- (1) Upon completion of the Transaction, it is anticipated that Aziz Rahimtoola will commence receiving a salary of US\$300,000 per year, which will be pro rated for 2021.
- (2) Helen Lum's salary has been revised to US\$215,000 per year, effective as of November 1, 2021.

Indebtedness of Directors and Officers

As at October 31, 2021, the following aggregate indebtedness was outstanding to Sabio by the executive officers, directors, employees and former executive officers, directors and employees of Sabio or any of its subsidiaries.

Aggregate Indebtedness (US\$)		
Purpose	To Sabio or its Subsidiaries	To Another Entity
Share Purchases	Nil	Nil
Other	799,418	Nil

Other than as disclosed herein, no other director, officer, Promoter, member of management, nominee for election as a director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to Spirit or Sabio or is expected to be indebted to the Resulting Issuer following the Completion of the Qualifying Transaction.

Investor Relations Arrangements

The Resulting Issuer has not entered into any promotional or investor relations arrangements.

Options

On October 6, 2021, the Resulting Issuer Stock Option Plan and the Resulting Issuer Legacy Stock Option Plan were approved at the Spirit Meeting and will be the stock option plans of the Resulting Issuer upon Completion of the Qualifying Transaction.

Upon the Completion of the Qualifying Transaction it is anticipated that an aggregate of 3,097,935 Resulting Issuer Options will be outstanding, as follows:

Optionee	Number of Resulting Issuer Options	Exercise Price	Expiry Date
Past executive officers and past directors of the Resulting Issuer	73,008	C\$1.59	As per the Resulting Issuer Stock Option Plan
Executive officers of the Resulting Issuer	786,414	US\$0.17	As per the Resulting Issuer Legacy Stock Option Plan
Directors of the Resulting Issuer	Nil	N/A	N/A
Employees of the Resulting Issuer	1,817,875	Between US\$0.09 to US\$0.17	As per the Resulting Issuer Legacy Stock Option Plan
Past Employees of Sabio	420,638	Between US\$0.09 to US\$0.17	As per the Resulting Issuer Legacy Stock Option Plan
Total:	3,097,935		

Stock Option Plans

The service providers (which include directors, officers, key employees and consultants) of the Resulting Issuer, or its affiliates, are eligible to receive Resulting Issuer Options to purchase Common Shares under the Resulting Issuer Stock Option Plan. The Resulting Issuer Stock Option Plan includes a sub-plan (the “**U.S. Sub-Plan**”) only applicable to service providers who are either U.S. residents or U.S. taxpayers (each such service provider who is granted an option under the Resulting Issuer Stock Option Plan and the U.S. Sub-Plan, a “**U.S. Participant**”), and specific terms and conditions applicable to California participants, all as more particularly set out in the Resulting Issuer Stock Option Plan. Under the U.S. Sub-Plan, stock options may be granted only to service providers who are employees of the Resulting Issuer or a subsidiary in accordance with the Code. Non-statutory stock options may be granted to any service provider, provided that service providers who are U.S. Participants and render services as U.S. consultants or independent contractors (as classified under applicable U.S. law) are required to be natural persons and otherwise meet the requirements of Rule 701 of the U.S. Securities Act.

The purpose of the Resulting Issuer Stock Option Plan is provide for and encourage ownership of Common Shares by the service providers and assist the Resulting Issuer in attracting and maintaining the services of senior executives and other employees by allowing the Resulting Issuer to grant share incentive compensation that is competitive with other companies in the industry.

The exercise price of a Resulting Issuer Option will be set by the Board at the time such option is allocated, and cannot be less than the Discounted Market Price (as defined by Policy 1.1 of the TSX Venture Exchange Policies). The exercise price of each Resulting Issuer Option granted to a

U.S. Participant will be not less than 100% of the fair market value of the Common Shares on the date the Resulting Issuer Option is granted, subject to certain restrictions. The vesting of Resulting Issuer Options shall be at the discretion of the Board and in the absence of a vesting schedule, all such Resulting Issuer Options shall vest immediately subject to certain exception provided under the Resulting Issuer Stock Option Plan. Options can be exercisable for a maximum of 10 years from the grant date with an automatic extension provision if the expiry date falls within a blackout period or nine (9) business days thereafter, as more particularly described in the Resulting Issuer Stock Option Plan. Further, the Resulting Issuer Options may be exercised upon the optionee ceasing to be an employee, director or service provider, as applicable, except in certain circumstances as described in the plan.

The Resulting Issuer shall also adopt the Resulting Issuer Legacy Stock Option Plan. The Resulting Issuer Legacy Stock Option Plan is designed to allow the Resulting Issuer to assume the stock options outstanding under the Sabio Option Plan (the “**Original Sabio Options**”) immediately prior to completion of the Transaction on terms similar, in certain material respects, to the current terms of such stock options, and to allow such stock options to continue to be characterized as incentive stock options under applicable U.S. laws. The Resulting Issuer Legacy Stock Option Plan is substantially similar to the Resulting Issuer Stock Option Plan in all material respects other than provisions related to: (a) the exercise price, expiry date and vesting schedule, which under the Resulting Issuer Stock Option Plan shall be the exercise price, expiry date and vesting schedule of the respective Original Sabio Option, where the exercise price shall be further adjusted to account for consolidations and currency exchange rates and shall be less than the Discounted Market Price; and (b) termination, which include certain additional termination provisions dependent on interruption or cessation of services for cause or as a result of death or disability, as more particularly described in the Resulting Issuer Legacy Stock Option Plan.

The aggregate number of Common Shares issuable upon the exercise of all options granted under the Resulting Issuer Stock Option Plan and Common Shares reserved for issuance under the Resulting Issuer Legacy Stock Option Plan and any other share compensation arrangement of the Resulting Issuer may not exceed in aggregate 10% of the outstanding Common Shares at the time of any option grant.

Escrowed Securities

There are three types of escrow to which certain securities of the Resulting Issuer will be subject: (i) CPC Escrow Shares; (ii) Principal Escrow Shares; and (iii) the Seed Share Resale Restrictions (SSRRs). The CPC Escrow Shares are subject to an escrow that continues as part of the initial public offering of Spirit, while the Principal Escrow Shares and shares subject to the Seed Share Resale Restrictions (SSRRs) are subject to an escrow as a result of the Qualifying Transaction. The Resulting Issuer Shares subject to escrow may not be transferred without the approval of the TSXV for release or transfer other than in specified circumstances set out in the applicable escrow agreements.

CPC Escrow Shares

As of the date of the Filing Statement there are 6,600,000 CPC Escrow Shares subject to the Amended CPC Escrow Agreement.

The following table sets out, as of the date hereof and to the knowledge of Spirit and Sabio, the name and municipality of residence of the security holders whose Resulting Issuer Shares will continue to be subject to the Amended CPC Escrow Agreement (on a non-diluted basis):

Name and Municipality	Designation of class	Prior to giving effect to the Qualifying Transaction		After giving effect to the Qualifying Transaction	
		Number of securities held in escrow	Percentage of class ⁽¹⁾	Number of securities held in escrow	Percentage of class ⁽²⁾
Tevis Michaud ⁽³⁾⁽⁴⁾ Vancouver, British Columbia	Common Shares	200,000	1.72%	12,570	0.03%
Zahir Zip Dhanani ⁽³⁾ West Vancouver, British Columbia	Common Shares	300,000	2.58%	18,856	0.04%
Maleksultan Dhanani ⁽³⁾ West Vancouver, British Columbia	Common Shares	400,000	3.44%	25,141	0.06%
Ian S. MacPherson ⁽³⁾⁽⁴⁾ Vancouver, British Columbia	Common Shares	100,000	0.86%	6,285	0.01%
Palos Management Inc. ⁽³⁾⁽⁵⁾ Montreal, Quebec	Common Shares	100,000	0.86%	6,285	0.01%
Evolvare Inc. ⁽³⁾⁽⁶⁾ Toronto, Ontario	Common Shares	400,000	3.44%	25,141	0.06%
Matthew Gaden Western Wood ⁽³⁾⁽⁷⁾⁽⁸⁾ Ulaanbaatar, Mongolia	Common Shares	1,200,000	10.33%	75,424	0.17%
Bataa Tumur-Ochir ⁽³⁾⁽⁷⁾ Ulaanbaatar, Mongolia	Common Shares	400,000	3.44%	25,141	0.06%
Aneel Waraich ⁽³⁾ Toronto, Ontario	Common Shares	600,000	5.17%	37,712	0.08%
James McVicar ⁽³⁾ Toronto, Ontario	Common Shares	100,000	0.86%	6,285	0.01%
Jon Wojnicki ⁽³⁾ Toronto, Ontario	Common Shares	300,000	2.58%	18,856	0.04%
Brodie Dunlop ⁽³⁾⁽⁴⁾ Vancouver, British Columbia	Common Shares	100,000	0.86%	6,285	0.01%
Patrick Michaels ⁽³⁾ Zurich, Switzerland	Common Shares	200,000	1.72%	12,570	0.03%
Jodi Cassidy ⁽³⁾ Toronto, Ontario	Common Shares	200,000	1.72%	12,570	0.03%
582225 Alberta Ltd. ⁽³⁾⁽⁹⁾ Calgary, Alberta	Common Shares	500,000	4.30%	31,426	0.07%
Maxit Capital LP ⁽³⁾⁽¹⁰⁾ Toronto, Ontario	Common Shares	500,000	4.30%	31,426	0.07%
Carerra Capital Management Inc. ⁽³⁾⁽¹¹⁾ Toronto, Ontario	Common Shares	200,000	1.72%	12,570	0.03%
Tsagaagchin Bayan Nuur LLC ⁽³⁾⁽¹²⁾ Ulaanbaatar, Mongolia	Common Shares	400,000	3.44%	25,141	0.06%
Yesun Khult LLC ⁽³⁾⁽¹³⁾ Ulaanbaatar, Mongolia	Common Shares	400,000	3.44%	25,141	0.06%

Notes:

- (1) Based on 11,615,000 Common Shares (on a pre-Spirit Consolidation basis) issued and outstanding prior to the Transaction.
- (2) Assuming that there are 43,664,163 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis. All amounts are provided on a post-consolidation basis.
- (3) Held in trust by TSX Trust Company.
- (4) Members of the Pro Group.
- (5) Charles Marleau has beneficial ownership and control over the Common Shares.
- (6) Evolvere Inc. is a company controlled by a director of the Corporation, Ali Haji.
- (7) Bataa Tumor-Ochir and Matthew Gaden Western Wood are directors of Spirit.
- (8) Matthew Gaden Western Wood is the CEO, CFO and Corporate Secretary of Spirit.
- (9) 582225 Alberta Ltd. is a company controlled by Hugh Hamill.
- (10) Maxit Capital LP is a company controlled by Bob Sangha.
- (11) Carrerra Capital Management Inc is a company controlled by Jeffrey Zicherman.
- (12) Tsagaagchin Bayan Nuur LLC is a company controlled by Nansal-Orlom Tunerev.
- (13) Yesun Khult LLC is a company controlled by Lkhagvajav Baasanjav.

Terms of the Escrow for the CPC Escrow Shares

Where the CPC Escrow Shares are held by a non-individual (a “**holding company**”), each holding company pursuant to the escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement that would result in a change of control of the holding company, without the consent of the TSXV. Any holding company must sign an undertaking to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the TSXV may require an undertaking from any control person of the holding company not to transfer the shares of that company.

On December 1, 2020, the TSXV announced changes to its Capital Pool Company program (the “**New CPC Program**”), including changes to the escrow restrictions imposed on certain CPC shareholders. In accordance with the New CPC Program, at its special meeting of shareholders held on June 18, 2021, Spirit received disinterested shareholder approval to amend the terms of its CPC Escrow Agreement to provide that the escrow release schedule be amended to reflect an 18 month escrow period, with 25% of the escrowed securities being released on the date of the Final Exchange Bulletin and 25% of the escrowed securities being released on each of the dates six, 12 and 18 months following that date. Prior to such changes, the CPC Escrow Shares were subject to the release schedule set out in “Schedule B(1) – CPC Escrow Securities” of Exchange Form 2F published by the TSXV as at June 14, 2010, which provided that 10% of the CPC Escrow Shares would be released from escrow on the issuance of the Final Exchange Bulletin and an additional 15% would be released on the dates six, twelve, eighteen, twenty-four, thirty and thirty-six months following the issuance of the Final Exchange Bulletin.

On November 9, 2021, Spirit, TSX Trust Company, as Escrow Agent, and certain Spirit Shareholders entered into the Amended CPC Escrow Agreement reflecting the 18 month escrow period.

In addition, all options granted prior to the date of issuance of the Final Exchange Bulletin and all Common Shares that were issued upon exercise of such options prior to such date will be released from escrow on such date, other than options that: (a) were granted prior to the date of the IPO with an exercise price that is less than the issue price of the Common Shares issued in the IPO; and (b) any Common Shares that were issued pursuant to the exercise of such options, which will be released from escrow in accordance with the schedule set out in the Amended CPC Escrow Agreement.

The CPC Escrow Shares may not be transferred without the approval of the TSXV for release or transfer other than in specified circumstances set out in the applicable escrow agreement.

Principal Escrow Shares

The following table summarizes the securities of the Resulting Issuer to be held by directors and officers of the Resulting Issuer and are expected to be subject to escrow following the Completion of the Qualifying Transaction to the knowledge of Sabio and Spirit as of the date of this Filing Statement in accordance with Section 1.3 of Exchange Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*:

Name and Municipality	Designation of class	Prior to giving effect to the Qualifying Transaction		After giving effect to the Qualifying Transaction ⁽¹⁾	
		Number of securities held in escrow	Percentage of class	Number of shares held in escrow	Percentage of class
Aziz Rahimtoola	Resulting Issuer Shares	Nil	N/A	23,775,332	54.45%
Carl Farrell ⁽²⁾	Resulting Issuer Shares	Nil	N/A	415,128	0.95%
Paula Madison	Resulting Issuer Shares	Nil	N/A	Nil	N/A
Muizz Kheraj ⁽³⁾	Resulting Issuer Shares	Nil	N/A	207,563	0.48%
Sajid Premji ⁽⁴⁾	Resulting Issuer Shares	Nil	N/A	237,753	0.54%
Joe Camacho	Resulting Issuer Shares	Nil	N/A	2,560,420	5.86%
Jason Tong ⁽⁵⁾	Resulting Issuer Shares	Nil	N/A	515,129	1.18%
Helen Lum ⁽⁶⁾	Resulting Issuer Shares	Nil	N/A	470,321	1.08%
Simon Wong ⁽⁷⁾	Resulting Issuer Shares	Nil	N/A	433,742	0.99%
Kendra Low	Resulting Issuer Shares	Nil	N/A	Nil	N/A

Notes:

- (1) Assuming that there are 43,664,163 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis. All amounts are provided on a post-consolidation basis.
- (2) On Completion of the Qualifying Transaction, Carl Farrell will also hold 24,677 warrants that will be subject to escrow as a principal of the Resulting Issuer. Each warrant has an exercise price of C\$1.75 and expires 24 months after the closing date.
- (3) On Completion of the Qualifying Transaction, Muizz Kheraj will also hold 12,338 warrants that will be subject to escrow as a principal of the Resulting Issuer. Each warrant has an exercise price of C\$1.75 and expires 24 months after the closing date.
- (4) On Completion of the Qualifying Transaction, Sajid Premji will also hold 274,330 options that will be subject to escrow as a principal of the Resulting Issuer. Each option has an exercise price of US\$0.17 and expires January 1, 2031.
- (5) On Completion of the Qualifying Transaction, Jason Tong will also hold 70,107 options that will be subject to escrow as a principal of the Resulting Issuer. Each option has an exercise price of US\$0.17, with 9,144 expiring March 13, 2030 and 60,963 expiring January 1, 2031.
- (6) On Completion of the Qualifying Transaction, Helen Lum will also hold 202,700 options that will be subject to escrow as a principal of the Resulting Issuer. Each option has an exercise price of US\$0.17, with 7,622 expiring March 13, 2030 and 195,078 expiring January 1, 2031.
- (7) On Completion of the Qualifying Transaction, Simon Wong will also hold 239,277 options that will be subject to escrow as a principal of the Resulting Issuer. Each option has an exercise price of US\$0.17, with 7,622 expiring March 13, 2030 and 231,655 expiring January 1, 2031.

Following Completion of the Qualifying Transaction, securities summarized in the above table held by directors and officers of the Resulting Issuer will be escrowed in accordance with TSXV policies and applicable securities laws as follows:

Percentage of Shares Released from Escrow	Shares Release Date
10%	Date of Final Exchange Bulletin
15%	6 months from Final Exchange Bulletin
15%	12 months from Final Exchange Bulletin
15%	18 months from Final Exchange Bulletin
15%	24 months from Final Exchange Bulletin
15%	30 months from Final Exchange Bulletin
15%	36 months from Final Exchange Bulletin

Seed Share Resale Restrictions

In accordance with Exchange Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*, certain non-principal shareholders of Sabio Common Shares, upon conversion into Resulting Issuer Shares, will be subject to the SSRRs. The SSRRs are Exchange hold periods of various lengths that apply where seed shares are issued to non-principals by private companies in connection with a Qualifying Transaction. The terms of the SSRRs are based on the length of time such Sabio Common Shares have been held and the price at which such shares were originally issued.

To the knowledge of Sabio and Spirit as of the date of this Filing Statement, the following table summarizes the aggregate number of Resulting Issuer Shares anticipated to be subject to the SSRRs on Completion of the Qualifying Transaction.

Designation of Class	Aggregate Number and Percentage of Resulting Issuer Shares Subject to SSRRs ⁽¹⁾	Expiry Date
Resulting Issuer Shares	958,636 2.20%	One year escrow, with 20% released every three months, with the first release occurring on the date of the Final Exchange Bulletin
Resulting Issuer Shares	4,846,510 11.10%	Release of 10% on the date of the Final Exchange Bulletin, and an additional 15% on the dates that are six, twelve, eighteen, twenty-four, thirty and thirty-six months thereafter

Note:

- (1) Assuming that there are 43,664,163 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction, on a non-diluted basis. All amounts are provided on a post-consolidation basis.

Such Resulting Issuer Shares will either be issued with a restrictive legend such that the securities held in escrow will be released from the applicable SSRR, or subject to a pooling agreement with the Resulting Issuer's transfer agent whereby the transfer agent will hold the certificates representing such Resulting Issuer Shares until the SSRRs have expired.

Lock-up Agreements

Pursuant to the terms of the Subscription Receipt Agency Agreement, each of the directors and officers of Sabio and certain Sabio Shareholders have entered into the Lock-up Agreements, pursuant to which each has agreed to certain restrictions on their rights to transfer their securities of the Resulting Issuer for a period of 150 days after the date of release of Escrowed Funds by the Subscription Receipt Escrow Agent.

PART IV – RISK FACTORS

Where used in this “*Risk Factors*” section, “Sabio” refers to either Sabio or the Resulting Issuer, as the context may require. The current business of Sabio and its subsidiaries will be the business of the Resulting Issuer upon Completion of the Qualifying Transaction. Accordingly, risk factors relating to Sabio’s current business will be risk factors relating to the Resulting Issuer’s business and references to Sabio in these risk factors should, where the context requires, be read to include the risks of the Resulting Issuer. Due to the nature of Sabio’s business, the legal and economic climate in which it operates and its present stage of development, Sabio is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Resulting Issuer and Sabio may face. Sabio’s future development and operating results may be very different from those expected as at the date of this Filing Statement. Additional risks and uncertainties not presently known to Sabio or that Sabio currently considers immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Resulting Issuer Shares to decline. If any of the following or other risks occur, the Resulting Issuer’s business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Resulting Issuer Shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Readers should carefully consider all such risks and other information elsewhere in this Filing Statement before making an investment in Sabio or the Resulting Issuer and should not rely upon forward-looking statements as a prediction of future results. Risk factors relating to Sabio include, but are not limited to, the factors set out below.

Business Risks

Retention and Acquisition of Skilled Personnel

Many of Sabio’s senior personnel have been with the company for a number of years, and there is no assurance that Sabio will be able to retain them. The loss of any member of Sabio’s management team could significantly disrupt its ongoing operations and new senior personnel would be required to spend a significant amount of time learning the business and systems in addition to performing their regular duties. Sabio is a technology-driven company and it is imperative that it has highly skilled computer scientists, data scientists, engineers and engineering management to innovate and deliver its complex solutions. Appropriately qualified personnel can be difficult to recruit and retain. The inability to hire or the increased costs of hiring new personnel, including members of executive management and specialized technical personnel, could have a material adverse effect on Sabio’s business and operating results.

The expansion of marketing and sales of its products will require Sabio to find, hire and retain additional capable senior employees who can understand, explain, market and sell its products and services. There is intense competition for capable personnel in all of these areas and Sabio may not be successful in attracting, training, integrating, motivating or retaining new personnel, vendors or subcontractors for these required functions. New employees often require significant training, and in many cases take a significant amount of time before they achieve full productivity. As a result, Sabio may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes

the benefit of its investment in recruiting and training them. In addition, as Sabio moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Managing Growth

Sabio is expecting high growth over the next twenty-four months as it accelerates its sales and marketing efforts, including opening new offices and hiring additional sales staff to take advantage of market opportunity. As a result, there will be additional demands on Sabio's financial, technical, operational and management resources. In order to manage growth and changes in strategy effectively, Sabio must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Sabio expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If Sabio incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Adding New Customers and Retaining Existing Customers

Sabio has long term relationships with several key clients and partners and relies on these customers and partners to derive material revenues. If existing and prospective clients do not perceive Sabio's services to be of sufficiently high value and quality, Sabio may not be able to retain current clients or attract new clients. Sabio's clients have no obligation to renew their contracts after the expiration of their initial commitment, and these agreements may not be renewed at the same or higher level of service, if at all. Accordingly, there can be no assurances that these customers will continue to purchase products/services from Sabio. The nature of the media business is that Sabio must compete for the business of customers on a project-by-project basis. There could be material adverse effects on the financial results or businesses of Sabio if a material customer ceases to do business with Sabio. Moreover, Sabio's business plan depends on its ability to attract new customers. The markets in which Sabio operates are highly competitive with competitors having entrenched relationships with many of their target customers. There can be no assurance that Sabio will be able to attract new customers or retain them over a longer period.

The competitive landscape in the market means that Sabio cannot accurately predict future client renewal rates or usage rates. Sabio's clients' renewal rates may decline or fluctuate as a result of a number of factors, including:

- their satisfaction or dissatisfaction with Sabio's services;
- the prices of Sabio's services;
- the prices of services offered by Sabio's competitors;
- mergers and acquisitions affecting Sabio's client base; and
- reduction in clients' advertising spending levels.

If clients do not renew their service agreements or if they renew on less favorable terms, Sabio's revenue may decline and Sabio's business will suffer.

Long Sales Cycles

Sabio's sales cycle, from initial contact to contract execution and implementation, can take significant time. As part of the sales cycle, Sabio may incur significant expenses before generating any revenue from a prospective customer. There are no assurances that the substantial time and money spent on the sales efforts will generate significant revenue. It is possible that Sabio may incur significant costs in making proposals to prospective clients who do not ultimately become customers of Sabio. If conditions in the marketplace, generally or with a specific prospective customer, change negatively, it is possible that Sabio will be unable to recover any of these expenses.

Sales efforts involve educating customers about the use, technical capabilities and benefits of Sabio's service offering. It is difficult to predict when Sabio will obtain new customers and begin generating revenue from new customers. Even if the sales efforts result in obtaining a new customer, the customer controls when and to what extent it uses Sabio's service offering and therefore the amount of revenue generated, and it may not sufficiently justify the expenses incurred to acquire the customer and the related training support. New projects by new customers, as well as existing customers, may be canceled or delayed, which can adversely impact Sabio's anticipated revenue and profitability. Project delays or cancellations could be more frequent during times of meaningful economic downturn. Cancellations, reductions or delays by a significant customer, or by a group of customers, could seriously harm Sabio's operating results and negatively affect Sabio's working capital levels. As a result, Sabio may not be able to add customers, or generate revenue, as quickly as expected, which could harm growth prospects.

Fluctuations in Operating Results and Seasonality of Business

Sabio's operating results may vary from quarter to quarter due to the seasonal nature of its customers' spending on advertisement campaigns as many advertisers devote a disproportionate amount of their advertising budgets to the fourth quarter of the calendar year to coincide with increased holiday purchasing. Advertising inventory in the fourth quarter may be more expensive due to increased demand. As a result, Sabio has traditionally experienced strong revenue generation in the third and fourth calendar quarter and relatively weaker performance in the first and second calendar quarter. Product and service mix also has a significant impact on operating results and could drive volatility from quarter to quarter. Political advertising could also cause revenues to increase during election cycles and decrease during other periods, making it difficult to predict revenue, cash flow and operating results, all of which could fall below expectations.

Some of the other factors that could result in fluctuations in Sabio's operating results are:

- changes in pricing of advertising inventory or pricing for Sabio's solutions and Sabio's competitors' offerings, improvements in technology, changes in the allocation of demand spend by buyers, changes in revenue mix, pricing discussions or negotiations with clients and potential clients, and other factors;
- the addition or loss of buyers or sellers;
- general economic conditions and the economic health of Sabio's current and prospective sellers and buyers;
- changes in the advertising strategies or budgets or financial condition of advertisers;

- the performance of Sabio's technology and the cost, timeliness and results of Sabio's technology innovation efforts;
- advertising technology and digital media industry conditions and the overall demand for advertising, or changes and uncertainty in the regulatory environment for Sabio or buyers or sellers, including with respect to privacy regulation;
- Sabio's level of expenses, including investment required to support Sabio's technology development, scale Sabio's technology infrastructure and business expansion efforts;
- the effectiveness of Sabio's financial and information technology infrastructure and controls;
- geopolitical and social factors, such as concerns regarding negative, unstable or changing economic conditions in the countries and regions where Sabio operates, global and regional recessions, political instability and trade disputes;
- foreign exchange rate fluctuations; and
- changes in accounting policies and principles and the significant judgments and estimates made by management in the application of these policies and principles.

Continued Access to Publisher Inventory and Substantial Reliance on One Publisher

Timely access to relevant ad inventory is vital to the ongoing success of Sabio's media business. This access is dependent on Sabio's ability to secure inventory on reasonable terms across a broad range of advertising inventory partners in various verticals and formats, with the aim of aligning with customer requirements. Publishers are generally not required to offer a specified level of inventory on Sabio's platform, and Sabio cannot be assured that any publisher will continue to make their ad inventory available on its platform. The amount, quality and cost of inventory available can change at any time. Sellers may also elect to make advertising inventory available to Sabio's competitors who offer more favorable terms. Furthermore, sellers may enter into exclusive relationships with Sabio's competitors, which may preclude Sabio from offering their inventory. Sabio relies on one particular publisher for a large amount of its ad-inventory requirement. If this relationship or with any of the other significant suppliers were to cease, or if the material terms of these relationships were to change unfavorably, Sabio's business would be negatively impacted. Suppliers are generally not bound by long-term contracts. As a result, there is no guarantee that Sabio will have access to a consistent supply of inventory on favorable terms.

These risks are particularly pronounced with Connected TV (CTV) sellers. CTV advertising was a beneficiary of pandemic trends and remains one of digital advertising's fastest-growing channels. Any decrease in Sabio's ability to access CTV inventory could negatively impact its results.

Risks Associated with Contracts with Buyers and Sellers

Generally, buyers may conduct business with Sabio's competitors as well as with Sabio, and are not obligated to provide Sabio with any minimum volumes of business. Accordingly, Sabio's business may be vulnerable to changes in the macro environment and development of new or more compelling offerings by its competitors, which could reduce business generally or motivate buyers to migrate to competitors' offerings. Further, if Sabio's relationship with a buyer becomes strained due to service failures or other reasons, that buyer may reduce or terminate its business with Sabio.

Because there are no long-term contracts, Sabio's future revenue may be difficult to predict and there is no assurance that the current buyers will continue to use Sabio's services or that it will be able to replace lost buyers with new ones. If a buyer or group of buyers representing a significant portion of Sabio's business decides to materially reduce use of its services, it could cause an immediate and significant decline in the revenue and gross profit of Sabio's business.

Relative Early Stage of the Connected TV (CTV) market and Growth in CTV Advertising Spend

The CTV market represents a growth opportunity for Sabio. Sabio's Connected TV sales for the twelve months ended December 31, 2020, significantly accelerated by 993% to US\$1,093,155, an increase of US\$993,155 from US\$100,000 for the twelve months ended December 31, 2019. Sabio has invested in technology and market development to position itself as a key player in this emerging market. Sabio is expecting demand for its CTV offering to drive the majority of its future growth. The CTV market is in its early stages of growth with many large companies shifting focus and/or investing heavily.

Growth in the CTV advertising market is dependent on a number of factors, including the pace of cord-cutting (the replacement of tradition linear TV for CTV streaming), the continued proliferation of digital content and CTV providers, the adoption of ad-supported models by CTV sellers *in lieu* of, or in addition to, subscription models, and an acceleration in the shift of ad dollars from traditional linear TV to CTV to keep pace with changing viewership habits. If the market for ad-supported CTV develops more slowly than Sabio expect or fails to develop as a result of these or other factors, Sabio's operating results and growth prospects could be harmed. Further, any unfavorable developments in this segment, such as the inability of Sabio to secure adequate ad-inventory or restrictive action by CTV/OTT device/platform providers, could result in significant negative impact on Sabio's growth prospects.

Highly Competitive Nature of the Market

The digital advertisement is a competitive and rapidly changing industry that is subject to changing technology, regulatory and customer demands. There are many companies, large and small and public and private, providing competing solutions. Some of Sabio's existing and potential competitors are better established, benefit from greater name recognition, may have offerings and technology that Sabio does not have or have significantly more financial, technical, sales and marketing resources than Sabio does. In addition, some competitors, particularly those with greater scale or a more diversified revenue base and a broader offering, have greater flexibility than Sabio to compete aggressively on the basis of price and other contract terms, or to compete with Sabio by including in their product offerings services that Sabio may not provide.

With the end consumers media consumption shifting away from traditional media to digital and introduction of new technologies, competition will likely remain high and could intensify in the future. New or stronger competitors may emerge through acquisitions and industry consolidation or through development of disruptive technologies. If Sabio's offerings are not perceived as competitively differentiated, it could have a negative impact on Sabio's business and operating results. The industry is dominated by very large companies such as Google, Facebook, Apple, TradeDesk and others. As technology continues to improve and market factors continue to attract investment, competition and pricing pressure may increase and market saturation may change the competitive landscape in favor of larger competitors with greater scale and broader offerings. All of the large companies have substantial resources to devote to sales and marketing and product

development, potentially enabling them to respond faster to market or technology shifts. If Sabio is unable to compete in this regard, this may have a negative impact on Sabio's business.

Ability to Continuously Innovate and Enhance Existing Products and Develop New Products

Sabio operates in a highly competitive market and one with changing customer requirements. Sabio to date has developed all of its technology and product in-house and boasts one of the most complete product portfolios in the industry. However, the industry is prone to rapid and frequent changes in technology to keep pace with changing end-customer requirements, evolving industry standards and consumer needs, regulatory changes and the frequent introduction of new solutions by Sabio's competitors to which it must adapt and respond. Sabio's future success will depend in part upon the ability to enhance existing solutions and to develop and introduce competing new solutions in a timely manner with features and pricing that meet changing client and market requirements. Sabio's solutions are complex and can require a significant investment of time and resources to develop, test, introduce and enhance. Sabio may also encounter unanticipated difficulties that require it to re-direct, scale back or modify its efforts. For a small company with limited resources, accurately predicting potential technology changes and allocating sufficient resources is a major challenge. Inability to accurately predict and manage the transition could have a severe impact on Sabio's ability to remain competitive and thus demand for Sabio's product and services could decrease. Further, if development of Sabio's solution becomes significantly more expensive due to changes in regulatory requirements or industry practices, or other factors, Sabio's may find itself at a disadvantage to larger competitors with more resources to devote to development.

To the extent Sabio does not manage its development efforts efficiently and effectively, it may fail to produce solutions that respond appropriately to the needs of buyers and sellers. If Sabio's solution is not competitive, buyers and sellers can be expected to shift their business to competing solutions. Buyers and sellers may also resist adopting Sabio's new solutions for various reasons, including reluctance to disrupt existing relationships and business practices or to invest in necessary technological integration.

Successfully Commercializing App Science

Sabio has set up a wholly owned subsidiary to commercialize its App Science analytics products. With this product, Sabio will be targeting existing customers, new customers who are likely customers of its media business competitors, and potentially companies who are competitors of Sabio's media business. There are no assurances that Sabio will be able to successfully commercialize this product and gain traction in the market despite investing a material amount of resources in the effort. Failure to gain traction in the market will have a negative impact on the growth prospects of Sabio and thus its financial position.

Legislation and Regulation of Digital Businesses

Many local, state, federal and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of data collected from and about consumers and devices, and the regulatory framework for privacy issues is evolving worldwide. Various U.S. and foreign governments, consumer agencies, self-regulatory bodies and public advocacy groups have called for or implemented new regulation directed at the digital advertising industry in particular, and Sabio expects to see an increase in legislation and regulation related to

the collection and use of data to target advertisements and communicate with consumers. Such legislation or regulation could affect the costs of doing business online and may adversely affect the demand for or the effectiveness and value of Sabio's solution. Some of Sabio's competitors may have more access to lobbyists or governmental officials and may use such access to effect statutory or regulatory changes in a manner that commercially harms Sabio while favoring their solutions.

Globally, new and emerging laws, such as the General Data Protection Regulation ("GDPR") in Europe, state laws in the U.S. on privacy, data and related technologies, such as the *California Consumer Privacy Act*, as well as industry self-regulatory codes, create new compliance obligations and expand the scope of potential liability, either jointly or severally with our customers and suppliers. A key feature of the GDPR is that it treats much of the end-user information that is critical to programmatic digital advertising as "personal data" and therefore subject to significant conditions and restrictions on its collection and use. Without this end-user information, the value of programmatic advertising inventory diminishes, resulting in potentially less advertising spend and revenue for industry participants. Many governments are restricting the transmission or storage of information about individuals beyond their national borders. Such restrictions could, depending upon their scope, limit Sabio's ability to utilize technology infrastructure consolidation, redundancy, and load-balancing techniques, resulting in increased infrastructure costs, decreased operational efficiencies and performance, and increased risk of system failure.

Sabio's international operations subject it to laws and regulations of multiple jurisdictions. These laws and regulations are continually evolving, not always clear and not always consistent across the jurisdictions in which Sabio does business. Any failure to protect and comply with applicable laws and regulations or industry standards applicable to personal data or other data relating to consumers could result in enforcement action against Sabio, including fines, imprisonment of Sabio's officers, public censure, claims for damages by consumers and other affected individuals, damage to Sabio's reputation and loss of goodwill.

Collection, Use or Disclosure of Data

Sabio's business depends on its ability to collect, use and disclose data to deliver advertisements. Any limitation imposed on its collection, use or disclosure of this data could significantly reduce the value of Sabio's solution and cause it to lose revenue. Consumer tools, regulatory restrictions, and technological limitations all threaten Sabio's ability to use and disclose data.

The continuing changes to the standardized mobile identifiers and/or data signals coming from phones, in addition to IP address identification, can have a negative impact on companies like Sabio. Any restriction on the types of data Sabio collect could make placement of advertising through Sabio's solution less valuable, with commensurate reductions in revenue.

In addition, new laws and regulations, such as the GDPR and CCPA, could restrict the ability to collect and process certain types of user data, including, in the case of GDPR, requiring user consent or another legal basis in order to collect or process personal data. To the extent sellers are unable to obtain valid consent or otherwise provide a legal basis for collecting and processing personal data, it would impair the ability to deliver targeted advertisements on their inventory.

Sabio and App Science are dependent on working with third-party data source providers to enhance its household graph, which could be susceptible to constraints should there be more regulations around data sharing and privacy. Any limitation on Sabio's ability to collect data about user behavior and interaction with content could make it more difficult for Sabio to deliver effective solutions that meet the needs of sellers and buyers.

Litigation Risks

Sabio's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations. Any future claims or litigation could have a material adverse effect on Sabio's business and its profitability. Sabio's customers may assert claims against Sabio or its directors and officers alleging that they suffered damages due to a defect, error or other failure of Sabio's services. Insurance may not cover such claims, may not provide sufficient payments to cover all the costs to resolve one or more such claims and may not continue to be available on terms acceptable to Sabio. A claim brought against Sabio that is uninsured or underinsured could result in unanticipated costs, thereby reducing Sabio's operating results and leading analysts or potential investors to reduce their expectations of Sabio's performance, which could reduce the trading price of its stock.

COVID-19 Pandemic or Other Similar Outbreaks;

Any outbreaks of contagious diseases, including the recent outbreak of the COVID-19 pandemic, could have an adverse impact on public health developments in jurisdictions where Sabio operates. In addition to the United States and Canada, Sabio has personnel and operations in India, and each of these countries has been affected by the pandemic and has taken measures to try to contain it. These measures have impacted and may further impact Sabio's workforce and operations, and the operations of Sabio's sellers and buyers.

The effects of a pandemic could also include disruptions or closures of Sabio's clients' businesses, leading them to stop advertisement spend. In addition, the COVID-19 pandemic has become a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect Sabio's ability to obtain financing for its business and operations. In addition, the economic health of Sabio's current and prospective buyers impacts the collectability of Sabio's accounts receivable. Sabio's sales were impacted in 2020 by the COVID-19 pandemic whose impacts lasted into the first quarter of 2021. While Sabio's business lines appear to have rebounded since this downturn, the effects of the COVID-19 pandemic or similar outbreaks or events could result in material and adverse effects on Sabio's business, financial condition and results of operations. Additionally, any prolonged downturn in economic conditions in the future may severely impact Sabio's liquidity as it may need additional time to collect from buyers, which may impact Sabio's ability to pay sellers. The extent to which the COVID-19 pandemic will impact Sabio's business and financial results will depend on future developments, which are highly uncertain and cannot be predicted.

International Operations

The Resulting Issuer will be a corporation formed under the laws of the Province of Ontario. Sabio, which is anticipated to be a wholly-owned subsidiary of the Resulting Issuer on closing of the Transaction, is incorporated under the laws of Delaware and has business operations in the United States and India. Its wholly-owned subsidiaries are as follows: AppScience, Inc., which

was incorporated pursuant to the New York Business Corporation Law and Sabio Mobile India Private Limited, which was incorporated pursuant to the *Companies Act, 2013* (India).

There are significant complexities and risks involved with carrying foreign operations, such as differences in political, legal, regulatory and taxation regimes or fluctuations in relative currency values, all of which could have a material adverse impact on Sabio's operating and financial results. Sabio's business is subject to regulation by various federal, provincial and territorial, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing copyright laws, employment and labor laws, workplace safety, consumer protection laws, privacy and data protection laws, anti-bribery laws, import and export controls, federal securities laws, and tax laws and regulations. The burdens of complying with a wide variety of international laws could increase the cost of operations, impair Sabio's ability to compete in international markets or otherwise harm Sabio's business due to changes in the laws, changes in the interpretations of the laws, greater enforcement of the laws or investigations into compliance with the laws.

Sabio's operations in India may be subject to certain inherent risks, including, political instability, corruption and lack of transparency, potential loss of developed technology through piracy, misappropriation, or more lax laws regarding intellectual property protection, imposition of governmental controls, including trade restrictions and economic instability. Any of the foregoing could have an adverse impact on our results of operations, cash flows, and financial growth.

Intellectual Property

Sabio may be unable to adequately protect, and may incur significant costs in enforcing, intellectual property and other proprietary rights. Sabio relies on a combination of trademark, trade secret, copyright, patent and competition laws, as well as license and access agreements and other contractual provisions, to protect its intellectual property and other proprietary rights. In addition, Sabio attempts to protect its intellectual property and proprietary information by requiring employees and consultants to enter into confidentiality, non-compete and assignment of inventions agreements. Sabio's attempts to protect its intellectual property could be challenged by others or invalidated through administrative process or litigation. To the extent that Sabio's intellectual property and other proprietary rights are not adequately protected, third parties may gain access to its proprietary information, develop and market similar products or services, or use similar trademarks, each of which could materially harm Sabio's business. Existing federal and provincial intellectual property laws offer only limited protection and the failure to adequately protect its intellectual property and other proprietary rights could materially harm its business. If Sabio resorts to legal proceedings to enforce its intellectual property rights, or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could be burdensome and expensive, even if Sabio prevails. Any litigation that is necessary in the future could result in substantial costs and diversion of resources and could have a material adverse effect on Sabio's business, operating results or financial condition.

Sabio might be sued by third parties for alleged infringements of their proprietary rights. The software industry is characterized by the existence of a large number of patents, trademarks and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. Sabio's technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time consuming and expensive to resolve, divert management attention from executing the

business plan and could require Sabio to pay monetary damages or enter into royalty or licensing agreements. Sabio may not be able to obtain a license on commercially reasonable terms, if at all, from third parties asserting an infringement claim; Sabio may not be able to develop alternative technology on a timely basis, if at all; and Sabio may not be able to obtain a license to use a suitable alternative technology to permit it to continue offering, and its clients to continue using the affected services. Accordingly, an adverse determination could prevent Sabio from offering its services to others.

Financial and Accounting Risks

Access to Capital

Sabio makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Sabio has financed these expenditures through offerings of its debt securities. Sabio will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Sabio may incur major unanticipated liabilities or expenses. Sabio can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Sabio's management will have broad discretion to use the net proceeds it receives from an offering, and investors will be relying on its judgment regarding the application of those proceeds. Sabio expects to use the net proceeds from an offering for general corporate purposes, which may include working capital, capital expenditures, other corporate expenses and potential acquisitions of complementary products, technologies or businesses. Management may not apply the net proceeds of an offering in ways that increase the value of investor's investments.

Risks Related to Revenues and Quarterly Operating Results

Sabio's quarterly operating results may fluctuate, causing the value of Sabio Common Shares to decline substantially. Fluctuations may be due to a variety of factors, many of which are outside of Sabio's control. As a result, comparing Sabio's future operating results on a period-to-period basis might not be meaningful. Those results and annual growth should not be viewed as an indication of future performance. In addition, Sabio's stock price might be based on expectations of future performance that it may not meet and, if its revenue or operating results fall below the expectations of investors or securities analysts, the price of Sabio Common Shares could decline substantially. In addition to other risk factors listed in this section, additional factors that may cause fluctuations in Sabio's quarterly operating results include: (a) the extent to which its products and services achieve or maintain market acceptance; (b) its ability to introduce new products and services and enhance existing products and services on a timely basis; (c) the financial condition of its current and potential customers; (d) changes in customer budgets and demand; (e) the amount and timing of Sabio's investment in research and development activities; (f) technical difficulties with Sabio's products or interruptions in its services; (g) unforeseen legal expenses, including litigation and settlement costs; (h) regulatory compliance costs; (i) the timing, size and integration success of potential future acquisitions; (j) Sabio's failure to increase sales to existing customers and attract new customers; (k) revenue recognition policies related to the timing of contract renewals, delivery of products and duration of contracts and the corresponding timing of revenue recognition; and (l) the amount and timing of capital expenditures and operating costs related to the maintenance and expansion of its operations. A shortfall in demand for Sabio's services or a

decline in new or renewed contracts in any one quarter might not significantly reduce revenue for that quarter, but could negatively affect Sabio's revenue in future quarters.

Foreign Sales

Sabio's functional currency is denominated in U.S. dollars. Sabio currently expects that sales will be denominated in U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, Sabio incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of Sabio's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact Sabio's business, financial condition and results of operations. Sabio has not previously engaged in foreign currency hedging. If Sabio decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide Sabio from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Sabio bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Sabio Financial Statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Sabio's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Sabio's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of Sabio. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets and fair value of biological assets, as well as revenue and cost recognition.

Risks Related to the Common Shares and Completion of the Qualifying Transaction.

Market for the Common Shares

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. Sabio cannot predict the prices at which the Common Shares will trade. The price of the Subscription Receipts was determined by negotiations with the Subscription Receipt Agents in connection with the financing and might not bear any relationship to the market price at which the Common Shares will trade or to any other established criteria of the value of Sabio's business. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include: (a) announcements of new offerings, products, services or technologies, commercial relationships, acquisitions or other events by Sabio or its competitors; (b) price and volume fluctuations in the overall stock market from time to time; (c) significant volatility in the market price and trading volume of agriculture companies; (d) fluctuations in the trading volume of the Common Shares or the size of Sabio's

public float; (e) actual or anticipated changes or fluctuations in Sabio's results of operations; (f) whether Sabio's results of operations meet the expectations of securities analysts or investors; (g) actual or anticipated changes in the expectations of investors or securities analysts; (h) litigation involving Sabio, its industry or both; (i) regulatory developments in the United States and foreign countries; (j) general economic conditions and trends; (k) major catastrophic events; (l) escrow releases and sales of large blocks of the Common Shares; (m) departures of key employees or members of management; or (n) an adverse impact on Sabio from any of the other risks cited herein.

No History of Payment of Cash Dividends

Sabio has not declared or paid cash dividends on its shares. Upon Completion of the Qualifying Transaction, Sabio intends to retain future earnings to finance the operation, development and expansion of the business. Sabio does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on Sabio's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Reporting Issuer Status

From the date of incorporation to the date of this Filing Statement, Sabio has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the TSXV. As a reporting issuer, Sabio will be subject to reporting requirements under applicable securities law and stock exchange policies. Sabio is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to Sabio's financial management control systems to manage its obligations as a subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, Sabio will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm Sabio's business and results of operations. Sabio may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Significant Sales of Common Shares

The Common Shares held by Sabio's directors, executive officers, Control Persons and certain other security holders of Sabio are subject to contractual lock-up restrictions and are subject to escrow and SSRRs pursuant to the policies of the TSXV. Sales of a substantial number of the Common Shares in the public market after the expiry of lock-up, SSRRs or escrow restrictions, or the perception that these sales could occur, may adversely affect the market price of the Common Shares and could make it more difficult for investors to sell Common Shares at a favourable time and price.

United States Tax Classification of the Resulting Issuer

The Resulting Issuer, which will continue to be a corporation incorporated under the *Business Corporations Act* (Ontario) following Completion of the Qualifying Transaction, generally would be classified as a non-United States corporation under the general rules of United States federal income taxation under the Code. Section 7874 of the Code, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for United States federal income tax purposes. Under section 7874 of the Code, a corporation created or organized outside the United States. (i.e., a non-United States corporation) will nevertheless be treated as a United States corporation for United States federal income tax purposes (such treatment is referred to as an “**inversion**”) if each of the following three conditions are met: (i) the non-United States corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States corporation; (ii) after the acquisition, the former stockholders of the acquired United States corporation hold at least 80% (by vote or value) of the shares of the non-United States corporation by reason of holding shares of the United States acquired corporation; and (iii) after the acquisition, the non-United States corporation’s expanded affiliated group does not have substantial business activities in the non-United States corporation’s country of organization or incorporation when compared to the expanded affiliated group’s total business activities.

For this purpose, “**expanded affiliated group**” means a group of corporations where: (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group; and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an “expanded affiliated group” includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Resulting Issuer will be treated as a United States corporation for United States federal income tax purposes under section 7874 of the Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Resulting Issuer is expected, regardless of any application of section 7874 of the Code, to be treated as a Canadian resident company for Canadian income tax purposes. As a result, the Resulting Issuer will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Resulting Issuer will pay any dividends on the Resulting Issuer Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available. Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax.

Dividends paid by the Resulting Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax. Dividends received by shareholders that are neither Canadian

nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty. Because the Resulting Issuer Shares will be treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Resulting Issuer Shares.

Analyst Coverage

The trading market for the Common Shares may become dependent on the research and reports that securities or industry analysts publish about Sabio or its business. Sabio will not have any control over these analysts. If one or more of the analysts who covers Sabio should downgrade the Common Shares or change their opinion of Sabio's business prospects, Sabio's share price would likely decline. If one or more of these analysts ceases coverage of Sabio or fails to regularly publish reports on Sabio, Sabio could lose visibility in the financial markets, which could cause the Common Share price or trading volume to decline.

Tax Issues

There are income tax consequences in relation to the Common Shares in the context of the Qualifying Transaction that will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Completion of the Transaction is Subject to Conditions Precedent

The Completion of the Qualifying Transaction is subject to a number of conditions precedent, including the final approval by the TSXV. There can be no assurance that these conditions will be satisfied and that the Transaction will be completed.

Foreign Private Issuer Risks

A foreign private issuer is not subject to U.S. proxy rules and is potentially exempt from U.S. Exchange Act reporting obligations if it files regular reports pursuant to Canadian securities laws. Even if it has a reporting obligation in the United States, a non-U.S. company with foreign private issuer status is exempt from certain provisions of the U.S. Exchange Act that are applicable to U.S. domestic public companies, including, without limitation, the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the U.S. Exchange Act; the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and the rules under the U.S. Exchange Act requiring the filing with the Securities Exchange Commission of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K upon the occurrence of specified significant events. In addition, a foreign private issuer's officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the U.S. Exchange Act and the rules thereunder. As a result of the above, Sabio's shareholders may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

Loss of Foreign Private Issuer Status

The Resulting Issuer may lose its expected status as a Foreign Private Issuer if, as of the last business day of the Resulting Issuer's second fiscal quarter for any year, more than 50% of the Resulting Issuer's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States. Loss of Foreign Private Issuer status may have adverse consequences on the Resulting Issuer's ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Resulting Issuer's Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Resulting Issuer seek to list on a securities exchange in the United States, loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer could lose its status as a Foreign Private Issuer if all or a portion of the Resulting Issuer Restricted Voting Shares directly or indirectly held of record by U.S. residents are converted into Resulting Issuer Common Shares. The conversion rights attached to the Resulting Issuer Restricted Voting Shares contain restrictions on conversion that are intended to avoid such a result; however there can be no guarantee that such restrictions on conversion will be effective to prevent the Resulting Issuer from potentially losing Foreign Private Issuer status if a sufficient number of Resulting Issuer Restricted Voting Shares are converted into Resulting Issuer Common Shares and such Resulting Issuer Common Shares are acquired, either upon conversion or pursuant to a subsequent transaction, by U.S. residents. The Resulting Issuer could potentially lose its Foreign Private Issuer status as a result of future issuances of Resulting Issuer Shares from treasury to the extent such shares are acquired by U.S. residents.

The Resulting Issuer does not intend to publicly list the Resulting Issuer Restricted Voting Shares and these securities will only be convertible into Resulting Issuer Common Shares in limited circumstances and at the sole discretion of the board of directors of the Resulting Issuer and in accordance with the constating documents of the Resulting Issuer. The lack of trading may impair an investor's ability to sell their Resulting Issuer Restricted Voting Shares at the time they wish to sell them or at a price that they consider reasonable.

PART V – GENERAL MATTERS

Auditor, Transfer Agent and Registrar

On Completion of the Qualifying Transaction, the auditor of the Resulting Issuer is expected to be MNP LLP, located at 111 Richmond Street W, Suite 300, Toronto, Ontario, M5H 2G4.

On Closing, TSX Trust Company at its principal office at the City of Toronto is expected to be transfer agent and registrar for the Resulting Issuer on Completion of the Qualifying Transaction.

Sponsorship

Spirit and Sabio requested an exemption from the sponsorship requirements under TSXV Policy 2.2 *Sponsorship and Sponsorship Requirements* (“**Policy 2.2**”). Under Section 3.4(a)(ii) of Policy 2.2, an exemption from the sponsorship requirement is available where, among other things, there is: (a) significant involvement of a bank or other major financial institution in the transaction; or (b) the issuer conducts a concurrent brokered financing of at least C\$500,000 in connection with the transaction, and the agent for that transaction has provided the Exchange with confirmation that it has completed appropriate due diligence on both the transaction and the accompanying disclosure document describing it. Such conditions have been satisfied given the role of the Subscription Receipt Agents (including the Subscription Receipt Agents’ due diligence investigations) in connection with the brokered portion of the offering of Subscription Receipts and the Subscription Receipt Agents’ confirmation of availability to respond to Exchange inquiries related to due diligence. The Exchange has correspondingly granted Sabio’s request for an exemption from the sponsorship requirements, subject to the Subscription Receipt Agents submitting to the Exchange the due diligence confirmation letter contemplated by Section 3.4(a)(ii)(B)(II) of Policy 2.2.

Except as disclosed herein, there are no actual or anticipated agreements with any registrant to provide sponsorship or corporate finance services either now or in the future.

Experts

No experts, except auditors including individuals or companies who are named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement have, or will have immediately following Completion of the Qualifying Transaction, any direct or indirect interest in the Resulting Issuer or Sabio.

For the purposes hereof, “expert” means any person or company whose profession or business gives authority to a statement made by that person or company and who is named as having prepared or certified a part of this Filing Statement, or prepared or certified a report or valuation described or included in this Filing Statement.

Other Material Facts

Spirit is not aware of any other material facts relating to Spirit, Sabio or the Resulting Issuer or to the Qualifying Transaction that are not disclosed under the preceding items and are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to Spirit, Sabio and the Resulting Issuer, other than those set forth herein.

Board Approval

The Board has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than Spirit, Spirit has relied upon information furnished by such Person.

CERTIFICATE OF SPIRIT BANNER II CAPITAL CORP.

DATED November 12, 2021

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Spirit Banner II Capital Corp. assuming completion of the Transaction.

“Matthew Wood”

Chief Executive Officer & Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF
SPIRIT BANNER II CAPITAL CORP.**

“Ali Haji”

Director

“Bataa Tumor-Ochir”

Director

CERTIFICATE OF SABIO MOBILE, INC.

DATED November 12, 2021

The foregoing as it relates to Sabio Mobile, Inc. constitutes full, true and plain disclosure of all material facts relating to the securities of Sabio Mobile, Inc.

“Aziz Rahimtoola”

Chief Executive Officer and President

“Sajid Premji”

Chief Financial Officer

**SIGNED BY THE SOLE DIRECTOR OF
SABIO MOBILE, INC.**

“Aziz Rahimtoola”

Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement/information circular that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40, and 41 of TSXV Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: November 12, 2021.

“Ali Haji”

Director

Schedule “A”

Audited financial statements of Spirit for the years ended March 31, 2021, 2020 and 2019 and the unaudited financial statements for the three month period ended June 30, 2021.

(see attached)

Spirit Banner II Capital Corp.

(A Capital Pool Company)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2021 and 2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Spirit Banner II Capital Corp.:

Opinion

We have audited the financial statements of Spirit Banner II Capital Corp. (the "Corporation"), which comprise the statements of financial position as at March 31, 2021 and March 31, 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021 and March 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

MNP LLP

Toronto, Ontario
July 22, 2021

Chartered Professional Accountants
Licensed Public Accountants

MNP

Spirit Banner II Capital Corp.

Statements of Financial Position (Expressed in Canadian Dollars)

	Notes	March 31, 2021 \$	March 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents		423,468	472,400
Prepaid expenses		-	4,767
Total current assets		423,468	477,167
Liabilities			
Current liabilities			
Trade and other payables		13,549	15,381
Total current liabilities		13,549	15,381
Shareholders' Equity			
Share capital	3	720,172	720,172
Contributed surplus	3	113,953	113,953
Deficit		(424,206)	(372,339)
Total shareholders' equity		409,919	461,786
Total liabilities and shareholders' equity		423,468	477,167

Incorporation and Nature of Business (note 1)

Approved by the Board of Directors:

Director: Bataa Tumor-Ochir

Director: Matthew Wood

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars)

	Years ended March 31,	
	2021	2020
	\$	\$
General and administrative expenses		
Due Diligence cost	-	65,717
Legal fees	-	14,062
Professional fees	37,566	25,180
Listing fees	12,991	3,181
Office and administration	1,310	31,583
Net loss for the year	(51,867)	(139,723)
Loss per share		
Basic and diluted	(0.01)	(0.03)
Weighted average number of common shares outstanding – basic and diluted	5,015,000	5,015,000

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars)

		Number of shares	Share Capital	Contributed surplus	Deficit	Shareholders' Equity
	Notes		\$	\$	\$	\$
Current period						
Balance as at April 1, 2020		11,615,000	720,172	113,953	(372,339)	461,786
Net loss for the year		-	-	-	(51,867)	(51,867)
Balance as at March 31, 2021		11,615,000	720,172	113,953	(424,206)	409,919
Comparative period						
Balance as at April 1, 2019		11,615,000	720,172	113,953	(232,616)	601,509
Net loss for the year		-	-	-	(139,723)	(139,723)
Balance as at March 31, 2020		11,615,000	720,172	113,953	(372,339)	461,786

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Statements of Cash Flows (Expressed in Canadian Dollars)

	Years ended March 31,	
	2021	2020
	\$	\$
Cash used in:		
Operating activities		
Net loss for the year	(51,867)	(139,723)
<i>Changes in non-cash working capital items:</i>		
Prepaid expenses	4,767	(867)
Trade and other payables	(1,832)	(27,888)
Net cash used in operating activities	(48,932)	(168,478)
Net (decrease) increase in cash during the year	(48,932)	(168,478)
Cash and cash equivalents, beginning of the year	472,400	640,878
Cash and cash equivalents, end of the year	423,468	472,400

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2021 and 2020
(Expressed in Canadian Dollars)

1. Incorporation and Nature of Business

Spirit Banner II Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (Ontario) on September 29, 2017 and has applied to be classified as a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

On November 5, 2020, the Corporation was suspended from trading by the Exchange for failing to complete a Qualifying Transaction within 24 months from the date of listing. In accordance with the new CPC regulations under Policy 2.4, the Corporation intends to seek shareholder approval to remove the consequences of failing to complete a Qualifying Transaction within 24 months of listing as set out in section 15.2(b)(i) of the new Policy 2.4 (note 7).

The registered office of the Corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

On July 22, 2021, the Board of Directors approved the financial statements for the year ended March 31, 2021.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of March 31, 2021, the Corporation has not experienced any adverse impacts from COVID-19 and continues to operate as intended.

2. Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire periods presented in these financial statements.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized As a deduction from equity.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2021 and 2020
(Expressed in Canadian Dollars)

2. Significant Accounting Policies - continued

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Common shares escrowed pursuant to the requirements of the Exchange are excluded from the number of outstanding common shares.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Share-based Compensation

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash and cash equivalents is classified as fair value through profit and loss and any period change in fair value is recorded in profit or loss.

Trade and other payables are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2021 and 2020
(Expressed in Canadian Dollars)

2. Significant Accounting Policies - continued

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive loss (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash and cash equivalents are level 1 financial instruments measured at fair value on the statements of financial position.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2021 and 2020
(Expressed in Canadian Dollars)

2. Significant Accounting Policies - continued

Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of year ended or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

The Corporation elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less.

3. Share Capital

Authorized, Unlimited common

	Number of Common Shares	Amount (\$)
Balance, April 1, 2019, March 31, 2020 and 2021	11,615,000	720,172

Escrowed Shares

i) During the period ended March 31, 2018, the corporation issued 6,600,000 common shares at \$0.05 per share for total proceeds of \$330,000. The corporation incurred share issuance costs of \$2,500 related to this issuance. The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation (note 7).

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow (note 7).

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2021 and 2020
(Expressed in Canadian Dollars)

3. Share capital (continued)

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be exercised for a maximum term of ten years from the date of the grant. They are non-transferable and expire the greater of 90 days of termination of employment or holding office as director or officer of the Corporation and 12 months after the completion of the Qualifying Transaction and, in the case of death, expire one year thereafter.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The following table reflects the continuity of stock options:

	March 31, 2021		March 31, 2020
	Number of options	Weighted average exercise price \$	Number of options
Stock options, beginning of year	1,663,000	0.10	1,663,000
Expired	(501,500)	(0.10)	-
Stock options, end of year	1,161,500	0.10	1,663,000

- i. On November 1, 2018, the Corporation granted 501,500 options to the Agent, which are exercisable within two years from the date of grant at an exercise price of \$0.10 per share. These Agent options were valued on the date of issuance using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.41%, expected volatility of 100% and an expected life of two years. The value attributed to these Agent options was \$26,678. During the year ended March 31, 2020, these options expired unexercised.
- ii. On November 1, 2018, the Corporation granted 1,161,500 options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issuance using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.32%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$87,275. The options vested immediately.

The following table reflects the actual stock options issued and outstanding as of March 31, 2021:

Expiry Date	Exercise prices (\$)	Weighted average remaining term (years)	Number of options outstanding	Options exercisable
November 1, 2023	0.10	2.59	1,161,500	1,161,500
	0.10	2.59	1,161,500	1,161,500

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2021 and 2020
(Expressed in Canadian Dollars)

4. Financial risk management objectives and policies

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4 (note 7).

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash, and trade and others payables approximate fair value due to the relatively short term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

5. Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the years ended March 31, 2021 and 2020, there were no related party transactions and no remuneration was paid to key management personnel.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2021 and 2020
(Expressed in Canadian Dollars)

6. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% (2020 – 26.5%) and the Corporation's effective income tax expense is as follows:

	March 31, 2021	March 31, 2020
Net loss for the year/period	\$ (51,867)	\$ (139,723)
Expected income tax recovery	(13,745)	(37,027)
Deferred tax assets not recognized	13,745	37,027
Income tax recovery	\$ -	\$ -

The components of the gross timing differences not recognized are comprised of:

	March 31, 2021	March 31, 2020
	\$	\$
Non-capital losses	388,221	319,424
Share issuance costs	33,360	50,290
Total	421,581	369,714

A summary of non-capital losses that will expire are as follows:

Expiry	Non-capital losses
2038	\$41,674
2039	\$121,097
2040	\$156,653
2041	\$68,797
	\$388,221

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and share issuance costs as it is not probable that future taxable profits will be available against which these can be deducted.

7. Subsequent Events

On June 18, 2021, the Corporation received shareholder approval to implement the new changes to the TSXV Policy 2.4 ("Policy 2.4"). In connection with the new changes implemented in Policy 2.4, the changes approved by the shareholders include but are not limited to:

- (1) the consequence as described in note 1 associated with the Corporation not completing a Qualifying Transaction within 24 months of its listing date have now been removed;
- (2) the restriction on the permitted use of gross proceeds as described in note 4 have been amended under which reasonable general and administrative expenses may not exceed \$3,000 per month;
- (3) the requirements of the Exchange for common shares to be held in escrow as described in note 3 have been amended to only include seed shares issued below the Corporations initial public offering price, shares acquired from treasury by related parties to the Corporation and shares issued on exercising of stock options at an exercise price below that of the Corporations initial public offering price.

As of the date that the board of directors approved the financial statements, the Corporation continues to remain suspended from trading until a Qualifying Transaction is completed.

Spirit Banner II Capital Corp.

(A Capital Pool Company)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2020 and 2019

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Spirit Banner II Capital Corp.:

Opinion

We have audited the financial statements of Spirit Banner II Capital Corp. (the "Corporation"), which comprise the statements of financial position as at March 31, 2020 and March 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020 and March 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario
July 29, 2020

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

MNP

Spirit Banner II Capital Corp.

Statements of Financial Position (Expressed in Canadian Dollars)

	Notes	March 31, 2020 \$	March 31, 2019 \$
Assets			
Current assets			
Cash and cash equivalents		472,400	640,878
Prepaid expenses		4,767	3,900
Total current assets		477,167	644,778
Liabilities			
Current liabilities			
Trade and other payables		15,381	43,269
Total current liabilities		15,381	43,269
Shareholders' Equity			
Share capital	3	720,172	720,172
Contributed surplus	3	113,953	113,953
Deficit		(372,339)	(232,616)
Total shareholders' equity		461,786	601,509
Total liabilities and shareholders' equity		477,167	644,778

Approved by the Board of Directors:

Director: Bataa Tumor-Ochir

Director: Matthew Wood

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars)

	Years ended March 31,	
	2020	2019
	\$	\$
General and administrative expenses		
Due Diligence cost	65,717	-
Legal fees	14,062	-
Professional fees	25,180	60,948
Listing fees	3,181	20,193
Stock based compensation	-	87,275
Office and administration	31,583	23,026
Net loss for the year	(139,723)	(191,442)
Loss per share		
Basic and diluted	(0.03)	(0.09)
Weighted average number of common shares outstanding – basic and diluted	5,015,000	2,066,621

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars)

		Number of shares	Share Capital	Contributed surplus	Deficit	Shareholders' Equity
	Notes		\$	\$	\$	\$
Current period						
Balance as at April 1, 2019		11,615,000	720,172	113,953	(232,616)	601,509
Net loss for the year		-	-	-	(139,723)	(139,723)
Balance as at March 31, 2020		11,615,000	720,172	113,953	(372,339)	461,786
Comparative period						
Balance as at April 1, 2018		6,600,000	327,500	-	(41,174)	286,326
Issue of share capital, net of costs	3	5,015,000	419,350	-	-	419,350
Fair value of agent options	3	-	(26,678)	26,678	-	-
Stock options	3	-	-	87,275	-	87,275
Net loss for the year		-	-	-	(191,442)	(191,442)
Balance as at March 31, 2019		11,615,000	720,172	113,953	(232,616)	601,509

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Statements of Cash Flows (Expressed in Canadian Dollars)

	Years ended March 31,	
	2020	2019
	\$	\$
Cash used in:		
Operating activities		
Net loss for the year	(139,723)	(191,442)
Stock-based compensation	-	87,275
<i>Changes in non-cash working capital items:</i>		
Prepaid expenses	(867)	11,100
Trade and other payables	(27,888)	15,745
Net cash used in operating activities	(168,478)	(77,322)
Financing Activities		
Issuance of share capital, net of issuance costs	-	419,350
Net cash provided by financing activities	-	419,350
Net (decrease) increase in cash during the year	(168,478)	342,028
Cash and cash equivalents, beginning of the year	640,878	298,850
Cash and cash equivalents, end of the year	472,400	640,878

The accompanying notes to the financial statements are an integral part of these statements.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. Incorporation and Nature of Business

Spirit Banner II Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (Ontario) on September 29, 2017 and has applied to be classified as a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

On July 29, 2020, the Board of Directors approved the financial statements for the year ended March 31, 2020.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Use of Estimates and Judgments

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Basis of Presentation

The financial statements are presented in Canadian dollars ("CAD"), which is the Corporation's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVPTL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire periods presented in these financial statements.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant Accounting Policies - continued

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Common shares escrowed pursuant to the requirements of the Exchange are excluded from the number of outstanding common shares.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Share-based Compensation

Equity-settled share based payments for directors, officers, employees, and consultants are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. Share options are measured at the fair value of each tranche on the grant date and are recognized in their respective vesting period using the Corporation's expected forfeiture rate. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Financial Instruments

Recognition

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive loss or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash and cash equivalents is classified as fair value through profit and loss and any period change in fair value is recorded in profit or loss.

Trade and other payables are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant Accounting Policies - continued

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive loss (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash and cash equivalents are level 1 financial instruments measured at fair value on the statements of financial position.

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

2. Significant Accounting Policies - continued

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the statement of financial position with a “right of use” asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The Corporation has adopted IFRS 16 starting from January 1, 2019. The Corporation leases its head office building. The Corporation elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less.

3. Share Capital

Authorized, Unlimited common

	Number of Common Shares	Amount (\$)
Balance, March 31, 2018	6,600,000	327,500
5,015,000 common shares (ii)	5,015,000	501,500
Share issuance cost	-	(82,150)
Share issuance cost - share based payment	-	(26,678)
Balance, March 31, 2019 and 2020	11,615,000	720,172

Escrowed Shares

i) During the period ended March 31, 2018, the corporation issued 6,600,000 common shares at \$0.05 per share for total proceeds of \$330,000. The corporation incurred share issuance costs of \$2,500 related to this issuance. The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Share capital (continued)

Initial Public Offering

(ii) On November 1, 2018, the Corporation completed its Initial Public Offering ("IPO") of 5,015,000 common shares at \$0.10 per share for total proceeds of \$501,500. The Corporation paid a commission of 10% of gross proceeds to the Agent and granted the Agent an option to acquire 10% of the common shares issued in the offering exercisable for a period ending twenty-four months from the date the Corporation's Common Shares are listed on the TSX Venture Exchange, exercisable at \$0.10 per share. The Corporation also paid a corporate finance fee and reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering. The Corporation incurred cash share issuance costs of \$82,150.

Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be exercised for a maximum term of ten years from the date of the grant. They are non-transferable and expire the greater of 90 days of termination of employment or holding office as director or officer of the Corporation and 12 months after the completion of the Qualifying Transaction and, in the case of death, expire one year thereafter.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The following table reflects the continuity of stock options:

	Number of Stock Options and Agent Options	Weighted Average Exercise Price (\$)
March 31, 2018	-	-
Issuance of options to the Agent(i)	501,500	\$0.10
Issuance of options to officers and directors (ii)	1,161,500	\$0.10
Balance, March 31, 2019 and 2020	1,663,000	\$0.10

- i. On November 1, 2018, the Corporation granted 501,500 options to the Agent, which are exercisable within two years from the date of grant at an exercise price of \$0.10 per share. These Agent options were valued on the date of issuance using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.41%, expected volatility of 100% and an expected life of two years. The value attributed to these Agent options was \$26,678.
- ii. On November 1, 2018, the Corporation granted 1,161,500 options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issuance using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 2.32%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$87,275. The options vested immediately.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Share capital (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2020:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
November 1, 2020	\$0.10	0.59	501,500	501,500
November 1, 2023	\$0.10	3.59	1,161,500	1,161,500
	\$0.10	2.68	1,663,000	1,663,000

4. Financial risk management objectives and policies

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash, and trade and others payables approximate fair value due to the relatively short term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

5. Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the year ended March 31, 2019, the Corporation incurred stock based compensation expenses of \$87,275 which was attributable to options issued to directors and officers. During the year ended March 31, 2020 and 2019 there were no other related party transactions and no remuneration was paid to key management personnel.

6. Income Taxes

A reconciliation of combined federal and provincial corporate income taxes of statutory rates of 26.5% (2019 – 26.5%) and the Corporation's effective income tax expense is as follows:

	March 31, 2020	March 31, 2019
Net loss for the year/period	\$ (139,723)	\$ (191,442)
Expected income tax recovery	(37,027)	(50,732)
Share-based compensation	-	23,128
Share issuance costs booked to equity	-	(21,770)
Deferred tax assets not recognized	37,027	49,374
Income tax recovery	\$ -	\$ -

The components of the gross timing differences not recognized are comprised of:

	March 31, 2020	March 31, 2019
	\$	\$
Non-capital losses	319,424	162,771
Share issuance costs	50,290	67,220
Total	229,991	

A summary of non-capital losses that will expire are as follows:

Expiry	Non-capital losses
2038	\$41,674
2039	\$121,097
2040	\$156,653

The Corporation has not recorded deferred tax assets related to these unused carry forward losses and share issuance costs as it is not probable that future taxable profits will be available against which these can be deducted.

Spirit Banner II Capital Corp.

Notes to the Financial Statements
March 31, 2020 and 2019
(Expressed in Canadian Dollars)

7. Qualifying Transaction

On March 25, 2019, the Corporation announced that it had entered into a binding letter of intent with Five Star Diamonds Ltd. (the "Five Star") to complete a proposed transaction whereby the Corporation would acquire Five Star's diamond projects in Brazil. On April 4, 2019 the Corporation advanced \$25,000 to Five Star which is included in due diligence costs in the statement of loss and comprehensive loss. On September 26, 2019, the Corporation announced that both parties (the Corporation and Five Star) had been unable to negotiate the terms of a definitive agreement satisfactory to both parties and consequently have mutually decided to terminate the Letter of intent and abandon the transaction.

On February 28, 2020, the Corporation entered into a Binding Letter of Intent with GRB Grafite Do Brasil Mineracao Ltda. ("GRB") which outlines the terms and conditions pursuant to which GRB and the Corporation will complete a transaction that will result in the Corporation acquiring from GRB the right to receive 20% of all silver, in whatever form, extracted or originating from specific mineral rights currently owned by GRB. It is intended that the transaction will be the Corporation's Qualifying Transaction. As consideration, the Corporation agrees to advance GRB a cash payment of \$175,000 upon completion of the Qualifying Transaction and on March 9, 2020 advanced \$25,000 as a non refundable deposit to GRB which is included in due diligence costs in the statements of loss and comprehensive loss. The Corporation will make a further \$5,000,000 cash payment on the completion of a National Instrument 43-101 compliant resource statement that defines a minimum of 10 million ounces of silver. On July 27, 2020, the Corporation provided notice of their intent to terminate the letter of intent with GRB.

Spirit Banner II Capital Corp.

(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

JUNE 30, 2021

(Expressed in Canadian Dollars)

(UNAUDITED)

Spirit Banner II Capital Corp.

Condensed Interim Statement of Financial Position

June 30, 2021 and March 31, 2021

(Unaudited)

	June 30, 2021	March 31, 2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	412,725	423,468
Total assets	412,725	423,468
Liabilities		
Current liabilities		
Trade and other payables	32,752	13,549
Shareholders' equity		
Share capital	720,172	720,172
Contributed surplus	113,953	113,953
Deficit	(454,152)	(424,206)
Total shareholders' equity	379,973	409,919
Total liabilities and shareholders' equity	412,725	423,468
Going concern (note 3)		

Approved by the Board of Directors:

Director: Bataa Tumur-Ochir

Director: Matthew Wood

Spirit Banner II Capital Corp.

Condensed Interim Statement of Loss and Comprehensive Loss

For the three months ended June 30, 2021 and 2020

(Unaudited)

	Three-month period ending June 30, 2021	Three-month period ending June 30, 2020
	\$	\$
General and administrative expenses		
Professional fees	25,767	7,009
Listing fees	4,086	1,049
Office and administration	92	328
Total general and administrative expenses	29,945	8,386
Net loss for the period	(29,946)	(8,386)
Basic and diluted loss per share	(0.01)	(0.00)
Weighted average number of common shares outstanding – basic and diluted	5,015,000	5,015,000

Spirit Banner II Capital Corp.

Condensed Interim Statement of Changes in Shareholders' Equity

For the three months ended June 30, 2021 and 2020

(Unaudited)

	Number of shares	Share capital	Contributed surplus	Deficit	Total equity
Balance, March 31, 2020	11,615,000	720,172	113,953	(372,339)	461,786
Loss for the period	-	-	-	(8,386)	(8,386)
Balance, June 30, 2020	11,615,000	720,172	113,953	(380,725)	453,400
Balance, March 31, 2021	11,615,000	720,172	113,953	(424,206)	409,919
Loss for the period	-	-	-	(29,946)	(29,946)
Balance, June 30, 2021	11,615,000	720,172	113,953	(454,152)	379,973

Spirit Banner II Capital Corp.

Condensed Interim Statements of Cash Flows

For the three months ended June 30, 2021 and 2020

(Unaudited)

	Three-month period ending June 30, 2021 \$	Three-month period ending June 30, 2020 \$
Cash (used in) provided by:		
Operating activities		
Net loss for the period	(29,945)	(8,386)
<i>Changes in items of working capital</i>		
Trade and other payables	19,202	(3,239)
Net cash used in operating activities	(10,743)	(11,625)
Net (decrease) increase in cash during the period	(10,743)	(11,625)
Cash and cash equivalents, beginning of period	423,468	472,400
Cash and cash equivalents, end of period	412,725	460,775

Spirit Banner II Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2021

(Unaudited)

1 Incorporation and Nature of Business

Spirit Banner II Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (Ontario) on September 29, 2017 and has applied to be classified as a Capital Pool Company as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The registered office of the Corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of June 30, 2021, the Corporation has not experienced any adverse impacts from COVID-19 and continues to operate as intended.

On August 20, 2021, the Board of Directors approved the unaudited condensed interim financial statements for the three months ended June 30, 2021.

Spirit Banner II Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2021

(Unaudited)

2 Basis of presentation and statement of compliance

These unaudited condensed interim financial statements ("Interim Financial Statements") have been prepared in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2020 ("Annual Financial Statements") which have been prepared in accordance with IFRS as issued by the IASB.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause a difficulty to search and/or complete a Qualifying Transaction, which may negatively impact the Company's business and financial condition.

3 Share capital

Authorized, Unlimited common

	Number of common shares	Amount \$
Balance, March 31, 2021 & June 30, 2021	11,615,000	720,172

Escrowed Shares

i) During the period ended March 31, 2018, the corporation issued 6,600,000 common shares at \$0.05 per share for total proceeds of \$330,000. The corporation incurred share issuance costs of \$2,500 related to this issuance. The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued. As a result, the escrow shares have not been contemplated in the weighted-average shares outstanding calculation.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

Spirit Banner II Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2021

(Unaudited)

3 Share capital (continued) Options

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be exercised for a maximum term of ten years from the date of the grant. They are non-transferable and expire the greater of 90 days of termination of employment or holding office as director or officer of the Corporation and 12 months after the completion of the Qualifying Transaction and, in the case of death, expire one year thereafter.

Any shares issued upon exercise of the options prior to the Corporation entering into a Qualifying Transaction will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

The following table reflects the continuity of stock options:

	June 30, 2021		March 31, 2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Stock options, beginning of year	1,161,500	0.10	1,663,000	0.10
Expired	-	-	(501,500)	(0.10)
Stock options outstanding, end of year	1,161,500	0.10	1,161,500	0.10

The total stock options outstanding at June 30, 2021 are as follows:

Expiry Date	Exercise prices (\$)	Weighted average remaining term (years)	Number of options outstanding	Options exercisable
November 1, 2023	0.10	2.34	1,161,500	1,161,500
	0.10	2.34	1,161,500	1,161,500

4 Related party transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the period ended June 30, 2021 and 2020, there were no related party transactions and no remuneration was paid to key management personnel.

Spirit Banner II Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three months ended June 30, 2021

(Unaudited)

5 Financial risk management objectives and policies

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that reasonable general and administrative expenses of the Corporation may not exceed \$3,000 per month. Further, common shares are to be held in escrow that include, seed shares issued below the Corporations initial public offering price, shares acquired from treasury by related parties to the Corporation and shares issued on exercising of stock options at an exercise price below that of the Corporations initial public offering price. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash, and trade and others payables approximate fair value due to the relatively short term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Schedule “B”

Spirit MD&A for the years ended March 31, 2021 and 2020 and the three month period ended June 30, 2021.

(see attached)

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2021

Spirit Banner II Capital Corp.
Management Discussion and Analysis for the Year Ended March 31, 2021

The following Management's Discussion & Analysis ("MD&A") of Spirit Banner II Capital Corp. ("Spirit Banner II" or the "Company" or the "Corporation") for the year ended March 31, 2021 has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Company for the years ended March 31, 2021 and March 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Accordingly, information contained herein is presented as of July 22, 2021, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Spirit Banner II's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2021

relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Corporation

The Corporation was incorporated under the Business Corporation Act (Ontario) on September 29, 2017 and has applied to be classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced operations and has no assets other than cash. The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval. See subsequent events for amendments made to Policy 2.4 of the Exchange.

On March 25, 2019, the Company announced that it had entered into a binding letter of intent with Five Star Diamonds Ltd. (the "Five Star") to complete a proposed transaction whereby the Company would acquire Five Star's diamond projects in Brazil. On April 4, 2019 the Company advanced \$25,000 to Five Star which is included in due diligence costs in the statement of loss and comprehensive loss. On September 26, 2019, the Company announced that both parties (the Company and Five Star) had been unable to negotiate the terms of a definitive agreement satisfactory to both parties and consequently have mutually decided to terminate the Letter of intent and abandon the transaction.

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2021

On February 28, 2020, the Corporation entered into a Binding Letter of Intent with GRB Grafite Do Brasil Mineracao Ltda. ("GRB") which outlines the terms and conditions pursuant to which GRB and the Corporation will complete a transaction that will result in the Corporation acquiring from GRB the right to receive 20% of all silver, in whatever form, extracted or originating from specific mineral rights currently owned by GRB. It is intended that the transaction will be the Corporation's Qualifying Transaction. As consideration, the Corporation agrees to advance GRB a cash payment of \$175,000 upon completion of the Qualifying Transaction and on March 9, 2020 advanced \$25,000 as a non refundable deposit to GRB which is included in due diligence costs in the statements of loss and comprehensive loss. The Corporation will make a further \$5,000,000 cash payment on the completion of a National Instrument 43-101 compliant resource statement that defines a minimum of 10 million ounces of silver. On July 27, 2020, the Corporation provided notice of their intent to terminate the letter of intent with GRB.

The registered office of the corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

On July 22, 2021 the Board of Directors approved the audited annual financial statements for the year ended March 31, 2021.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of March 31, 2021, the Corporation has not experienced any adverse impacts from COVID-19 and continues to operate as intended.

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2021

Annual Financial Information

The following table sets forth selected audited financial information of the Company as at and for the periods indicated. This financial information is derived from, and should be read in conjunction with, the audited annual financial statements of the Corporation for the years ended March 31, 2021 and March 31, 2020 and the notes thereto. Financial information presented below is prepared in accordance with accounting policies in accordance with IFRS unless otherwise stated.

	Year ended,	
	March 31, 2021	March 31, 2020
	\$	\$
Cash	423,468	472,400
Total Assets	423,468	477,167
Total Liabilities	13,549	15,381
Net Income (Loss)	(51,867)	(139,723)
Basic and Diluted Net Income (Loss) per Share	(0.01)	(0.03)

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total Assets	423,468	435,394	458,942	465,775
Total Revenue	-	-	-	-
Total Expense	21,632	6,922	14,927	8,386
Net Income (Loss)	(21,632)	(6,922)	(14,927)	(8,386)
Basic and Diluted Net Income (Loss) per Share	(0.00)	(0.00)	(0.00)	(0.00)

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Total Assets	477,167	532,865	556,222	578,220
Total Revenue	-	-	-	-
Total Expense	36,808	18,585	48,931	35,399
Net Income (Loss)	(36,808)	(18,585)	(48,931)	(35,399)
Basic and Diluted Net Income (Loss) per Share	(0.01)	(0.00)	(0.01)	(0.01)

Financial Highlights

For the Year Ended March 31, 2021

The Corporation recorded a net loss of \$51,867 during the year ended March 31, 2021 (2020 - \$139,723). The net loss for the year ended March 31, 2021, is due mainly to professional fees, and listing fees.

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2021

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred during the year ended:

	Year ended,	
	March 31, 2021	March 31, 2020
	\$	\$
Due Diligence cost	-	65,717
Legal fees	-	14,062
Professional fees	37,566	25,180
Listing fees	12,991	3,181
Office and administration	1,310	31,583
	51,867	139,723

Liquidity and Capital Resources

As at March 31, 2021, the Corporation had cash of \$423,468 resulting in total assets of \$423,468. The Corporation had current liabilities of \$13,549 and working capital of \$409,919.

Negative cash flow of \$48,932 were recorded from operating activities for the year ended March 31, 2021. This is primarily due to outflows relating to professional and listing fees.

Outstanding Share Data

The Corporation is authorized to issue an unlimited number of common shares. Each common share entitles the holder to one vote at all meetings of shareholders and represents an interest in dividends declared by the Corporation and an undivided interest in the net assets of the Corporation. As at the date of this MD&A, the Corporation has 11,615,000 common shares outstanding of which 6,600,000 are currently in escrow.

Off-Balance Sheet Arrangements

The Corporation has not had any off-balance sheet arrangements since incorporation to the date of this MD&A.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the years ended March 31, 2021 and 2020, there were no related party transactions and no remuneration was paid to key management personnel.

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4. See subsequent events for amendments made to Policy 2.4 of the Exchange.

Subsequent Events

On June 18, 2021, the Corporation received shareholder approval to implement the new changes to the TSXV Policy 2.4 ("Policy 2.4"). In connection with the new changes implemented in Policy 2.4, the changes approved by the shareholders include but are not limited to:

- (1) the consequence as described in note 1 associated with the Corporation not completing a Qualifying Transaction within 24 months of its listing date have now been removed;
- (2) the restriction on the permitted use of gross proceeds as described in note 4 have been amended under which reasonable general and administrative expenses may not exceed \$3,000 per month;
- (3) the requirements of the Exchange for common shares to be held in escrow as described in note 3 have been amended to only include seed shares issued below the Corporations initial public offering price, shares acquired from treasury by related parties to the Corporation and shares issued on exercising of stock options at an exercise price below that of the Corporations initial public offering price.

As of the date that the board of directors approved the financial statements, the Corporation continues to remain suspended from trading until a Qualifying Transaction is completed.

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2021

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash recorded at fair value. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Additional Information

For further detail, see the Corporation's audited financial statements for the years ended March 31, 2021 and 2020. Additional information about the Corporation can also be found on SEDAR.

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2020

Spirit Banner II Capital Corp.
Management Discussion and Analysis for the Year Ended March 31, 2020

The following Management's Discussion & Analysis ("MD&A") of Spirit Banner II Capital Corp. ("Spirit Banner II" or the "Company" or the "Corporation") for the year ended March 31, 2020 has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Company for the years ended March 31, 2020 and March 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. Accordingly, information contained herein is presented as of July 29, 2020, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Spirit Banner II's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2020

will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Corporation

The Corporation was incorporated under the Business Corporation Act (Ontario) on September 29, 2017 and has applied to be classified as a Capital Pool Company, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced operations and has no assets other than cash. The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

On October 26, 2017, the Corporation issued 1,100,000 common shares at \$0.05 per share for total proceeds of \$55,000.

On January 12, 2018, the Corporation issued 5,500,000 common shares at \$0.05 per share for total proceeds of \$275,000.

On November 1, 2018, the Company completed its initial public offering of 5,015,000 common shares by way of a prospectus for gross proceeds of \$501,500 and has listed on the TSX Venture Exchange (the "Exchange") and its common shares commenced trading on November 5, 2018 under the trading symbol "SBTC.P".

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2020

The issued and outstanding common shares were held in escrow pursuant to the requirements of the Exchange. As at March 31, 2020, 6,600,000 common shares are held in escrow. 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “Initial Release”) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

On March 25, 2019, the Company announced that it had entered into a binding letter of intent with Five Star Diamonds Ltd. (the “Five Star”) to complete a proposed transaction whereby the Company would acquire Five Star’s diamond projects in Brazil. On April 4, 2019 the Company advanced \$25,000 to Five Star which is included in due diligence costs in the statement of loss and comprehensive loss. On September 26, 2019, the Company announced that both parties (the Company and Five Star) had been unable to negotiate the terms of a definitive agreement satisfactory to both parties and consequently have mutually decided to terminate the Letter of intent and abandon the transaction.

On February 28, 2020, the Corporation entered into a Binding Letter of Intent with GRB Grafite Do Brasil Mineracao Ltda. (“GRB”) which outlines the terms and conditions pursuant to which GRB and the Corporation will complete a transaction that will result in the Corporation acquiring from GRB the right to receive 20% of all silver, in whatever form, extracted or originating from specific mineral rights currently owned by GRB. It is intended that the transaction will be the Corporation’s Qualifying Transaction. As consideration, the Corporation agrees to advance GRB a cash payment of \$175,000 upon completion of the Qualifying Transaction and on March 9, 2020 advanced \$25,000 as a non refundable deposit to GRB which is included in due diligence costs in the statements of loss and comprehensive loss. The Corporation will make a further \$5,000,000 cash payment on the completion of a National Instrument 43-101 compliant resource statement that defines a minimum of 10 million ounces of silver. On July 27, 2020, the Corporation provided notice of their intent to terminate the letter of intent with GRB.

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2020

The registered office of the corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

On July 29, 2020 the Board of Directors approved the audited annual financial statements for the years ended March 31, 2020 and 2019.

Initial Public Offering:

On November 1, 2018, the Company completed its initial public offering (the "Offering") of 5,015,000 common shares ("Common Shares") in the capital of the Corporation at a purchase price of \$0.10 per Common Share by way of a prospectus for gross proceeds of \$501,500 and has listed on the Exchange.

Canaccord Genuity Corp. (the "Agent") acted as Agent in connection with the Offering. For its services, the Agent received an administrative fee and a cash commission equal to 10% of the gross proceeds of the Offering. In addition, the Agent and members of its selling group received options to purchase an aggregate of 501,500 common shares of the Corporation (the "Agent's Shares") of the Corporation at an exercise price of \$0.10 per Agent's Share, exercisable for twenty-four (24) months from the date of issuance, whereupon the Agent's Shares will expire.

In addition, the Corporation granted an aggregate of 1,161,500 stock options to its directors and officers at an exercise price of \$0.10 per Common Share for a period of five years from the date of grant.

The Common Shares are now listed on the Exchange and its Common Shares commenced trading on November 5, 2018 under the trading symbol "SBTC.P".

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2020

Annual Financial Information

The following table sets forth selected audited financial information of the Company as at and for the periods indicated. This financial information is derived from, and should be read in conjunction with, the audited annual financial statements of the Corporation for the years ended March 31, 2020 and March 31, 2019 and the notes thereto. Financial information presented below is prepared in accordance with accounting policies in accordance with IFRS unless otherwise stated.

	Year ended,	
	March 31, 2020	March 31, 2019
	\$	\$
Cash	472,400	640,878
Total Assets	477,167	644,778
Total Liabilities	15,381	43,269
Net Income (Loss)	(139,723)	(191,442)
Basic and Diluted Net Income (Loss) per Share	(0.03)	(0.09)

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	\$	\$	\$	\$	\$
Total Assets	472,400	532,865	556,222	578,220	644,778
Total Revenue	-	-	-	-	-
Total Expense	36,808	18,585	48,931	35,399	63,123
Net Income (Loss)	(36,808)	(18,585)	(48,931)	(35,399)	(63,123)
Basic and Diluted Net Income (Loss) per Share	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)

Financial Highlights

For the Year Ended March 31, 2020

The Corporation recorded a net loss of \$139,723 during the year ended March 31, 2020 (2019 - \$191,442). The net loss for the year ended March 31, 2020, is due mainly to due diligence costs, professional fees, and listing fees.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred during the year ended:

	Year ended,	
	March 31, 2020	March 31, 2019
	\$	\$
Due Diligence cost	65,717	-
Legal fees	14,062	-
Professional fees	25,180	60,948
Listing fees	3,181	20,193
Stock based compensation	-	87,275
Office and administration	31,583	23,026

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2020

Liquidity and Capital Resources

As at March 31, 2020, the Corporation had cash of \$472,400 and prepaid expenses of \$4,767 resulting in total assets of \$477,167. The Corporation had current liabilities of \$15,381 and working capital of \$461,786.

Negative cash flow of \$168,478 were recorded from operating activities for the year ended March 31, 2020. This is primarily due to outflows relating to due diligence and professional fees.

Outstanding Share Data

The Corporation is authorized to issue an unlimited number of common shares. Each common share entitles the holder to one vote at all meetings of shareholders and represents an interest in dividends declared by the Corporation and an undivided interest in the net assets of the Corporation. As at the date of this MD&A, the Corporation has 11,615,000 common shares outstanding.

Off-Balance Sheet Arrangements

The Corporation has not had any off-balance sheet arrangements since incorporation to the date of this MD&A.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the year ended March 31, 2019, the Corporation incurred stock based compensation expenses of \$87,275 which was attributable to options issued to directors and officers. During the year ended March 31, 2020 and 2019 there were no other related party transactions and no remuneration was paid to key management personnel.

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

Spirit Banner II Capital Corp.
Management Discussion and Analysis - Year Ended March 31, 2020

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash recorded at fair value. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Additional Information

For further detail, see the Corporation's audited financial statements for the years ended March 31, 2020 and 2019. Additional information about the Corporation can also be found on SEDAR.

Spirit Banner II Capital Corp.
Interim Management Discussion and Analysis – Quarterly Highlights
For the Three Months Ended June 30, 2021

The following interim Management's Discussion & Analysis ("Interim MD&A") of Spirit Banner II Capital Corp. ("Spirit Banner II" or the "Company" or the "Corporation") for the three months ended June 30, 2021 has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the period ended March 31, 2021, together with the notes thereto, and unaudited condensed interim financial statements of the Company for the three months ended June 30, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 20, 2021, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Spirit Banner II's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not

Spirit Banner II Capital Corp.
Interim Management Discussion and Analysis – Quarterly Highlights
For the Three Months Ended June 30, 2021

be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

The Corporation

The Corporation was incorporated under the Business Corporation Act (Ontario) on September 29, 2017 and has applied to be classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Corporation has not commenced operations and has no assets other than cash. The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's length transaction, of the majority of the minority shareholders.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that reasonable general and administrative expenses of the Corporation may not exceed \$3,000 per month. Further, common shares are to be held in escrow that include, seed shares issued below the Corporation's initial public offering price, shares acquired from treasury by related parties to the Corporation and shares issued on exercising of stock options at an exercise price below that of the Corporation's initial public offering price. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

On March 25, 2019, the Company announced that it had entered into a binding letter of intent with Five Star Diamonds Ltd. (the "Five Star") to complete a proposed transaction whereby the Company would acquire Five Star's diamond projects in Brazil. On April 4, 2019 the Company advanced \$25,000 to Five Star which is included in due diligence costs in the statement of loss and comprehensive loss. On September 26, 2019, the Company announced that both parties (the Company and Five Star) had been unable to negotiate the terms of a definitive agreement satisfactory to both parties and consequently have mutually decided to terminate the Letter of intent and abandon the transaction.

On February 28, 2020, the Corporation entered into a Binding Letter of Intent with GRB Grafite Do Brasil Mineracao Ltda. ("GRB") which outlines the terms and conditions pursuant to which GRB and the Corporation will complete a transaction that will result in the Corporation acquiring from GRB the right

Spirit Banner II Capital Corp.
Interim Management Discussion and Analysis – Quarterly Highlights
For the Three Months Ended June 30, 2021

to receive 20% of all silver, in whatever form, extracted or originating from specific mineral rights currently owned by GRB. It is intended that the transaction will be the Corporation's Qualifying Transaction. As consideration, the Corporation agrees to advance GRB a cash payment of \$175,000 upon completion of the Qualifying Transaction and on March 9, 2020 advanced \$25,000 as a non refundable deposit to GRB which is included in due diligence costs in the statements of loss and comprehensive loss. The Corporation will make a further \$5,000,000 cash payment on the completion of a National Instrument 43-101 compliant resource statement that defines a minimum of 10 million ounces of silver. On July 27, 2020, the Corporation provided notice of their intent to terminate the letter of intent with GRB.

The registered office of the corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of June 30, 2021, the Corporation has not experienced any adverse impacts from COVID-19 and continues to operate as intended.

Spirit Banner II Capital Corp.
Interim Management Discussion and Analysis – Quarterly Highlights
For the Three Months Ended June 30, 2021

Financial Highlights

For the Three Months Ended June 30, 2021

The Corporation recorded a net loss of \$19,946 during the period ended June 30, 2021 (2020 - \$8,386). The net loss is due mainly to professional fees and listing fees.

Additional Disclosure for Venture Issuers without Significant Revenue

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred during the year ended:

	Three months ended,	
	June 30, 2021	June 30, 2020
	\$	\$
Professional fees	25,767	7,009
Listing fees	4,086	1,049
Office and administration	92	328
	29,945	8,386

Liquidity and Capital Resources

As at June 30, 2021, the Corporation had cash of \$412,725 resulting in total assets of \$412,725. The Corporation had current liabilities of \$32,752 and working capital of \$379,973.

Negative cash flow of \$10,743 were recorded from operating activities for the period ended June 20, 2021. This is primarily due to outflows relating to professional fees.

Outstanding Share Data

The Corporation is authorized to issue an unlimited number of common shares. Each common share entitles the holder to one vote at all meetings of shareholders and represents an interest in dividends declared by the Corporation and an undivided interest in the net assets of the Corporation. As at the date of this MD&A, the Corporation has 11,615,000 common shares outstanding of which 6,600,000 are currently in escrow.

Off-Balance Sheet Arrangements

The Corporation has not had any off-balance sheet arrangements since incorporation to the date of this MD&A.

Spirit Banner II Capital Corp.
Interim Management Discussion and Analysis – Quarterly Highlights
For the Three Months Ended June 30, 2021

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the three months ended June 30, 2021, there were no related party transactions and no remuneration was paid to key management personnel.

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that reasonable general and administrative expenses of the Corporation may not exceed \$3,000 per month. Further, common shares are to be held in escrow that include, seed shares issued below the Corporation's initial public offering price, shares acquired from treasury by related parties to the Corporation and shares issued on exercising of stock options at an exercise price below that of the Corporation's initial public offering price. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

Risk Disclosures and Fair Values

The Corporation's financial instruments, consisting of cash recorded at fair value. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Additional Information

For further detail, see the Corporation's audited condensed financial statements for the year ended March 31, 2021. Additional information about the Corporation can also be found on SEDAR.

Schedule “C”

Sabio audited consolidated financial statements for the years ended December 31, 2020 and 2019 and the unaudited consolidated financial statements for the six month period ended June 30, 2021.

(see attached)

Sabio Mobile, Inc.

**Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Sabio Mobile, Inc.

For the Years Ended December 31, 2020 and 2019

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To the Shareholders of Sabio Mobile Inc.:

Opinion

We have audited the consolidated financial statements of Sabio Mobile Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of operations and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Saad Shaikh

Toronto, Ontario
November 12, 2021

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

Sabio Mobile, Inc.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in U.S. Dollars)

	December 31, 2020	December 31, 2019	January 1, 2019
	\$	\$	\$
			(Unaudited)
Assets			
Current assets			
Cash	47,890	1,160,102	137,459
Accounts receivable, net of expected credit losses (Note 4)	1,993,802	1,886,024	1,777,325
Due from related parties (Note 11)	342,113	-	-
Prepaid expenses	46,975	68,281	73,526
	2,430,780	3,114,407	1,988,310
Right of Use Asset (Note 7)	23,615	70,845	118,075
Intangible Assets (Note 5)	1,061,118	824,622	616,014
	3,515,513	4,009,874	2,722,399
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 6)	5,734,561	5,745,888	4,036,963
Lease Liability (Note 7)	28,832	54,878	54,878
Due to related parties (Note 11)	252,743	371,580	60,000
Loans payable (Note 8)	2,284,392	338,498	432,621
Deferred Revenue	-	1,500,000	-
	8,300,528	8,010,845	4,584,462
Lease Liability (Note 7)	-	25,072	67,924
Loans payable (Note 8)	3,754,700	4,310,959	4,052,554
	12,055,228	12,346,876	8,704,940
Shareholders' Deficiency			
Common shares (Note 9)	444,719	441,262	441,262
Share-based benefits reserve (Note 9)	639,876	564,546	512,498
Deficit	(9,624,311)	(9,342,810)	(6,936,301)
	(8,539,716)	(8,337,002)	(5,982,541)
	3,515,513	4,009,874	2,722,399

Events after the reporting period (Note 14)

The accompanying notes are an integral part of these consolidated financial statements

Sabio Mobile, Inc.

Consolidated Statements of Operations and Comprehensive Loss

For the years ended December 31, 2020 and 2019

(in U.S. Dollars)

	2020	2019
	\$	\$
Revenues	13,192,426	16,311,492
Cost of sales	5,292,356	8,391,356
Gross profit	7,900,070	7,920,136
Expenses		
Sales and marketing	3,406,295	4,140,510
General and administrative	1,631,890	2,523,827
Research and technology costs	1,074,426	1,188,884
Amortization of intangible assets (Note 5)	793,667	663,952
Occupancy (Note 7)	171,940	465,742
Share-based compensation (Note 9)	78,786	52,048
Amortization of lease (Note 7)	47,230	47,230
	7,204,234	9,082,193
Gain (loss) from operations	695,836	(1,162,057)
Finance costs	969,094	1,236,852
Loss before income taxes	(273,258)	(2,398,909)
Income taxes (Note 10)	8,242	7,600
Net loss and total comprehensive loss	(281,500)	(2,406,509)
Loss per share, basic	(0.03)	(0.29)
Loss per share, diluted	(0.03)	(0.25)

The accompanying notes are an integral part of these consolidated financial statements

Sabio Mobile, Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

	Common shares	Share-based benefits reserve	Deficit	Total shareholders' deficiency
	\$	\$	\$	\$
Balance, January 1, 2019 (unaudited)	441,262	512,498	(6,936,301)	(5,982,541)
Share-based compensation	-	52,048	-	52,048
Net loss and total comprehensive loss	-	-	(2,406,509)	(2,406,509)
Balance, December 31, 2019	441,262	564,546	(9,342,810)	(8,337,002)
Share-based compensation	-	78,786	-	78,786
Shares issued due to exercise of stock options	3,457	(3,456)	-	1
Net loss and total comprehensive loss	-	-	(281,500)	(281,500)
Balance, December 31, 2020	444,719	639,876	(9,624,310)	(8,539,715)

The accompanying notes are an integral part of these consolidated financial statements

Sabio Mobile, Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

	2020	2019
	\$	\$
Cash flows used in operating activities		
Net loss	(281,500)	(2,406,509)
Adjustments for:		
Share-based compensation	78,786	52,048
Finance costs	-	13,936
Amortization of lease (Note 7)	47,230	47,230
Amortization of intangible assets	793,667	663,952
	638,183	(1,629,343)
Changes in non-cash working capital items:		
Accounts receivable	(107,778)	(108,699)
Prepaid expenses	21,306	5,245
Deferred revenue	(1,500,000)	1,500,000
Accounts payable and accrued liabilities	(11,327)	1,708,925
	(959,616)	1,476,128
Cash flows used in investing activities		
Development costs	(1,030,163)	(872,560)
Cash flows from financing activities		
Advances (payments) of loan payable	1,389,635	164,282
Advances (payments) from related parties	(118,837)	311,580
Advances (payments) to related parties	(342,113)	-
Lease payments	(51,119)	(56,787)
Issuance of common shares upon exercise of stock options	1	-
	877,567	419,075
Net decrease in cash	(1,112,212)	1,022,643
Cash, beginning of year	1,160,102	137,459
Cash, end of year	47,890	1,160,102

The accompanying notes are an integral part of these consolidated financial statements

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

1. Description of business

Sabio Mobile, Inc. and its subsidiary (the “Company”) offer brands and agencies cutting-edge technology, killer customer service, a full creative suite, and an agile approach to cross screen advertising. Sabio's App Science® Cross Screen capabilities combine deep learnings from a consumer's app ecosystem, geo-locations and connected TV consumption in a CCPA compliant way to help brands reach their target audience and fully understand their consumer's past, present and future consumption intent.

Sabio Mobile, Inc. has two wholly owned subsidiaries: AppScience, Inc. and Sabio Mobile India Private Limited.

The Company is incorporated and domiciled in the United States. The address of the Company's registered office is 3500 South DuPont Highway, Dover, Delaware, County of Kent, 19901.

2. Significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on November 12, 2021.

First-time adoption of IFRS

These consolidated financial statements are the first the Company has prepared in accordance with IFRS, with an effective transition date of January 1, 2019. The date of adoption of IFRS is January 1, 2020.

As consolidated financial statements were not previously prepared under any generally accepted framework as of December 31, 2018 or any period prior, this represents the first time the Company has presented consolidated financial statements for the periods presented herein. Accordingly, the Company has prepared consolidated financial statements that comply with IFRS applicable as at December 31, 2020 and has presented comparative period data for the year ended December 31, 2019, with retrospective restatement of opening balances at January 1, 2019. In preparing the consolidated financial statements, the Company's opening consolidated statement of financial position was prepared as at January 1, 2019, the Company's date of transition to IFRS. The transition to IFRS has not resulted in any adjustments to these consolidated financial statements.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“IFRS 1”) prohibits retrospective application of some aspects of other IFRS. The Company has applied the following exemptions to its opening consolidated statement of financial position at January 1, 2019:

- IAS 32 *Financial Instruments: Presentation* (“IAS 32”) requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity. The first portion is in retained earnings and represents the cumulative interest accreted on the liability component. The other portion represents the original equity component. However, in accordance with IFRS 1, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to IFRSs. The Company has elected to apply this exemption.

Under IFRS 1, an entity is required to make estimates under IFRS that are consistent with the estimates made for the same date, after adjusting for any difference in accounting policy. All of the Company's estimates have been measured reflecting conditions that existed for each consolidated financial statement date presented herein.

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
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2. Significant accounting policies *(continued from previous page)*

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in United States dollars ("U.S. dollars" or "USD"), the Company's functional currency, except share and per share amounts or as otherwise noted.

The principal accounting policies are set out below.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements of the Company include Sabio Mobile Inc. and its wholly owned subsidiaries AppScience, Inc. and Sabio Mobile India Private Limited.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Operating segments

The Company operates as one operating segment which is reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for the allocation of resources and assessing the performance of the operating segment and have been identified as the CEO and CFO of the Company.

Application of new and amended standards and interpretations

IFRS 16 Leases

The Company early adopted IFRS 16 Leases ("IFRS 16") as issued by the IASB in January 2016. The standard has been applied since the Company's transition to IFRS on January 1, 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard supersedes the requirements in IAS 17 Leases ("IAS 17"), IFRIC 4 Determining whether an Arrangement contains a Lease ("IFRIC 4"), SIC 15 Operating Leases – Incentives ("SIC 15"), and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease ("SIC 27").

IFRS 16 removes the distinction between operating and finance leases from the lessee's perspective and introduces a single lessee accounting model. The standard requires a lessee to recognize a "right-of-use" asset and a corresponding lease liability for substantially all leases, except for leases with terms less than 12 months and leases of low value assets. Requirements for lessor accounting are largely unchanged from IAS 17. IFRS 16 also results in reclassification of the nature of lease expenses to depreciation and interest expense, from their classification of "rent expense" under IAS 17.

The adoption of IFRS 16 resulted in the Company recognizing a right of use asset and a corresponding lease liability.

The Company's accounting policy for leases is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-

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2. Significant accounting policies *(continued from previous page)*

Application of new and amended standards and interpretations (continued)

IFRS 16 Leases (continued)

-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Foreign currency translation

The consolidated financial statements are presented in U.S. dollars. The functional currency of Sabio Mobile, Inc., is U.S. dollars and the functional currency of App Science, Inc. is U.S. dollars.

Assets and liabilities of subsidiaries having a functional currency other than the U.S. dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income (loss) included in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the statement of operations and comprehensive loss.

Financial Instruments

IFRS 9 contains three principle classifications for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") and eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Classification of financial assets under IFRS 9 is generally based on a business model and its contractual cash flow characteristics.

The following table shows the classification categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

<u>Asset / liability:</u>	<u>Classification:</u>
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

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2. Significant accounting policies *(continued from previous page)*

Financial instruments (continued from previous page)

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables and customer option receivable.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

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2. Significant accounting policies *(continued from previous page)*

Financial instruments (continued from previous page)

Financial assets (continued from previous page)

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, except for financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

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2. Significant accounting policies *(continued from previous page)*

Financial instruments (continued from previous page)

Financial liabilities (continued from previous page)

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for deferred development costs is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of non-financial assets

Property, equipment and intangible assets (other than goodwill) are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When an indication of impairment is identified, the carrying value of the asset or group of assets is measured against the recoverable amount. The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

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2. Significant accounting policies *(continued from previous page)*

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled.

The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from shareholders' equity.

Loss per share

The Company calculates basic loss per share amounts for loss attributable to common shareholders of the parent entity. Basic loss per share is calculated by dividing loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year.

For the purpose of calculating diluted loss per share, the Company adjusts the loss attributable to common shareholders of the parent entity, and the weighted average number of common shares outstanding during the year, for the effects of all dilutive potential common shares. Potential common shares are treated as dilutive when, and only when, their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations.

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2. Significant accounting policies *(continued from previous page)*

Fair value

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements.

- Level 1 inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs that are not based on observable market data (unobservable data).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue represents the fair value of consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from managed service, programmatic sales, connected TV, and App Science insights.

The Company sells digital advertising directly to marketers or through advertising agencies. Revenue from advertising is mostly generated through video and display advertising delivered through advertising impressions. Advertising is typically sold on a cost-per-thousand ("CPM") basis and is evidenced by an Insertion Order, ("IO"). Revenue is recognized as the number of impressions are delivered. IOs may include multiple performance obligations as they contain distinct advertising products or services. For such arrangements, the Company allocates revenue to each distinct performance obligation based on their relative standalone selling price ("SSP"). Advertising arrangements comprised of multiple performance obligations are recognized either at a point in time or over time depending on the nature of the distinct performance obligation.

Contracts with multiple products or services

The Company enters into contracts that contain multiple products and services such as campaign management, insights, and studies. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

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2. Significant accounting policies *(continued from previous page)*

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount of a provision is the best estimate of the consideration at the end of the reporting period. Provisions measured using estimated cash flows required to settle the obligation are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions as at December 31, 2020 and 2019.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Selecting the option pricing model to estimate the fair value of equity instruments granted

The Company uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected credit losses

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing

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3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Key sources of estimation uncertainty (continued from previous page)

Expected credit losses *(continued from previous page)*

patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof. The Company did not assess any credit loss provision at year end.

Valuation of common share purchase options and equity-settled share-based payments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase options and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

Amortization of intangible assets

The Company applies the straight-line method to recognize amortization of intangible assets. Management is satisfied that the straight-line method best reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Internally generated development costs

Management monitors the progress of internal research and development projects and uses judgment to distinguish research from the development phase. Expenditures during the research phase are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate certain criteria listed in Note 2. Otherwise, they are expensed as incurred.

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3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Key sources of estimation uncertainty (continued from previous page)

Impact from the global outbreak of COVID-19 (coronavirus)

In 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. COVID-19 has had varying consequences on the Company's services and products. The sale of vouchers for customer experience, such as travel or other activities, was negatively impacted by the restrictions imposed on travel and isolation/quarantine orders. In comparison, the sale of products, including groceries, through the Company's e-commerce marketplaces was positively impacted by increased demand for online shopping. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, the United States and other countries to fight the virus. At December 31, 2020, and for the year then ended, the Company determined that there were no material expectations of increased credit losses, and no material indicators of impairment of intangibles, goodwill, or other long-term assets.

4. Accounts receivable

	December 31, 2020	December 31, 2019	January 1, 2019
	\$	\$	\$
			(unaudited)
Trade receivables	4,310,197	4,791,411	4,207,606
Factored receivables	(2,251,395)	(2,860,387)	(2,430,281)
	2,058,802	1,931,024	1,777,325
Expected credit loss provision	(65,000)	(45,000)	-
Net carrying value	1,993,802	1,886,024	1,777,325

The Company has a financing and security factoring agreement with a third party, Fast Pay Partners LLC ("Fast Pay"). The Company sells its receivables to Fast Pay in order to receive funds up front to improve its cash flows. Per the agreement, approximately 80% of accounts receivable is collected upon submission of claim and the remaining 20% is collected once the accounts receivable has been settled. Per the agreement, if Fast Pay is unable to collect on an invoice, the Company would be liable to repurchase such accounts via repayment of the unpaid amounts along with fees relating to repurchased accounts stemming from customer disputes, breach of representation or warranty, customer insolvency or unwillingness to pay, default, or non-payment beyond payment dates.

Sabio Mobile, Inc.

Notes to the Consolidated Financial Statements

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5. Intangible assets

	Internally generated intangible assets
Cost	\$
Balance at January 1, 2019 (unaudited)	1,290,444
Additions	872,560
Balance at December 31, 2019	2,163,004
Additions	1,030,163
Balance at December 31, 2020	3,193,167
Accumulated amortization	
Balance at January 1, 2019 (unaudited)	674,430
Amortization expense	663,952
Balance at December 31, 2019	1,338,382
Amortization expense	793,667
Balance at December 31, 2020	2,132,049
Net book value as at:	
January 1, 2019 (unaudited)	616,014
December 31, 2019	824,622
December 31, 2020	1,061,118

6. Accounts payable and accrued liabilities

	December 31, 2020	December 31, 2019	January 1, 2019
	\$	\$	\$
			(Unaudited)
Trade accounts payable and accrued liabilities	5,579,047	5,649,047	3,980,360
Interest payable	155,514	96,842	56,603
	5,734,561	5,745,889	4,036,963

Sabio Mobile, Inc.

Notes to the Consolidated Financial Statements

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7. Right of use asset and lease liabilities

Right-of-use asset

	<u>Office premises</u>
	\$
Cost	
Balance, January 1, 2019, December 31, 2019 and 2020	141,690
Accumulated depreciation	
Balance, January 1, 2019 (unaudited)	23,615
Depreciation	47,230
Balance, December 31, 2019	70,845
Depreciation	47,230
Balance, December 31, 2020	118,075
Carrying amount	
January 1, 2019 (unaudited)	118,075
December 31, 2019	70,845
December 31, 2020	23,615

Lease Liability

Cost	\$
Balance, January 1, 2019 (unaudited)	122,802
Interest accretion	13,936
Lease payments	(56,788)
Balance, December 31, 2019	79,950
Interest accretion	7,374
Lease payments	(58,492)
Balance, December 31, 2020	28,832
Current	28,832
Non-current	-
Balance, December 31, 2020	28,832

The following table provides the remaining lease commitments in 2020 and onward. The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows before deducting interest or finance charges.

	\$
2021	<u>28,832</u>
	<u>28,832</u>

The Company has certain short-term office leases which are not capitalised in accordance with IFRS 16 due to their short-term nature. The Company recorded occupancy expenses of \$171,940 (2019- \$465,742) related to these short-term office leases in the consolidated statements of operations and comprehensive loss.

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

8. Loans payable

	Note	December 31, 2020	December 31, 2019	January 1, 2019
		\$	\$	\$
Kim Theis line of credit promissory note	(a)	85,000	85,000	85,000
Katch Investments, LLC promissory note	(b)	1,450,000	1,550,000	1,550,000
Amirali Hadi promissory note	(c)	250,000	250,000	250,000
Zarasa Holdings LLC promissory note	(d)	700,000	700,000	500,000
Asma Maladwala promissory note	(e)	100,000	100,000	-
Wisper Ventures Leasing, LLC promissory note	(f)	1,497,592	1,964,457	2,100,175
U.S. Small Business Administration promissory note	(g)	500,000	-	-
U.S. Small Business Administration payroll protector	(h)	1,102,500	-	-
The City of Los Angeles promissory note	(i)	20,000	-	-
Karim Rawji short-term note	(j)	184,000	-	-
Roland Tellis promissory note	(k)	150,000	-	-
		6,039,092	4,649,457	4,485,175
Current portion of loans payable		2,284,392	338,498	432,621
Long-term portion of loans payable		3,754,700	4,310,959	4,052,554
		6,039,092	4,649,457	4,485,175

Future principal repayments are as follows:

2021	2,284,392
2022	2,060,873
2023	71,327
2024	-
2025 and beyond	1,622,500
	6,039,092

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

8. Loans payable *(continued from previous page)*

- a) The Kim Thies line of credit promissory note bears interest at 10% and was due September 30, 2016. The note was repayable in full March 31, 2017 and is considered on-demand. During the year ended December 31, 2020, the Company paid \$nil (2019 - \$nil) in principal and \$8,523 (2019 - \$7,964) of interest expense.
- b) The Katch Investments, LLC unsecured promissory note bears interest at 15.0% and is due July 7, 2016. The interest is repayable in quarterly installments within 30 days after the end of each calendar quarter. During the year ended December 31, 2020, the Company paid \$200,000 (2019 - \$nil) in principal and \$223,167 (2019 - \$245,000) of interest expense.
- c) The Amirali Hadi unsecured promissory note bears interest at 15.0% and is due January 7, 2017. The interest is repayable in quarterly installments within 30 days after the end of each calendar quarter. During the year ended December 31, 2020, the Company paid \$nil (2019 - \$nil) in principal and \$37,603 (2019 - \$37,500) of interest expense.
- d) The Zarasa Holdings LLC unsecured promissory note bears interest at 15.0% and is due August 1, 2020. The interest is repayable in quarterly installments within 30 days after the end of each calendar quarter. During the year ended December 31, 2020, the Company paid \$nil (2019 - \$nil) in principal and \$105,288 (2019 - \$80,014) of interest expense.
- e) The Asma Maladwala unsecured promissory note bears interest at 10.0% and is due November 11, 2021. The interest is repayable in quarterly installments. During the year ended December 31, 2020, the Company paid \$nil (2019 - \$nil) in principal and \$10,043 (2019 - \$1,667) of interest expense.
- f) The Wisper Ventures Leasing, LLC multiple advance promissory note bears interest at 15.0% plus 3.0% per annum and is due September 30, 2023. During the year ended December 31, 2020, the Company paid \$571,212 (2019 - \$469,925) in principal and \$220,569 (2019 - \$413,171) of interest expense.
- g) On April 1, 2020, the Company closed on an unconditional guarantee disaster loan from the U.S. Small Business Administration in the amount of \$500,000. The Loan is intended to alleviate economic injury caused by disaster occurring in the month of January 2020. The loan bears interest at a fixed rate of 3.75% per annum, with a maturity date of thirty years from the date of the Loan. Interest payments are deferred for the first 12 months. Total interest expense was \$nil for the year ended December 31, 2020.
- h) On April 6, 2020, the Company closed on an unsecured bank loan guaranteed under the Paycheck Protection Program ("PPP") in the amount of \$1,102,500. The Loan specifically supports the ongoing US staffing and operations of Sabio Inc., bears interest at a fixed rate of 0.98% per annum, with a maturity date of two years from the date of the Loan. Interest payments are deferred for the first 10 months after the last date of the covered period under the loan, with the covered period ending 24 weeks after the date of the loan's disbursement. The loan may be forgiven in whole or in part, to the extent permitted under the program. Total interest expense was \$nil for the year ended December 31, 2020.
- i) On December 16, 2020, the Company entered into an amended agreement on the Small Business Emergency Loan from the City of Los Angeles through the Economic and Workforce Development Department in the amount of \$20,000. The Loan is intended to alleviate the impacts of the Covid-19 pandemic for the purpose of financing working capital. Interest payments are deferred for the first six months under the Loan, and the Loan may be forgiven in whole or in part, to the extent permitted under the program. Total interest expense was \$nil for the year ended December 31, 2020.
- j) The Karim Rawji unsecured promissory note bears interest at 24.0% and is due on demand. The interest is payable monthly. During the year ended December 31, 2020, the Company paid \$16,000 (2019 - \$nil) in principal and \$ (2019 - \$nil) of interest expense.
- k) The Roland Tellis promissory note bears interest at 10% and is due April 1, 2021. The interest is repayable in quarterly installments. During the year ended December 31, 2020, the Company paid \$nil (2019 - \$nil) in principal and \$18,750 (2019 - \$22,500) of interest expense.

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

8. Loans payable (continued from previous page)

All interest accrued related to these loans have been recorded under accounts payables and accrued liabilities.

9. Share capital

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with a nominal par value.

	#	\$
Balance, January 1, 2019 (unaudited)	8,325,000	441,262
Issuance of common shares	-	-
Balance, December 31, 2019	8,325,000	441,262
Issuance of common shares	3,000	3,457
Balance, December 31, 2020	8,328,000	444,719

b) Share based compensation and share based payment reserve

Measurement date	Number of Options	Weighted average exercise price
	#	\$
Balance, January 1, 2019 (unaudited)	1,395,000	0.38
Granted	20,000	0.61
Forfeited	(50,000)	0.34
Balance, December 31, 2019	1,365,000	0.17
Granted	245,667	0.61
Exercised	(3,000)	0.61
Forfeited	(35,000)	0.42
Balance, December 31, 2020	1,572,667	0.40

A summary of changes in share-based compensation during the years ended December 31, 2020 and 2019 is as follows:

The following tables summarize information about the Company's share options outstanding at December 31, 2020:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life in years
Range of exercise prices	#	\$	
\$ 0.5300	140,500	\$ 0.53	7.5
\$ 0.6100	252,667	\$ 0.61	9.2
\$ 0.3400	1,179,500	\$ 0.34	6.1
	1,572,667	\$ 0.40	6.7

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

9. Share capital (continued from previous page)

During the year ended December 31, 2020, 245,667 share options were issued (December 31, 2019 – 20,000 options) with a weighted average aggregate fair value of \$105,637 at the date of grant (2019 - \$6,900) to directors, employees and consultants. Options granted during the year vest monthly from the grant date.

b) Share based compensation and share based payment reserve (continued)

The fair value of the share options granted during the period were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	2019
Estimated fair value per common share	\$ 0.61	\$ 0.61
Exercise price of the option	\$ 0.61	\$ 0.61
Expected volatility of the underlying common share	67.4%	67.4%
Expected life of the option (in years)	10 years	10 years
Expected dividend yield	0.00%	0.00%
Risk-free rate of interest	0.9%	1.5-2.78%

During the year ended December 31, 2020, the Company recognized stock-based compensation expense of \$78,786 (2019 - \$52,048).

10. Income taxes

The reconciliation of the combined federal and state income tax rate of 21.04% (2019 - 21.04%) to the effective tax rate is as follows:

	2,020	2,019
Net Income (Loss) before recovery of income taxes	\$ (273,258)	\$ (2,398,909)
Expected income tax (recovery) expense	\$ (57,486)	\$ (504,667)
Book to filing adjustments	120,904	(87,954)
Non-deductible expenses	40,154	91,440
Change in tax benefits not recognized	(103,572)	501,181
Income tax (recovery) expense	8,242	7,600
Current tax (recovery) expense	\$ 8,242	\$ 7,600
Deferred tax (recovery) expense	-	-
	\$ 8,242	\$ 7,601

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

10. Income taxes (continued from previous page)

The following table summarizes the components of deferred tax:

Deferred Tax Assets

Lease Liability	\$	4,968	\$	14,904
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Deferred Tax Liabilities

ROU Asset		(4,968)		(14,904)
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Net deferred tax Asset	\$	-	\$	-
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Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

Intangible Assets - R&D	754,140	986,851
R&D credits	129,779	129,779
Lease Liability	5,217	9,105
Net Operating Loss carried forward	5,669,604	5,984,676
Charitable donations carryforward	20,763	12,896
Stock Options	86,233	81,752
Professional Fees	47,000	-
	<u>6,712,736</u>	<u>7,205,059</u>

\$59,260 of the US operating loss carry forward will expire in 20 years, while the rest may be carried forward indefinitely. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

11. Related Party Transactions

Compensation of key management personnel

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include management executives of the Company. Compensation provided to key management is as follows:

	2020	2019
	\$	\$
Salaries and short-term employee benefits	1,893,441	2,035,211
Stock based compensation	50,795	48,693
	<u>1,944,236</u>	<u>2,083,904</u>

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

11. Related Party Transactions (continued from previous page)

Amounts due from related parties as at December 31, 2020 and 2019 were as follows:

	2020	2019
	\$	\$
Aziz Rahimtoola	342,113	-
	342,113	-

These balances represent non interest-bearing advances made to shareholders due on demand.

Amounts due to related parties as at December 31, 2020 and 2019 were as follows

	2020	2019
	\$	\$
Kim Thies	21,001	20,000
Aziz Rahimtoola	231,742	351,580
	252,743	371,580

The balance related to Kim Theis represents non interest-bearing advances from share holders due on demand. The amounts due from Aziz Rahimtoola bears interest at 10.0% and is due February 1, 2021. The interest is repayable in quarterly installments in the sum of \$6,250 beginning on May 1, 2019. During the year ended December 31, 2020, the Company paid \$nil (2019 - \$nil) in principal and \$25,000 (2019 - \$22,917) of interest expense.

12. Risk management arising from financial instruments

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's principal financial assets that expose it to credit risk are receivables, the Company mitigates this risk by monitoring the credit worthiness of its customers.

The Company recognizes a provision for expected credit losses based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

The following is the breakdown of the aging of trade receivables:

	December 31, 2020	December 31, 2019	January 1, 2019
	\$	\$	\$
			(unaudited)
Trade receivables aging			
0-30 days	2,827,650	2,806,881	2,482,897
31-60 days	1,018,081	1,045,211	615,949
61-90 days	295,189	665,611	462,992
Greater than 90 days	169,277	273,708	645,768
	4,310,197	4,791,411	4,207,606
Factored receivables	(2,251,395)	(2,860,387)	(2,430,281)
Allowance for expected credit losses	(65,000)	(45,000)	-
Net trade receivables	1,993,802	1,886,024	1,777,325

At December 31, 2020, of the Company's trade receivables, three customers accounted for 49% (2019 – three customers for 70%).

Sabio Mobile, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(in U.S. Dollars)

12. Risk management arising from financial instruments (continued from previous page)

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-

December 31, 2020	Total	0-30 days	31-60 days	61-90 days	>90 days
Default rates		1.43%	1.45%	1.47%	1.50%
Trade receivables	\$ 4,310,197	\$ 2,827,650	\$ 1,018,081	\$ 295,189	\$ 169,277
Expected credit loss	\$ 65,000	\$ 40,935	\$ 15,262	\$ 5,089	\$ 3,713

looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables as at December 31, 2020 and December 31, 2019.

December 31, 2019	Total	0-30 days	31-60 days	61-90 days	>90 days
Default rates		0.90%	0.93%	0.97%	1.00%
Trade receivables	\$ 4,791,411	\$ 2,806,881	\$ 1,045,211	\$ 665,611	\$ 273,708
Expected credit loss	\$ 45,000	\$ 25,462	\$ 9,920	\$ 6,656	\$ 2,961

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's revolving demand facility and debt have variable interest rates. Changes in the lending institutions prime lending rates can cause fluctuations in interest payments and cash flows.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	\$ 5,734,561	\$ 5,734,561	\$ -	\$ -	\$ -
Loans payable	6,039,092	2,284,392	2,132,200	-	1,622,500
	\$ 11,773,653	\$ 8,018,953	\$ 2,132,200	\$ -	\$ 1,622,500

e) Foreign currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company is exposed to currency risk through its operations in Indian rupees. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A change of 1% in the INR/USD exchange rate on the December 31, 2020 balance would have had a \$360 impact. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period follows:

Sabio Mobile, Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in U.S. Dollars)

12. Risk management arising from financial instruments (continued from previous page)

	December 31, 2020	December 31, 2019	January 1, 2019
	INR	INR	INR
			(unaudited)
Cash	1,443,350	772,288	375,608
Net financial assets	1,443,350	772,288	375,608

f) Management of capital

The Company's objective of managing capital, comprising of shareholder's equity, is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the Board of Directors, management will adjust its capital structure through the issue of new shares, debt or other activities deemed appropriate under the specific circumstances.

Management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2020.

13. Segmented Information

The Company has identified one operating segment whose offerings combine mobile data signals such as app profile, device location, and other consumer behaviors to provide brands and agencies with more effective mobile and connected TV (CTV) ad campaigns, as well as actionable analytics insights. The Company sells services in the United States of America ("USA") with AppScience, Inc. providing an agnostic platform to track, measure, and analyze media buys across multiple partners to the Company and with Sabio Mobile India Private Limited working as an operational extension of the Company for data engineering and data science activities. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

14. Subsequent Events

In the first quarter of 2021, the Company closed on an unsecured bank loan guaranteed under the Paycheck Protection Program ("PPP") in the amount of \$1,050,000. The Loan specifically supports the ongoing US staffing and operations of Sabio Inc. The Loan may be forgiven in whole or in part, to the extent permitted under the program.

In the second quarter of 2021, the Company closed on a sale of convertible promissory notes for gross proceeds of \$2,218,801, with principal and accrued interest due on the maturity date of December 31, 2021. In the event the Company, prior to the Maturity Date, completes a public offering of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering that results in the securities of the Company being offering in any public offering or held by an entity that is a reporting issuer and is listed for trading on a stock exchange, the principal amount then outstanding under the notes together with all accrued but unpaid interest thereon shall be automatically converted into common stock and share purchase warrants of the Company.

In the second quarter of 2021, the Small Business Administration (SBA) authorized the full forgiveness of the Company's \$1,102,500 loan under the Paycheck Protection Program. The forgiveness was applied to the full amount the SBA authorized, plus all accrued interest.

Sabio Mobile, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(in U.S. Dollars)

14. Subsequent Events (continued from previous page)

In the second quarter of 2021, the Company entered into a non-binding letter of intent with Spirit Banner II Capital Corp. (TSXV:SBTC.P) ("Spirit"). Spirit proposes to acquire the issued and outstanding securities of the Company in exchange for the issuance of securities of Spirit. The transaction will result in a reverse take-over of Spirit where the existing shareholders of the Company will own a majority of the outstanding common shares of Spirit. Spirit is anticipated to be renamed "Sabio Inc." (the "Resulting Issuer") or such other name as the Company may determine. Upon completion of the transaction, it is anticipated that the Resulting Issuer will be a Technology Issuer that is publicly listed on the TSX Venture Exchange.

In the third quarter of 2021, option holders of the Company exercised 1,593,999 share options. As of September 30, 2021, there were 827,001 share options of the Company still outstanding.

In the third quarter of 2021, the Small Business Administration (SBA) authorized the full forgiveness of the Company's \$1,050,000 loan under the Paycheck Protection Program. The forgiveness was applied to the full amount the SBA authorized, plus all accrued interest.

Sabio Mobile, Inc.

**Condensed Interim Consolidated Financial Statements
For the Three-and-Six-Month Periods Ended June 30, 2021 and 2020 (unaudited)**

Sabio Mobile, Inc.

Condensed Interim Consolidated Statements for the Three-and Six-Month Periods Ended June 30, 2021, and 2020 (Unaudited)

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Sabio Mobile, Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

As at June 30, 2021 and December 31, 2020

(Expressed in U.S. Dollars)

	June 30, 2021	December 31, 2020
	\$	\$
Assets		
Current assets		
Cash	217,760	47,890
Accounts receivable, net of expected credit losses (Note 5)	2,585,826	1,993,802
Due from related parties (Note 10)	539,165	342,113
Prepaid expenses	103,106	46,975
	3,445,857	2,430,780
Right of Use Asset	-	23,615
Intangible Assets (Note 6)	789,899	1,061,118
	4,235,756	3,515,513
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	5,283,705	5,734,561
Deferred Revenue	257,625	-
Lease Liability	-	28,832
Due to related parties (Note 10)	270,000	252,743
Loans payable (Note 8)	296,218	2,284,392
Convertible note subscription (Note 8)	2,418,801	-
	8,526,349	8,300,528
Loans payable (Note 8)	4,936,289	3,754,700
	13,462,638	12,055,228
Shareholders' Deficiency		
Common shares (Note 9)	445,059	444,719
Share-based benefits reserve (Note 9)	1,156,277	639,876
Deficit	(10,828,218)	(9,624,310)
	(9,226,882)	(8,539,715)
	4,235,756	3,515,513

Events after the reporting period (Note 13)

The accompanying notes are an integral part of these consolidated financial statements

Sabio Mobile, Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss (unaudited)

For the three-and-six-month periods ended June 30, 2021 and June 30, 2020

(in U.S. Dollars)

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Revenues	4,226,806	1,543,973	6,812,013	4,585,569
Cost of sales	1,610,349	674,371	2,646,996	1,885,255
Gross profit	2,616,457	869,602	4,165,017	2,700,314
Expenses				
Sales and marketing	1,543,617	742,191	2,529,869	1,872,470
General and administrative	647,817	311,937	1,278,432	855,756
Research and technology costs	571,725	220,781	1,073,936	568,120
Amortization of intangible assets (Note 6)	171,589	169,037	350,004	455,681
Occupancy	6,116	38,911	18,471	119,792
Amortization of lease	11,808	11,807	23,615	23,615
Share-based compensation (Note 9)	42,818	17,039	278,631	45,602
	2,995,490	1,511,703	5,552,958	3,941,036
Loss from operations	(379,033)	(642,101)	(1,387,941)	(1,240,722)
Gain on loan forgiveness (Note 8)	1,102,500	-	1,102,500	-
Income (loss) before finance costs and income taxes	723,467	(642,101)	(285,441)	(1,240,722)
Finance costs	337,488	284,058	594,717	833,689
Transaction costs (Note 9)	75,290	-	313,060	-
Income (loss) before income taxes	310,689	(926,159)	(1,193,218)	(2,074,411)
Income taxes	8,198	8,087	10,690	56,811
Net income (loss) and total comprehensive income (loss)	302,491	(934,246)	(1,203,908)	(2,131,222)
Gain (loss) per share, basic	0.04	(0.11)	(0.14)	(0.26)
Gain (loss) per share, diluted	0.03	(0.09)	(0.10)	(0.21)

The accompanying notes are an integral part of these consolidated financial statements

Sabio Mobile, Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (unaudited)

For the six-month periods ended June 30, 2021 and June 30, 2020

(in U.S. Dollars)

	Common shares	Share-based benefits reserve	Deficit	Total shareholders' deficiency
	\$	\$	\$	\$
Balance, December 31, 2020	444,719	639,876	(9,624,310)	(8,539,715)
Share-based compensation	-	278,631	-	278,631
Transaction costs (Note 9)	-	237,770	-	237,770
Shares issued due to exercise of stock options	340	-	-	340
Net loss and total comprehensive loss	-	-	(1,203,908)	(1,203,908)
Balance, June 30, 2021	445,059	1,156,277	(10,828,218)	(9,226,882)
Balance, December 31, 2019	441,262	564,546	(9,343,810)	(8,338,002)
Share-based compensation	-	45,602	-	45,602
Net loss and total comprehensive loss	-	-	(2,131,222)	(2,131,222)
Balance, June 30, 2020	441,262	610,148	(11,475,032)	(10,423,622)

The accompanying notes are an integral part of these consolidated financial statements

Sabio Mobile, Inc.**Condensed Interim Consolidated Statements of Cash Flows (unaudited)****For the six-month periods ended June 30, 2021 and June 30, 2020****(in U.S. Dollars)**

	For the six months ended	
	June 30, 2021	June 30, 2020
	\$	\$
Cash flows used in operating activities		
Net loss	(1,203,908)	(2,131,222)
Adjustments for:		
Share-based compensation (Note 9)	278,631	45,602
Transaction costs (Note 9)	237,770	-
Forgiveness of Paycheck Protection Program loan (Note 8)	(1,102,500)	-
Amortization of intangible assets (Note 6)	350,004	455,681
Amortization of lease	23,615	23,615
	(1,416,388)	(1,606,324)
Changes in non-cash working capital items:		
Accounts receivable	(592,024)	955,995
Prepaid expenses	(56,131)	(2,168)
Deferred revenue	257,625	(370,536)
Accounts payable and accrued liabilities	(450,856)	(1,185,958)
	(2,257,774)	(2,208,991)
Cash flows used in investing activities		
Development costs (Note 6)	(78,785)	(422,598)
Cash flows from financing activities		
Advances (payments) of loan payable	295,915	1,855,684
Proceeds (payments) of convertible note subscription (Note 8)	2,418,801	-
Advances (payments) from related parties	17,257	(320,219)
Advances (payments) to related parties	(197,052)	-
Lease payments	(28,832)	(52,224)
Issuance of common shares upon exercise of stock options	340	-
	2,506,429	1,483,241
Net increase (decrease) in cash	169,870	(1,148,348)
Cash, beginning of year	47,890	1,160,102
Cash, end of year	217,760	11,754

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

1. Description of business

Sabio Mobile, Inc. and its subsidiary (the "Company") offer brands and agencies cutting-edge technology, killer customer service, a full creative suite, and an agile approach to cross screen advertising. Sabio's App Science® Cross Screen capabilities combine deep learnings from a consumer's app ecosystem, geo-locations and connected TV consumption in a CCPA compliant way to help brands reach their target audience and fully understand their consumer's past, present and future consumption intent.

Sabio Mobile, Inc. has two wholly owned subsidiaries: AppScience, Inc. and Sabio Mobile India Private Limited.

The Company is incorporated and domiciled in the United States. The address of the Company's registered office is 3500 South DuPont Highway, Dover, Delaware, County of Kent, 19901.

2. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2020.

These unaudited condensed interim consolidated financial statements of the Company were authorized for issuance by the Board of Directors on October 13, 2021.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in United States dollars ("U.S. dollars" or "USD"), the Company's functional currency, except share and per share amounts or as otherwise noted.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The condensed interim consolidated financial statements of the Company include Sabio Mobile Inc. and its wholly owned subsidiaries AppScience, Inc. and Sabio Mobile India Private Limited.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Functional currency

The condensed interim consolidated financial statements are presented in U.S. dollars. The functional currency of Sabio Mobile, Inc., is U.S. dollars and the functional currency of App Science, Inc. is U.S. dollars.

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

2. Basis of presentation *(continued from previous page)*

Functional currency (continued from previous page)

Assets and liabilities of subsidiaries having a functional currency other than the U.S. dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income (loss) included in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the statement of operations and comprehensive loss.

3. Significant accounting policies

The unaudited condensed interim consolidated financial statements (the "financial statements") were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2020. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020. The comparative condensed interim consolidated financial statements have been reclassified from the statements previously presented to conform to the presentation of the current condensed interim consolidated financial statements.

The timely preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements, and the reported amounts of revenue and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed interim consolidated financial statements.

Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for deferred development costs is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

3. Significant accounting policies (continued from previous page)

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from shareholders' equity.

Loss per share

The Company calculates basic loss per share amounts for loss attributable to common shareholders of the parent entity. Basic loss per share is calculated by dividing loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the year.

For the purpose of calculating diluted loss per share, the Company adjusts the loss attributable to common shareholders of the parent entity, and the weighted average number of common shares outstanding during the year, for the effects of all dilutive potential common shares. Potential common shares are treated as dilutive when, and only when, their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations.

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue represents the fair value of consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from managed service, programmatic sales, connected TV, and App Science insights.

The Company sells digital advertising directly to marketers or through advertising agencies. Revenue from advertising is mostly generated through video and display advertising delivered through advertising impressions. Advertising is typically sold on a cost-per-thousand ("CPM") basis and is evidenced by an Insertion Order, ("IO"). Revenue is recognized as the number of impressions are delivered. IOs may include multiple performance obligations as they contain distinct advertising products or services. For such arrangements, the Company allocates revenue to each distinct performance obligation based on their relative standalone selling price ("SSP"). Advertising arrangements comprised of multiple performance obligations are recognized either at a point in time or over time depending on the nature of the distinct performance obligation.

Contracts with multiple products or services

The Company enters into contracts that contain multiple products and services such as campaign management, insights, and studies. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited) For the three-and-six-month periods ended June 30, 2021 and 2020 (in U.S. Dollars)

3. Significant accounting policies *(continued from previous page)*

Contracts with multiple products or services (continued from previous page)

the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Selecting the option pricing model to estimate the fair value of equity instruments granted

The Company uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of common share purchase options and equity-settled share-based payments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase options and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

Amortization of intangible assets

The Company applies the straight-line method to recognize amortization of intangible assets. Management is satisfied that the straight-line method best reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Internally generated development costs

Management monitors the progress of internal research and development projects and uses judgment to distinguish research from the development phase. Expenditures during the research phase are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate certain criteria listed in Note 3. Otherwise, they are expensed as incurred.

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

5. Accounts receivable

	June 30, 2021	December 31, 2020
	\$	\$
Trade receivables	3,882,250	4,310,197
Factored receivables	(1,134,129)	(2,251,395)
	2,748,121	2,058,802
Expected credit loss provision	(162,295)	(65,000)
Net carrying value	2,585,826	1,993,802

The Company has a financing and security factoring agreement with a third party, Fast Pay Partners LLC ("Fast Pay"). The Company sells its receivables to Fast Pay in order to receive funds up front to improve its cash flows. Per the agreement, approximately 80% of accounts receivable is collected upon submission of claim and the remaining 20% is collected once the accounts receivable has been settled. Per the agreement, if Fast Pay is unable to collect on an invoice, the Company would be liable to repurchase such accounts via repayment of the unpaid amounts along with fees relating to repurchased accounts stemming from customer disputes, breach of representation or warranty, customer insolvency or unwillingness to pay, default, or non-payment beyond payment dates.

6. Intangible assets

	Internally generated intangible assets
	\$
Cost	
Balance at December 31, 2020	3,193,167
Additions	63,626
Balance at March 31, 2021	3,256,793
Additions	15,159
Balance at June 30, 2021 (unaudited)	3,271,952
Accumulated amortization	
Balance at December 31, 2020	2,132,049
Amortization expense	178,415
Balance at March 31, 2021	2,310,464
Amortization expense	171,589
Balance at June 30, 2021 (unaudited)	2,482,053
Net book value as at:	
December 31, 2020	1,061,118
June 30, 2021 (unaudited)	789,899

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

7. Accounts payable and accrued liabilities

	June 30, 2021	December 31, 2020
	\$	\$
Trade accounts payable and accrued liabilities	5,093,666	5,579,047
Interest payable	190,039	155,514
	5,283,705	5,734,561

8. Loans payable and convertible note subscription

	Note	June 30, 2021	December 31, 2020
		\$	\$
Kim Theis line of credit promissory note	(a)	85,000	85,000
Katch Investments, LLC promissory note	(b)	1,300,000	1,450,000
Amirali Hadi promissory note	(c)	250,000	250,000
Zarasa Holdings LLC promissory note	(d)	700,000	700,000
Asma Maladwala promissory note	(e)	100,000	100,000
Wisper Ventures Leasing, LLC promissory note	(f)	1,228,417	1,497,592
U.S. Small Business Administration promissory note	(g)	499,090	500,000
The City of Los Angeles promissory note	(h)	20,000	20,000
U.S. Small Business Administration payroll protection program (2020)	(i)	-	1,102,500
U.S. Small Business Administration payroll protection program (2021)	(j)	1,050,000	-
Karim Rawji short-term note	(k)	-	184,000
Roland Tellis short-term note	(l)	-	150,000
Convertible note subscription	(m)	2,418,801	-
		7,651,308	6,039,092
Convertible note subscription		2,418,801	-
Current portion of loans payable		296,218	2,284,392
Long-term portion of loans payable		4,936,289	3,754,700
		7,651,308	6,039,092

Future principal repayments are as follows:

2021	2,715,019
2022	3,295,873
2023	71,326
2024	-
2025 and beyond	1,569,090
	7,651,308

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

8. Loans payable and convertible note subscription *(continued from previous page)*

- a) The Kim Thies line of credit promissory note bears interest at 10%. The note is due December 31, 2022. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$2,119 (2020 - \$2,119) of interest expense. During the six-month period ended June 30, 2021, the Company paid nil (2020 - \$nil) in principal and \$4,215 (2020 - \$4,238) of interest expense.
- b) The Katch Investments, LLC unsecured promissory note bears interest at 15.0% and is due December 31, 2022. The interest is repayable monthly, within 30 days after the end of each calendar month. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$49,295 (2020 - \$54,431) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$100,000 (2020 - \$100,000) in principal and \$102,399 (2020 - \$109,931) of interest expense. On May 3, 2021, the Company closed on a sale of convertible promissory notes, under which \$250,000 of the Katch Investments, LLC unsecured promissory note was exchanged for a convertible promissory note. The conversion of the convertible promissory note is contingent upon completion of a public offering, at such time the convertible promissory note will fully convert into common shares and share purchase warrants of the resulting issuer.
- c) The Amirali Hadi unsecured promissory note bears interest at 15.0% and is due December 31, 2022. The interest is repayable in quarterly installments within 30 days after the end of each calendar quarter. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$9,349 (2020 - \$12,534) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$18,595 (2020 - \$21,883) of interest expense.
- d) The Zarasa Holdings LLC unsecured promissory note bears interest at 15.0% and is due December 31, 2022. The interest is repayable in quarterly installments within 30 days after the end of each calendar quarter. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$26,178 (2020 - \$26,178) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$52,068 (2020 - \$52,356) of interest expense.
- e) The Asma Maladwala unsecured promissory note bears interest at 10.0% and is due December 31, 2022. The interest is repayable in quarterly installments. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$2,493 (2020 - \$2,493) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$5,808 (2020 - \$4,986) of interest expense.
- f) The Wisper Ventures Leasing, LLC multiple advance promissory note bears interest at 15.0% plus 3.0% per annum and is due September 30, 2023. During the three-month period ended June 30, 2021, the Company paid \$137,808 (2020 - \$113,792) in principal and \$130,912 (2020 - \$87,747) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$269,173 (2020 - \$222,266) in principal and \$201,086 (2020 - \$180,813) of interest expense.
- g) On April 1, 2020, the Company closed on an unconditional guarantee disaster loan from the U.S. Small Business Administration in the amount of \$500,000. The Loan is intended to alleviate economic injury caused by disaster occurring in the month of January 2020. The loan bears interest at a fixed rate of 3.75% per annum, with a maturity date of thirty years from the date of the Loan. Interest payments are deferred for the first 24 months. During the three-month period ended June 30, 2021, the Company paid \$910 (2020 - \$nil) in principal and \$1,563 (2020 - \$nil) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$910 (2020 - \$nil) in principal and \$1,563 (2020 - \$nil) of interest expense.
- h) On June 22, 2021, the Small Business Administration (SBA) authorized the full forgiveness of the Company's \$1,102,500 loan under the Paycheck Protection Program. The forgiveness was applied to the full amount the SBA authorized, plus all accrued interest, and resulted in a gain on the forgiveness of the loan of \$1,102,500.
- i) On December 16, 2020, the Company entered into an amended agreement on the Small Business Emergency Loan from the City of Los Angeles through the Economic and Workforce Development Department in the amount of \$20,000. The Loan is intended to alleviate the impacts of the Covid-19 pandemic for the purpose of financing working capital. Interest payments are deferred for the first six months under the Loan, and the Loan may be forgiven in whole or in part, to the extent permitted under the program. Total interest expense was \$nil for the three and six month periods ended June 30, 2021.

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

8. Loans payable and convertible note subscription (continued from previous page)

- j) On January 28, 2021, the Company closed on an unsecured bank loan guaranteed under the Paycheck Protection Program ("PPP") in the amount of \$1,050,000. The loan specifically supports the ongoing US staffing and operations of Sabio Inc., bears interest at a fixed rate of 0.98% per annum, with a maturity date of five years from the date of the loan. Interest payments are deferred for the first 10 months after the last date of the covered period under the loan, with the covered period ending 24 weeks after the date of the loan's disbursement. The loan may be forgiven in whole or in part, to the extent permitted under the program. Total interest expense was \$nil for the three and six month periods ended June 30, 2021.
- k) On June 22, 2021, balances under the Karim Rawji unsecured promissory note were consolidated into the Katch Investments, LLC unsecured promissory note. The Karim Rawji unsecured promissory note bore interest at 24.0% and was due on demand. During the three-month period ended June 30, 2021, the Company paid \$106,000 (2020 - \$nil) in principal and \$36,000 (2020 - \$nil) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$106,000 (2020 - \$nil) in principal and \$44,000 (2020 - \$nil) of interest expense. The Katch Investments, LLC unsecured promissory note bears interest at 15% and is due December 31, 2022.
- l) The Roland Tellis promissory note bears interest at 10% and is due April 1, 2021. The interest is repayable in quarterly installments. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$833 (2020 - \$3,750) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$4,583 (2020 - \$11,250) of interest expense. During the quarter, the Company closed on a sale of convertible promissory notes, under which the full amount of the Ronald Tellis promissory note was exchanged for a convertible promissory note. The conversion of the convertible promissory note is contingent upon completion of a public offering, at such time the convertible promissory note will fully convert into common shares and share purchase warrants of the resulting issuer.
- m) On May 3, 2021, the Company closed on a sale of convertible promissory notes for gross proceeds of \$2,418,801, with principal and accrued interest, at an annual rate of 7%, due on the maturity date of December 31, 2021. The conversion of the notes is contingent on the event that the Company, prior to the December 31, 2021 maturity date, completes a public offering of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering that results in the securities of the Company being offered in any public offering or held by an entity that is a reporting issuer and is listed for trading on a stock exchange. In such an event, the principal amount outstanding under the notes together with all accrued but unpaid interest thereon shall be automatically converted into common stock and share purchase warrants of the Company. The Company has designated the convertible promissory notes as financial liabilities at fair value through profit or loss (FVTPL) as permitted by IAS 39. On initial recognition, the Company measured the liability at an amount equal to the aggregate proceeds that were received from investors in exchange for the convertible promissory notes. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and accrued \$31,115 (2020 - \$nil) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and accrued \$31,115 (2020 - \$nil) of interest expense.

On June 23, 2021, the Company entered into a non-binding letter of intent with Spirit Banner II Capital Corp. (TSXV:SBTC.P) ("Spirit"). The transaction will result in a reverse take-over of Spirit where the existing shareholders of the Company will own a majority of the outstanding common shares of Spirit.

All interest accrued related to the loans above have been recorded under accounts payables and accrued liabilities.

9. Share capital

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with a nominal par value.

	#	\$
Balance, December 31, 2020	8,328,000	444,719
Issuance of common shares	1,000	340
Balance, June 30, 2021 (unaudited)	8,329,000	445,059

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

9. Share capital (continued from previous page)

b) Share based compensation and share based payment reserve

A summary of changes in share-based compensation during the six-month period ended June 30, 2021, and year ended December 31, 2020, is as follows:

Measurement date	Number of Options	Weighted average exercise price
	#	\$
Balance, December 31, 2019	1,465,000	0.17
Granted	245,667	0.61
Exercised	(3,000)	0.61
Forfeited	(10,000)	0.42
Balance, December 31, 2020	1,697,667	0.40
Granted	1,170,000	0.61
Exercised	(1,000)	0.34
Forfeited	(445,667)	0.35
Balance, June 30, 2021 (unaudited)	2,421,000	0.51

The following tables summarize information about the Company's share options outstanding at June 30, 2021:

Range of exercise prices	Number of options	Weighted average exercise price	Weighted average remaining contractual life in years
	#	\$	
0.53	126,000	0.53	6.3
0.61	1,410,000	0.61	5.1
0.34	885,000	0.34	5.6
	2,421,000	0.51	5.4

During the six-month period ended June 30, 2021, 1,170,000 share options were issued (June 30, 2020 – 245,667 options) with a weighted average aggregate fair value of \$372,975 at the date of grant (2020 - \$103,200) to directors, employees and consultants. Options granted during the year vest monthly from the grant date. There were no options granted during the three-month period ended June 30, 2021 (June 30, 2020 - \$Nil).

The fair value of the share options granted during the six-month period were determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

9. Share capital (continued from previous page)

	June 30, 2021	December 31 2020
Estimated fair value per common share	\$ 0.61	\$ 0.61
Exercise price of the option	\$ 0.61	\$ 0.61
Expected volatility of the underlying common share	67.4-82.6%	67.4%
Expected life of the option (in years)	1-10 years	10 years
Expected dividend yield	0.00%	0.00%
Risk-free rate of interest	0.1-0.93%	0.9%

Warrants

During the three-month period ended March 31, 2021, the Company issued 100,000 warrants to an officer of the Company at a strike price of \$0.61, and a fair value of \$0.20 per warrant that was determined using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 0.10%, expected volatility of 82.6%, expected life of 1 year and expected dividends of \$nil. The warrants value of \$20,000 was recognized in share-based benefits reserve with a corresponding cost to stock-based compensation. The Company also issued 767,000 warrants to Greenglade Ventures Inc., an advisor of the Company engaged to assist in the Company's efforts to publicly list on the TSX Venture Exchange, at a strike price of \$0.61, and a fair value of \$0.31 per warrant that was determined using the Black-Scholes option pricing model using the following assumptions: risk-free interest rate of 0.36%, expected volatility of 67.38%, expected life of 4 years and expected dividends of \$nil. The warrants value of \$237,770 was recognized in share-based benefits reserve with a corresponding expense recognized under transaction costs. There were no warrants issued during the three-month period ended June 30, 2021.

During the six-month period ended June 30, 2021, the Company recognized stock-based compensation expense of \$278,631 (2020 - \$45,602). During the three-month period ended June 30, 2021, the Company recognized stock-based compensation expense of \$42,818 (2020 - \$17,039).

10. Related Party Transactions

Amounts due from related parties as at June 30, 2021 and December 2020 were as follows:

	June 30, 2021	December 31, 2020
	\$	\$
Aziz Rahimtoola	539,165	342,113
	539,165	342,113

These balances represent non-interest-bearing advances made to shareholders due on demand.

Amounts due to related parties as at June 30, 2021 and December 31, 2020 were as follows:

	June 30, 2021	December 31, 2020
	\$	\$
Kim Thies	20,000	21,001
Aziz Rahimtoola	250,000	231,742
	270,000	252,743

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

10. Related Party Transactions *(continued from previous page)*

The balance related to Kim Thies represents non interest-bearing advances from shareholders due on demand. Of the amounts due to Aziz Rahimtoola, \$250,000 bears interest at 10.0% and is due on demand. The interest is repayable in quarterly installments in the sum of \$6,250. During the three-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$6,250 (2020 - \$6,250) of interest expense. During the six-month period ended June 30, 2021, the Company paid \$nil (2020 - \$nil) in principal and \$12,500 (2020 - \$12,500) of interest expense. The remaining balance due to Aziz Rahimtoola is non interest-bearing advances from shareholders due on demand.

11. Risk management arising from financial instruments

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's principal financial assets that expose it to credit risk are receivables, the Company mitigates this risk by monitoring the credit worthiness of its customers.

The Company recognizes a provision for expected credit losses based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

The following is the breakdown of the aging of trade receivables:

	June 30, 2021	December 31, 2020
	\$	\$
Trade receivables aging		
0-30 days	2,705,428	2,827,650
31-60 days	933,227	1,018,081
61-90 days	133,207	295,189
Greater than 90 days	110,388	169,277
	3,882,250	4,310,197
Factored receivables	(1,134,129)	(2,251,395)
Allowance for expected credit losses	(162,295)	(65,000)
Net trade receivables	2,585,826	1,993,802

At June 30, 2021, of the Company's trade receivables, three customers accounted for 40% (2020 – three customers for 61%).

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables as at June 30, 2021 and December 31, 2020.

June 30, 2021	Total	0-30 days	31-60 days	61-90 days	>90 days
Default rates		1.65%	1.75%	3.02%	88.14%
Trade receivables	\$ 3,882,250	\$ 2,705,428	\$ 933,227	\$ 133,207	\$ 110,388
Expected credit loss	\$ 162,295	\$ 44,640	\$ 16,331	\$ 4,029	\$ 97,295

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited) For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

11. Risk management arising from financial instruments (continued from previous page)

a) Credit risk (continued from previous page)

December 31, 2020	Total	0-30 days	31-60 days	61-90 days	>90 days
Default rates		1.43%	1.45%	1.47%	1.50%
Trade receivables	\$ 4,310,197	\$ 2,827,650	\$ 1,018,081	\$ 295,189	\$ 169,277
Expected credit loss	\$ 65,000	\$ 40,936	\$ 15,262	\$ 5,089	\$ 3,713

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's revolving demand facility and debt have variable interest rates. Changes in the lending institutions prime lending rates can cause fluctuations in interest payments and cash flows.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	\$ 5,283,705	\$ 5,283,705	\$ -	\$ -	\$ -
Loans payable	5,232,507	296,218	3,367,199	-	1,569,090
	\$ 10,516,212	\$ 5,579,923	\$ 3,367,199	\$ -	\$ 1,569,090

d) Foreign currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company is exposed to currency risk through its operations in Indian rupees. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A change of 1% in the INR/USD exchange rate on the June 30, 2021, balance would have had a \$606 impact. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period follows:

	June 30, 2021	December 31, 2020
	INR	INR
	(unaudited)	
Cash	4,416,847	1,443,350
Net financial assets	4,416,847	1,443,350

Sabio Mobile, Inc.

Notes to the Condensed Interim Consolidated Financial Statements (unaudited)

For the three-and-six-month periods ended June 30, 2021 and 2020

(in U.S. Dollars)

11. Risk management arising from financial instruments *(continued from previous page)*

e) Management of capital

The Company's objective of managing capital, comprising of shareholder's equity, is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the Board of Directors, management will adjust its capital structure through the issue of new shares, debt or other activities deemed appropriate under the specific circumstances. Management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the three-month and six-month periods ended June 30, 2021.

12. Segmented Information

The Company has identified one operating segment whose offerings combine mobile data signals such as app profile, device location, and other consumer behaviors to provide brands and agencies with more effective mobile and connected TV (CTV) ad campaigns, as well as actionable analytics insights. The Company sells services in the United States of America ("USA") with AppScience, Inc. providing an agnostic platform to track, measure, and analyze media buys across multiple partners to the Company and with Sabio Mobile India Private Limited working as an operational extension of the Company for data engineering and data science activities. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

13. Subsequent event

In the third quarter of 2021, option holders of the Company exercised 1,593,999 share options. As of September 30, 2021, there were 827,001 share options of the Company still outstanding.

In the third quarter of 2021, the Small Business Administration (SBA) authorized the full forgiveness of the Company's \$1,050,000 loan under the Paycheck Protection Program. The forgiveness was applied to the full amount the SBA authorized, plus all accrued interest.

Schedule “D”

Sabio MD&A for the years ended December 31, 2020 and 2019 and the six month period ended June 30, 2021.

(see attached)



SABIO MOBILE, INC
Management's Discussion & Analysis
For the years ended
December 31, 2020, and December 31, 2019

Date: October 13, 2021

www.sabio.inc

All amounts herein are expressed in U.S. Dollars unless otherwise stated.

The Management's Discussion and Analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of Sabio Mobile, Inc. ("Sabio" or the "Company") as at and for the twelve months ended December 31, 2020, and December 31, 2019. References in this MD&A to "us", "we" and "our" mean Sabio unless otherwise stated.

This analysis should be read in conjunction with Sabio's audited Consolidated Financial Statements for the twelve months ended December 31, 2020, and December 31, 2019, and related notes (the "Consolidated Financial Statements"). The Consolidated Financial Statements and extracts of those Consolidated Financial Statements provided in this MD&A, were prepared in U.S. dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, using the accounting policies described therein. As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. All amounts are presented in U.S. dollars unless otherwise indicated. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear. Readers are cautioned that this MD&A contains certain forward-looking information. (Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A).

Management of the Company is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made herein. The Board of Directors provides an oversight role with respect to all public financial disclosures by the Company and has reviewed this MD&A and the accompanying financial statements.

Forward-Looking Statements

Certain statements in this MD&A may constitute forward-looking statements, including those identified by the expressions such as "may", "will", "intend", "anticipate", "believe", "expect", "foresee", "intend", "plan", or similar expressions to the extent that they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current assumptions and expectations regarding future events. Forward-looking statements in this MD&A include but are not limited to statements regarding subscriber additions, the variability of the revenues going forward, anticipated market trends and technology adoption by customers and industry peers, anticipated growth in revenue and expenses, the potential impacts of additional expenditures on revenue growth rates, the sufficiency of cash on hand, the effect of the COVID-19 pandemic on the Company's business and operations, the benefits of the App Science platform and the Company's ability to obtain the financing necessary to continue operations. There can be no assurance that such statements will prove to be accurate, and actual results and future events may differ materially from those anticipated in such statements.

By its nature, forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. These risks and uncertainties include, but are not limited to, the factors discussed in the “Risk Factors” section of this MD&A. Readers are cautioned not to place undue reliance on forward-looking information.

Non-IFRS Measures

The Company prepares its Consolidated Financial Statements in accordance with IFRS. Non-IFRS measures are used by management to provide additional insight into our performance and financial condition. We believe non-IFRS measures are an important part of the financial reporting process and are useful in communicating information that complements and supplements the Consolidated Financial Statements. This MD&A also includes certain measures which have not been prepared in accordance with IFRS such as, Adjusted EBITDA. To evaluate the Company’s operating performance as a complement to results provided in accordance with IFRS, the term “Adjusted EBITDA”, as defined by management, refers to net income (loss) before adjusting earnings for finance costs, income taxes, stock-based compensation, amortization, and severance costs. We believe that the items excluded from Adjusted EBITDA are not connected to and do not represent the operating performance of the Company.

We believe that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration how those activities are financed and taxed as well as expenses related to stock-based compensation, depreciation, amortization, restructuring costs, other expense (income), and foreign exchange (gain) loss. Accordingly, we believe that this measure may also be useful to investors in enhancing their understanding of the Company’s operating performance. It is a key measure used by the Company’s management and board of directors to understand and evaluate the Company’s operating performance, to prepare annual budgets and to help develop operating plans.

Company Overview

Sabio Mobile, Inc. is headquartered in Los Angeles CA, USA, with a focus on providing advertising technology and services-based solutions for its customers. Sabio has a unique approach that combines mobile data signals such as app profile, device location, and other consumer behaviors to provide brands with more effective mobile and connected TV (CTV) ad campaigns, as well as actionable analytics insights through its App Science subsidiary and its Household Graph. Sabio’s proprietary advertising technology effectively bridges a consumer’s mobile behaviors with their CTV/OTT consumption patterns, providing for effective ID resolution in a cookie-less media world.

Sabio's technology stack also includes a proprietary Demand Side Platform (DSP), Supply Side Platform (SSP), Data Management Platform (DMP), and analytics tools which makes it one of the most complete end-to-end CTV/OTT solutions and technology providers.

Sabio serves many of the world's leading brands and advertising agencies with both ad delivery, and analytics insights. Sabio's customers include 10 of the top 25 brand advertisers and 20 of the top 26 advertising agencies, representing all six of the world's top advertising holding companies.

Sabio was founded by a team of seasoned ad-tech and media veterans who are supported by a strong management team with over 170 years of combined television and ad-tech experience. Sabio has over 50 employees in the United States, Canada, and India.

Sabio has two wholly owned subsidiaries: Sabio Mobile India Private Limited, which enables 24-hour ad operations support, and the App Science, Inc., an Over-the-top (OTT) analytics company.

Significant developments during the twelve months ended December 31, 2020, and to the date of this report include the following:

COVID-19

The COVID-19 pandemic has created significant uncertainties in our industry. The US and Canadian governments as well as the business community have mandated several measures, including travel restrictions, restrictions on public gatherings, stay-at-home orders and advisories, and the quarantine of people who may have been exposed to the virus.

In March 2020, management took significant measures to reduce operating expenses and preserve cash where possible. An area of significant reductions was office rent expense, whereby the Company exited its flexible shared workspace arrangements in areas with high employee concentration, and temporarily transitioned to a fully remote model operating primarily online.

The Company does not expect the COVID-19 pandemic will have a material impact on its future revenues. Government and industry-imposed restrictions continue to be lifted as global vaccination rise and North American infection rates dissipate. Moreover, Management believes that COVID-19 has created opportunities for our businesses to capitalize on structural shifts, including an acceleration in CTV/OTT usage during forced social distancing lockdowns. As a result, consumers were spending more time at home which translated to more time in front of the television. That has led to more consumers adding additional streaming services as they looked for new content. The time spent viewing TV increased as did the number of CTV/OTT households. This trend, while indirectly related to the pandemic, shows indications of further acceleration in 2021 and beyond may represent a permanent shift by Consumers in favor of linear television.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The following table provides selected financial information from the Company's recent operations for the twelve months ended December 31, 2020, and twelve months ended December 31, 2019. This information should be read together with the audited Consolidated Financial Statements.

	For the twelve months ended	
	December 31, 2020	December 31, 2019
	\$	\$
Revenues	13,192,426	16,311,492
By source:		
Managed Services	11,115,136	13,770,556
Programmatic Sales	982,108	2,440,936
Connected TV	1,093,155	100,000
Other	2,027	-
Gross Profit	7,900,070	7,920,136
Adjusted EBITDA (1)	1,752,264	(281,378)
Income (loss) from Operations	695,836	(1,162,057)
Net loss	(281,500)	(2,406,509)

(1) As defined in "Non-IFRS Measures"

Twelve months December 31, 2020, and December 31, 2019.

Revenue:

Sabio Mobile, Inc. generates revenue from managed service, programmatic sales, connected TV, and App Science® insights. The Company sells digital advertising directly to marketers or through advertising agencies. Revenue from advertising is mostly generated through video and display advertising delivered through advertising impressions. Advertising is typically sold on a cost-per-thousand ("CPM") basis and is evidenced by an Insertion Order, ("IO"). Revenue is recognized as the number of impressions are delivered.

Revenue for the twelve months ended December 31, 2020, composed primarily of managed services, programmatic sales and connected tv was \$13,192,426, a decrease of \$3,119,066 from \$16,311,492 for the twelve months ended December 31, 2019. By segment, sales of the Company's managed services platform for the twelve months ended December 31, 2020, were \$11,115,136, a decrease of \$2,655,420 from \$13,770,556 for the twelve months ended December 31, 2019. Sales of the Company's programmatic sales for the twelve months ended December 31, 2020, were \$982,108, a decrease of \$1,458,828 from \$2,440,936 for the twelve months ended December 31, 2019.

Connected TV sales for the twelve months ended December 31, 2020, significantly accelerated by 993% to \$1,093,155, an increase of \$993,155 from \$100,000 for the twelve months ended December 31, 2019. Connected advertising was a beneficiary of pandemic trends and remains

one of digital advertising's fastest-growing channels. With its expertise in implementing mobile data for precise audience targeting, the Company is uniquely positioned to take advantage of the emerging opportunity in Connected TV by providing next level consumer behavior analysis. To this end, it has established a subsidiary to commercialize its App Science® analytics capabilities. The Company will continue targeting the traditional OTT advertisement/media business while its App Science® subsidiary will be tasked with commercializing App Science® as a stand-alone OTT analytics solution.

Cost of Sales and Gross Margins:

The following table sets out a reconciliation of Gross Profit to Revenue for each of the periods indicated:

	For the twelve months ended	
	December 31, 2020	December 31, 2019
	\$	\$
Revenues	13,192,426	16,311,492
Cost of sales	5,292,356	8,391,356
Gross profit	7,900,070	7,920,136

Cost of sales consist of supply, production and technical service costs and fees. For the twelve months ended December 31, 2020, cost of sales was \$5,292,356 compared to \$8,391,356 for the twelve months ended December 31, 2019. The decrease of \$3,099,000 was attributable to the decreased revenue during the period. Gross profit margin was 60% for the twelve months ended December 31, 2020, compared to 49% for the twelve months ended December 31, 2019. The increase in gross profit margin was attributable to structural changes in the company's services and pricing mix, which included the significant acceleration in our Connected TV business.

Reconciliation of net income to Adjusted EBITDA for the twelve months ended December 31, 2020, and the twelve months ended December 31, 2019:

The following table presents a reconciliation of Net Loss to Adjusted EBITDA for the periods indicated:

	For the twelve months ended	
	December 31, 2020	December 31, 2019
	\$	\$
Net loss for the period	(281,500)	(2,406,509)
Adjustments		
Finance costs	969,094	1,236,852
Amortization of intangible assets	793,667	663,952
Share-based compensation	78,786	52,048
Amortization of lease	47,230	47,230
Income taxes	8,242	7,600
State and local taxes	18,786	2,991
Severance expenses	117,958	114,458
Total adjustments	2,033,764	2,125,131
Adjusted EBITDA (1)	1,752,264	(281,378)

(1) As defined in "Non-IFRS Measures"

Adjusted EBITDA for the twelve-month period ended December 31, 2020, was a gain of \$1,752,264 comparative to a loss of \$281,378 for the twelve months ended December 31, 2019. The year-over-year increase of \$2,033,642 was primarily attributable to higher gross margins, lower finance costs, and cost containment initiatives undertaken by management.

Operating Expenses:

The following table summarizes various expenses for the twelve months ended December 31, 2020, and the twelve months ended December 31, 2019:

	For the twelve months ended	
	December 31, 2020	December 31, 2019
	\$	\$
Sales and marketing	3,406,295	4,140,510
General and administrative	1,631,890	2,523,827
Finance costs	969,094	1,236,852
Research and technology costs	1,074,426	1,188,884
Stock-based compensation	78,786	52,048
Amortization of intangible assets	793,667	663,952

Sales and marketing

Sales and marketing consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, benefits, commissions, travel, marketing and payroll taxes for our sales, marketing, and account management teams. Sales and marketing expenses for the twelve months ended December 31, 2020, were \$3,406,295, a decrease of \$734,215 from \$4,140,510 for the twelve months ended December 31, 2019. The year-over-year decrease is attributed to cost-savings initiatives implemented by management, as well as reduced sales activities influenced by the Covid-19 pandemic.

General and administrative

General and Administrative costs include legal and professional fees, employee training, bank charges, contractors, and administrative salaries and wages. General and administrative costs for the twelve months ended December 31, 2020, were \$1,631,890, a decrease of \$891,938 from \$2,523,827 for the twelve months ended December 31, 2019. The year-over-year decrease was primarily related to cost containment initiatives that were put into place in response to the challenging sales environment due to the Covid-19 pandemic.

Finance costs

Finance costs for the twelve months ended December 31, 2020, were \$969,094 a decrease of \$267,758 from \$1,236,852 in the twelve months ended December 31, 2019. The decrease in finance costs was primarily due to lower interest costs due to continued paydown of outstanding principal balances on the company's debt.

Research and technology costs

Research and technology costs consist of all costs associated with studies and uncanceled development processes in connection to maintaining and increasing the effectiveness and efficiency of our technological platforms and proprietary technologies. The majority of such costs are comprised of salaries and wages, and costs associated with housing the required computer equipment and technologies. Research and technology costs for the twelve months ended December 31, 2020, were \$1,074,426, a decrease of \$114,458 from \$1,188,884 in the twelve months ended December 31, 2019. The year-over-year decrease is attributed to cost-saving initiatives implemented by management.

Stock-based compensation

The Company uses employee stock options as a means for employee compensation, retention, and incentives. Stock-based compensation for the twelve months ended December 31, 2020, was \$78,786, an increase of \$26,738 from \$52,048 in the twelve months ended December 31, 2019. Stock-based compensation granted in fiscal 2020 and 2019 was related to executive and non-executive compensation in the ordinary course of business.

Research and Development Expenditures:

Research and development expenses consist of certain remunerations paid to engineer personnel. Development costs that meet the criteria under IAS 38 Intangible Assets are capitalized as an Intangible Asset. Deferred development costs have finite lives and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

During the year ended December 31, 2020, the Company capitalized \$1,030,163 to Intangible Assets, compared to \$872,560 in the twelve months ended December 31, 2019.

During the twelve-month period ended December 31, 2020, the Company amortized a total of \$793,667 in development expenses, compared to \$663,952 in the twelve months ended December 31, 2019.

OUTLOOK

While the impact of the COVID-19 pandemic has created short-term uncertainty with respect to the Company's revenues, Adjusted EBITDA and net income, the Company expects to deliver robust organic revenue growth in 2021, with sales accelerating in the second half of the year, driven by reinvestments in our salesforce, our unique position to continue capitalizing on the burgeoning Connected TV market, and an improvement in general economic conditions as the markets and verticals we serve continue to recover from the Covid-19 pandemic.

The Company expects higher, non-recurring expenses in early-to-mid 2021 due to one-time costs incurred as we work towards a qualifying transaction to list our Company's shares on a public stock exchange. To the extent we find suitable and attractive acquisition candidates that are complementary to our long-term objectives, the Company may also pursue inorganic growth through strategic business acquisitions.

See "Forward Looking Statements".

Summary of Quarterly Results

The following unaudited table sets out selected financial information for the Company on a consolidated basis for the last eight most recently completed quarters.

	Quarter Ended							
	Dec 31, 2020	Sept 30, 2020	June 30, 2020	Mar 31, 2020	Dec 31, 2019	Sept 30, 2019	Jun 30, 2019	Mar 31, 2019
Assets	\$ 3,515,513	\$ 2,242,807	\$ 1,816,103	\$ 2,367,866	\$ 4,009,874	\$ 2,216,435	\$ 3,337,752	\$ 3,206,903
Liabilities	\$ 12,055,228	\$ 12,562,095	\$ 12,357,062	\$ 11,874,011	\$ 12,346,876	\$ 10,614,942	\$ 10,560,193	\$ 9,955,666
Net income (loss)	\$ 1,757,307	\$ 209,752	\$ (1,051,853)	\$ (1,196,706)	\$ (3,445)	\$ (1,162,893)	\$ (473,679)	\$ (766,492)
Net Income (loss) per share	\$ 0.21	\$ 0.03	\$ (0.13)	\$ (0.14)	\$ (0.00)	\$ (0.14)	\$ (0.06)	\$ (0.09)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

We intend to use our operating income and funds on hand to meet funding requirements for the development and commercialization of our technology products and services based on anticipated market demand and working capital purposes. Our actual funding requirements will vary depending on a variety of factors, including our success in executing our business plan, the progress of our research and development efforts, our commercial sales, and our ability to manage our working capital requirements.

While the Company currently has sufficient operating capital to meet its day-to-day operating expenses, it is possible that the Company could experience a working capital deficiency in the future, which would have a materially adverse effect on the Company's liquidity. In the event future cash flows from operations are lower than expected, the Company may need to seek additional financing, either by issuing additional equity or by undertaking additional debt. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of additional indebtedness, we may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors. Furthermore, there is no certainty that additional financing, whether debt or equity, will be available or that it will be available on attractive terms.

As of December 31, 2020, the Company had cash of \$47,890 as compared to \$1,160,102 as at December 31 2019, to settle current liabilities of \$8,300,528 (December 31, 2019 - \$8,010,845).

Below is a summary of our cash provided by (used in) operating, investing, and financing activities for the periods indicated:

	For the twelve months ended	
	December 31, 2020	December 31, 2019
	\$	\$
Cash flows used in operating activities	(959,616)	1,476,128
Cash flows used in investing activities	(1,030,163)	(872,560)
Cash flows from financing activities	877,567	419,074
Net decrease in cash	(1,112,212)	1,022,642
Cash, beginning of year	1,160,102	137,459
Cash, end of year	47,890	1,160,102

Cash provided by (used in) operating activities:

We used cash of \$959,616 in operating activities for the twelve months ended December 31, 2020. The \$959,616 used for operating activities resulted from \$281,500 in net loss plus \$919,683 of non-cash adjustments to net loss and \$1,597,799 attributable to movements in non-cash working capital with changes primarily arising from an increase in accounts receivable, offset by a decrease in deferred revenue.

We were provided with cash of \$1,476,128 by operating activities for the twelve months ended December 31, 2019. The \$1,476,128 provided by operating activities was driven by \$3,105,471 attributable to movements in non-cash working capital, with changes primarily arising from increases in deferred revenue and accounts payable and accrued liabilities. An additional \$771,166 of non-cash adjustments were offset by \$2,406,509 in net losses for the period.

Cash provided by (used in) investing activities:

For the twelve months ended December 31, 2020, cash used in investing activities was \$1,030,163, which consisted of development costs related to internally generated intangible assets, compared to cash used for development costs of \$872,560 for the twelve months ended December 31, 2019.

Cash provided by (used in) financing activities:

Cash provided by financing activities for the twelve months ended December 31, 2020, was \$877,567, as the company closed on an unsecured bank loan guaranteed under the Payroll Protection Program (“PPP”) in the amount of \$1,102,500, which was partially offset by principal repayments made on pre-existing debt instruments. Cash provided by financing activities for the twelve months ended December 31, 2019, was \$419,075, as the company secured additional promissory notes from Wisper Ventures Leasing, LLC.

Stock Options:

The Company presently issues stock pursuant to its 2016 Stock Option Plan. As at December 31, 2020, the Company was entitled to issue a maximum of 1,875,000 equity-based awards collectively outstanding under the existing Stock Option Plan, compared to a maximum of 1,675,000 as at December 31, 2019.

The following table summarizes the continuity of stock options issued by the Company under the Stock Option Plan:

Measurement date	Number of Options	Weighted average exercise price
	#	\$
Balance, January 1, 2019 (unaudited)	1,395,000	0.38
Granted	20,000	0.61
Forfeited	(50,000)	0.34
Balance, December 31, 2019	1,365,000	0.17
Granted	245,667	0.61
Exercised	(3,000)	0.61
Forfeited	(35,000)	0.42
Balance, December 31, 2020	1,572,667	0.40

CONTRACTUAL OBLIGATIONS

The following are the contractual maturities for the financial liabilities at December 31, 2020:

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	\$ 5,734,561	\$ 5,734,561	\$ -	\$ -	\$ -
Loans payable	6,039,092	2,284,392	2,132,200	-	1,622,500
	\$ 11,773,653	\$ 8,018,953	\$ 2,132,200	\$ -	\$ 1,622,500

The following are the contractual maturities for the financial liabilities at December 31, 2019:

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	\$ 5,745,889	\$ 5,745,889	\$ -	\$ -	\$ -
Loans payable	4,649,457	338,498	4,310,959	-	-
	\$ 10,395,346	\$ 6,084,387	\$ 4,310,959	\$ -	\$ -

Debt Forgiveness Covenants:

In 2020, the Company closed on an unsecured bank loan guaranteed under the Paycheck Protection Program in the amount of \$1,102,500 and entered into an amended agreement on the Small Business Emergency Loan from the City of Los Angeles through the Economic and Workforce Development Department in the amount of \$20,000. The Paycheck Protection Program and City of Los Angeles loans may be forgiven in whole or in part, to the extent permitted under their respective programs.

COMMITMENTS

Commitments include operating leases for facilities due to expire in 2021. The remaining lease commitments in 2021, presented using their contractual undiscounted cash flows before deducting interest or finance charges, is \$29,678.

RELATED PARTY TRANSACTIONS

During the twelve months ended December 31, 2020, the Company granted a non-interest-bearing advance, payable on demand, to Aziz Rahimtoola, Chief Executive Officer of the Company in the aggregate amount of \$342,113. During the twelve months ended December 31, 2019, the Company received a non-interest-bearing advance, payable on demand, from Aziz Rahimtoola, Chief Executive Officer of the Company in the aggregate amount of \$311,580.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any material off-balance sheet arrangements.

ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Consolidated Financial Statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. Significant assumptions and estimates used in preparing the financial statements include those related to credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition. Sabio bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 2 of the Company's Consolidated Financial Statements

CHANGES IN ACCOUNTING POLICIES

For the twelve months ending December 31, 2020, and December 31, 2019, the Company has not adopted any new accounting policies. Our significant accounting policies are found in Note 2 of the Company's Consolidated Financial Statements.

INTERNAL CONTROLS

Effective internal controls are necessary for Sabio to provide reliable financial reports and to help prevent fraud. Management of Sabio is responsible for establishing and maintaining disclosure controls and procedures for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer ("CEO") and by others within those entities on a timely basis, particularly during the period in which the annual filings are being prepared, so that appropriate decisions can be made regarding public disclosure.

An evaluation of the adequacy of the design and effective operation of the Company's disclosure controls and procedures was conducted under the supervision of management, including the CEO, as at December 31, 2020 and December 31, 2019. Based on that evaluation, the CEO has concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2020 and December 31, 2019.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at December 31, 2020 there were (i) 8,328,000 common shares issued and outstanding, (ii) 1,572,667 stock options outstanding with a weighted average exercise price per common share of \$0.40 with a weighted average contractual life of 6.7 years. As at December 31, 2019, there were (i) 8,325,000 common shares issued and outstanding, and (ii) 1,395,000 stock options outstanding with a weighted average exercise price per common share of \$0.38.

RISK FACTORS

The following risk factors are not a definitive list of all risk factors associated with the Company. Additional risks and uncertainties, including those currently unknown or considered immaterial by Sabio, may also adversely affect our shares and/or the operations of our business.

Access to Capital

Sabio makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Sabio has financed these expenditures through offerings of its debt securities. Sabio will have further capital requirements and other expenditures as it proceeds to expand its

business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Sabio may incur major unanticipated liabilities or expenses. Sabio can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Foreign Sales

Sabio's functional currency is denominated in U.S. dollars. Sabio currently expects that sales will be denominated in U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, Sabio incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of Sabio's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact Sabio's business, financial condition and results of operations. Sabio has not previously engaged in foreign currency hedging. If Sabio decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide Sabio from foreign currency fluctuations and can themselves result in losses.

Long Sales Cycles

Sabio's sales cycle, from initial contact to contract execution and implementation, can take significant time. As part of the sales cycle, the Company may incur significant expenses before generating any revenue from a prospective customer. There are no assurances that the substantial time and money spent on the sales efforts will generate significant revenue. If conditions in the marketplace, generally or with a specific prospective customer, change negatively, it is possible that the Company will be unable to recover any of these expenses. The sales efforts involve educating the customers about the use, technical capabilities and benefits of the Company's service offering. It is difficult to predict when the Company will obtain new customers and begin generating revenue from these new customers. Even if the sales efforts result in obtaining a new customer, the customer controls when and to what extent it uses our service offering and therefore the amount of revenue generated, and it may not sufficiently justify the expenses incurred to acquire the customer and the related training support. As a result, Sabio may not be able to add customers, or generate revenue, as quickly as expected, which could harm the growth prospects.

Continued Access to Publisher Inventory

Timely access to relevant ad inventory is vital to the ongoing success of Sabio's media business. This access is dependent on the Company's ability to secure inventory on reasonable terms across a broad range of advertising inventory partners in various verticals and formats – to align with the requirements from our customers. The amount, quality and cost of inventory available can change at any time. Sabio relies on one particular publisher for a large amount of its ad-

inventory requirement. If this relationship or with any of the other significant suppliers were to cease, or if the material terms of these relationships were to change unfavorably, the Company's business would be negatively impacted. The suppliers are generally not bound by long-term contracts. As a result, there is no guarantee that Sabio will have access to a consistent supply of inventory on favorable terms.

Relative Early Stage of Connected TV Market

The Connected TV (CTV) market represents a massive growth opportunity for the Company. Sabio has invested in technology and market development to position itself as a key player in this emerging market. The Company is expecting demand for its CTV offering to drive vast majority of its future growth. The CTV market is in its early stages of growth with many large companies shifting focus and/or investing heavily. Large platforms such as Roku are aiming to deploy a walled garden approach. Any unfavorable developments in this segment such as inability of the company to secure adequate ad-inventory, restrictive action by CTV/OTT device/platform providers etc. could result in significant negative impact on the Company's growth prospects.

Highly Competitive Nature of Market

The digital advertisement is a competitive and rapidly changing industry that is subject to changing technology, regulatory and customer demands. There are many companies large and small; public and private providing competing solutions. With the end consumers media consumption shifting away from traditional media to digital and introduction of new technologies, the competition will likely remain high and could intensify in the future, which could have a negative impact on the Company's business and operating results. The industry is dominated by very large companies such as Google, Facebook, Apple, TradeDesk and others. All of these companies have substantial resources to devote to sales & marketing, product development thereby potentially positioning them to respond faster to any market or technology shifts resulting in potential negative impact on the Company's business.

Fluctuations in Operating Results

Sabio's operating results may vary from quarter to quarter due to the seasonal nature of its customers' spending on advertisement campaigns. The Company has traditionally experienced strong revenue generation in the fourth calendar quarter and relatively weaker performance in the first calendar quarter. Product and service mix also has a significant impact on the operating results and could drive volatility from quarter to quarter. Political advertising could also cause revenues to increase during election cycles and decrease during other periods, making it difficult to predict or revenue, cash flow, and operating results, all of which could fall below our expectations.

Adding New Customers and Retaining Existing Customers

Sabio has long term relationships with several key clients and partners and relies on these customers and partners to derive material revenues. There can be no assurances that these customers will continue to purchase products/services from Sabio. The nature of the media business is that Sabio must compete for the business of these and all customers on a project-by-project basis. There could be material adverse effects on the financial results or businesses of Sabio if a material customer ceases to do business with Sabio. Moreover, Sabio business plan depends on its ability to attract new customers. The markets that Sabio operates in are highly competitive with competitors having entrenched relationships with many of the target customers. There can be no assurance that Sabio will be able to attract new customers and retain them over a longer period.

Retention and Acquisition of Skilled Personnel

The loss of any member of Sabio's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management and specialized technical personnel, could have a material adverse effect on Sabio's business and operating results. The expansion of marketing and sales of its products will require Sabio to find, hire and retain additional capable senior employees who can understand, explain, market and sell its products and services. There is intense competition for capable personnel in all of these areas and Sabio may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training, and in many cases take a significant amount of time before they achieve full productivity. As a result, Sabio may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as Sabio moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Company Culture

Management believes that a critical component to our success has been Sabio's company culture, which is based on transparency, collaboration and personal autonomy. We have invested substantial time and resources in building our team within this company culture. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel and to proactively focus on and pursue our corporate objectives. If we fail to maintain our company culture, our business may be adversely impacted.

Managing Growth

Sabio is expecting high growth over the next twenty-four months as accelerates its sales and marketing efforts including opening new offices and hiring additional sales staff to take advantage of the market opportunity. In order to manage growth and changes in strategy effectively, Sabio must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Sabio expects to invest its earnings and capital to support its growth but may incur additional unexpected costs. If Sabio incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Intellectual Property Rights

Third parties may claim that we are infringing on their intellectual property rights. Such intellectual property infringement claims, whether we ultimately are found to be infringing any third party's intellectual property rights or not, are time-consuming, costly to defend, and divert resources and management attention away from our operations. Infringement claims by third parties could also subject us to significant damage awards or fines or require us to pay large amounts to settle such claims. Additionally, claims of intellectual property infringement might require us to enter into royalty or license agreements. If we cannot or do not license the infringed technology on acceptable terms or substitute similar technology from other sources, we could be prevented from or restricted in selling our products containing, or manufactured with, the infringed technology.

Third-Party Licensed Software

The Company's services incorporate certain third-party software obtained under licenses from other companies. The Company anticipates that it will continue to rely on such third-party software and development tools in the future. Although the Company believes that there are commercially reasonable alternatives to the third-party software the Company currently licenses, this may not always be the case, or it may be difficult or costly to replace. In addition, integration of the software used in the Company's services with new third-party software may require significant work and require substantial investment of the Company's time and resources. Also, to the extent that the Company's services depend upon the successful operation of third-party software in conjunction with its own software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of the Company's services, delay new services introductions, result in a failure of the Company's services, and injure the Company's reputation. The Company's use of additional or alternative third-party software would require the Company's to enter into additional license agreements with third parties.

Data Limitations

Our business depends on our ability to collect, use, and disclose data to deliver advertisements. Any limitation imposed on our collection, use or disclosure of this data could significantly reduce the value of our solution and cause us to lose revenue. Consumer tools, regulatory restrictions, and technological limitations all threaten our ability to use and disclose data. Consumers can implement technologies that limit our ability to collect and use data to deliver advertisements, or otherwise limit the effectiveness of our platform. Cookies may be deleted or blocked by consumers. Common Internet browsers allow consumers to modify their browser settings to block first-party cookies (placed directly by the publisher or website owner that the consumer intends to interact with) or third-party cookies (placed by parties, like us, that have no direct relationship with the consumer), and some browsers block third-party cookies by default. For example, Apple recently announced its intention to move to “opt-in” privacy models, requiring users to voluntarily choose to receive targeted ads, which may reduce the value of ad impressions on its iOS mobile application platform. Many applications and other devices allow consumers to avoid receiving advertisements by paying for subscriptions or other downloads. Mobile devices using Android and iOS operating systems limit the ability of cookies to track consumers while they are using applications other than their web browser on the device. Consequently, fewer of our cookies or publishers' cookies may be set in browsers or be accessible in mobile devices, which adversely affects our business.

COVID-19 Pandemic or Other Similar Outbreak

Any outbreaks of contagious diseases, including the recent outbreak of the COVID-19 pandemic, could have an adverse impact on public health developments in jurisdictions where Sabio operates. This could result in material and adverse effects on Sabio’s business, financial condition and results of operations. These effects could include disruptions or closures of Sabio’s client’s businesses leading them to stop advertisement spend. In addition, the COVID-19 pandemic has become a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect Sabio’s ability to obtain financing for its business and operations. The extent to which the COVID-19 pandemic will impact Sabio’s business and financial results will depend on future developments, which are highly uncertain and cannot be predicted.

Ability to Continuously Innovate, Enhance Existing and Develop New Products

The Company operates in a highly competitive market and one with changing customer requirements. The Company to date has developed all of its technology and product inhouse and boasts on of the most complete product portfolios in the industry. However, the industry is prone to rapid and frequent changes in technology to keep pace with changing end-customer requirements. For a small company with limited resources accurately predicting potential technology changes and allocating sufficient resources is a major challenge. In-ability to accurately predict and manage the transition could have a severe impact on the Company’s

ability to remain competitive and thus demand for the Company's product and services could decrease.

Successfully Commercializing App Science

Sabio has set up a wholly owned subsidiary to commercialize its AppScience analytics products. With this product the company will be targeting existing customers, new customers who are likely customers of its Media business competitors, and potentially companies who are competitors of the Company's Media business. There are no assurances that the Company will be able to successfully commercialize this product and gain traction in the market despite investing material amount of resources in the effort. Failure to gain traction in the market will have a negative impact on the growth prospects of the company thus its financial position.

Business Acquisitions

To the extent we find suitable and attractive acquisition candidates and business opportunities in the future, we may acquire other complementary businesses, products and technologies and enter joint ventures or similar strategic relationships. While we believe we will be able to successfully integrate newly acquired businesses into our existing operations, there is no certainty that future acquisitions or alliances will be consummated on acceptable terms or that we will be able to successfully integrate the services, content, products and personnel of any such transaction into our operations. In addition, any future acquisitions, joint ventures or similar relationships may cause a disruption in our ongoing business and distract our management. An acquisition may later be found to have a material legal or ethical issue, not disclosed or discovered prior to acquisition. Further, we may be unable to realize the revenue improvements, cost savings and other intended benefits of any such transaction. The occurrence of any of these events could result in decreased revenues, income and cash flows.

Conflicts of Interest

Sabio may be subject to various potential conflicts of interest because some of its officers, directors and consultants may be engaged in a range of business activities. Sabio's executive officers, directors and consultants may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to Sabio. In some cases, Sabio's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to Sabio's business and affairs and that could adversely affect Sabio's operations. These business interests could require significant time and attention of Sabio's executive officers, directors and consultants.

Industry Perceptions

With the growth of online advertising and e-commerce, there is increasing awareness and concern among the general public, privacy advocates, mainstream media, governmental bodies

and others regarding marketing, advertising, and data privacy matters, particularly as they relate to individual privacy interests and the global reach of the online marketplace. Any unfavorable publicity or negative public perception about us, our industry, including our competitors, or even other data focused industries can affect our business and results of operations, and may lead to digital publishers changing their business practices or additional regulatory scrutiny or lawmaking that affects us or our industry. For example, in recent years, consumer advocates, mainstream media and elected officials have increasingly and publicly criticized the data and marketing industry for its collection, storage and use of personal data. This public scrutiny may lead to general distrust of our industry, consumer reluctance to share and permit use of personal data and increased consumer opt-out rates, any of which could negatively influence, change or reduce our current and prospective clients' demand for our products and services and adversely affect our business and operating results.

Litigation

Sabio's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations. Any future claims or litigation could have a material adverse effect on the Sabio's business and its profitability.

Credit Risks

Sabio will be exposed to counterparty risks and liquidity risks including, but not limited to suppliers of Sabio which may experience financial, operational or other difficulties, including insolvency, which could limit or suspend those suppliers' ability to perform their obligations under agreements with Sabio, or through companies that will have payables to Sabio. If these risks materialize, Sabio's operations could be adversely impacted.

Cybersecurity Risks

In recent years, the frequency, severity, sophistication of cyber-attacks, computer malware, viruses, social engineering, and other intentional misconduct by computer hackers has significantly increased, and government agencies and security experts have warned about the growing risks of hackers, cyber criminals and other potential attackers targeting information technology systems. Such third parties could attempt to gain entry to our systems for the purpose of stealing data or disrupting the systems. In addition, our security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of our vendors, suppliers, their products, or otherwise. Third parties may also attempt to fraudulently induce employees or clients into disclosing sensitive information such as usernames, passwords or other information to gain access to our clients' data or our data, including intellectual property and other confidential business information.

We believe we have taken appropriate measures to protect our systems from intrusion, but we cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities in our systems and attempts to exploit those vulnerabilities, physical system or facility break-ins and

data thefts or other developments will not compromise or breach the technology protecting our systems and the information we possess. Any such compromise or breach, depending on the nature, may adversely impact the reputation and results of operations of Sabio.

Anti-Corruption

We are subject to anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the USA PATRIOT Act, U.S. Travel Act, and possibly other anti-corruption, anti-bribery, and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly and prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. The FCPA or other applicable anti-corruption laws may also hold us liable for acts of corruption or bribery committed by our third-party business partners, representatives, and agents, even if we do not authorize such activities. An increase to our international sales and business, including an increase in our use of third parties, will lead to our risks under these laws to also increase. We have adopted policies and procedures and conduct training designed to prevent improper payments and other corrupt practices prohibited by applicable laws but cannot guarantee that improprieties will not occur. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions, and/or sanctions could have an adverse effect on our business, results of operations, and financial condition.

Economic and Trade Sanctions

We are subject to various U.S. export control and trade and economic sanctions laws and regulations, including the U.S. Export Administration Regulations and the various sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (collectively, Trade Controls). U.S. Trade Controls may prohibit the shipment of specified products and services to certain countries, governments, and persons. Although we endeavor to conduct our business in compliance with Trade Controls, our failure to successfully comply may expose us to negative legal and business consequences, including civil or criminal penalties, governmental investigations, and reputational harm.

Furthermore, if we export our technology or software, the exports may require authorizations, including a license, a license exception, or other appropriate government authorization or regulatory requirements. Complying with Trade Controls may be time-consuming and may result in the delay or loss of opportunities.

Foreign Exchange

Sabio is exposed to foreign currency risk by reason of Sabio's operations in India. The movement of the Indian Rupee against the U.S. dollar could have a material adverse effect on Sabio's prospects, business, financial condition, and results of operation.

Dividends

Sabio has not declared or paid cash dividends on the Common Shares. Upon Completion of the Qualifying Transaction, Sabio intends to retain future earnings to finance the operation, development and expansion of the business. Sabio does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on Sabio's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

SUBSEQUENT EVENTS

In the first quarter of 2021, the Company closed on an unsecured bank loan guaranteed under the Paycheck Protection Program ("PPP") in the amount of \$1,050,000. The Loan specifically supports the ongoing US staffing and operations of Sabio Inc. The Loan may be forgiven in whole or in part, to the extent permitted under the program.

In the second quarter of 2021, the Company closed on a sale of convertible promissory notes for gross proceeds of \$2,218,801, with principal and accrued interest due on the maturity date of December 31, 2021. In the event the Company, prior to the Maturity Date, completes a public offering of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering that results in the securities of the Company being offering in any public offering or held by an entity that is a reporting issuer and is listed for trading on a stock exchange, the principal amount then outstanding under the notes together with all accrued but unpaid interest thereon shall be automatically converted into common stock and share purchase warrants of the Company.

In the second quarter of 2021, the Small Business Administration (SBA) authorized the full forgiveness of the Company's \$1,102,500 loan under the Paycheck Protection Program. The forgiveness was applied to the full amount the SBA authorized, plus all accrued interest.

In the second quarter of 2021, the Company entered into a non-binding letter of intent with Spirit Banner II Capital Corp. (TSXV:SBTC.P) ("Spirit"). Spirit proposes to acquire the issued and outstanding securities of the Company in exchange for the issuance of securities of Spirit. The transaction will result in a reverse take-over of Spirit where the existing shareholders of the Company will own a majority of the outstanding common shares of Spirit. Spirit is anticipated to be renamed "Sabio Inc." (the "Resulting Issuer") or such other name as the Company may

determine. Upon completion of the transaction, it is anticipated that the Resulting Issuer will be a Technology Issuer that is publicly listed on the TSX Venture Exchange.

In the third quarter of 2021, option holders of the Company exercised 1,593,999 share options. As of September 30, 2021, there were 827,001 share options of the Company still outstanding.

In the third quarter of 2021, the Small Business Administration (SBA) authorized the full forgiveness of the Company's \$1,050,000 loan under the Paycheck Protection Program. The forgiveness was applied to the full amount the SBA authorized, plus all accrued interest.



SABIO MOBILE, INC
Management's Discussion & Analysis
For the three and six months ended June 30, 2021

Date: October 13, 2021

www.sabio.inc

All amounts herein are expressed in U.S. Dollars unless otherwise stated.

The Management's Discussion and Analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of Sabio Mobile, Inc. ("Sabio" or the "Company") as at and for the three and six months ended June 30, 2021. References in this MD&A to "us", "we" and "our" mean Sabio unless otherwise stated.

This analysis should be read in conjunction with Sabio's Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2021, and related notes (the "Condensed Interim Consolidated Financial Statements"). The Condensed Interim Consolidated Statements and extracts of those Condensed Interim Consolidated Financial Statements provided in this MD&A, were prepared in U.S. dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, using the accounting policies described therein. As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. All amounts are presented in U.S. dollars unless otherwise indicated. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear. Readers are cautioned that this MD&A contains certain forward-looking information. (Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A).

Management of the Company is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made herein. The Board of Directors provides an oversight role with respect to all public financial disclosures by the Company and has reviewed this MD&A and the accompanying financial statements.

Forward-Looking Statements

Certain statements in this MD&A may constitute forward-looking statements, including those identified by the expressions such as "may", "will", "intend", "anticipate", "believe", "expect", "foresee", "intend", "plan", or similar expressions to the extent that they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current assumptions and expectations regarding future events. Forward-looking statements in this MD&A include but are not limited to statements regarding subscriber additions, the variability of the revenues going forward, anticipated market trends and technology adoption by customers and industry peers, anticipated growth in revenue and expenses, the potential impacts of additional expenditures on revenue growth rates, the sufficiency of cash on hand, the effect of the COVID-19 pandemic on the Company's business and operations, the benefits of the App Science platform and the Company's ability to obtain the financing necessary to continue operations. There can be no assurance that such statements will prove to be accurate, and actual results and future events may differ materially from those anticipated in such statements.

By its nature, forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. These risks and uncertainties include, but are not limited to, the factors discussed in the “Risk Factors” section of this MD&A. Readers are cautioned not to place undue reliance on forward-looking information.

Non-IFRS Measures

The Company prepares its Condensed Interim Consolidated Financial Statements in accordance with IFRS. Non-IFRS measures are used by management to provide additional insight into our performance and financial condition. We believe non-IFRS measures are an important part of the financial reporting process and are useful in communicating information that complements and supplements the Interim Consolidated Financial Statements. This MD&A also includes certain measures which have not been prepared in accordance with IFRS such as, Adjusted EBITDA. To evaluate the Company’s operating performance as a complement to results provided in accordance with IFRS, the term “Adjusted EBITDA”, as defined by management, refers to net income (loss) before adjusting earnings for finance costs, income taxes, stock-based compensation, amortization, non-recurring items, and severance costs. We believe that the items excluded from Adjusted EBITDA are not connected to and do not represent the operating performance of the Company.

We believe that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration how those activities are financed and taxed as well as expenses related to stock-based compensation, depreciation, amortization, restructuring costs, other expense (income), and foreign exchange (gain) loss. Accordingly, we believe that this measure may also be useful to investors in enhancing their understanding of the Company’s operating performance. It is a key measure used by the Company’s management and board of directors to understand and evaluate the Company’s operating performance, to prepare annual budgets and to help develop operating plans.

Company Overview

Sabio Mobile, Inc. is headquartered in Los Angeles, California, USA, with a focus on providing advertising technology and services-based solutions for its customers. Sabio, through its propriety Demand Side Platform (DSP) and ad server, provides targeted campaign solutions to top agencies and the brands they represent. In addition, its fully owned App Science subsidiary, powered by its AppSci Data Management Platform (DMP), has pioneered a privacy compliant, non-cookie cross screen household graph of 50 million homes that connects insights between mobile apps, streaming apps, along with other data points to better understand consumer behaviors. App Science’s primary focus is to provide leading agencies and brands advanced analytics and insights focused on their connected TV (CTV), over-the-top (OTT) and mobile ad spend in a software-as-a-service (SaaS) business model.

Sabio and its subsidiaries provide targeted and efficient ad delivery solutions, analytics, and insights to some of the largest agencies and brands in the U.S. Sabio was founded by a team of seasoned ad-tech and media veterans, who are supported by a strong management team with over 170 years of combined television and ad-tech experience. Sabio has over 50 employees in the United States, Canada, and India

Sabio has two wholly owned subsidiaries: Sabio Mobile India Private Limited, which enables 24-hour ad operations support, and the App Science, Inc., a data analytics company.

Significant developments during the three and six months ended June 30, 2021, and to the date of this report include the following:

COVID-19

The COVID-19 pandemic has created significant uncertainties in our industry. The US and Canadian governments as well as the business community have mandated several measures, including travel restrictions, restrictions on public gatherings, stay-at-home orders and advisories, and the quarantine of people who may have been exposed to the virus.

In March 2020, management took significant measures to reduce operating expenses and preserve cash where possible. An area of significant reductions was office rent expense, whereby the Company exited its flexible shared workspace arrangements in areas with high employee concentration, and temporarily transitioned to a fully remote model operating primarily online.

The Company does not expect the COVID-19 pandemic will have a material impact on its future revenues. Government and industry-imposed restrictions continue to be lifted as global vaccination rise and North American infection rates dissipate. Moreover, Management believes that COVID-19 has created opportunities for our businesses to capitalize on structural shifts, including an acceleration in CTV/OTT usage during forced social distancing lockdowns. As a result, consumers were spending more time at home which translated to more time in front of the television. That has led to more consumers adding additional streaming services as they looked for new content. The time spent viewing TV increased as did the number of CTV/OTT households. This trend, while indirectly related to the pandemic, shows indications of further acceleration in 2021 and beyond, and may represent a permanent shift by Consumers in favor of linear television.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The following table provides selected financial information from the Company's recent operations for the three and six months ended June 30, 2021, and 2020. This information should be read together with the Interim Consolidated Financial Statements.

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Revenues	4,226,806	1,543,973	6,812,013	4,585,569
By source:				
Mobile	2,690,112	1,543,973	4,678,475	4,526,458
Connected TV	1,536,694	-	2,127,538	59,112
Other	-	-	6,000	-
Gross Profit	2,616,457	869,602	4,165,017	2,700,314
Adjusted EBITDA (1)	27,054	(407,968)	(500,344)	(673,074)
Income (loss) from Operations	(379,033)	(642,101)	(1,387,941)	(1,240,722)
Net income (loss)	302,491	(934,246)	(1,203,908)	(2,131,222)

(1) As defined in "Non-IFRS Measures"

Revenue:

Three-month periods ended June 30, 2021, and 2020.

Sabio Mobile, Inc. generates revenue from mobile sales and connected TV sales platforms, and App Science insights. The Company sells digital advertising directly to marketers or through advertising agencies. Revenue from advertising is mostly generated through video and display advertising delivered through advertising impressions. Advertising is typically sold on a cost-per-thousand ("CPM") basis and is evidenced by an Insertion Order, ("IO"). Revenue is recognized as the number of impressions are delivered.

Consolidated revenue for the three-month period ended June 30, 2021, composed primarily of mobile and connected TV sales increased to \$4,226,806, an increase of \$2,682,833 from \$1,543,973 for the three months ended June 30, 2020. The 173% increase in sales was driven by investments in our salesforce, our unique position to capitalize on the burgeoning Connected TV market, and an improvement in general economic conditions as the markets we serve recover from the Covid-19 pandemic

By segment, revenues generated through the Company's mobile sales platform for the three months ended June 30, 2021, were \$2,690,112, an increase of \$1,146,139 from \$1,543,973 for the three months ended June 30, 2020.

Connected TV sales for the three months ended June 30, 2021, accelerated to \$1,536,694 (June 30, 2020 - \$nil). Connected advertising remains one of digital advertising's fastest-growing

channels. With its expertise in implementing mobile data for precise audience targeting, the Company is uniquely positioned to take advantage of the emerging opportunity in Connected TV by providing next level consumer behavior analysis. To this end, it has established a subsidiary to commercialize its App Science analytics capabilities. The Company will continue targeting the traditional OTT advertisement/media business while its App Science subsidiary will be tasked with commercializing App Science® as a stand-alone OTT analytics solution. For the three-months ended June 30, 2021, App Science reported \$54,000 in sales to Sabio, which were eliminated on consolidation.

Six-month periods ended June 30, 2021, and 2020.

Revenue for the six-month period ended June 30, 2021, composed primarily of mobile and connected TV sales was \$6,812,013, an increase of \$2,226,444 from \$4,585,569 for the six months ended June 30, 2020. By segment, revenues generated through the Company's mobile sales platform for the six months ended June 30, 2021, were \$4,678,475, an increase of \$152,017 from \$4,526,458 for the six months ended June 30, 2020.

Connected TV sales for the six months ended June 30, 2021, accelerated to \$2,127,538, an increase of \$2,068,426 from \$59,112 for the six months ended June 30, 2020. Connected advertising was a beneficiary of pandemic trends and remains one of digital advertising's fastest-growing channels. The Company will continue targeting the traditional OTT advertisement/media business while its App Science subsidiary will be tasked with commercializing App Science as a stand-alone OTT analytics solution. For the six-months ended June 30, 2021, App Science generated \$60,000 in sales, of which \$54,000 in sales were to Sabio, and eliminated on consolidation.

Cost of Sales and Gross Margins:

The following table sets out a reconciliation of Gross Profit to Revenue for each of the periods indicated:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	\$	\$	\$	\$
Revenues	4,226,806	1,543,973	6,812,013	4,585,569
Cost of sales	1,610,349	674,371	2,646,996	1,885,255
Gross profit	2,616,457	869,602	4,165,017	2,700,314

Three-month periods ended June 30, 2021, and 2020.

Cost of sales consist of supply, production and technical service costs and fees. For the three-month period ended June 30, 2021, cost of sales was \$1,610,349 compared to \$674,371 for the three-month period ended June 30, 2020. The increase of \$935,978 was attributable to the increased revenue during the period. Gross profit margin was 61.9% for the three months ended June 30, 2021, compared to 56.3% for the three months ended June 30, 2020.

Six-month periods ended June 30, 2021, and 2020.

Cost of sales consist of supply, production and technical service costs and fees. For the six-month period ended June 30, 2021, cost of sales was \$2,646,996 compared to \$1,885,25 for the six-month period ended June 30, 2020. The increase of \$761,741 was attributable to the increased revenue during the period. Gross profit margin was 61.1% for the six months ended June 30, 2021, compared to 58.9% for the six months ended June 30, 2020.

Reconciliation of net income to Adjusted EBITDA for the three and six months ended June 30, 2021, and 2020:

The following table presents a reconciliation of Net Loss to Adjusted EBITDA for the periods indicated:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Net Income (loss) for the period	302,491	(934,246)	(1,203,908)	(2,131,222)
Adjustments				
Finance costs	337,488	284,058	594,717	833,689
Transaction costs	75,290	-	313,060	-
Amortization of intangible assets	171,589	169,037	350,004	455,681
Share-based compensation	42,818	17,039	278,631	45,602
Amortization of lease	11,808	11,807	23,615	23,615
Gain on loan forgiveness	(1,102,500)	-	(1,102,500)	-
Settlement fees	162,000	-	162,000	-
Income taxes	8,199	8,087	10,690	56,811
State and local taxes	17,871	-	35,587	-
Severance expenses	-	36,250	37,760	42,750
Total adjustments	(275,437)	526,278	703,564	1,458,148
Adjusted EBITDA (1)	27,054	(407,968)	(500,344)	(673,074)

(1) As defined in "Non-IFRS Measures"

Three-month periods ended June 30, 2021, and 2020.

Adjusted EBITDA for the three-month period ended June 30, 2021, was \$27,054 comparative to a loss of \$407,968 for the three months ended June 30, 2020. The year-over-year increase of \$435,022 was primarily attributable to increased revenue during the current period. Non-recurring adjustments to Adjusted EBITDA include:

- A \$1,102,500 gain resulting from the full forgiveness of a loan obtained under the 2020 U.S. Small Business Administration's Paycheck Protection Program;
- transaction costs of \$75,290 primarily attributable to the sale of convertible promissory notes completed during the second quarter, and efforts to publicly list on the TSX Venture Exchange; and

- a one-time, \$162,000 settlement of historical remuneration fees to an advisor of the company.

Six-month periods ended June 30, 2021, and 2020.

Adjusted EBITDA for the six-month period ended June 30, 2021, was a loss of \$500,344 comparative to a loss of \$673,074 for the six months ended June 30, 2020. The year-over-year increase of \$172,730 was primarily attributable to increased revenue in the current period. Non-recurring adjustments to Adjusted EBITDA include:

- A \$1,102,500 gain resulting from the full forgiveness of a loan obtained under the 2020 U.S. Small Business Administration's Paycheck Protection Program;
- transaction costs of \$75,290 primarily attributable to the sale of convertible promissory notes completed during the second quarter, and efforts to publicly list on the TSX Venture Exchange;
- a one-time, \$162,000 settlement of historical remuneration fees to an advisor of the Company; and
- 767,000 warrants issued to Greenglade Ventures Inc., an advisor of the Company engaged to assist in the Company's efforts to publicly list on the TSX Venture Exchange.

Operating Expenses:

The following table summarizes various expenses for the three-and-six-month periods ended June 30, 2021, and 2020:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	\$	\$	\$	\$
Sales and marketing	1,543,617	742,191	2,529,869	1,872,470
General and administrative	647,817	311,937	1,278,432	855,756
Finance costs	337,488	284,058	594,717	833,689
Transaction costs	75,290	-	313,060	-
Research and technology costs	571,725	220,781	1,073,936	568,120
Stock-based compensation	42,818	17,039	278,631	45,602
Amortization of intangible assets	171,589	169,037	350,004	455,681

Three-month periods ended June 30, 2021, and 2020.

Sales and marketing

Sales and marketing consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, commissions, travel, marketing and payroll taxes for our sales, marketing, and account management teams. Sales and marketing expenses for the three-month period ended June 30, 2021, were \$1,543,617, an

increase of \$801,426 from \$742,191 in the same period in the prior year. The year-over-year increase is attributed to an increase in sales and marketing salaries as the Company hired additional salespeople in 2021, in addition to increased sales commissions incurred on increased revenues

General and administrative

General and Administrative costs include legal and professional fees, employee training, bank charges, contractors, and administrative salaries and wages. General and administrative costs for the three months ended June 30, 2021, were \$647,817, an increase of \$335,880 from \$311,937 in the same period of the prior year. The year-over-year increase was primarily related to an increase in the use of administrative contractors and legal and professional fees incurred as the Company works towards a qualifying transaction to list our Company's shares on the TSX Venture exchange.

Finance costs

Finance costs for the three-month period ended June 30, 2021, were \$337,488 an increase of \$53,430 compared to the same period of the prior year. The increase in finance costs were primarily attributable to interest accrued on the convertible promissory notes. All accrued but unpaid interest on the notes shall be automatically converted into common stock and share purchase warrants of the Company upon a "Go-Public Transaction" (See "Liquidity and Capital Resources").

Transaction costs

The company incurred \$75,290 in transactions costs during the three-month period ended June 30, 2021, primarily consisting of legal and professional fees directly attributable to the sale of convertible promissory notes completed during the second quarter, and efforts to publicly list on the TSX Venture Exchange.

Research and technology costs

Research and technology costs consist of all costs associated with studies and uncanceled development processes in connection to maintaining and increasing the effectiveness and efficiency of our technological platforms and proprietary technologies. The majority of such costs are comprised of salaries and wages, and costs associated with housing the required computer equipment and technologies. Research and technology costs for the three months ended June 30, 2021, were \$571,725 an increase of \$350,944 compared to the same period of the prior year. The year-over-year increase is attributed to continued investments in our technological offerings, in addition to higher capitalization rates in the previous year.

Stock-based compensation

The Company uses stock-based compensation as a means for employee compensation, retention, and incentives. Stock-based compensation for the three months ended June 30, 2021, was \$42,818, an increase of \$25,779 from \$17,039 in the same period of the prior year. The increase is attributable to the vesting of stock-based compensation granted in the first quarter of 2021 to executive and non-executive compensation in the ordinary course of business.

Six-month periods ended June 30, 2021, and 2020.

Sales and marketing

Sales and marketing consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, commissions, travel, marketing and payroll taxes for our sales, marketing, and account management teams. Sales and marketing expenses for the six-month period ended June 30, 2021, were \$2,529,869 an increase of \$657,399 from \$1,872,470 in the same period in the prior year. The year-over-year increase is attributed to an increase in sales and marketing salaries as the Company hired additional salespeople in 2021, in addition to increased sales commissions incurred on increased revenues

General and administrative

General and Administrative costs include legal and professional fees, employee training, bank charges, contractors, and administrative salaries and wages. General and administrative costs for the six months ended June 30, 2021, were \$1,278,432, an increase of \$422,676 from \$855,756 in the same period of the prior year. The year-over-year increase was primarily related to an increase in the use of administrative contractors and legal and professional fees incurred as the Company works towards a qualifying transaction to list our Company's shares on the TSX Venture Exchange.

Finance costs

Finance costs for the six months ended June 30, 2021, were \$594,717 a decrease of \$238,972 compared to the same period of the prior year. The decrease in finance costs was primarily due to lower interest payments arising from paydown of the company's outstanding debt balance with WISPer Ventures Leasing, LLC.

Transaction costs

Transaction costs of \$313,060 incurred during the six-month period ended June 30, 2021, primarily consist of legal and professional fees directly attributable to the sale of convertible promissory notes completed during the second quarter, and efforts to publicly list on the TSX Venture Exchange. Included in this amount was the issuance of 767,000 warrants in the first

quarter to Greenglade Ventures Inc., an advisor of the Company engaged to assist the Company in its public listing endeavors.

Research and technology costs

Research and technology costs consist of all costs associated with studies and uncapitalized development processes in connection to maintaining and increasing the effectiveness and efficiency of our technological platforms and proprietary technologies. The majority of such costs are comprised of salaries and wages, and costs associated with housing the required computer equipment and technologies. Research and technology costs for the six months ended June 30, 2021, were \$1,073,936 an increase of \$505,816 compared to the same period of the prior year. The year-over-year increase is attributed to continued investments in our technological offerings, in addition to higher capitalization rates in the previous year.

Stock-based compensation

The Company uses stock-based compensation as a means for employee compensation, retention, and incentives. Stock-based compensation for the six months ended June 30, 2021, was \$278,631, an increase of \$233,029 from \$45,602 in the same period of the prior year. The stock-based compensation granted in fiscal 2021 year-to-date is related to executive and non-executive compensation in the ordinary course of business.

Research and Development Expenditures:

Research and development expenses consist of certain remunerations paid to engineer personnel. Development costs that meet the criteria under IAS 38 Intangible Assets are capitalized as an Intangible Asset. Deferred development costs have finite lives and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

During the three-month period ended June 30, 2021, the Company capitalized \$15,159 to Intangible Assets, compared to \$222,667 in the comparable period in fiscal 2020. During the six-month period ended June 30, 2021, the Company capitalized \$78,785 to Intangible Assets, compared to \$422,598 in the comparable period in fiscal 2020.

During the three-month period ended June 30, 2021, the Company amortized a total of \$171,589 in development expenses, compared to \$169,037 in the comparable period in fiscal 2020. During the six-month period ended June 30, 2021, the Company amortized a total of \$350,004 in development expenses, compared to \$455,681 in the comparable period in fiscal 2020.

OUTLOOK

While the impact of the COVID-19 pandemic has created short-term uncertainty with respect to the Company's revenues, Adjusted EBITDA and net income, the Company still expects to continue to grow these measures in the remainder of 2021. To that end, the Company expects continued revenue growth in the second half of 2021, driven by reinvestments in our salesforce, our unique position to capitalize on the burgeoning Connected TV market, and an improvement in general economic conditions as the markets we serve recover from the Covid-19 pandemic.

See "Forward Looking Statements".

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

We intend to use our operating income and funds on hand to meet funding requirements for the development and commercialization of our technology products and services based on anticipated market demand and working capital purposes. Our actual funding requirements will vary depending on a variety of factors, including our success in executing our business plan, the progress of our research and development efforts, our commercial sales, and our ability to manage our working capital requirements.

While the Company currently has sufficient operating capital to meet its day-to-day operating expenses, it is possible that the Company could experience a working capital deficiency in the future, which would have a materially adverse effect on the Company's liquidity. In the event future cash flows from operations are lower than expected, the Company may need to seek additional financing, either by issuing additional equity or by undertaking additional debt. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of additional indebtedness, we may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors. Furthermore, there is no certainty that additional financing, whether debt or equity, will be available or that it will be available on attractive terms.

As of June 30, 2021, the Company had cash of \$217,760 as compared to \$47,890 as at December 31 2021, to settle current liabilities of \$8,249,352 (December 31, 2020 - \$8,300,538).

Below is a summary of our cash provided by (used in) operating, investing, and financing activities for the periods indicated:

	For the six months ended	
	June 30, 2021	June 30, 2020
	\$	\$
Cash flows used in operating activities	(2,257,774)	(2,208,991)
Cash flows used in investing activities	(78,785)	(422,598)
Cash flows from financing activities	2,506,429	1,483,241
Net increase (decrease) in cash	169,870	(1,148,348)
Cash, beginning of year	47,890	1,160,102
Cash, end of year	217,760	11,754

Cash provided by (used in) operating activities:

We used cash of \$2,257,774 in operating activities for the six months ended June 30, 2021. The \$2,257,774 used for operating activities resulted from \$1,203,908 in net loss less \$212,480 of non-cash adjustments to net loss and \$841,386 attributable to movements in non-cash working capital. Non-cash adjustments to net loss included a gain of \$1,102,500 on full forgiveness of the Company's \$1,102,500 loan obtained under the Small Business Administration's Paycheck Protection Program, partially offset by \$278,631 in stock-based compensation and \$237,770 in transaction costs related to warrants paid to an advisor of the Company. Non-cash working capital changes primarily arose from an increase in accounts receivable and a decrease in accounts payable and accrued liabilities, offset by an increase in deferred revenue.

Cash provided by (used in) investing activities:

For the six months ended June 30, 2021, cash used in investing activities was \$78,785, which consisted of development costs related to internally generated intangible assets.

Cash provided by (used in) financing activities:

Cash provided by financing activities for the six months ended June 30, 2021, was \$2,506,429. During the period, the company closed on an unsecured bank loan guaranteed under the Paycheck Protection Program ("PPP") in the amount of \$1,050,000 and received cash proceeds of \$2,018,801 from the sale of convertible promissory notes. An additional \$400,000 in outstanding promissory notes were exchanged for convertible promissory notes as part of the convertible note subscription. The conversion of the notes is contingent on the event that the Company, prior to the December 31, 2021 maturity date, completes a public offering of its common shares or a similar qualifying transaction, reverse-takeover, direct listing or initial public offering that results in the securities of the Company being offered in any public offering or held by an entity that is a reporting issuer and is listed for trading on a stock exchange. In such an event, the principal amount then outstanding under the convertible promissory notes

together with all accrued but unpaid interest thereon shall be automatically converted into common stock and share purchase warrants of the Company.

The proceeds received from the Company's financing activities were partially offset by principal repayments made on pre-existing debt instruments.

Stock Options:

The Company presently issues stock pursuant to its 2016 Stock Option Plan. As at June 30, 2021, the Company was entitled to issue a maximum of 2,800,000 equity-based awards collectively outstanding under the existing Stock Option Plan.

The following table summarizes the continuity of stock options issued by the Company under the Stock Option Plan:

Measurement date	Number of Options	Weighted average exercise price
	#	\$
Balance, December 31, 2019	1,465,000	0.17
Granted	245,667	0.61
Exercised	(3,000)	0.61
Forfeited	(10,000)	0.42
Balance, December 31, 2020	1,697,667	0.40
Granted	1,170,000	0.61
Exercised	(1,000)	0.34
Forfeited	(445,667)	0.35
Balance, June 30, 2021 (unaudited)	2,421,000	0.51

CONTRACTUAL OBLIGATIONS

The following are the contractual maturities for the financial liabilities:

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	\$ 5,283,705	\$ 5,283,705	\$ -	\$ -	\$ -
Loans payable	7,651,308	2,715,019	3,367,199	-	1,569,090
	\$ 12,935,013	\$ 7,998,724	\$ 3,367,199	\$ -	\$ 1,569,090

Debt Forgiveness Covenants:

In 2020, the Company closed on an unsecured bank loan guaranteed under the Paycheck Protection Program in the amount of \$1,102,500 and entered into an amended agreement on the Small Business Emergency Loan from the City of Los Angeles through the Economic and Workforce Development Department in the amount of \$20,000. The entire amount of the Paycheck Protection Program loan was forgiven on June 22, 2021. The City of Los Angeles loan may be forgiven in whole or in part, to the extent permitted under the program.

In 2021, the Company closed on a second unsecured bank loan guaranteed under the Paycheck Protection Program in the amount of \$1,050,000. The loan may be forgiven in whole or in part, to the extent permitted under the respective program.

COMMITMENTS

The Company currently has no outstanding commitments related to operating leases for facilities.

RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2021, the Company granted a non-interest-bearing advance, payable on demand, to Aziz Rahimtoola, Chief Executive Officer of the Company in the aggregate amount of \$197,052.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any material off-balance sheet arrangements.

ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Condensed Interim Consolidated Financial Statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. Significant assumptions and estimates used in preparing the financial statements include those related to credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition. Sabio bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment.

Significant accounting policies and estimates under IFRS are found in Note 3 of the Company's Interim Consolidated Financial Statements

CHANGES IN ACCOUNTING POLICIES

For the six months ending June 30, 2021, the Company has not adopted any new accounting policies. Our significant accounting policies are found in Note 3 of the Company's Interim Consolidated Financial Statements.

INTERNAL CONTROLS

Effective internal controls are necessary for Sabio to provide reliable financial reports and to help prevent fraud. Management of Sabio is responsible for establishing and maintaining disclosure controls and procedures for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer ("CEO") and by others within those entities on a timely basis, particularly during the period in which the annual filings are being prepared, so that appropriate decisions can be made regarding public disclosure.

An evaluation of the adequacy of the design and effective operation of the Company's disclosure controls and procedures was conducted under the supervision of management, including the CEO, as at December 31, 2020. Based on that evaluation, the CEO has concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2020.

There have been no changes to Sabio's internal controls over financial reporting during the six months ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, Sabio's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2021 there were (i) 8,329,000 common shares issued and outstanding, (ii) 2,421,000 stock options outstanding with a weighted average exercise price per common share of \$0.51 with a weighted average contractual life of 5.4 years.

RISK FACTORS

The following risk factors are not a definitive list of all risk factors associated with the Company. Additional risks and uncertainties, including those currently unknown or considered immaterial by Sabio, may also adversely affect our shares and/or the operations of our business.

Access to Capital

Sabio makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Sabio has financed these expenditures through offerings of its debt securities. Sabio will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Sabio may incur major unanticipated liabilities or expenses. Sabio can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Foreign Sales

Sabio's functional currency is denominated in U.S. dollars. Sabio currently expects that sales will be denominated in U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, Sabio incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of Sabio's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact Sabio's business, financial condition and results of operations. Sabio has not previously engaged in foreign currency hedging. If Sabio decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide Sabio from foreign currency fluctuations and can themselves result in losses.

Long Sales Cycles

Sabio's sales cycle, from initial contact to contract execution and implementation, can take significant time. As part of the sales cycle, the Company may incur significant expenses before generating any revenue from a prospective customer. There are no assurances that the substantial time and money spent on the sales efforts will generate significant revenue. If conditions in the marketplace, generally or with a specific prospective customer, change negatively, it is possible that the Company will be unable to recover any of these expenses. The sales efforts involve educating the customers about the use, technical capabilities and benefits of the Company's service offering. It is difficult to predict when the Company will obtain new customers and begin generating revenue from these new customers. Even if the sales efforts result in obtaining a new customer, the customer controls when and to what extent it uses our service offering and therefore the amount of revenue generated, and it may not sufficiently justify the expenses incurred to acquire the customer and the related training support. As a result, Sabio may not be able to add customers, or generate revenue, as quickly as expected, which could harm the growth prospects.

Continued Access to Publisher Inventory

Timely access to relevant ad inventory is vital to the ongoing success of Sabio's media business. This access is dependent on the Company's ability to secure inventory on reasonable terms across a broad range of advertising inventory partners in various verticals and formats – to align with the requirements from our customers. The amount, quality and cost of inventory available can change at any time. Sabio relies on one particular publisher for a large amount of its ad-inventory requirement. If this relationship or with any of the other significant suppliers were to cease, or if the material terms of these relationships were to change unfavorably, the Company's business would be negatively impacted. The suppliers are generally not bound by long-term contracts. As a result, there is no guarantee that Sabio will have access to a consistent supply of inventory on favorable terms.

Relative Early Stage of Connected TV Market

The Connected TV (CTV) market represents a massive growth opportunity for the Company. Sabio has invested in technology and market development to position itself as a key player in this emerging market. The Company is expecting demand for its CTV offering to drive vast majority of its future growth. The CTV market is in its early stages of growth with many large companies shifting focus and/or investing heavily. Large platforms such as Roku are aiming to deploy a walled garden approach. Any unfavorable developments in this segment such as inability of the company to secure adequate ad-inventory, restrictive action by CTV/OTT device/platform providers etc. could result in significant negative impact on the Company's growth prospects.

Highly Competitive Nature of Market

The digital advertisement is a competitive and rapidly changing industry that is subject to changing technology, regulatory and customer demands. There are many companies large and small; public and private providing competing solutions. With the end consumers media consumption shifting away from traditional media to digital and introduction of new technologies, the competition will likely remain high and could intensify in the future, which could have a negative impact on the Company's business and operating results. The industry is dominated by very large companies such as Google, Facebook, Apple, TradeDesk and others. All of these companies have substantial resources to devote to sales & marketing, product development thereby potentially positioning them to respond faster to any market or technology shifts resulting in potential negative impact on the Company's business.

Fluctuations in Operating Results

Sabio's operating results may vary from quarter to quarter due to the seasonal nature of its customers' spending on advertisement campaigns. The Company has traditionally experienced strong revenue generation in the fourth calendar quarter and relatively weaker performance in the first calendar quarter. Product and service mix also has a significant impact on the operating results and could drive volatility from quarter to quarter. Political advertising could also cause

revenues to increase during election cycles and decrease during other periods, making it difficult to predict or revenue, cash flow, and operating results, all of which could fall below our expectations.

Adding New Customers and Retaining Existing Customers

Sabio has long term relationships with several key clients and partners and relies on these customers and partners to derive material revenues. There can be no assurances that these customers will continue to purchase products/services from Sabio. The nature of the media business is that Sabio must compete for the business of these and all customers on a project-by-project basis. There could be material adverse effects on the financial results or businesses of Sabio if a material customer ceases to do business with Sabio. Moreover, Sabio business plan depends on its ability to attract new customers. The markets that Sabio operates in are highly competitive with competitors having entrenched relationships with many of the target customers. There can be no assurance that Sabio will be able to attract new customers and retain them over a longer period.

Retention and Acquisition of Skilled Personnel

The loss of any member of Sabio's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management and specialized technical personnel, could have a material adverse effect on Sabio's business and operating results. The expansion of marketing and sales of its products will require Sabio to find, hire and retain additional capable senior employees who can understand, explain, market and sell its products and services. There is intense competition for capable personnel in all of these areas and Sabio may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training, and in many cases take a significant amount of time before they achieve full productivity. As a result, Sabio may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as Sabio moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Company Culture

Management believes that a critical component to our success has been Sabio's company culture, which is based on transparency, collaboration and personal autonomy. We have invested substantial time and resources in building our team within this company culture. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel and to proactively focus on and pursue our corporate objectives. If we fail to maintain our company culture, our business may be adversely impacted.

Managing Growth

Sabio is expecting high growth over the next twenty-four months as it accelerates its sales and marketing efforts including opening new offices and hiring additional sales staff to take advantage of the market opportunity. In order to manage growth and changes in strategy effectively, Sabio must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Sabio expects to invest its earnings and capital to support its growth but may incur additional unexpected costs. If Sabio incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Intellectual Property Rights

Third parties may claim that we are infringing on their intellectual property rights. Such intellectual property infringement claims, whether we ultimately are found to be infringing any third party's intellectual property rights or not, are time-consuming, costly to defend, and divert resources and management attention away from our operations. Infringement claims by third parties could also subject us to significant damage awards or fines or require us to pay large amounts to settle such claims. Additionally, claims of intellectual property infringement might require us to enter into royalty or license agreements. If we cannot or do not license the infringed technology on acceptable terms or substitute similar technology from other sources, we could be prevented from or restricted in selling our products containing, or manufactured with, the infringed technology.

Third-Party Licensed Software

The Company's services incorporate certain third-party software obtained under licenses from other companies. The Company anticipates that it will continue to rely on such third-party software and development tools in the future. Although the Company believes that there are commercially reasonable alternatives to the third-party software the Company currently licenses, this may not always be the case, or it may be difficult or costly to replace. In addition, integration of the software used in the Company's services with new third-party software may require significant work and require substantial investment of the Company's time and resources. Also, to the extent that the Company's services depend upon the successful operation of third-party software in conjunction with its own software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of the Company's services, delay new services introductions, result in a failure of the Company's services, and injure the Company's reputation. The Company's use of additional or alternative third-party software would require the Company's to enter into additional license agreements with third parties.

Data Limitations

Our business depends on our ability to collect, use, and disclose data to deliver advertisements. Any limitation imposed on our collection, use or disclosure of this data could significantly reduce the value of our solution and cause us to lose revenue. Consumer tools, regulatory restrictions, and technological limitations all threaten our ability to use and disclose data.

There could be changes to the standardized mobile identifiers, such as the Identifier for Advertisers (IDFA), that companies like Sabio use which can adversely impact our business. For example, Apple recently announced its intention to move to “opt-in” privacy models, requiring users to voluntarily choose to receive targeted ads, which may reduce the value of ad impressions on its iOS mobile application platform. Many applications and other devices allow consumers to avoid receiving advertisements by paying for subscriptions or other downloads.

COVID-19 Pandemic or Other Similar Outbreak

Any outbreaks of contagious diseases, including the recent outbreak of the COVID-19 pandemic, could have an adverse impact on public health developments in jurisdictions where Sabio operates. This could result in material and adverse effects on Sabio’s business, financial condition and results of operations. These effects could include disruptions or closures of Sabio’s client’s businesses leading them to stop advertisement spend. In addition, the COVID-19 pandemic has become a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect Sabio’s ability to obtain financing for its business and operations. The extent to which the COVID-19 pandemic will impact Sabio’s business and financial results will depend on future developments, which are highly uncertain and cannot be predicted.

Ability to Continuously Innovate, Enhance Existing and Develop New Products

The Company operates in a highly competitive market and one with changing customer requirements. The Company to date has developed all of its technology and product inhouse and boasts on of the most complete product portfolios in the industry. However, the industry is prone to rapid and frequent changes in technology to keep pace with changing end-customer requirements. For a small company with limited resources accurately predicting potential technology changes and allocating sufficient resources is a major challenge. In-ability to accurately predict and manage the transition could have a severe impact on the Company’s ability to remain competitive and thus demand for the Company’s product and services could decrease.

Successfully Commercializing App Science

Sabio has set up a wholly owned subsidiary to commercialize its AppScience analytics products. With this product the company will be targeting existing customers, new customers who are likely customers of its Media business competitors, and potentially companies who are

competitors of the Company's Media business. There are no assurances that the Company will be able to successfully commercialize this product and gain traction in the market despite investing material amount of resources in the effort. Failure to gain traction in the market will have a negative impact on the growth prospects of the company thus its financial position.

Business Acquisitions

To the extent we find suitable and attractive acquisition candidates and business opportunities in the future, we may acquire other complementary businesses, products and technologies and enter joint ventures or similar strategic relationships. While we believe we will be able to successfully integrate newly acquired businesses into our existing operations, there is no certainty that future acquisitions or alliances will be consummated on acceptable terms or that we will be able to successfully integrate the services, content, products and personnel of any such transaction into our operations. In addition, any future acquisitions, joint ventures or similar relationships may cause a disruption in our ongoing business and distract our management. An acquisition may later be found to have a material legal or ethical issue, not disclosed or discovered prior to acquisition. Further, we may be unable to realize the revenue improvements, cost savings and other intended benefits of any such transaction. The occurrence of any of these events could result in decreased revenues, income and cash flows.

Conflicts of Interest

Sabio may be subject to various potential conflicts of interest because some of its officers, directors and consultants may be engaged in a range of business activities. Sabio's executive officers, directors and consultants may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to Sabio. In some cases, Sabio's executive officers, directors and consultants may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to Sabio's business and affairs and that could adversely affect Sabio's operations. These business interests could require significant time and attention of Sabio's executive officers, directors and consultants.

Industry Perceptions

With the growth of online advertising and e-commerce, there is increasing awareness and concern among the general public, privacy advocates, mainstream media, governmental bodies and others regarding marketing, advertising, and data privacy matters, particularly as they relate to individual privacy interests and the global reach of the online marketplace. Any unfavorable publicity or negative public perception about us, our industry, including our competitors, or even other data focused industries can affect our business and results of operations, and may lead to digital publishers changing their business practices or additional regulatory scrutiny or lawmaking that affects us or our industry. For example, in recent years, consumer advocates, mainstream media and elected officials have increasingly and publicly criticized the data and marketing industry for its collection, storage and use of personal

data. This public scrutiny may lead to general distrust of our industry, consumer reluctance to share and permit use of personal data and increased consumer opt-out rates, any of which could negatively influence, change or reduce our current and prospective clients' demand for our products and services and adversely affect our business and operating results.

Litigation

Sabio's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations. Any future claims or litigation could have a material adverse effect on the Sabio's business and its profitability.

Credit Risks

Sabio will be exposed to counterparty risks and liquidity risks including, but not limited to suppliers of Sabio which may experience financial, operational or other difficulties, including insolvency, which could limit or suspend those suppliers' ability to perform their obligations under agreements with Sabio, or through companies that will have payables to Sabio. If these risks materialize, Sabio's operations could be adversely impacted.

Cybersecurity Risks

In recent years, the frequency, severity, sophistication of cyber-attacks, computer malware, viruses, social engineering, and other intentional misconduct by computer hackers has significantly increased, and government agencies and security experts have warned about the growing risks of hackers, cyber criminals and other potential attackers targeting information technology systems. Such third parties could attempt to gain entry to our systems for the purpose of stealing data or disrupting the systems. In addition, our security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of our vendors, suppliers, their products, or otherwise. Third parties may also attempt to fraudulently induce employees or clients into disclosing sensitive information such as usernames, passwords or other information to gain access to our clients' data or our data, including intellectual property and other confidential business information.

We believe we have taken appropriate measures to protect our systems from intrusion, but we cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities in our systems and attempts to exploit those vulnerabilities, physical system or facility break-ins and data thefts or other developments will not compromise or breach the technology protecting our systems and the information we possess. Any such compromise or breach, depending on the nature, may adversely impact the reputation and results of operations of Sabio.

Anti-Corruption

We are subject to anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201,

the USA PATRIOT Act, U.S. Travel Act, and possibly other anti-corruption, anti-bribery, and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly and prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. The FCPA or other applicable anti-corruption laws may also hold us liable for acts of corruption or bribery committed by our third-party business partners, representatives, and agents, even if we do not authorize such activities. An increase to our international sales and business, including an increase in our use of third parties, will lead to our risks under these laws to also increase. We have adopted policies and procedures and conduct training designed to prevent improper payments and other corrupt practices prohibited by applicable laws but cannot guarantee that improprieties will not occur. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions, and/or sanctions could have an adverse effect on our business, results of operations, and financial condition.

Economic and Trade Sanctions

We are subject to various U.S. export control and trade and economic sanctions laws and regulations, including the U.S. Export Administration Regulations and the various sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (collectively, Trade Controls). U.S. Trade Controls may prohibit the shipment of specified products and services to certain countries, governments, and persons. Although we endeavor to conduct our business in compliance with Trade Controls, our failure to successfully comply may expose us to negative legal and business consequences, including civil or criminal penalties, governmental investigations, and reputational harm.

Furthermore, if we export our technology or software, the exports may require authorizations, including a license, a license exception, or other appropriate government authorization or regulatory requirements. Complying with Trade Controls may be time-consuming and may result in the delay or loss of opportunities.

Foreign Exchange

Sabio is exposed to foreign currency risk by reason of Sabio's operations in India. The movement of the Indian Rupee against the U.S. dollar could have a material adverse effect on Sabio's prospects, business, financial condition, and results of operation.

Dividends

Sabio has not declared or paid cash dividends on the Common Shares. Upon Completion of the Qualifying Transaction, Sabio intends to retain future earnings to finance the operation, development and expansion of the business. Sabio does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on Sabio's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

SUBSEQUENT EVENTS

In the third quarter of 2021, option holders of the Company exercised 1,593,999 share options. As of September 30, 2021, there were 827,001 share options of the Company still outstanding.

In the third quarter of 2021, the Small Business Administration (SBA) authorized the full forgiveness of the Company's \$1,050,000 loan under the Paycheck Protection Program. The forgiveness was applied to the full amount the SBA authorized, plus all accrued interest.

Schedule “E”

Unaudited *pro forma* financial statements of the Resulting Issuer as of June 30, 2021.

(see attached)

Sabio Holdings Inc. (formerly Spirit Banner II Capital Corp.)

Unaudited pro forma consolidated statement of financial position as at June 30, 2021
(Expressed in U.S. dollars)

	Sabio Inc.	Spirit Banner II Capital Corp. (")	Note 5	Adjustments	Total
	\$	\$	\$	\$	\$
Assets					
Current assets:					
Cash	217,760	332,904	(g) (h) (i) (k)	5,646,200 (885,234) 377,011 61,000	5,749,641
Accounts and other receivables	2,585,826	-			2,585,826
Due from related parties	539,165	-			539,165
Prepaid expenses	103,106	-			103,106
	3,445,857	332,904		5,198,977	8,977,738
Intangible Assets	789,899	-			789,899
Total assets	4,235,756	332,904		5,198,977	9,767,637
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	5,283,705	26,418	(j)	(232,983)	5,077,140
Deferred revenue	257,625	-			257,625
Convertible note subscription	2,418,801	-	(f)	(2,418,801)	-
Loan payable	296,218	-			296,218
Due to related parties	270,000	-			270,000
	8,526,349	26,418		(2,651,784)	5,900,983
Long-term liabilities:					
Loan payables	4,936,289	-	(j)	-	4,852,349
	13,462,638	26,418		(2,735,724)	10,753,332
Shareholders' equity					
Share capital (Note 6)	445,059	580,891	(a) (a) (a) (d) (g) (h) (f) (i) (j) (k)	(580,891) 7,714 (7,714) 779,551 5,646,200 (885,234) 1,857,058 (1,244,456) 1,103,943 81,000	7,783,121
Contribution surplus (Note 7)	-	91,914	(c) (e) (f) (i)	(91,914) 65,505 561,743 1,244,456	1,871,704
Share-based benefits reserve	1,156,277	-	(j) (k)	(410,009) (20,000)	726,268
Deficit (Note 10)	(10,828,218)	(366,319)	(b) (d)	366,319 (538,570)	(11,366,788)
	(9,226,882)	306,486		7,934,701	(985,695)
Total liabilities and shareholders' equity	4,235,756	332,904		5,198,977	9,767,637

(") The foreign exchange rate used to convert the statement of financial position of Spirit Banner II Capital Corp. from CAD to US\$ is 0.8066.

See accompanying notes to the unaudited pro forma financial statements

Sabio Holdings Inc. (formerly Spirit Banner II Capital Corp.)

Unaudited pro forma consolidated statement of operations and comprehensive loss for the six months ended June 30, 2021

(Expressed in U.S. dollars)

	Sabio Inc.	Spirit Banner II Capital Corp. (*)	Note 5	Adjustments	Total
	\$	\$		\$	\$
Revenues	6,812,013	-		-	6,812,013
Cost of sales	2,646,996	-		-	2,646,996
Gross Profit	4,165,017	-		-	4,165,017
Expenses					
Sales and marketing	2,529,869	-		-	2,529,869
General and administrative	1,278,432	74		-	1,278,506
Research and technology costs	1,073,936	-		-	1,073,936
Amortization of intangible assets	350,004	-		-	350,004
Occupancy	18,471	-		-	18,471
Amortization of lease	23,615	-		-	23,615
Share-based compensation	278,631	-		-	278,631
Listing fees	-	3,276		-	3,276
Professional fees	-	20,661		-	20,661
	5,552,958	24,011		-	5,576,969
Loss from operations	(1,387,941)	(24,011)		-	(1,411,952)
Gain on loan forgiveness	1,102,500	-		-	1,102,500
Income (loss) before finance costs and income taxes	(285,441)	(24,011)		-	(309,452)
Finance costs	594,717	-		-	594,717
Transaction costs	313,060	-	(d)	538,570	851,630
Income (loss) before income taxes	(1,193,218)	(24,011)		(538,570)	(1,755,799)
Income taxes	10,690	-		-	10,690
Net income (loss) and total comprehensive income (loss)	(1,203,908)	(24,011)		(538,570)	(1,766,489)
Basic earnings (loss) per share					(0.04)
Diluted earnings (loss) per share					(0.04)

(*) The foreign exchange rate used to convert the statement of operations and comprehensive loss of Spirit Banner II Capital Corp. from CAD to US\$ is 0.8018.

See accompanying notes to the unaudited pro forma financial statements

Sabio Holdings Inc. (formerly Spirit Banner II Capital Corp.)

Unaudited proforma consolidated statement of operations and comprehensive loss for the year ended December 31, 2020
(Expressed in U.S. dollars)

	Sabio Inc.	Spirit Banner II Capital Corp. (*)	Note 5	Adjustments	Total
	\$	\$		\$	\$
Revenues	13,192,426	-		-	13,192,426
Cost of sales	5,292,356	-		-	5,292,356
Gross Profit	7,900,070	-		-	7,900,070
Expenses					
Sales and marketing	3,406,294	-		-	3,406,294
General and administrative	1,631,890	977		-	1,632,867
Research and technology costs	1,074,426	-		-	1,074,426
Amortization of intangible assets	793,667	-		-	793,667
Occupancy	171,940	-		-	171,940
Amortization of lease	47,230	-		-	47,230
Share-based compensation	78,786	-		-	78,786
Listing fees	-	9,684		-	9,684
Professional fees	-	28,003		-	28,003
	7,204,233	38,664		-	7,242,897
Loss from operations	695,837	(38,664)		-	657,173
Gain on loan forgiveness	-	-		-	-
Income (loss) before finance costs and income taxes	695,837	(38,664)		-	657,173
Finance costs	969,094	-		-	969,094
Transaction costs	-	-	(d)	538,570	538,570
Income (loss) before income taxes	(273,257)	(38,664)		(538,570)	(850,491)
Income taxes	8,242	-		-	8,242
Net income (loss) and total comprehensive income (loss)	(281,499)	(38,664)		(538,570)	(858,733)
Basic earnings (loss) per share					(0.02)
Diluted earnings (loss) per share					(0.02)

(*) The foreign exchange rate used to convert the statement of operations and comprehensive loss of Spirit Banner II Capital Corp. from CAD to US\$ is 0.7454.

See accompanying notes to the unaudited pro forma financial statements

Sabio Holdings Inc. (formerly Spirit Banner II Capital Corp.)

Notes to Unaudited Pro Forma Consolidated Financial Statements

June 30, 2021

(Expressed in U.S. dollars)

1. Basis of presentation

The unaudited pro forma consolidated statement of financial position of Spirit Banner II Capital Corp. (the "Company" or "Spirit") as at June 30, 2021, and the statements of operations and comprehensive loss for the year ended December 31, 2020 and six months ended June 30, 2021 (the "Pro Forma Financial Statements"), has been prepared by management based on historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), for illustrative purposes only, after giving effect to the proposed transaction between the Company and Sabio Mobile, Inc. ("Sabio Inc.") on the basis of the assumptions and adjustments described in note 2, 3, 4 and 5.

The unaudited proforma consolidated statement of financial position has been derived from:

- (a) the unaudited statement of financial position of the Company as at June 30, 2021;
- (b) the unaudited consolidated statement of financial position of Sabio as at June 30, 2021; and
- (c) unless otherwise noted, the unaudited proforma consolidated statements of financial position and its accompanying notes are presented in U.S. Dollars.

The unaudited proforma consolidated statement of operations and comprehensive loss for the six months ended June 30, 2021 has been derived from:

- (a) the unaudited interim statement of operations and comprehensive loss for the Company for the six months ended June 30, 2021; and
- (b) the unaudited consolidated interim statements of operations and comprehensive loss of Sabio for the six months ended June 30, 2021.

The unaudited proforma consolidated statement of operations and comprehensive loss for the year ended December 31, 2020 has been derived from:

- (a) the unaudited statement of operations and comprehensive loss for the Company for the year ended December 31, 2020; and
- (b) the unaudited consolidated statement of operations and comprehensive loss of Sabio for the year ended December 31, 2020;

It is management's opinion that the unaudited Pro Forma Financial Statements, include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in Notes 3 and 4 in accordance with IFRS, applied on a basis consistent with the Company's accounting policies, except as otherwise noted. The unaudited Pro Forma Financial Statements are not necessarily indicative of the financial position that would have resulted if the combination had actually occurred on June 30, 2021.

Although not reflected specifically in the Pro-Forma Financial Statements, a new Ontario Corporation will be set up as a subsidiary of the Company to act as a holding company. The creation of this new Ontario Corporation has no effect on the numbers in these Pro-Forma Financial Statements.

2. Significant accounting policies

The unaudited Pro Forma Financial Statements has been compiled using the significant accounting policies, as set out in the unaudited consolidated financial statements of the Company and Sabio as at and for the periods ended, December 31, 2020 and June 30, 2021. Management has determined that no material pro forma adjustments are necessary to conform the Company's accounting policies to the accounting policies used by Sabio in the preparation of its unaudited financial statements.

3. The transactions

- a) The Company will complete a 15.91 for 1 share consolidation.
- b) Sabio completed a private placement raising gross proceeds of \$5,646,200 (the "Financing")
- c) The Company and Sabio entered into an agreement (the "Transaction"), whereby the Company will acquire all of the issued and outstanding common shares, options and warrants of Sabio in exchange for common shares, options and warrants of the Company.
- d) Upon completion of the Transaction, the former shareholders of Sabio will become the controlling shareholders of the Company. This type of share exchange, referred to as a reverse acquisition ("RTO"), deems Sabio to be the acquirer for accounting purposes.
- e) The transactions are subject, but not limited, to regulatory and shareholder approvals.

Sabio Holdings Inc. (formerly Spirit Banner II Capital Corp.)

Notes to Unaudited Pro Forma Consolidated Financial Statements

June 30, 2021

(Expressed in U.S. dollars)

4. Accounting for RTO

The Transaction has been accounted for in accordance with IFRS 2, which results in the following:

- o Sabio is deemed to be the acquirer and the Company the acquiree for accounting purposes and the Company is deemed the acquired company;
- o accordingly, Sabio's balances are accounted for at cost and the Company is accounted for at fair value;
- o since the Company's operations do not constitute a business, the Transaction has been accounted for as a reverse acquisition that is not a business combination;
- o therefore, the Company's share capital, deficit and contributed surplus will be eliminated, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed;
- o the capital structure recognized in the consolidated financial statements will be that of the Company, but the dollar amount of the issued share capital in the unaudited pro forma consolidated statement of financial position immediately prior to acquisition will be that of Sabio, plus the value of shares issued by the Company to acquire Sabio plus any shares issued by the Company prior to or as part of the transaction.

5. Proforma assumptions and adjustments

The unaudited pro forma consolidated statement of financial position reflects the following assumptions and adjustments:

- (a) A reduction in share capital of \$580,891 to eliminate the Company's historical share capital and a reduction of \$7,714 to eliminate shares issued by the Company prior to the transaction to an advisor as a finders fee.
- (b) An adjustment of \$366,319 to eliminate the Company's historical deficit.
- (c) An adjustment of \$91,914 to eliminate the Company's historical contributed surplus.
- (d) Since the Company's operations do not constitute a business, the consideration transferred by the Company will be allocated to share capital and transaction costs will be expensed. An increase in share capital of 845,056 and an increase in deficit of \$538,570 has been allocated based on the following:

Consideration transferred (815,800) shares, post consolidation at a price of \$1.41 per share)	\$	779,551
Options (101,514 options, post consolidation)		65,505
	\$	<u>845,056</u>
Cash	\$	332,904
Accounts payable and accrued liabilities		(26,418)
Excess of consideration over net assets expensed as transaction costs		538,570
	\$	<u>845,056</u>

- (e) An increase in the purchase price of the Company of \$65,505 as included in note 5(d), to represent the 101,514 options, post consolidation, outstanding from Spirit. These options were valued using the Black-Scholes Option Pricing Model using an exercise price of \$1.28, volatility of 74%, risk free rate of 0.25%, expected life of 2.34 years and dividend yield of 0%.
- (f) A decrease in convertible note subscription of \$2,418,801, and a corresponding increase in share capital of \$1,857,058 and increase in contributed surplus of \$561,743 to account for the conversion of convertible notes at the closing date of the Transaction into 2,591,713 shares and 1,295,855 warrants. The warrants were valued using the Black-Scholes Option Pricing Model using an exercise price of \$1.41, volatility of 74%, risk free rate of 0.25%, expected life of 2 years and dividend yield of 0%.

Sabio Holdings Inc. (formerly Spirit Banner II Capital Corp.)

Notes to Unaudited Pro Forma Consolidated Financial Statements

June 30, 2021

(Expressed in U.S. dollars)

5. Proforma assumptions and adjustments (continued)

- (g) Post consolidation, an increase in cash and corresponding increase in share capital of \$5,646,200 before transaction costs of \$885,234 in note 5(h) from issuance of 4,000,000 shares of Sabio on a brokered private placement basis. The full proceeds net of issuance costs were allocated to share capital.
- (h) A decrease in cash and a corresponding decrease in share capital in the amount of \$ 885,234 representing costs incurred related to the private placement in note 5(g).
- (i) An increase in the contributed surplus and a decrease in share capital of the Company of \$1,244,456 to represent the issuance of 2,591,713 shares with an original transaction price of \$1.41/share and the adjusted subscription price of \$0.93 for the conversion of convertible notes of \$2,418,801 in note 5(f).
- (j) An increase in share capital of \$1,103,943 and corresponding reduction in share-based benefits reserve of \$410,009 on the exercise of Sabio stock options subsequent to June 30, 2021. The exercises were settled for cash proceeds of \$377,011 and reductions in accrued liabilities of \$232,983 and long-term payables of \$83,940.
- (k) An increase in share capital of \$81,000 and corresponding reduction in share-based benefits reserve of \$20,000 on an exercise of Sabio warrants subsequent to June 30, 2021. The exercise was settled for cash proceeds of \$61,000.

6. Pro forma share capital

	<u>Number</u>	<u>Amount</u>
The Company's common shares outstanding - June 30, 2021	11,615,000	\$580,891
The Company's common shares issued as finders fee subsequent to June 30, 2021	85,714	\$7,714
Common shares issued to Sabio's shareholders post consolidation	30,245,857	445,059
Issuance of Sabio common shares on exercise of options subsequent to June 30, 2021	5,788,434	1,103,943
Issuance of Sabio common shares on exercise of warrants subsequent to June 30, 2021	363,139	81,000
RTO adjustment - the Company's common shares (note 5(a))	(11,700,714)	(588,605)
Consideration transferred to shareholders of the Company (note 5(d))	815,800	779,551
Sabio shares issued in relation to the conversion of convertible (notes (notes 5(f) and 5(i))	2,591,713	612,602
Shares issued to Sabio shareholders net of issuance costs in relation to the private placement in note 5(g)	4,000,000	5,646,200
Costs incurred related to the RTO, and the Transaction in note 5(h)	-	(885,234)
Proforma share capital - June 30, 2021	<u>43,804,942</u>	<u>\$7,783,121</u>

Sabio Holdings Inc. (formerly Spirit Banner II Capital Corp.)

Notes to Unaudited Pro Forma Consolidated Financial Statements

June 30, 2021

(Expressed in U.S. dollars)

7. Pro forma contribution surplus

	<u>Amount</u>
The Company's contributed surplus	\$91,914
Sabio's contributed surplus	-
Elimination of the Company's contributed surplus (note 5(c))	(91,914)
Issuance of replacement options for the Company (note 5(e))	65,505
Issuance of 1,295,855 warrants for the conversion of convertible note subscription of Sabio (note 5(f))	561,743
Issuance of 2,591,713 shares at discount for the conversion of convertible note subscription of Sabio (note 5(i))	1,244,456
Proforma contributed surplus - June 30, 2021	<u>\$1,871,704</u>

8. Pro forma warrants

	<u>Number</u> <u>outstanding*</u>	<u>Exercise price*</u>
Warrants issued and outstanding in the Company	-	-
Warrants issued and outstanding in Sabio	3,148,416	\$0.17
Warrants of Sabio exercised subsequent to June 30, 2021	(363,139)	\$0.17
Issuance of 1,295,855 warrants prior to closing the Transactions in note 5(f)	1,295,855	\$1.41
Proforma warrants - June 30, 2021	<u>4,081,132</u>	<u>\$0.56</u>

*all numbers presented are post consolidation

9. Pro Forma stock options

	<u>Number</u> <u>outstanding *</u>	<u>Number vested *</u>	<u>Weighted</u> <u>Average</u> <u>Exercise price *</u>
Stock options issued and outstanding in the Company	101,514	101,514	1.28
Stock options issued and outstanding in Sabio	8,791,598	7,112,882	0.14
Stock options of Sabio expired or forfeited or exercised subsequent to June 30, 2021	(5,788,434)	(5,788,434)	0.13
Proforma stock options - June 30, 2021	<u>3,104,678</u>	<u>1,425,963</u>	<u>\$0.26</u>

*all numbers presented are post consolidation

10. Pro forma deficit

	<u>Amount</u>
The Company's deficit	(\$366,319)
Sabio's deficit	(10,828,218)
Elimination of the Company's deficit (note 5(b))	366,319
Additional transaction costs in note 5(d)	(538,570)
Proforma deficit - June 30, 2021	<u>(\$11,366,788)</u>