FACEDRIVE INC.
(formerly High Mountain Capital Corporation)

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

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

October 9, 2020

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

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

COMPANY OVERVIEW

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

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

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

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

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

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

In response to the COVID-19 pandemic, the Canadian government acted by testing and treating symptomatic individuals, enforcing social distancing, closing schools and non-essential businesses and requesting that individuals stay inside their homes. Due to these measures, many businesses were forced to lay off staff; postpone contracts and work; request financial relief and defer payments to their financial lenders, landlords and stakeholders; and some circumstances close their businesses altogether. The Federal government also responded by extending tax filing and payment deadlines and made available a wage subsidy to qualifying businesses to help provide some relief during this challenging time.

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

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

Facedrive Rideshare was the first to offer green transportation solutions in the TaaS space, planting thousands of trees and giving users a choice between electric vehicles, hybrid vehicles and conventional vehicles. Facedrive Marketplace offers curated merchandise created from sustainably sourced materials. Facedrive Foods offers contactless deliveries of a wide variety of foods with the focus on delivering healthy foods right to consumers' doorsteps. Facedrive Social strives to keep people connected in an increasingly physically-distant world through its HiQ socialization platform that invites users to interact based on common interests on its communication platform, which offers gamification features. Facedrive Health strives to develop and offer innovative technological solutions to the most acute health challenges of the day. Facedrive envisions changing the ridesharing, food delivery, e-commerce, social and health tech narratives for the better, for everyone, and is currently operational in the following cities and municipalities of Ontario: The Greater Toronto Area, Hamilton, London, Guelph, Kitchener, Waterloo, Cambridge, Orillia and Ottawa.

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

- On February 21, 2020, the Company completed a non-brokered private placement of 361,010 Shares issued at a price of $2.77 per Share for aggregate gross proceeds of $1,000,000.

- In March 2020, Facedrive became the first ridesharing platform to secure licensing to operate within the city of Orillia, Ontario. Facedrive became operational in Orillia, Ontario in March 2020.

- In March 2020, Facedrive secured permission to operate at Toronto Pearson International Airport in Toronto, Ontario.

- On March 31, 2020, the Company completed the acquisition ("**HiRide Transaction**") of 100% of the issued and outstanding common shares of HiRide Share Ltd. ("**HiRide**"), a socially responsible ride-sharing and car-pooling business.

- In April 2020, Facedrive secured a licence to operate in Ottawa, Ontario, and became operational on July 1, 2020.

- In April 2020, Facedrive launched "Facedrive Marketplace", a platform for users to purchase exclusive merchandise produced from sustainably sourced materials from Facedrive and in collaboration with various partners. Through the Facedrive Marketplace Platform, Facedrive and Westbrook Inc. ("**Westbrook**") launched an exclusive co-branded "Bel-Air Athletics Capsule Collection" on May 1, 2020.

- In April 2020, Facedrive launched "Facedrive Foods", a food delivery platform designed to connect residents with local restaurant businesses. Facedrive Foods' pilot program was first launched in the Greater Toronto Area and London, Ontario. Menu options available for delivery through the Facedrive Foods platform are generally comprised of healthy, nutritious, and sustainably sourced meal options.

- In April 2020, Facedrive launched “Facedrive Health”, an initiative to offer assistance to frontline healthcare workers in their response to COVID-19: including discounted rides for healthcare professionals; designated pick-up locations; dedicated COVID-19 trained drivers; and delivery of essential medical supplies. Facedrive Health is available in all regions in which Facedrive currently operates. Subsequently, through Facedrive Health, Facedrive partnered with the University of Waterloo to develop “TraceSCAN”, a contact tracing app and wearable technology designed to help mitigate the spread of COVID-19.

- On May 12, 2020, Facedrive entered into a consulting services agreement with Medtronics Online Solutions Ltd. (“**Medtronics**”), whereby Medtronics has provided and performed certain marketing and strategic consulting services for and on behalf of Facedrive.

- On June 9, 2020, the Company entered into a strategic advisory services agreement with Craven Street Capital Limited (“**Craven Street**”) to assist the Company in executing its European expansion plans. The scope of services to be provided by Craven Street to Facedrive includes research and evaluation of European expansion opportunities, as well as sourcing of strategic acquisition and investment opportunities.

- On June 17, 2020, the Company launched “HiQ”, a social gaming application through its wholly-owned subsidiary, HiRide.

- On June 30, 2020, the Company launched its Corporate Partnerships Program which will further extend its ecosystem of socially and environmentally responsible services into the corporate and business-to-business categories.

- On July 9, 2020, the Company completed the acquisition (“**Foodora Transaction**”) of certain assets of Foodora Inc. (“**Foodora Canada**”), in the proposal proceedings commenced by Foodora Canada under the *Bankruptcy and Insolvency Act.* See “Subsequent Events”.

- On July 16, 2020, the Company announced a partnership with the Toronto Zoo’s Scenic Drive-Through Safari as a sustainable rideshare partner.

- On July 21, 2020, the Company launched “TraceSCAN Wearables” on the Microsoft App Store, a contact tracing windows application through Facedrive Health.

- On July 22, 2020, the Company completed the third and final tranche of its non-brokered private placement, issuing an aggregate of 1,111,111 Shares, at a price of $9.00 per Share, for aggregate gross proceeds of $9,999,999. See “Subsequent Events”.

- On August 7, 2020, the Company completed a sign-and-close definitive agreement to partner and invest in Tally Technology Group Inc., a white-label, free-to-play sports predictions platform. See “Subsequent Events”.

- On September 4, 2020, the Company, through a wholly-owned subsidiary (“**Facedrive Subsidiary**”), completed an acquisition (“**Steer Acquisition**”) of the substantive assets of Steer, a specialized electric vehicle subscription businesses from Exelorate Enterprises, LLC (“**Exelorate**”). Concurrent with the closing of the Steer Acquisition, Exelorate subscribed for common shares of Facedrive (“**Facedrive Shares**”) as part of a strategic investment. See “Subsequent Events”.

- On October 1, 2020, the Company completed the acquisition of 100% of the issued and outstanding common shares of Food Hwy Canada Inc. (“**Food Hwy**”), one of Canada’s leading “ethnic and student focused” food delivery services. See “Subsequent Events”.

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

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

Revenue

Revenue for the Quarter was $93,600, a decrease of $39,200 as compared to $132,800 in the Comparative Quarter. The Company currently generates substantially all of its revenue from Facedrive Rideshare, which connects drivers and riders, as it continues to develop the other Facedrive Verticals, many of which remain at early-stages of their developmental cycles. The decrease in revenue was primarily attributable to the impact of the COVID-19 global pandemic and a corresponding decline on the requirement for transportation.

The Company’s gross fees from rides was $147,200 in the Quarter, representing a decrease from $370,300 from the Comparative Quarter. This decrease is primarily attributable to the decrease in number of rides during the COVID-19 global pandemic. Total revenue from Facedrive Marketplace was $7,000 in the Quarter as compared to $nil in the Comparative Quarter. The Company launched Facedrive Marketplace in April 2020.

Total revenue from licensing arrangements was $50,000 for the Quarter as compared to $50,000 in the Comparative Quarter.

Cost of Revenue

Cost of revenue for the Quarter was $125,400, representing an increase from $97,900 in the Comparative Quarter. Cost of revenue consists largely of payment processing charges, direct costs associated with drivers and other credit card losses. The increase in cost of revenue was primarily due to an increase of $39,600 in insurance expenses and $15,000 in other credit card expenses. In addition, expenses associated with onboarding drivers decreased by $21,700 as a result of the decrease in driver onboarding due to the COVID-19 global pandemic.

The cost of goods sold from the sale of merchandise was $3,600 in the Quarter, as compared to $nil in the Comparative Quarter. The increase was attributable to the Company launching Facedrive Marketplace in April 2020.

General and Administration Expenses

General and administration expenses, consisting primarily of professional and consulting fees for the Quarter were $736,600, up from $134,900 in the Comparative Quarter. Total legal and accounting fees were $161,100 in the Quarter as compared to $51,000 in the Comparative Quarter. These increases were primarily attributable to the fact that the Transaction was completed in September 2019 and expenses that pertain to operating as a public-company began to be borne by the Company from that point forward. Total consulting fees were $99,200 the Quarter as compared to $nil in the Comparative quarter. The increase was primarily attributable to the consulting fees for advisory services in developing strategic partnerships to support the Company’s growth initiatives.

Total share-based compensation expenses related to stock options and restricted share units granted to directors and officers of Facedrive were $358,900 for the Quarter, as compared to $nil in the Comparative Quarter. We anticipate an increase to accounting, legal and professional fees associated with operating as a public company that will be reflected in our general and administration expenses.

Operational Support Expenses

Operational support expenses decreased to $394,300 in the Quarter, from $415,900 in the Comparative Quarter. The increases that were seen in salaries and benefits were offset by decreases in third party expenses incurred in respect of onboarding drivers and related party expenses, resulting in operational support expenses remaining substantially consistent period-over-period.

Total salaries and benefits were $234,000 in the Quarter, as compared to $45,300 in the Comparative Quarter, an increase of $188,700, primarily due to the increase in employee headcount described above.

Total fees paid to third parties providing operations support, driver background checks and onboarding procedures were $nil in the Quarter, as compared to $260,100 in the Comparative Quarter. Total operations support expenses payable to Dynalync 2000 Inc., a related company ("**Dynalync**"), was $nil in the Quarter, as compared to $204,900 in the Comparative Quarter. See "Related Party Transactions".

Research and Development Expenses

Research and development expenses increased to $290,600 in the Quarter, as compared to $218,700 in the Comparative Quarter. The expenses were primarily related to fees paid to third parties providing services and product development to the Company in the amount of $190,700 in the Quarter, as compared to $218,700 in the Comparative Quarter. The decrease was primarily driven by employing in house staff as opposed to hiring third party providers. We continue to increase the functionality of the Facedrive platform and improving efficiencies in attracting and retaining drivers and riders. Total fees payable to Dynalync was $nil in the Quarter, as compared to $218,700 in the Comparative Quarter. See "Related Party Transactions".

Sales and Marketing Expenses

Sales and marketing expenses for the Quarter were $7,915,800, as compared to $325,600 in the Comparative Quarter. These increases were primarily attributable to the share-based compensation paid for services provided by a consultant to the Company at a deemed aggregate value of $7,632,700 for the Quarter, compared to $nil for Comparative Quarter. For the above transaction, the Company issued an aggregate of 800,000 Shares to Medtronics for marketing and strategic consulting services. The arrangement was negotiated as a share-based payment transaction with an arms-length non-employee and, at the time of such negotiation, the fair value of the number of Shares was considered reasonable by the Company based on the average closing price of the shares. Since the fair value of the services received cannot be reliably measured, the shares were measured and recognized based on the average closing price of the shares over the later service period, resulting in a $7,632,700 sales and marketing expense charge.

Total expenses for driver and rider incentive programs were $55,700 for the Quarter, as compared to $251,900 in Comparative Quarter. The decrease was primarily attributable to the decrease in number of active riders and drivers and general activity in the Facedrive Rideshare vertical during the Quarter due to the COVID-19 global pandemic.

Net Loss

The Company incurred a net loss of $9,356,800 in the Quarter, as compared to a net loss of $1,060,200 in the Comparative Quarter. The increase in net loss is primarily attributable to the deemed cash-value of the share based payment to Medtronics in the amount of $7,632,700 and the growth of the Company and the costs associated with such growth, as described above.

ANALYSIS OF RESULTS OF OPERATIONS – SIX MONTHS ENDED JUNE 30, 2020 AND 2019

The following section provides an overview of our financial performance during the six months ended June 30, 2020 ("**YTD Period**") compared to the six months ended June 30, 2019 ("**Prior YTD Period**").

Revenue

Revenue for the YTD Period was $481,500, an increase of $312,700 compared to $168,800 in the Prior YTD Period. The Company currently generates substantially all of its revenue from Facedrive Rideshare, which connects drivers and riders, as other Facedrive Verticals have longer revenue cycles and remain in pre-revenue development and expansion. increase in the Company's YTD Period revenue year-over-year was primarily attributable to expansion by the Company into additional geographic regions during the period subsequent to Prior YTD Period and growth in drivers and riders utilizing the Company's ridesharing platform.

The Company's gross fees from rides was $999,400 in the YTD Period, representing an increase from $541,700 from the Prior YTD Period. This increase is also primarily attributable to expansion by the Company into additional geographic regions during the period subsequent to the Prior YTD Period and growth in drivers and riders utilizing the Company's ridesharing platform.

Total revenue from Facedrive Marketplace was $7,000 in the YTD Period, compared to $nil in the Prior YTD Period. The Company launched Facedrive Marketplace in April 2020.

Total revenue from licensing arrangements was $150,000 for the YTD Period, as compared to $50,000 in the Prior YTD Period. This increase is attributable to the securing of licensing arrangements with third parties in May 2019.

Cost of Revenue

Cost of revenue for the YTD Period was $373,900, representing an increase from $131,000 in the Prior YTD Period. Cost of revenue consists largely of payment processing charges, direct costs associated with drivers and other credit card losses. The increase in cost of revenue was primarily due to an increase of $152,700 in insurance expenses and $55,200 in other credit card expenses due to the increase in ride volume in the YTD Period. On the other hand, expenses associated with onboarding drivers decreased by $13,800 as a result of a decrease in the number of active drivers being onboarded to our ridesharing platform, on account of generally-decreased ridesharing activity, due to the COVID-19 global pandemic.

The cost of goods sold from the sale of merchandise was $3,600 in the YTD Period, representing an increase from $nil in the Prior YTD Period, given the Company launched Facedrive Marketplace during the current YTD Period, in April 2020.

General and Administration Expenses

General and administration expenses, consisting primarily of professional and consulting fees, for the YTD Period were $1,315,200, up from $147,700 in the Prior YTD Period. Total legal and accounting fees were $281,800 in the YTD Period as compared to $51,000 in the Prior YTD Period. These increases were primarily attributable to the fact that the Transaction was completed in September 2019 and such expenses became payable by the Company from that point forward. Total consulting fees were $200,900 in the YTD Period as compared to $nil in the Prior YTD Period. The increase was primarily attributable to consulting fees for advisory services further to the Company developing strategic partnerships and continuing to build out the Facedrive Verticals.

Total share-based compensation expenses related to stock options and restricted share units granted to directors and officers of Facedrive were $650,900 for the YTD Period, as compared to $nil in the Prior YTD Period. We anticipate an increase in share-based compensation expenses as we intend to recruit and expand management and employee ranks in line with the Company's intentions to continue growing the Facedrive Verticals. We also anticipate a further significant increase to accounting, legal and professional fees associated with operating as a public company and the Company's aforementioned intentions to further expand and grow the Facedrive Verticals. Any such increases as to professional fees will be reflected in our general and administration expenses going forward.

Operational Support Expenses

The majority of operations of the Company remained in support of Facedrive Rideshare, as other Facedrive Verticals remained in pre-operational stages during the period in question. Operational support expenses decreased slightly to $755,400 in the YTD Period, from $775,600 in the Prior YTD Period. This slight decrease was driven primarily by a lessening as to third party expenses incurred in respect of diminished onboarding of drivers and related party expenses during the COVID-19 pandemic. However, these decreases were largely offset by increases in salaries and benefits as well as licensing fees, resulting in operational support expenses remaining substantially consistent period-over-period.

Total salaries and benefits were $411,700 in the YTD Period, as compared to $109,500 in the Prior YTD Period, an increase of $302,200, primarily due to the increase in employee headcount described above. This increased headcount was procured by the Company on account of both Facedrive Rideshare operations as well as those of other of the Facedrive Verticals. Total licencing fees were $67,500 in the YTD Period, as compared to $45,300 in the Prior YTD Period.

Total fees paid to third parties providing operations support, driver background checks and onboarding procedures were $29,200 in the YTD Period, as compared to $433,600 in the Prior YTD Period. Total operations support expenses payable to Dynalync 2000 Inc., a related company ("**Dynalync**"), was $nil in the YTD Period, as compared to $340,749 in the Prior YTD Period. See "Related Party Transactions".

Research and Development Expenses

Research and development expenses increased to $523,900 in the YTD Period, as compared to $473,500 in the Prior YTD Period. The expenses were primarily related to fees paid to third parties providing services and product development to the Company. The expenses were primarily related to fees paid to third parties providing services and product development to the Company in the amount of $378,300 in the YTD Period, as compared to $473,500 in the Prior YTD Period. The decrease was primarily driven by the Company consolidating more research and development functions in-house as opposed to outsourcing to third party providers. To this end, total salaries and benefits were $145,600 in the YTD Period, as compared to $nil in the Prior YTD Period and the increase in expenses was primarily attributable to the increase in the employee headcount described above. We continue to increase the functionality of the Facedrive platform and improving efficiencies in attracting and retaining drivers and riders. Total fees payable to Dynalync was $nil in the YTD Period, as compared to $473,500 in the Prior YTD Period. See "Related Party Transactions".

Sales and Marketing Expenses

Sales and marketing expenses for the YTD Period were $8,480,700, as compared to $529,800 in the Prior YTD Period. These increases were primarily attributable to the deemed cash value of share-based compensation paid for services provided by Medtronics to the Company in the aggregate amount of $7,632,700 for the YTD Period, compared to $nil in the Prior YTD Period. For the above transaction, the Company issued an aggregate of 800,000 Shares to Medtronics for marketing and strategic consulting services. The arrangement was negotiated as a share-based payment transaction with an arms-length non-employee and, at the time of such negotiation, the fair value of the number of Shares was considered reasonable by the Company based on the average closing price of the shares. Since the fair value of the services received cannot be reliably measured, the shares were measured and recognized based on the average closing price of the shares over the later service period, resulting in a $7,632,700 sales and marketing expense charge.

Total expenses for driver and rider incentive programs were $556,100 for the YTD Period, as compared to $405,600 in the Prior YTD Period. This increase was primarily attributable to the Company's expansion into a greater number of cities.

Net Loss

The Company incurred a net loss of $10,855,000 in the YTD Period, as compared to a net loss of $1,888,800 in the Prior YTD Period. The increase in net loss is primarily attributable to the growth of the Company and the costs associated with such growth, as described above. The Company is also of the position that the general trend of less ridership, on account of physical-distancing and other policies enacted by the Provincial Government in the face of COVID-19, also led to an increase as to the Company's net loss in the YTD Period.

SUMMARY OF QUARTERLY RESULTS

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

(Unaudited)	**Q2 2020 ($)**	**Q1 2020 ($)**	**Q4 2019 ($)**	**Q3 2019 ($)**	**Q2 2019 ($)**	**Q1 2019 ($)**	**Q4 2018 ($)**	**Q3 2018 ($)**
Revenue[1]	93,615	387,901	234,525	195,738	132,814	36,027	13,579	-
Net loss	(9,356,844)[2]	(1,498,142)[3]	(1,525,810)[4]	(3,527,753)[5]	(1,060,242)[6]	(828,552)[7]	(388,041)[8]	(277,740)[9]
Basic and diluted loss per Share	(0.10)	(0.02)	(0.02)	(0.04)	(0.01)	(0.01)	(0.01)	(0.00)

Notes:

(1) As the Company was not operational prior to September 30, 2018, there was no revenue recorded in prior periods.

(2) Net loss increased for the three months ended June 30, 2020 as compared to the prior quarter, primarily due to the increase in Sales and Marketing expenses attributable to the Consulting Agreement (see *Medtronics Consulting Agreement*) with Medtronics in the amount of $7,632,700. The decrease in revenue was attributable to the decrease in ridership as a result of the COVID-19 global pandemic. Net loss for the three months ended June 30, 2020 would have been $1,365,200 if we exclude the non-cash portion of the share-based compensation. For the three months ended June 30, 2020, the total non-cash portion of the share-based compensation was $7,991,600, which were included in sales and marketing expenses in the amount of $7,632,700 and the general and administration expenses in the amount of $358,900.

(3) Net loss decreased for the three months ended March 31, 2020 as compared to the prior quarter, primarily due to the increase in interest income of $7,800 and unrealized foreign exchange gains of $120,900 attributable to the promissory note receivable completed in October 2019. The increase in revenue was attributable to an increase in riders. Net loss for the three months ended March 31, 2020 would have been $1,255,000 if we excluded the non-cash portion of share-based compensation. For the three months ended March 31, 2020, the total non-cash portion of share-based compensation was $246,200, and was included in general and administration expenses. In addition, total sales and marketing expenses was $574,900, compared to $587,000 for the three months ended December 31, 2019. Sales and marketing expenses for the three months ended March 31, 2020 consisted primarily of rider discounts, advertising, promotions and incentives to drivers. The Company plans to continue to invest in sales and marketing to grow the number of platform users and increase its brand awareness.

(4) Net loss decreased for the three months ended December 31, 2019 as compared to the prior quarter, primarily due to the decrease in listing expenses of $2,376,000 attributable to the Transaction completed in September 2019. The increase in revenue was attributable to an increase in riders. Net loss for the three months ended December 31, 2019 would have been $1,188,100 if we exclude the non-cash portion of share-based compensation. For the three months ended December 31, 2019, the total non-cash portion of share-based compensation was $337,700, and was included in general and administration expenses. In addition, there was an increase in sales and marketing expenses of $148,500 for the three months ended December 31, 2019. Sales and marketing expenses for the three months ended December 31, 2019 consist primarily of rider discounts, advertising, promotions and incentives to drivers. The Company plans to continue to invest in sales and marketing to grow the number of platform users and increase its brand awareness.

(5) Net loss increased for the three months ended September 30, 2019 as compared to the prior quarter, primarily due to the listing expenses of $2,376,000 in connection with the Transaction completed in September 2019. The total non-cash portion of the listing expenses was $1,853,200. The increase in revenue was attributable to an increase in riders. Net loss would have been $1,151,700 if we excluded the listing expenses associated with the Transaction.

(6) Net loss increased for the three months ended June 30, 2019 as compared to the prior quarter, primarily due to the increase in operational support and sales and marketing expenses. The increase was due to increased fees paid to third parties to support the growth of local operations. In addition, the Company increased spending on marketing programs for advertising and incentives to riders and drivers. The increase in revenue was attributable to an increase in riders.

(7) Net loss increased for the three months ended March 31, 2019 as compared to the prior quarter, primarily due to the increase in operational support and sales and marketing expenses. The increase was due to increased fees paid to third parties to support the growth of local operations. In addition, the Company increased spending on marketing programs for advertising and incentives to riders and drivers.

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

(9) Net loss decreased for the three months ended September 30, 2018 as compared to the prior quarter, primarily due to the decrease in sales and marketing expenses in the amount of $840,000.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Overview

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

Cash Flows

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

	June 30, 2020 ($)	**June 30, 2019 ($)**
Net cash generated from (used in) operating activities	(2,663,819)	(702,694)
Net cash generated from (used in) investing activities	(53,579)	-
Net cash generated from (used in) financing activities	9,170,451	1,558,490
Increase (decrease) in cash and cash equivalents	**6,453,053**	**855,796**

Analysis of Cash Flows

The Company’s cash balance as of June 30, 2020 was $10,243,900, compared to $3,790,900 as at December 31, 2019, with working capital of $7,247,700 as at June 30, 2020 compared to $3,402,500 at December 31, 2019. Included in the Company’s cash balance as of June 30, 2020 were the partial proceeds (“Partial Private Placement Proceeds”) received as of that date in connection with a non-brokered private placement completed over three tranches concluding in July 2020. In total, the Partial Private Placement Proceeds were $2,642,400, though at Quarter end the Shares ("**Private Placement Shares**”) associated with said Partial Private Placement Proceeds had not yet been technically issued. As a technical matter, these Private Placement Shares were subsequently issued in July 2020. The increase in working capital in the current period was primarily due to cash provided by financing activities, partially offset by cash used in operations.

Cash Flows used in Operating Activities

Cash used in operations of the Company was $2,663,800 for the YTD Period, as compared to cash used in operations of $702,700 for the Prior YTD Period. This consisted of a net loss of $10,855,000 and an increase in trade and other receivables of $268,900, a decrease in prepaid expenses and deposits of $50,600, an increase in accounts payable and accrued liabilities of $333,300, partially offset by an increase in interest receivable of $21,200 and a decrease in deferred income of $150,000. Total share-based compensation expenses related to the consulting fees to Medtronics was $7,632,700 and to the directors and officers of the Company were $605,100 for the YTD Period. In addition, total non-cash unrealized foreign exchange gain was $64,100 for the YTD Period.

Cash Flows used in Investing Activities

Cash used in investing activities was $53,600 for the YTD Period, as compared to $nil in the Prior YTD Period. The change is largely driven by the cash portion of the transaction cost associated with the acquisition of HiRide in the first quarter of 2020.

Cash Flows generated from (used in) Financing Activities

Cash generated from financing activities was $9,170,500 for the YTD Period, as compared $1,558,500 for the Prior YTD Period. The change is primarily attributed to the proceeds received from the issuance of Shares in connection with the non-brokered private placements completed in February and June 2020 for aggregate gross proceeds to the Company of 6,790,500. The Company has also received additional proceeds in connection with the non-brokered private placement completed in July 2020 in three tranches of $2,642,400 partially offset by share issuance costs of $288,400, though at Quarter end the Shares associated with these funds had not been issued. The Company also received a Term Loan in the amount of $40,000 under the Canada Emergency Business Account program.

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

SHARE INFORMATION

The Company is authorized to issue an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As of the date of this MD&A, there were 93,729,980 Shares and nil preferred shares issued and outstanding. In addition, there were 687,040 stock options and 576,414 restricted share units outstanding, each representing a right to acquire one Share, issued and outstanding. As of the date of this MD&A, assuming exercise and exchange of all outstanding options, warrants and restricted share units, there are 94,993,434 equity securities of the Company issued and outstanding on a fully-diluted basis.

RELATED PARTY TRANSACTIONS

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. Total salaries and benefits paid to the key management personnel of the Company was $21,293 for the six months ended June 30, 2020 (2019 - $Nil). Total share-based compensation paid to the Board of Directors and key management personnel of the Company was $605,084 for the six months ended June 30, 2020 (2019 - $Nil). There were no short-term employee benefits, post-employment benefits, other long-term benefits, or termination benefits paid to the directors and key management personnel of the Company for the three months ended June 30, 2020 and 2019.

Terms and conditions of transactions with related parties

- As at June 30, 2020, $Nil (December 31, 2019 - $12,155) was due to Connex Telecommunications Inc. ("**Connex**"), a related company controlled by our Chairman and Chief Executive Officer. This amount results from the rental of office space leased to the Company by Connex, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's trade payable. The total expenses charged to the Company for the office space for the six months ended June 30, 2020 was $30,000 (2019 - $Nil), which were included in operational support expenses. In March 2019, the Company issued 7,399,030 Shares to Connex (1,562,500 Shares on a pre-Share Capital Adjustments basis) at an average price of $0.10 per Share. The Shares were issued to Connex as consideration for payments of expenses made by Connex on behalf of the Company (see Note 18).

- As at June 30, 2020, $443,368 (December 31, 2019 - $443,368) was due to Dynalync 2000 Inc., a related company controlled by our Chairman and Chief Executive Officer. The amount owing is a result of the related company providing consulting and product development services to the Company, is unsecured, non-interest bearing, with no specific terms for repayment, and is included in the Company's trade payable. The total expenses charged to the Company for the six months ended June 30, 2020 were $Nil (2019 - $814,200), which were included in research and development in the amount of $Nil (2019 – $473,500) and operational support expenses in the amount of $Nil (2019 - $340,700).

- As at June 30, 2020, $334,028 (December 31, 2019 - $334,028) was due to the initial founders of the Company. These amounts were due as a result of the founders making certain payments on the Company's behalf. The balance owing is unsecured, non-interest bearing and is not repayable within the next 12 months.

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Market risk

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

Currency risk

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

Based on current exposures as at June 30, 2020, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar relative to the United States dollar would result in a gain or loss of approximately $100,000 in the Company's consolidated statements of loss and comprehensive loss.

Interest rate risk

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

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

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

Credit risk

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

Liquidity risk

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

Other business risks and uncertainties

There are a number of other risk factors that the Company faces in the Facedrive Verticals. The reader is referred to Company's Filing Statement dated August 28, 2019 for a description of some of these risks as well as the Company's Q2 Financial Statements accompanying this MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

There are no transactions that are currently under negotiation or proposed to be entered into.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual events may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in net loss and/or comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Significant assumptions regarding the future and other sources of estimation uncertainty that management has made at the financial position reporting date could result in a material adjustment to the carrying amounts of assets and liabilities. There have been no changes to the Company's critical accounting estimates and judgments since the fiscal year ended December 31, 2019.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policies are discussed in Note 3 of the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020.

SUBSEQUENT EVENTS

Acquisition of Foodora

On July 9, 2020, the Company completed a transaction to acquire certain assets of Foodora Inc. ("**Foodora Canada**"). The transaction ("**Foodora Transaction**") involved the Company purchasing certain assets of Foodora Canada in the proposal proceedings commenced by Foodora Canada under the *Bankruptcy and Insolvency Act*. The Foodora Transaction was completed on July 9, 2020 following court approval and, as a result, Facedrive gained access to Foodora Canada's customers (subject to their consent) as well as 5,500 restaurant partners previously served by Foodora Canada in exchange for cash consideration of $500,000.

Non-Brokered Private Placement

On July 22, 2020, the Company completed the third and final tranche of a non-brokered private placement, issuing in aggregate 1,111,111 Shares, at a price of $9.00 per Share, for gross proceeds of $9,999,999. The first tranche of the private placement closed on June 29, 2020 for 643,389 Shares for aggregate gross proceeds of $5,790,501. The second and third tranches of the private placement closed on July 6, 2020 and July 22, 2020 for 467,722 Shares for aggregate gross proceeds of $4,209,498, respectively. All Shares issued are subject to a four-month statutory hold period from the date of issuance. The net proceeds from the private placement are intended to be used for general corporate purposes and to augment the Company's cash reserves. The Company incurred finder's fees of $151,100 in connection with this financing.

Investment in Tally Technology Group Inc.

On August 7, 2020, the Company completed a sign-and-close definitive agreement (the "**Tally Agreement**") to partner with and invest in Tally Technology Group Inc. ("Tally"), a white-label, free-to-play sports predictions platform (the "Transaction"). As a result of the Transaction, Tally and its shareholders have become beneficial shareholders of Facedrive, subject to a 12-month lock-up. Facedrive's investment was structured as a cash and a share-exchange transaction whereby the Company invested $1 Million USD in cash and $2 Million USD in Shares based on a 30-day VWAP valuation in exchange for a non-controlling interest in Tally.

Acquisition of the assets of Steer and Investment from Exelon

On September 5, 2020, the Company, through a wholly-owned subsidiary, completed an acquisition ("**Steer Acquisition**") of the substantive assets of a specialized electric vehicle subscription businesses operating as "Steer" ("**Steer**") from Exelorate Enterprises, LLC ("**Exelorate**"), a wholly-owned subsidiary of Exelon Corporation ("**Exelon**"). Concurrent with the closing of the Steer Acquisition, Exelorate invested in Facedrive by subscribing for common shares as part of a strategic investment (the "**Strategic Investment**").

Pursuant to the Steer Acquisition, the Company acquired Steer in exchange for aggregate consideration of USD $3,250,000, which was paid through the issuance of 222,819 Facedrive Shares, issued at a price of C$19.2737 per common share (the "Acquisition Shares"). All of the Acquisition Shares are subject to an 18-month lock-up. The assets acquired pursuant to the Steer Acquisition include intellectual property, licenses, rights to use third-party service providers, and commercial vehicle leases.

Pursuant to the Strategic Investment, Exelorate subscribed for an additional 137,119 Facedrive common shares ("Strategic Investment Shares") at C$19.2737 per share for gross proceeds of USD $2,000,000. No finder's fee was payable in connection with the Strategic Investment. All Strategic Investment Shares are subject to an 18-month lock-up and no warrants or other derivative instruments were issued as part of the Strategic Investment.

In connection with the Steer Acquisition, Exelorate and the Facedrive Subsidiary (which are entirely at arm's-length) entered into a transition services agreement pursuant to which the parties agreed to use their commercially reasonable efforts to cooperate with and assist each other in connection with the transition of the acquired business such that the operation of Steer remains efficient throughout the transition and onboarding process.

Medtronics Consulting Agreement

On September 9, 2020, the Company terminated the consulting services agreement (the "Consulting Agreement") with Medtronics dated May 11, 2020. The Company is of the opinion that its obligations under the Consulting Agreement have been fulfilled.

Acquisition of Food Hwy Canada Inc.

On October 1, 2020, the Company entered into a purchase agreement (the "**Food Hwy Acquisition**") with each of the shareholders of Food Hwy Canada Inc. **("Food Hwy")**, one of Canada's leading "ethnic and student focused" food delivery services. Pursuant to the terms of the Food Hwy Acquisition, the Company acquired all of the outstanding shares of Food Hwy for consideration which consisted of $1,500,000 in cash and 551,370 Facedrive common shares valued at $7,600,000 based on a 30-Day volume weighted average trading price of Facedrive's common shares. In connection with the Acquisition, Facedrive also acquired the brand assets, technology, IP, and trademarks of Food Hwy which will continue to serve the latter's customers, drivers and restaurant partners under the Food Hwy brand and using the Food Hwy app.

ADDITIONAL INFORMATION

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