ACKROO INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE THREE-MONTHS AND NINE-MONTHS ENDED SEPT 30, 2019

Dated: November 4, 2019

OVERVIEW

Ackroo Inc. ("Ackroo" or the "Company") is a public company and its shares are listed on the TSX Venture Exchange (TSX-V:AKR). The Company was originally incorporated under the laws of the Province of British Columbia and was continued under the laws of the Province of Alberta and subsequently continued federally under the Canada Business Corporations Act. The Company's head office is located at 1250 South Service Rd, Unit A31 (3rd Floor) Hamilton, ON L8E 5R9 and records office at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8.

This management's discussion and analysis ("MD&A") reports on the operating results and financial condition of the Company for the nine-months ended September 30, 2019 and is prepared as at November 4, 2019. This MD&A should be read in conjunction with the Company's Consolidated Financial Statements as at and for the three-months and nine-months ended September 30, 2019, and 2018, and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") (collectively referred to as the "Financial Statements"), which are available on www.sedar.com. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS. The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the years covered by these filings, and these Financial Statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

CAUTIONARY NOTE REGARDING ON FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable Canadian securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. 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. These forward-looking statements include but are not limited to statements concerning:

- The successful outcome of negotiations to acquire channel partners
- Estimated future sales
- Research and development costs
- The Company's strategies and objectives
- The Company's ability to maintain operating expense levels
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company
- The availability of qualified sales and operations employees
- General business and economic conditions
- The Company's ability to drive economies of scale
- Future financing arrangements

Readers are cautioned that the foregoing lists of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in or implied by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. This cautionary statement expressly qualifies the forward-looking statements.

OUTLOOK

The Company's efforts are focused on selling its cloud-based loyalty marketing, gift card and payments platform into automotive, petroleum, hospitality and retail business of all sizes. Ackroo has developed a solution that is robust, easy to use, and affordable for all merchants. Physical and digital, in-store and online, from single location mom and pops to large multi-location organizations, the Ackroo platform is built to support the growing needs of these growing business segments.

Via a SaaS based business model Ackroo charges their merchants:

a) A one-time setup fee to deploy the technology and train customers
b) Monthly recurring fees to process, support and further develop the technology

c) On-going one-time fees for items like cards/collateral, custom development, distribution, payment hardware and marketing services.

The above model is built on a per location/department cost structure so that regardless of size, the solution is not only affordable for the merchant it is scalable and profitable for Ackroo.

As of September 30, 2019, the table below represents the current YTD financial metrics for Ackroo as well as 2018 and 2017 metrics that relate to these fees: (Non-GAAP/IFRS measures)

	2017	2018	2019	Comments
Avg. MRR per loc	$72	$72	$84	Increasing
Avg. New OTR	$1,210	$1,301	$1,256	Maintaining
Avg. Ex OTR	$1,190	$1,179	$1,202	Maintaining
GC vs LTY Product Mix	65% | 35%	60% | 40%	55% | 45%	Improving
Mktg services clients	< 4%	< 5%	< 5%	Maintaining
Avg. Tx per month	350k+	400k+	500k+	Growing
MRR to OTR Ratio	62% | 38%	73% | 27%	78% | 22%	Improving
Retention	96%	96%	97%	Maintaining
Locations	4,000+	4,200+	4,600+	Growing
Approx. LTV (7 year)	$10,828	$9,585	$10,918	Maintaining
Organic CAC	$1,255	$979	$975	Improving
LTV to Organic CAC	9 to 1	10 to 1	11 to 1	Improving

These Non-GAAP/IFRS analytical metrics are calculated as follows:

Average MRR = The average monthly recurring revenue from all active customers divided by the number of active customers.
Average New OTR = The one-time revenue from the setup and activation of all active customers divided by the number of activated customers.
Average Expansion OTR = The average one-time revenue for product and service re-orders from current Ackroo merchants.
Approx. LTV = The approximate lifetime value is calculated based on a 7-year minimum lifespan. MRR x 84 + New/Initial OTR + at least 3 existing OTR re-orders.
Organic CAC = The total cost of sales/marketing including channel referral commissions plus some administrative costs from on-boarding and training divided across the # of new locations added during the period.

The Company's Ackroo Anywhere platform provides merchants with three key interfaces for their business:

1) Real time in-store and online point-of-sale integration to allow merchants to authorize and process transactions
2) A self-serve program console to help them view critical data for reconciliation, reporting and marketing purposes while also allowing them to manage and modify their program
3) Customer interfaces to allow consumers to register, check, transfer and reload balances

Ackroo not only sells their platform, they also provide their customers important marketing and payment services in order to help drive bigger results:

1) Marketing services include email and direct mail marketing as well as advanced business intelligence dashboards and reports.
2) Payment services include credit and debit card processing services to provide any merchant that is leveraging the Ackroo platform the ability to get a "meet or beat" your current payment rates via our partners at First Data and Global Payments.

The Company's online and in-store loyalty marketing & payments platform manages 3 key merchant currencies in gift card, loyalty and promotions. The platform provides both the ability to process the data as well as actionable tools to drive results through these currencies.

The Company acquires their customers through three distinct channels:

1. Via merger and acquisition of competitive and complimentary companies.
2. Via selected integrated point of sale partners. Typically organizations that sell merchant services like debit and credit processing or point of sale software refer their current and prospective clients to Ackroo.
3. Via direct sales efforts, including customer referrals and vertical market approaches etc.

It is through these channels that the company now supports over 4,600 locations (and growing) via the various products and services the company provides.

During the quarter ended September 30, 2019, the Company continued to execute on it's growth plans while also advancing it's technology and operations. Some of the highlights of the Company's efforts during the quarter include:

- **Increased revenues 36%** over Q3 2018
- **Increased subscription revenue by 44%** over Q3 2018
- **Seventh** straight **EBITDA positive quarter** with **$250,208** in EBITDA. A **54% increase** over Q3 2018.
- Second consecutive **CASH FLOW positi**ve quarter
- **Increased** average **recurring revenue per location** per month to $84
- **Increased ratio** of **recurring revenue** to non-recurring one-time revenue to **78%**
- Lost only 151 locations YTD (**3% attrition rate YTD**)
- **Maintaining YTD revenue per employee target** of $200k + (**28 staff and growing**)
- Over **200** merchant locations deployed on **First Data's Clover solution**
- **First** ever **debit and credit** processing **customers** signed
- Maintained new customer **deployment time averages to be below 35 days**
- Continued both customer and channel marketing communication initiatives to drive organic growth
- **Normalizing IQ724 acquisition** where additional **costs** added will **drop off at the end of 2019**
- **Continue to grow** the Companies accretive **M&A funnel** with several small and large opportunities

The Company spent a great portion of Q3 on normalizing the IQ724 acquisition. This acquisition better positions the Company for better organic growth in large/enterprise accounts thanks to new advanced business intelligence and digital marketing tools and adds significant recurring and one-time revenue to the Company.

The Company introduced payment services as a value-added offering during the period. Agreements are now in place with both First Data and Global Payments respectively so that Ackroo clients can benefit from significant cost savings in their debit and credit rates when using the Ackroo platform.

Cost management was once again a priority in Q3 despite the increased cost from the most recent acquisition. Strong fiscal management led to the Company's best ever earnings quarter and the Company's second straight cash flow positive quarter. Improving the balance sheet is of the upmost importance and so the Company expects this trend to continue.

Q3 was another successful quarter for the Company and has Ackroo positioned to exceed their earnings goals for 2019 and to maintain their growth goals in 2020 and beyond.

SELECTED FINANCIAL INFORMATION

	For the nine-months ended Sept 30, 2019	For the nine-months ended Sept 30, 2018	For the nine-months ended Sept 30, 2017
Total revenues	$ 3,711,350	$ 3,299,633	$ 1,923,709
Loss and comprehensive loss	(689,927)	(808,414)	(970,275)
Per share - basic and diluted	(0.01)	(0.01)	(0.03)
Total current assets	1,315,239	358,647	333,928
Total assets	6,551,734	3,821,416	1,783,375
Total current liabilities	954,177	861,832	797,343
Total long-term financial liabilities	3,392,594	20,802	130,637
Cash	423,218	26,854	86,412
Total equity	2,204,963	2,938,782	855,395

Financial information prepared in accordance with International Financial Reporting Standards ("IFRS")

Operations:

As described in the overview, the Company is aggressively selling its SaaS based gift card and loyalty platform into the retail and hospitality markets across North America with an extra focus on supporting the small to medium size business segments. This platform enables small to medium sized businesses to automate the processing and management of gift card and loyalty transactions in order to increase profitability and build long-term customer relationships.

SUMMARY OF QUARTERLY RESULTS

	Quarter Ended September 30, 2019	Quarter Ended June 30, 2019	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018
Total revenues	$ 1,476,490	$ 1,146,079	$ 1,088,783	$ 1,135,387
Loss and comprehensive loss	(406,855)	(89,645)	(193,425)	(258,408)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)
	Quarter Ended September 30, 2018	**Quarter Ended June 30, 2018**	**Quarter Ended March 31, 2018**	**Quarter Ended December 31, 2017**
Total revenues	$ 1,083,046	$ 1,048,171	$ 1,168,415	$ 814,121
Loss and comprehensive loss	(328,987)	(141,434)	(337,995)	(502,836)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)

ANALYSIS OF THE SUMMARY ANNUAL AND QUARTERLY RESULTS:

The Company is focused on increasing revenues, managing operating costs and driving shareholder value. During the nine-months ended September 30, 2019 the Company accomplished these goals by increasing margins and managing operating costs which kept the basic and diluted loss per share at $(0.01).

RESULTS OF OPERATIONS FOR THE NINE-MONTHS ENDED SEPTEMBER 30, 2019

The following analysis of the Company's operating results for the three-months and nine-months ended September 30, 2019 and includes a comparison against the three-months and nine-months ended September 30, 2018.

Revenue

For the three-months ended September 30, 2019, revenues were $1,476,490 compared to $1,083,046 for the three-months ended September 30, 2018. The 36% year over year revenue growth was driven the acquisition of IQ724 on July 2, 2019 and by the Company's continued efforts to organically increase customers and revenues by selling their gift card and loyalty platform and associated services. For the nine-months ended September 30, 2019, revenues were $3,711,350 compared to $3,299,633 for the nine-months ended September 30, 2018. A 12% increase year over year.

Expenses

Cost of goods sold for the three-months ended September 30, 2019 was $249,954 (gross margin 83.1%) compared to $139,635 (gross margin 87.1%) for the three-months ended September 30, 2018. Cost of goods sold for the nine-months ended September 30, 2019 was $615,004 (gross margin 83.4%) compared to $542,834 (gross margin 83.6%) for the nine-months ended September 30, 2018. The results show the Company was able to maintain product sales margins by maintaining shipping and product costs through vendor management. Subscription COGS were up over the prior year due to increased integration license fees as well to increased cloud hosting costs and IQ724 service agreements.

Amortization of property and equipment for the three-months ended September 30, 2019 was $29,643 compared to $3,829 for the three-months ended September 30, 2018. Amortization of property and equipment for the nine-months ended September 30, 2019 was $87,427 compared to $11,486 for the nine-months ended September 30, 2018. This depreciation relates to computer equipment, furniture, fixtures and now as of January 1, 2019, the depreciation of Leases as per IFRS 16. The amount relating to lease amortization for the three-months ended September 30, 2019 was $26,646 and for the nine-months ended September 30, 2019 was $79,788.

Amortization of intangible assets for the three-months ended September 30, 2019 was $451,359 compared to $479,905 for the three-months ended September 30, 2018. Amortization of intangible assets for the nine-months ended September 30, 2019 was $896,207 compared to $832,999 for the nine-months ended September 30, 2018. This amortization relates to amortization of assets acquired from Dealer Rewards of Canada 2014 Inc., D1 Mobile Corp., Loyalint / Fidelint Platform (ORBO RÉCOMPENSES INC.), KESM Transactions Solutions Inc. & LoyalMark LLC and IQ724.

Administrative expense for the three-months ended September 30, 2019 was $499,382 compared to $541,154 for the three-months ended September 30, 2018. Administrative expense for the nine-months ended September 30, 2019 was $1,466,867 compared to $1,640,427 for the nine-months ended September 30, 2018.

The decrease in administrative expense relates to the reduction in consulting fees from the KESM / LoyalMark acquisition.

Research and development for the three-months ended September 30, 2019 was $321,770 compared to $168,259 for the three-months ended September 30, 2018. Research and development for the nine-months ended September 30, 2019 was $794,076 compared to $531,103 for the nine-months ended September 30, 2018. Costs year over year increased due the hiring of additional R&D and on-boarding support staff and cloud hosting infrastructure.

Sales and marketing for the three-months ended September 30, 2019 was $143,758 compared to $74,668 for the three-months ended September 30, 2018. Sales and marketing for the nine-months ended September 30, 2019 was $305,853 compared to $265,110 for the nine-months ended September 30, 2018. The increase in expense relates to expansion of the business development team into payment.

Stock based compensation expense for the three-months ended September 30, 2019 was $97,273 as compared to $Nil for the three-months ended September 30, 2018. Stock based compensation expense for the nine-months ended September 30, 2019 was $123,554 as compared to $261,737 for the nine-months ended September 30, 2018. Stock based compensation expenses during the year related to employee stock incentives and compensation to Board members.

Interest expense for the three-months ended September 30, 2019 was $78,788 compared to $7,211 for the three-months ended September 30, 2018. Interest expense for the nine-months ended September 30, 2019 was $100,837 compared to $25,921 for the nine-months ended September 30, 2018. Interest expense reflects interest on the SOFII & BDC loan, and the balance of debt paid on the KESM acquisition. Included in this amount is $5,429 of interest expense on leases.

Loss from Operations

Net loss and comprehensive loss for the three-months ended September 30, 2019 was $406,855 compared to $328,987 for the three-months ended September 30, 2018. The net income and comprehensive income (excluding interest, taxes, amortization, stock-based compensation and unusual items) "Adjusted EBITDA*" for the three-months ended September 30, 2019 was a **gain of $250,208** compared to the "Adjusted EBITDA* **gain of $161,958** the three-months ended September 30, 2018. Net loss and comprehensive loss for the nine-months ended September 30, 2019 was $689,927 compared to $808,414 for the nine-months ended September 30, 2018. The net income and comprehensive income (excluding interest, taxes, amortization, stock-based compensation and unusual items) "Adjusted EBITDA*" for the nine-months ended September 30, 2019 was a **gain of $518,098** compared to the "Adjusted EBITDA* **gain of $323,728** the nine-months ended September 30, 2018. The three-months ended September 30, 2019 represents the **seventh (7th) consecutive positive "Adjusted EBITDA" quarter in a row for the Company** as the Company continues to realize the synergistic benefit of the KESM / LoyalMark and IQ724 acquisitions and it's organic growth strategy.

**These are non-GAAP measures and are calculated as per the table below.*

	Three months ended **Sept 30, 2019**	Three months ended **Sept 30, 2018**	Nine months ended **Sept 30, 2019**	Nine months ended **Sept 30, 2018**
NET LOSS AND COMPREHENSIVE LOSS	(406,855)	(328,987)	(689,927)	(808,414)
add: Share-based compensation expense	97,273	-	123,554	261,737
add: Amortization of intangible assets	451,359	479,905	896,207	832,999
add: Amortization of property and equipment	29,643	3,829	87,427	11,485
add: Interest expense	78,788	7,211	100,837	25,921
Adjusted EBITDA Income/(Loss)	**250,208**	**161,958**	**518,098**	**323,728**

FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, due from related party, bank indebtedness, accounts payable and accrued liabilities, and long-term debt. The Company believes that the recorded values of all these financial instruments, with the exception of long-term debt, approximate their current fair values because of their short-term nature. The fair value of long-term debt approximates its carrying value due to its market rate of interest.

Risk Management

The Company's activities expose it to a variety of financial risks including market risk (i.e. currency risk, interest rate risk), credit and liquidity risks.

(a) Market risk

Market risk is the risk that the fair value or expected 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. The Company is mainly exposed to interest rate risk and currency risk.

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. The Company's long-term debt bears interest at a fixed rate. Bank indebtedness is based on market rates plus a fixed percentage and represents some risk. As a whole, the Company's exposure to interest rate risk is minimal.

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. The Company transacts primarily in Canadian dollars and is not exposed to significant currency risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risks relate to its cash and cash equivalents and accounts receivable. The Company's cash and cash equivalents are deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the credit risk on its accounts receivable is limited as the amounts are expected to be collected in the Company's next operating cycle.

The aging of accounts receivable balances at Sept 30, 2019 are as follows:

	Amounts Due	Collected within 30 days of period end	Remaining Aged Balance
1 - 30 days due	228,472	121,902	106,570
31 - 60 days due	6,018	5,407	611
61 - 90 days due *	279,308	273,459	5,849
Greater than 90 days past due	81	-	81
	513,879	400,768	113,111

* 61-90 days due includes a $272,256 QST refund that was received in October

The aging of accounts receivable balances at December 31, 2018 are as follows:

	Amounts Due	Collected within 30 days of year end	Remaining Aged Balance
1 - 30 days due	216,135	163,713	52,422
31 - 60 days due	16,002	5,922	10,080
61 - 90 days due	1,503	932	571
Greater than 90 days past due	4,839	1,242	3,597
	238,479	171,809	66,670

The Company has limited credit risk since the Company does not typically extend credit to its customers and customers are required to provide a pre-authorized method of payment upon entering into a service contract. The Company carries out, on a continuing basis, credit checks on its clients, a review of outstanding amounts and maintains provisions for estimated uncollectible accounts. Provisions for doubtful accounts, not due to credit loss, are made on an account by account basis. At September 30, 2019, the allowance for doubtful accounts amounted to $Nil (2018 - $Nil). As at September 30, 2019 there were three customers that each represented greater than 10% of the current total accounts receivable (19.2%, 12.3% and 11.0% respectively) whose entire balance was subsequently paid after quarter end.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's management believes its existing working capital coupled with the cash that will be generated from its operations coupled with additional financing activities will enable the Company to meet its financial obligations.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2019, the Company has a deficit of $15,186,312 and no longer expects to incur cash losses in the development of its business. The Company has historically financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placement, exercise of stock options, debt, and the exercise of warrants issued.

The Company's operating activities for the three-months ended September 30, 2019 consumed cash of $6,088 as compared to the three-months ended September 30, 2018 which consumed cash of $46,396. The Company's operating activities for the nine-months ended September 30, 2019 contributed cash of $48,281 as compared to the nine-months ended September 30, 2018 which consumed cash of $21,237.

The operating, investing and financing activities for the three-months ended September 30, 2019 contributed cash of $287,642 as compared to the three-months ended September 30, 2018 which contributed cash of $369. The operating, investing and financing activities for the nine-months ended September 30, 2019 contributed cash of $391,929 as compared to the nine-months ended September 30, 2018 which consumed cash of $6,659. The resulting cash balances were $423,218 and $26,854 as at the nine-months ended September 30, 2019 and 2018 respectively.

The Company has positive working capital of $361,062 as at the nine-months ended September 30, 2019 as compared to negative working capital of $503,185 as at the nine-months ended September 30, 2018. The Company plans to further organically increase its revenues in order support its working capital requirements, however, should revenue not be significantly increased, the Company will either pursue cost cutting measures and/or issue a private placement or secure debt financing to help assist in the servicing of its obligations for 2019.

The Company has future financial commitments under its office-operating leases in the amount of $55,976 (2019), $305,037 (2020), $246,721 (2021), $241,258 (2022) and $248,332 (2023).

Contractual obligations	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
Debt	3,500,000	96,149	1,416,902	1,386,876	619,220
Operating leases	2,741,943	55,976	551,758	489,590	1,644,618
Total contractual obligations	**6,241,943**	**152,126**	**1,968,660**	**1,876,466**	**2,263,838**

The Company's consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown.

CAPITAL STOCK

(a) Authorized share capital

The Company is authorized to issue an unlimited number of the following shares:

Preferred shares – issuable in series with the terms and conditions to be set on issuance
Common shares – voting, without par value.

(b) Issued and outstanding

	2019	2018
Common - 76,560,226 shares (2018 - 76,037,400 shares)	$ 15,294,708	$ 15,217,625

As of November 4, 2019, there were 76,560,226 (93,592,764) common shares issued and outstanding.

RELATED PARTY TRANSACTIONS

On September 1, 2018 the Company entered into an agreement with a member of the management team to consolidate the two amounts previously shown as "due from related party" into one consolidated promissory note representing $165,020 with a maturity date, and payment due on or before, December 31, 2020. This is a non-cash transaction and the promissory note is non-interest bearing. As of September 30, 2019, the balance was $165,020.

The Company entered into consulting agreements with directors and officers resulting in expense in the nine-months ended September 30, 2019 and 2018 of $41,078 and $3,443. As at September 30, 2019 $10,100 was unpaid and included in accounts payable and accrued liabilities (2018 - $Nil)

BUSINESS COMBINATION

<u>Business Combination</u>

KESM Transactions Solutions Inc. & LoyalMark LLC

On December 1, 2017 the Company completed the acquisition of certain software technologies and customer contracts from KESM Transactions Solutions Inc. & LoyalMark LLC which assets comprise the KESM/LoyalMark software platform. The acquisition is a business combination accounted for using the acquisition method in accordance with IFRS 3. Assets assumed in the acquisition have been recorded at their fair values as at the date of acquisition. The excess of the consideration transferred over the fair value of the assets acquired has been included in goodwill. The acquisition of the KESM/LoyalMark assets is expected to contribute to the profitability of the Company through synergies identified and expected to be realized in the elimination of redundant expenditures including staff and overheads. In determining the fair market value of the assets acquired, synergies are not factored in in order to assess a fair market participant value. As a result, goodwill was created which represents the synergistic benefits to be realized by the Company starting immediately following acquisition. In consideration for the assets, the Company issued 35,800,000 common shares, and paid cash consideration of $200,000 of which $100,000 was paid on closing of the acquisition with the remaining $100,000 to be paid during fiscal 2018 and fiscal 2019 ($25,000 – 2018 and $75,000 – 2019). In addition, the Company entered into 5-year consulting agreements with the 2 owners of KESM/LoyalMark to provide advice and consulting services in advancing the business. In consideration for providing the services under the consulting agreements, the Company will pay $33,334 and US$10,000 respectively per month. The consulting agreements may be terminated by KESM/LoyalMark with 30 days' notice. The consulting services have been determined to be post acquisition compensation.

On February 28, 2019, Company renegotiated the consulting agreements related to the KESM acquisition to significantly lower the monthly consultation fees and extending term of the agreement. The monthly consulting fees which had a remaining term of 47 months has been extended to 84 months with the monthly amounts decreasing from $33,333 CAD and $10,000 USD to $16,246 CAD and $8,000 USD respectively for an annual savings of $236,968.

Fair value of net assets acquired is as follows:

Inventory	$ 500
Customer contracts	2,080,000
Intellectual property	110,000
Goodwill arising on acquisition	871,041
	$3,061,541

IQ724

On July 2, 2019 the Company completed the acquisition of certain assets of I.Q. 7/24 Inc. ("IQ724"), a wholly owned subsidiary of Mobi724 Global Solutions Inc. The acquisition is a business combination accounted for using the acquisition method in accordance with IFRS 3. Assets assumed in the acquisition have been recorded at their fair values as at the date of acquisition. The acquisition of the I.Q. 7/24 Inc. assets is expected to contribute significantly to the profitability of the Company through synergies identified and expected to be realized in the elimination of redundant expenditures including staff and overheads. In consideration for the assets, the Company paid cash consideration of $2,800,000 on closing. In addition, the Company entered into a 2-year services agreement with Mobi724 Global Solutions Inc. for $20,000/month to allow support, development and migration of the customers from the Mobi724 Global Solutions Inc. platform to the Ackroo platform. The acquisition was funded through the debt financing provided by BDC Capital Inc.

Fair value of net assets acquired is as follows:

Customer contracts	$ 2,800,000
	$ 2,800,000

RISKS AND UNCERTAINTIES

The Ability to Manage Growth
Should the Company be successful in its efforts to acquire customers it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company’s business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company’s business, financial condition and results of operations.

Possible Dilution to Present and Prospective Shareholders
The Company’s plan of operation, in part, contemplates the further issuance of securities of the Company and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of Key Personnel
The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

Lack of Trading
The lack of trading volume of the Company’s shares reduces the liquidity of an investment in the Company’s shares.

Volatility of Share Price
Market prices for shares of TSX Venture Exchange companies are often volatile. Factors such as announcements of financial results, and other factors could have a significant effect on the price of the Company’s shares.

Trends and Uncertainties
The Company’s ability to generate revenues in the future is dependent on its ability to successfully acquire channel partners, customers and create an infrastructure to economically manage any resulting growth in operations.

Future Operations
The Company anticipates that it will have positive cash flows from operations in the future however there is no assurance of that. In addition, the Company’s operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as the unpredictability of when customers will place orders, the size of customers' orders, the demand for the Company’s platform and solutions, the level of competition and general economic conditions. The Company does not expect to incur further operating losses and negative cash flow as it continues to grow its platform and gain market further acceptance. The Company has historically financed its operations and met its capital requirements primarily through the sale of capital stock by way of private placement, exercise of stock options, debt, and the exercise of warrants issued and will continue to do so when necessary to ensure the liquidity of the business.

Revenue concentration
For the nine-months ended September 30, 2019, there was one customer that represented 18.5% of total revenue. There was no other customer that represented more than 10% of revenue.

CRITICAL ACCOUNTING ESTIMATES

There have been no significant changes to any accounting estimates as disclosed in the Company's most recent interim Financial Statements as at and for the nine-months ended September 30, 2019.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting standards issued but not yet effective

None

Recently adopted accounting standards

IFRS 9 Financial Instruments

In July 2014, the IASB reissued IFRS 9 which replaced IAS 39. The replacement standard has the following significant components: establishes two primary measurement categories for financial assets – amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available for sale and loans and receivable categories. This standard became effective January 1, 2018.

The adoption of IFRS 9 did not have a material impact on the consolidated financial statements of the Company.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which provides a single, principles based five-step model for revenue recognition to be applied to all customer contracts and requires enhanced disclosures. This standard became effective January 1, 2018.

The adoption of IFRS 15 did not impact the Company's current revenue recognition policies or necessitate any material changes to its internal controls or data systems.

IFRS 16 *Leases*

In January 2016, the IASB issued IFRS 16 which replaces IAS 17 for the accounting of leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16: changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. This standard was implemented January 1, 2019.

The adoption of IFRS 16 led to the recording of a Right of use leased asset – office space and a related lease liability of $166,693.

SUBSEQUENT EVENTS

None

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.