ACKROO INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE THREE-MONTHS AND NINE-MONTHS ENDED SEPT 30, 2020

Dated: November 3, 2020

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 A3-1 (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 three-months and nine-months ended September 30, 2020 and is prepared as at November 3, 2020. 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, 2020, and 2019, 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, 2020, the table below represents the current YTD financial metrics for Ackroo as well as 2019 and 2018 metrics that relate to these fees: (Non-GAAP/IFRS measures)

	2018	2019	2020	Comments
Avg. MRR per loc	$72	$84	$83	Maintaining
Avg. OTR per loc	$24	$22	$16	Reducing
Avg Total rev per loc	$96	$106	$99	Maintaining
Gross Margin	84%	83%	89%	Growing
Mktg/Data services clients	3%	4%	10%	Growing
Payment services clients	0%	<1%	7%	Growing
Loyalty customers	30%	35%	40%	Growing
MRR to OTR Ratio	73% | 27%	77% | 23%	84% | 16%	Growing
Attrition	4%	4%	6%	Maintaining
Locations	4,200+	4,700+	4,900+	Growing
Approx. LTV (7 year)	$8,064	$8,904	$8,816	Maintaining
Organic CAC	$979	$978	$1,040	Increasing
LTV to Organic CAC	8 to 1	9 to 1	9 to 1	Maintaining

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 OTR = The total annual amount of one-time revenue divided by the number of active customers divided by 12 more a monthly amount.

Average Total Revenue = The average monthly recurring + average monthly one-time revenue per location.

Approx. LTV = The approximate lifetime value is calculated based on a 7-year minimum lifespan. Total revenue per location x 84 + average initial setup costs of $500

Organic CAC = The total cost of sales/marketing including channel referral commissions plus $100 for 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 (via their website or mobile) to allow merchants consumers to register, check, transfer and reload balances

Ackroo also provides their customers with important marketing, data and payment services in order to help drive bigger results:

i) Marketing services include email and direct mail marketing as well as design.
ii) Data services includes access to Ackroo's advanced Business Intelligence tool to look at data across all purchase information not just rewards purchase data to drive marketing initiatives
iii) Payment services include credit and debit card processing services to provide any merchant that is leveraging the Ackroo platform the ability to get the markets lowest payment rates via our partners at Fiserv 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 (Organizations that sell debit and credit processing or point of sale software), banks, marketing firms and merchant related associations.
3. Via direct sales efforts including customer referrals, vertical market approaches etc.

It is through these channels that the company now supports over 1,400 customers and 4,900 locations across North America.

During the period ended September 30, 2020, the Company continued to execute on their growth plans while also advancing their technology and operations. Some of the highlights of the Company's efforts during the year include:

- **Increased revenues** by **17%** over the nine months ended September 2019
- **Increased subscription revenue** by **29%** YTD over 2019 and **10%** over Q3 2019
- **Increased EBITDA** by **24%** over Q3 2019 and **64%** YTD over 2019
- **Increased EBITDA** as a % of revenue by **6%** YTD from **14%** in 2019 to **20%** in 2020
- **Added 63 new clients** and **104 locations** through organic sales
- **Cross sold 59 customers** with secondary products or services from Ackroo
- **Increased company cash position** from $301k at the end of Q2 to **$482k** by the end of Q3
- **AckrooPay** customer **accounts and revenues continue to increase**
- **Completed product enhancements** to our e-gift solution to legacy out the previous used PGC service
- **Completed product enhancements for our automotive business** adding pre-paid plus mileage and age-based rewards schemes
- **The Ackroo Shop is now live** on our website to allow customers to do direct re-ordering saving the Company time while being more efficient for customers
- Continued to **grow the Company's accretive M&A funnel** with several small and large opportunities poised for late 2020 and beyond

The Company was challenged by the restrictions and distractions of Covid-19 however still delivered substantial subscription and earnings growth for the business.

The product team delivered key advancements to our digital gifting solution which is timely to do Covid-19, while also completing more enhancements to our automotive business which represents a 3rd of our revenues.

The finance and operations team managed to get our A/R under 30 days to an all-time high as a percentage of customers once again despite Covid-19.

The marketing team is actively utilizing our new Ackroo Shop on our website for customers to re-order various products from us. As they begin to manage the client success of our smaller accounts, automation tools like these become critical for our success to retain, engage and cross sell upsell.

The sales team closed 63 more accounts and is focusing more now than ever on current and prospective 5+ location merchants.

As a company a key priority is to cross sell our base of customers as there is plenty of room for growth. Only 7% of our customers use AckrooPay, less than 10% of our customers do digital marketing, less than 15% of our customers use e-gift and only 40% of our customers use our loyalty currency. This spells a great opportunity to upsell and cross sell solutions to our customers to drive significant organic growth for the company.

The Company is poised for a strong close to the year in order to deliver solid year-over-year revenue and earnings growth while also positioning the Company for an even bigger 2021.

SELECTED FINANCIAL INFORMATION

	For the nine-months ended Sept 30, 2020	For the nine-months ended Sept 30, 2019	For the nine-months ended Sept 30, 2018
Total revenues	$ 4,344,425	$ 3,711,351	$ 3,299,633
Loss and comprehensive loss	(1,381,634)	(689,926)	(608,414)
Per share - basic and diluted	(0.018)	(0.009)	(0.011)
Total current assets	1,016,954	1,315,239	358,647
Total assets	7,908,486	6,551,734	3,821,416
Total current liabilities	1,934,755	954,177	861,832
Total long-term financial liabilities	5,319,213	3,392,594	20,802
Cash	482,158	423,218	26,854
Total equity	654,518	2,204,963	2,938,782

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, 2020	Quarter Ended June 30, 2020	Quarter Ended March 31, 2020	Quarter Ended December 31, 2019
Total revenues	$ 1,417,929	$ 1,440,625	$ 1,485,871	$ 1,521,875
Loss and comprehensive loss	(387,652)	(467,326)	(526,655)	(489,516)
Basic and diluted loss per share	(0.005)	(0.006)	(0.007)	(0.006)
	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	(0.005)	(0.001)	(0.003)	(0.003)

ANALYSIS OF THE SUMMARY ANNUAL AND QUARTERLY RESULTS:

The Company is focused on increasing revenues, managing operating costs, completing an acquisition, and driving shareholder value. During the three-months and nine-months ended September 30, 2020, the Company accomplished these goals by increasing margins and managing operating costs which resulted in a basic and diluted loss per share at $(0.005) and $(0.018) respectively.

RESULTS OF OPERATIONS FOR THE NINE-MONTHS ENDED SEPTEMBER 30, 2020

The following analysis of the Company's operating results for the three-months and nine-months ended September 30, 2020 and includes a comparison against the three-months and nine-months ended September 30, 2019.

Revenue

Revenues for the three-months ended September 30, 2020, were $1,417,929 compared to $1,476,491 for the three-months ended September 30, 2019. Revenues for the nine-months ended September 30, 2020, were $4,344,425 compared to $3,711,351 for the nine-months ended September 30, 2019. The 17% year over year revenue growth for the nine-months ended September 30, 2020 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. The 4% year over year revenue decline for the three-months ended September 30, 2020 related to lower one-time revenue sales impacted in part by COVID.

Expenses

Cost of goods sold for the three-months ended September 30, 2020 was $140,387 (gross margin 90.1%) compared to $249,954 (gross margin 83.1%) for the three-months ended September 30, 2019. Cost of goods sold for the nine-months ended September 30, 2020 was $485,008 (gross margin 88.8%) compared to $615,004 (gross margin 83.4%) for the nine-months ended September 30, 2019. The results show the Company was able to improve 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, 2020 was $76,540 compared to $29,643 for the three-months ended September 30, 2019. Amortization of property and equipment for the nine-months ended September 30, 2020 was $225,471 compared to $87,427 for the nine-months ended September 30, 2019. 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 and nine-months ended September 30, 2020 was $64,517 and $191,483 and for the three-months and nine-months ended September 30, 2019 was $26,646 and $79,788.

Amortization of intangible assets for the three-months ended September 30, 2020 was $475,284 compared to $451,359 for the three-months ended September 30, 2019. Amortization of intangible assets for the nine-months ended September 30, 2020 was $1,340,167 compared to $896,207 for the nine-months ended

September 30, 2019. 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, IQ724, WinWin/Resulto and BNA Smart Payments.

Administrative expense for the three-months ended September 30, 2020 was $450,929 compared to $499,382 for the three-months ended September 30, 2019. Administrative expense for the nine-months ended September 30, 2020 was $1,421,001 compared to $1,466,867 for the nine-months ended September 30, 2019. Administrative expenses remained flat year over year despite the additional workload from the recent acquisitions.

Research expense for the three-months ended September 30, 2020 was $412,913 compared to $321,770 for the three-months ended September 30, 2019. Research expense for the nine-months ended September 30, 2020 was $1,259,469 compared to $794,076 for the nine-months ended September 30, 2019. Costs year over year increased due the hiring of additional senior R&D staff coupled with additional on-boarding support staff and cloud hosting infrastructure as well as support agreement expense relating to the various acquisitions.

Sales and marketing expense for the three-months ended September 30, 2020 was $94,733 compared to $143,758 for the three-months ended September 30, 2019. Sales and marketing expense for the nine-months ended September 30, 2020 was $301,853 compared to $305,853 for the nine-months ended September 30, 2019. Year over year expenses for the nine-months ended September 30, 2020 were flat however the three-months ended September 30, 2019 included additional staff that have either left or have now been moved to Client Services.

Stock based compensation expense for the three-months ended September 30, 2020 was $Nil as compared to $97,273 for the three-months ended September 30, 2019. Stock based compensation expense for the nine-months ended September 30, 2020 was $255,328 as compared to $123,554 for the nine-months ended September 30, 2019. Stock based compensation expenses during the year related to employee stock incentives and compensation to Board members.

Interest & amortization of deferred financing charges expense for the three-months ended September 30, 2020 was $146,428 compared to $78,788 for the three-months ended September 30, 2019. Interest & amortization of deferred financing charges expense for the nine-months ended September 30, 2020 was $412,872 compared to $100,837 for the nine-months ended September 30, 2019. Interest expense reflects interest incurred on the operating line of credit, SOFII loan & BDC loan. Included in this amount for the nine-months ended September 30, 2020 is $76,642 of interest expense relating to IFRS 16 leases and $11,830 of expense relating to the amortization of deferred financing charges from the BDC and SOFII financing deals.

Loss from Operations

Net loss and comprehensive loss for the three-months ended September 30, 2020 was $387,652 compared to $406,854 for the three-months ended September 30, 2019. Net loss and comprehensive loss for the nine-months ended September 30, 2020 was $1,381,634 compared to $689,926 for the nine-months ended September 30, 2019. The net income and comprehensive income (excluding interest, taxes, amortization and stock-based compensation) "Adjusted EBITDA*" for the three-months ended September 30, 2020 was a **gain of $310,600** compared to the "Adjusted EBITDA* **gain of $250,209** the three-months ended September 30, 2019.

The net income and comprehensive income (excluding interest, taxes, amortization and stock-based compensation) "Adjusted EBITDA*" for the nine-months ended September 30, 2020 was a **gain of $852,204** compared to the "Adjusted EBITDA* **gain of $518,099** the nine-months ended September 30, 2019.
The three-months ended September 30, 2020 represents the **11th consecutive positive "Adjusted EBITDA" quarter and highest EBITDA positive quarter in the history of the Company.**

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

	Nine-months ended **Sept 30, 2020**	Nine-months ended **Sept 30, 2019**	Three months ended **Sept 30, 2020**	Three months ended **Sept 30, 2019**
NET LOSS AND COMPREHENSIVE LOSS	(1,381,634)	(689,926)	(387,652)	(406,854)
add: Share-based compensation expense	255,328	123,554	-	97,273
add: Amortization of intangible assets	1,340,167	896,207	475,284	451,359
add: Amortization of property and equipment	225,471	87,427	76,540	29,643
add: Interest expense	412,872	100,837	146,428	78,788
Adjusted EBITDA Income/(Loss)	**852,204**	**518,099**	**310,600**	**250,209**

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 September 30, 2020 are as follows:

	Amounts Due	Collected within 30 days of period end	Remaining Aged Balance
1 - 30 days	237,258	116,702	120,556
31 - 60 days	13,204	11,006	2,199
61 - 90 days	14,625	4,586	10,040
Greater than 90 days	12,204	10,386	1,817
	277,292	142,680	134,611

The aging of accounts receivable balances at Dec 31, 2019 are as follows:

	Amounts Due	Collected within 30 days of year end	Remaining Aged Balance
1 - 30 days	443,482	341,112	102,370
31 - 60 days	50,954	41,139	9,815
61 - 90 days	7,897	6,185	1,712
Greater than 90 days	756	135	621
	503,089	388,571	114,518

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, 2020, the allowance for doubtful accounts amounted to $Nil (2019 - $Nil). At September 30, 2020 there was only one customer that represented greater than 10% of the current total accounts receivable (10.3%) 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, 2020, the Company has a deficit of $16,877,643 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, 2020 contributed cash of $422,067 as compared to the three-months ended September 30, 2019 which consumed cash of $6,087. The Company's operating activities for the nine-months ended September 30, 2020 contributed cash of $885,491 as compared to the nine-months ended September 30, 2019 which contributed cash of $48,282.

The operating, investing, and financing activities for the three-months ended September 30, 2020 contributed cash of $176,322 as compared to the three-months ended September 30, 2019 which contributed cash of $287,642. The operating, investing, and financing activities for the nine-months ended September 30, 2020 contributed cash of $453,554 as compared to the three-months ended September 30, 2019 which contributed cash of $391,929. The resulting cash balances were $482,158 and $423,218 as at the nine-months ended September 30, 2020 and September 30, 2019 respectively.

The Company has negative working capital of $669,076 (IFRS 16 adjusted) as at the nine-months ended September 30, 2020 as compared to positive working capital of $361,062 (IFRS 16 adjusted) as at the nine-months ended September 30, 2019. Long-term funding was then received from BDC at the beginning of April 2020 to replenish cash reserves and correct the working capital ratio. 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 2020.

The Company has future financial commitments under its office-operating & furniture leases in the amount of $73,744 (2020), $296,718 (2021), $288,802 (2022), $251,155 (2023) and $258,359 (2024).

Contractual obligations	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
Debt	4,803,763	1,102,441	1,434,905	666,417	1,600,000
Operating leases	2,445,663	269,270	525,606	520,360	1,130,427
Total contractual obligations	**7,249,426**	**1,371,711**	**1,960,511**	**1,186,777**	**2,730,427**

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

	2020	2019
Common - 77,148,269 shares (2019 - 76,560,226 shares)	$ 15,408,076	$ 15,294,708

As of November 3, 2020, there were 77,148,269 (94,712,764 diluted) 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 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. On June 1, 2020, a revised agreement was signed to increase the due form related party by $134,980 for a total balance of $300,000. The terms of the agreement were modified to have the maturity date, and payment due on or before, June 1, 2022. Simple interest will accrue on the indebtedness at a rate of 2% per annum and shall be payable annually. As of September 30, 2020, the balance was $300,000.

The Company entered into consulting agreements with directors and officers resulting in expense in the nine-months ended September 30, 2020 and 2019 of $45,327 and $41,078. As at September 30, 2020 $14,582 was unpaid and included in accounts payable and accrued liabilities (2019 - $10,100).

BUSINESS COMBINATION

Business Combination

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 IQ724 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 licensing 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. This agreement was amended in December 2019 as the company agreed to acquire full rights to the IP in the amount of $320,000. As of February 29,2020. A deposit of $160,000 was paid in December 2019 with the balance to be paid in two $90,000 installments after the February 29, 2020 closing date once transition was completed. All amounts have been paid in full as of June 30, 2020.

Fair value of net assets acquired is as follows:

Customer contracts	$ 2,415,000
Goodwill arising on acquisition	385,000
IP	320,000
	$ 3,120,000

WinWin / Resulto

On February 28, 2020, the Company completed the acquisition of assets related to WinWin / Resulto's hospitality and retail gift card and loyalty platform and all related customers for $136,263 in cash consideration. The marketing software platform will assist Ackroo's growth strategies via hospitality and retail and provide some key integrations.

Fair value of net assets acquired is as follows:

Customer contracts	$ 116,263
IP	20,000
	$ 136,263

BNA Smart Payments

On April 2, 2020, the Company acquired some assets of BNA Smart Payments with consideration consisting of $200,000 cash on closing and additional consideration being paid over the next 18 months based on the actual residual payment revenues from the BNA customers. The loan is non-interest bearing and unsecured. The balance of the future cash consideration was recorded and discounted at an effective interest rate of 10%.

Fair value of net assets acquired is as follows:

Customer contracts	$ 822,150
	$ 822,150

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 three-months and nine-months ended September 30, 2020, there was only one customer that represented more than 10% of revenue which was 17.1% and 16.6% respectively.

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, 2020.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Recently adopted accounting standards

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 in the amount of $192,245 including prepaid rent of $9,244 and a total related lease liability of $183,001.

SUBSEQUENT EVENTS

COVID 19 - Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the nine-months ended September 30, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.

$3M Private Placement - On October 20, 2020, the company has signed an agreement for a private placement in the amount of $3,000,000. In connection with the private placement, the Company will issue up to 25,000,000 units (each, a "Unit") at a price of $0.12 per Unit. Each Unit will consist of one common share of the Company and one common share purchase warrant, entitling the holder to purchase one additional common share of the Company (a "Warrant Share") at a price of $0.18 per Warrant Share for a period of thirty-six (36) months from the date of the issuance. The warrants are subject to accelerated expiry in the event the closing price of the Company's shares on the TSX Venture Exchange is $0.28 or more for 20 consecutive trading days on or after 18 months from the date of issuance. The Company may elect to pay finder's fees to certain eligible persons who have introduce qualified investors to the Company.

In connection with the subscription from Shen Capital, upon closing of the private placement, the Company has agreed to grant Shen Capital the right to nominate one member to the Board of Directors, who shall initially be Francis Shen, and one board observer, who shall initially be Andrew Shen.

GGGolf Acquisition - On October 30, 2020, the Company acquired all of the outstanding share capital of 3916715 Canada Inc. ("GGGolf") pursuant to a definitive share purchase agreement entered into with GGGolf and its sole shareholder (the "Vendor"). GGGolf operates a complete golf management software for private, semi-private and public golf clubs. Under the terms of the acquisition, the Company has acquired all of the outstanding share capital of GGGolf, which includes it's software and hardware solutions and all related customer contracts representing over 150 clients across Canada and over $900,000 of annual revenues. The transaction represents Ackroo's tenth acquisition to date and the Company's first point-of-sale software purchase further positioning the Company as both a vendor and industry consolidator in the growing merchant marketing, payments and point-of sale ecosystem.

Total consideration for the acquisition was $1,800,000, which was satisfied through a cash payment of $1,200,000 on closing and will be followed by an additional $600,000 due within 90 days. In addition to the purchase price, the Company will also pay a one-time performance based earn-out, up to a maximum of $200,000, on the 12-month anniversary of closing based on the financial performance of GGGolf during this time period. The Company is at arms-length from GGGolf and the Vendor, and no finders' fees or commissions were paid in connection with completion of the acquisition.

ADDITIONAL INFORMATION

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