ACKROO INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE THREE-MONTHS ENDED MARCH 31, 2021

Dated: May 26, 2021

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 ended March 31, 2021 and is prepared as of May 26, 2021. This MD&A should be read in conjunction with the Company's Consolidated Interim Financial Statements as at and for the three-months ended March 31, 2021 and 2020, 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 platform, reselling payment (debit and credit services) and selling niche point of sale solutions into automotive, petroleum, hospitality and retail businesses of all sizes. Ackroo has developed solutions that are robust, easy to use, and affordable for all merchants. Physical and digital, in-store and online, from single location mom-and-pop stores to large multi-location organizations, Ackroo's platforms and services are built to support the growing marketing, financial and operational 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 such as cards/collateral, custom development and marketing services.

The above model is built on a per location/department cost structure so that the solution is affordable for the merchants of all sizes and is scalable and profitable for Ackroo.

As of March 31, 2021, the table below represents the current year-to-date key performance metrics as compared to those in 2020 and 2019: (Non-GAAP/IFRS measures)

	2019	2020	2021	Comments
Avg. MRR per loc	$84	$83	$70	Reducing
Avg. OTR per loc	$22	$16	$15	Reducing
Avg Total rev per loc	$106	$99	$85	Reducing
Gross Margin	83%	89%	88%	Growing
# MKTG platform clients	99%	82%	81%	Changing
# PAY services clients	<1%	8%	8%	Growing
# POS platform clients	0%	10%	11%	Growing
MRR to OTR Ratio	77% | 23%	82% | 18%	82% | 18%	Maintaining
Attrition (locations as % of total)	4%	10%	8%	Reducing
Locations	4,700+	5,000+	5,000+	Growing
Approx. LTV (7 year)	$8,904	$9,316	$8,140	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 $1,000

The Company's Ackroo Anywhere marketing 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 programs
3) Customer interfaces (via their website or mobile) to allow merchants consumers to register, check, transfer and reload balances

The Company's AckrooPOS/GGGolf platform provides golf clubs:
1) Tee-sheet, lottery, and tournament management
2) Handicapping
3) Integration to accounting and hospitality point of sale options

Ackroo also provides their customers with marketing and payment services:
1) Marketing services include email, direct mail marketing, and design.
2) 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 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 1,500 customers and 5,000 + locations across North America.

During the period ended March 31, 2021, 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 recurring revenues as a % of total revenue by 4%** over Q1 2020 (82% currently vs. 78%)
- **Increased gross profit margin** by **2%** over Q1 2020 (88% currently vs 86%)
- **Delivered the company's 13th consecutive EBITDA positive** quarter
- **Added 100 new locations** through organic sales vs 59 in Q1 2020
- **Cross sold 43 customers** with secondary products or services from Ackroo vs 23 in Q1 2020
- **Increased company cash position** from **$38k** at the end of Q1 2020 to **$1.5M** at the end of Q1 2021
- **Reduced location attrition from 10%** in 2020 to **8%** in Q1 2021
- **Normalized the new AckrooPOS/GGGolf** business administratively and operationally
- **Expanded the sales funnel of AckrooPAY** opportunities across the customer base
- **Completed product enhancements** to our **e-gift solution** by adding more fraud detection enhancements
- **Completed product enhancements for our MKTG platform** with the integration of Shopify
- **Completed product enhancements for our MKTG platform** with additional dashboard data for clients
- **Continued to manage and grow the Company's accretive M&A funnel** of over 20 active opportunities representing over $60M of ARR.

Although the Company was challenged by the restrictions of COVID-19 in Q1, the Ackroo team completed several technical and operational enhancements to set the company up for continued growth.

The product team made several enhancements to the marketing platform and began stabilization of the new AckrooPOS/GGGolf platform.

The marketing team finished several key projects for the business and delivered a record lead generation quarter for the company.

The sales organization had an increase in closes over Q1 2020 and delivered a record number of cross-sells and upsells during the period.

The finance team successfully managed margins to help us maintain a strong 88% gross profit margin.

The operations team continued focus on improving first line support and adding more tools to make it easier for staff and clients to interact with Ackroo.

SELECTED FINANCIAL INFORMATION

	For the three-months ended March 31, 2021	For the three-months ended March 31, 2020	For the three-months ended March 31, 2019
Total revenues	$ 1,284,289	$ 1,485,871	$ 1,088,783
Loss and comprehensive loss	(653,233)	(526,655)	(193,425)
Per share - basic and diluted	(0.006)	(0.007)	(0.003)
Total current assets	2,145,437	648,743	433,039
Total assets	10,310,044	7,655,501	3,594,904
Total current liabilities	1,489,128	1,104,995	564,341
Total long-term financial liabilities	4,995,504	5,096,244	505,151
Cash	1,496,971	37,874	71,486
Total equity	3,825,412	1,454,261	2,525,412

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 platforms 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 March 31, 2021	Quarter Ended December 31, 2020	Quarter Ended September 30, 2020	Quarter Ended June 30, 2020
Total revenues	$ 1,284,289	$ 1,703,151	$ 1,417,929	$ 1,440,625
Loss and comprehensive loss	(653,233)	79,007	(387,652)	(467,326)
Basic and diluted loss per share	(0.006)	0.002	(0.005)	(0.006)
	Quarter Ended March 31, 2020	**Quarter Ended December 31, 2019**	**Quarter Ended September 30, 2019**	**Quarter Ended June 30, 2019**
Total revenues	$ 1,485,871	$ 1,521,875	$ 1,476,490	$ 1,146,079
Loss and comprehensive loss	(526,655)	(489,516)	(406,855)	(89,645)
Basic and diluted loss per share	(0.007)	(0.006)	(0.005)	(0.001)

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 ended March 31, 2021, the Company accomplished these goals by increasing margins and managing operating costs which resulted in a basic and diluted loss per share of $(0.006).

RESULTS OF OPERATIONS FOR THE THREE-MONTHS ENDED MARCH 31, 2021

The following analysis of the Company's operating results for the three-months ended March 31, 2021 and includes a comparison against the three-months ended March 31, 2020.

Revenue

Revenues for the three-months ended March 31, 2021, were $1,284,289 compared to $1,485,871 for the three-months ended March 31, 2020. The 14% revenue decline for the three-months ended March 31, 2021 was a combination of non-cash impact of purchase accounting following the GGGolf acquisition coupled with lower one-time revenue of consumables due to the COVID-19 impact on in-store traffic. This is expected to improve as restrictions loosen and normal business practices resume.

Expenses

Cost of goods sold for the three-months ended March 31, 2021 was $160,595 (gross margin 88%) compared to $212,606 (gross margin 86%) for the three-months ended March 31, 2020. The company improved margins overall through vendor management as well as a result of a higher portion of monthly recurring revenue (in part due to the GGGolf acquisition) compared to a lower portion of product sales which have a higher cost of goods sold.

Amortization of property and equipment for the three-months ended March 31, 2021 was $75,352 compared to $65,684 for the three-months ended March 31, 2020. This depreciation relates to computer equipment, furniture, fixtures and the depreciation of Leases as per IFRS 16. The amount relating to lease amortization for the three-months ended March 31, 2021 was $64,517 and for the three-months ended March 31, 2020, was $62,449.

Amortization of intangible assets for the three-months ended March 31, 2021 was $401,758 compared to $389,821 for the three-months ended March 31, 2020. 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, BNA Smart Payments and GGGolf.

Administrative expense for the three-months ended March 31, 2021 was $487,738 compared to $504,897 for the three-months ended March 31, 2020. Administrative expenses remained flat year over year despite the additional workload from the recent acquisitions.

Research expense for the three-months ended March 31, 2021 was $340,319 compared to $406,614 for the three-months ended March 31, 2020. Research expense was down slightly year over year due to participation in more government funding through SRED and IRAP.

Sales and marketing expense for the three-months ended March 31, 2021 was $290,095 compared to $114,219 for the three-months ended March 31, 2020. The year over year increase related to additional marketing staff and marketing initiative spend in 2021.

Stock based compensation expense for the three-months ended March 31, 2021 was $61,498 as compared to $200,092 for the three-months ended March 31, 2020. Stock based compensation expenses during the year related to employee stock incentives and compensation to Board members which are vesting over a 2-year period.

Interest & amortization of deferred financing charges expense for the three-months ended March 31, 2021 was $123,033 compared to $120,032 for the three-months ended March 31, 2020. Interest expense reflects interest incurred on the operating line of credit, BNA debt and BDC loan. Included in this amount for the three-months ended March 31, 2021 is $23,933 of interest expense relating to IFRS 16 leases and $4,013 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 March 31, 2021 was $653,233 compared to $526,655 for the three-months ended March 31, 2020. Adjusted EBITDA* (net loss and comprehensive loss excluding interest, taxes, amortization and stock-based compensation) for the three-months ended March 31, 2021 was a **gain of $8,408** compared to the Adjusted EBITDA* **gain of $248,974** the three-months ended March 31, 2020. **This represents the 13th consecutive EBITDA positive quarter for the Company.**

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

	Three months ended March 31, 2021	Three months ended March 31, 2020	Three months ended Dec 31, 2020
NORMALIZED LOSS	(653,233)	(526,655)	(468,956)
add: Capitalization of Development Assets	-	-	547,964
NET LOSS AND COMPREHENSIVE LOSS	**(653,233)**	**(526,655)**	**79,008**
add: Share-based compensation expense	61,498	200,092	17,082
add: Amortization of intangible assets	401,758	389,821	470,695
add: Amortization of property and equipment	75,352	65,684	74,957
add: Interest expense	123,033	120,032	144,641
Adjusted EBITDA Income/(Loss)	**8,408**	**248,974**	**786,384**
Adjusted EBITDA without Capitalization of assets	**8,408**	**248,974**	**238,420**

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 March 31, 2021 are as follows:

	Amounts Due	Collected within 30 days of period end	Remaining Aged Balance
1 - 30 days	327,864	294,753	33,111
31 - 60 days	33,100	5,335	27,766
61 - 90 days	52,993	35,954	17,039
Greater than 90 days	17,333	1,856	15,476
	431,290	337,898	93,392

The aging of accounts receivable balances at Mar 31, 2020 are as follows:

	Amounts Due	Collected within 30 days of period end	Remaining Aged Balance
1 - 30 days	362,211	243,669	118,541
31 - 60 days	34,366	11,948	22,418
61 - 90 days	5,505	4,030	1,474
Greater than 90 days	1,176	-	1,176
	403,258	259,648	143,610

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 March 31, 2021, the allowance for doubtful accounts amounted to $Nil (2020 - $Nil). At March 31, 2021 there was only one customer that represented greater than

10% of the current total accounts receivable (11.5%) 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

As at March 31, 2021, the Company has a deficit of $17,274,537 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 March 31, 2021 consumed cash of $308,092 as compared to the three-months ended March 31, 2020 which contributed cash of $235,984.

The operating, investing, and financing activities for the three-months ended March 31, 2021 consumed cash of $435,437 as compared to the three-months ended March 31, 2020 which contributed cash of $9,270. The resulting cash balances were $1,496,971 and $37,874 as at the three-months ended March 31, 2021 and 2020 respectively.

The Company has positive working capital of $1,501,819 (IFRS 16 adjusted) as at the three-months ended March 31, 2021 as compared to positive working capital of $498,405 (IFRS 16 adjusted) as at the three-months ended March 31, 2020. 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 2021.

The Company has future financial commitments under its office-operating & furniture leases in the amount of $283,502 (2021), $269,524 (2022), $251,155 (2023), $258,359 (2024) and $263,525 (2025).

Contractual obligations	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
Debt	4,203,278	803,278	600,000	600,000	2,200,000
Operating leases	1,914,785	283,502	520,679	521,884	588,720
Total contractual obligations	**6,118,063**	**1,086,780**	**1,120,679**	**1,121,884**	**2,788,720**

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

	2021	2020
Common - 107,662,269 shares (2020 - 77,148,269 shares)	$ 18,261,908	$ 15,408,076

As of May 26, 2021, there were 110,387,269 (148,587,764 fully 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 March 31, 2021, the balance was $300,000.

The Company entered into consulting agreements with directors and officers resulting in expense in the three-months ended March 31, 2021 and 2020 of $3,662 and $11,184. As at March 31, 2021 $3,662 was unpaid and included in accounts payable and accrued liabilities (2020 - $11,184).

ACQUISITIONS

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

3916715 CANADA INC. / GGGolf

On October 30, 2020, the Company acquired the 100% of the shares of 3916715 CANADA INC (operating as GGGolf) with consideration of $1,800,000 in cash ($1,200,000 on closing and $600,000 after 90 days) as well as a provision for potential additional consideration of up to a maximum of $200,000 based on $2 per every $1 over $900,000 in annual gross revenue. The amount owing is non-interest bearing and the acquisition was recorded and discounted at an effective rate of 10%. Since it is unknown if the additional consideration will be achieved, it has not been included in the year end liability balance. In addition, the cash payments of $1,200,000 and $600,000 were reduced by $76,915 and $45,000 respectively based on the post-acquisition analysis of the working capital deficit in the entity. The acquired tangible assets included $79,537 in cash and $68,835 in accounts receivable, all of which have been successfully collected since acquisition.

Fair value of net assets acquired is as follows:

Customer contracts	$ 977,000
Goodwill arising on acquisition	365,000
Brand	59,000
IP	301,000
	$ 1,702,000

Asset Purchase

BNA Smart Payments

On April 2, 2020, the Company completed an asset acquisition with BNA and acquired certain assets of BNA Smart Payments with consideration consisting of $200,000 cash on closing and additional consideration being paid over the next 24 months based on 100% of the actual residual payment revenues in year one (1) and 50% of the actual residual payment revenues in year two (2) 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	$ 822,000

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 three-months ended March 31, 2021, there were no customers that represented more than 10% of total 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 three-months ended March 31, 2021.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Recently adopted accounting standards

Ackroo has applied the following new or amended IFRS standards, applicable for annual periods beginning on or after January 1, 2020:

Amendment to IFRS 3 – Business combinations

In October 2018, the IASB issued Definition of a Business (Amendments to IFRS 3). The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments provide an assessment framework to determine when a series of integrated activities is not a business. The amendments will be effective for the Company's business combinations and asset acquisitions occurring on or after the Corporation's fiscal year beginning on January 1, 2020. The amendment did not have a significant impact on the Company's consolidated financial statements.

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The amendment did not have a significant impact on the Company's consolidated financial statements.

Accounting standards issued but not yet applied

At the date of approval of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company. Those standards and amendments are not expected to be relevant to the Company's financial statements.

SUBSEQUENT EVENTS

Ongoing COVID 19

Since December 31, 2020, the spread of COVID-19 has continued to severely impact 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 three-months ended March 31, 2021 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.

Exercise of options

As of May 26, 2021 there have been 150,000 options exercised by employees of the Company at an average weighted exercise price of $0.153 for total proceeds of $23,000.

Exercise of warrants

As of May 26, 2021 there have 2,575,000 warrants exercised at a price of $0.100 for total proceeds of $257,500.

Warrant Acceleration

Under the terms of the share purchase warrants (the " Warrants ") issued by the Company in connection with a non-brokered private placement completed on July 5, 2017, in the event that the closing price of the common shares of the Company on the TSX Venture Exchange is equal to or greater than $0.20 for a period of no fewer than thirty consecutive trading days, the Company is permitted to accelerate the expiry date of the Warrants to a date that is ninety calendar days from the date notice of such acceleration is publicly announced. The acceleration trigger has been met as of market close on March 24, 2021, and the Company has elected to accelerate the Warrant expiry date to June 23, 2021. Any Warrants that have not been exercised by 4:00 p.m. (Toronto time) on June 23, 2021, will be automatically cancelled, and of no further force or effect.

ADDITIONAL INFORMATION

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