

Facedrive Provides a Corporate Update and Growth Report

TORONTO--(BUSINESS WIRE)--April 9, 2021--Facedrive Inc. (“**Facedrive**” or the “**Company**”) (TSXV:FD) (OTCQX:FDVRF), a Canadian “people-and-planet first” tech ecosystem is pleased to provide this general corporate update and growth report as at the completion of the first fiscal quarter of 2021.

Facedrive is a multi-faceted “people-and-planet first” tech ecosystem offering socially-responsible services to local communities with a strong commitment to doing business fairly, equitably and sustainably. As part of this commitment, Facedrive’s vision is to fulfil its mandate through a number of services and offerings that either leverage existing technologies of the Company or project initiatives with existing lines of business. Facedrive’s services and offerings include: (i) its eco-friendly rideshare business, Facedrive Rideshare; (ii) its food delivery service, Facedrive Foods; (iii) its contact-tracing and connected health services business, Facedrive Health; (iv) its e-commerce platform, Facedrive Marketplace; and (v) its e-social platform, Facedrive Social.

As a result of a Continuous Disclosure Review of staff of the Ontario Securities Commission (“**OSC**”) that commenced in 2020, the staff of the Corporate Finance Branch requested that the Company provide clarifying information regarding the Foodora Transaction, the HiRide Acquisition, the Medtronics Consulting Agreement (as each of such term is defined herein), the status of Facedrive’s early stage and non-revenue generating “projects” during fiscal Q2 and Q3 2020. The staff of the Corporate Finance Branch also requested that specific performance data and growth statistics be provided in this clarifying press release in order to specifically quantify and clarify facts about the growth and demand for the Company’s products and services with respect to Foodora Canada, HiRide, TraceSCAN and the Steer Acquisition (as each of such term is defined herein). This press release contains such clarifying information.

1. Facedrive Rideshare

Facedrive Rideshare was among the first to offer a wide variety of environmentally and socially responsible solutions in the Transportation as a Service (TaaS) sector, where the Company competes head-to-head with a number of established competitors. However, Facedrive has created a unique niche in such sector, as the Company offers its riders something different among competitors – the opportunity to mitigate the carbon footprint of their ride with carbon offsets. Facedrive Rideshare incentivizes drivers and passengers to choose a green alternative, thereby promoting the use of electric and hybrid vehicles and ultimately reducing carbon emissions. Using the Facedrive application on their mobile device, riders can request rides in electric, hybrid and gas-powered vehicles. The Facedrive app calculates the estimated CO2 emissions for each ride by vehicle type and the CO2 emissions can be offset by contributing a portion of the fare to carbon offset, tree planting and other measured, sustainable programs. At the same time, drivers of electric and hybrid vehicles are paid at increased rates to incentivize the switch towards environmentally friendly transportation. Facedrive works with Forests Ontario, a non-profit registered charity engaged in tree-planting, forestry education and other sustainable initiatives.

The impacts of the COVID-19 pandemic, including legally mandated lock-downs and social isolation measures, have dramatically lowered the demand for both work-related and personal transportation. As a result, Facedrive Rideshare has experienced a slowdown in ride volume and growth over the past 12 months, as have all ridesharing platforms. This, in turn, has had a number of knock-on effects including pausing the Company's planned expansions into new cities, delays in renewals of Facedrive's licenses at the municipal level, and a reduction in registered and active drivers. Currently, Facedrive Rideshare operates in the Greater Toronto Area, Hamilton, Brantford, London, Guelph, Cambridge, Orillia, and Ottawa.

While Facedrive encourages the public to reduce unnecessary travel in line with public guidelines, the Company has continued to offer transportation programs throughout the pandemic. This includes providing rides to frontline healthcare workers and, in partnership with local health units and partner community organizations, the Company also provides non-emergency medical transportation, including rides to and from COVID-19 assessment centres, to those who have no transportation options, live in communities with high rates of COVID-19 and who have challenges travelling to be tested - all by dedicated COVID-19 trained drivers.

Steer

In response to the pandemic, Facedrive Rideshare focused on services that enabled individuals to more easily and effectively comply with pandemic-related safety protocols. One such service was an electric vehicle subscription service that enabled social isolation practices by excluding driver-rider interaction. On September 5, 2020, the Company (through its newly-formed wholly-owned subsidiary, Steer Holdings, LLC) completed an acquisition of the substantive assets of Steer ("**Steer**"), a division of Exelorate Enterprises, LLC ("**Exelorate**"), a wholly-owned subsidiary of Exelon Corporation (NASDAQ: EXC) (the "**Steer Acquisition**"). Steer specializes in the electric vehicle subscription businesses. Steer was created to challenge traditional car ownership and accelerate the switch to environmentally-friendly transportation.

The Company acquired Steer for aggregate consideration of USD\$3,250,000, which was satisfied through the issuance of 222,819 Shares, issued at a deemed price of \$19.27 per share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending three trading days prior to the date of the Steer Acquisition). The fair value of the Shares issued to Exelorate was determined to be a discounted \$15.44 per Share, and includes a discount of 36.2% as the Shares are subject to an 18-month lock-up that ends on March 5, 2022.

The Steer Acquisition was determined to be a business combination as substantive processes and assets were acquired as part of the transaction. The Company also retained the services of Steer's former employees and its contracted management services provider.

Consideration paid:

Fair value of Shares issued (222,819 Shares at \$15.44 per Share - Issued at \$19.27 per Share and discounted by 36.2%)	\$ 2,196,173
	\$ 2,196,173

Net identifiable assets acquired:

Intangible assets - Brand name	\$ 650,000
Vehicle subscription agreements (the “Steer Customer list”)	649,000
Right-of-use assets	8,423,259
Lease liability	(8,423,259)
Goodwill	897,173
	\$ 2,196,173

Concurrent with the closing of the Steer Acquisition, Exelorate invested in the Company by subscribing for Shares as part of a strategic investment. Exelorate subscribed for 137,119 Shares (“**Strategic Investment Shares**”) at CAD\$19.27 per share for gross proceeds of USD \$2,000,000 (CAD\$2,617,800). No finder’s fee was paid in connection with such strategic investment. All Strategic Investment Shares are subject to an 18-month lock-up.

Facedrive is actively growing its Steer business and launched the service in Canada in March 2021.

Revenue and User Growth

The Company’s revenues from Facedrive Rideshare grew during the second half of 2020, despite the continuing COVID-19 pandemic. Specifically, the Company’s total revenues attributable to Facedrive Rideshare grew as follows: Q4 2019 - \$134,525; Q1 2020 - \$287,901 (COVID-19 started)¹; Q2 2020 - \$36,650; Q3 2020 - \$250,126; Q4 2020 - \$676,200; for a total of \$1,250,877 of revenue during 2020. Of this revenue, the following figures are attributable to Ridesharing in Canada: Q4 2019 - \$134,525; Q1 2020 - \$287,901; Q2 2020 - \$36,650; Q3 2020 - \$75,978; Q4 2020 - \$111,520; for a total of \$512,094 of revenue from Rideshare during 2020. The following revenue figures are attributable to Steer’s vehicle subscription business in the USA (which was acquired by the Company on September 5, 2020): Q3 2020 - \$174,148; Q4 2020 - \$564,680; for a total of \$738,828 of revenue during 2020. Steer has generated revenue for the Company of approximately \$700,000 since its acquisition on September 5, 2020 to December 31, 2020, which annualizes to approximately \$2.1 million per annum. Of this revenue, approximately 1 to 3 percent represents activation fees, with the remaining amount representing recurring subscription-based revenues.

The Company was also able to grow the number of drivers and users during 2020. The number of registered Facedrive Rideshare drivers in Canada has grown as follows: 10,376 as of December 31, 2019 (with 3,275 being fully approved to operate); 13,647 as of March 31, 2020 (with 3,515 being fully approved to operate); 14,323 as of June 30, 2020 (with 3,596 being fully approved to operate); 16,872 as of September 30, 2020 (with 3,928 being fully approved to operate); and 18,964 as of December 31, 2020 (with 4,175 being fully approved to operate). Registered Facedrive Rideshare drivers only become fully approved to operate after satisfying a car inspection, background check and receiving any requisite approvals from the jurisdictions in

which they intend to operate. The number of registered Facedrive Rideshare users in Canada has grown as follows: December 31, 2019 – 34,031; March 31, 2020 – 46,138; June 30, 2020 – 48,645; September 30, 2020 – 56,870; December 31, 2020 – 64,224. The number of Steer vehicle subscription service customers in the USA was: September 30, 2020 – 133; December 31, 2020 – 123; and March 31, 2021 - 121. Revenues from HiRide (see below) are expected to commence upon the conclusion of the COVID-19 pandemic and the return of Canadian and American university and college students to their campuses.

The Company is actively working to cross-sell and introduce its customers/users to the Company's other products and services.

HiRide

On March 20, 2020, the Company announced that it had entered into a share exchange agreement (the “**HiRide Acquisition Agreement**”) to acquire all of the issued and outstanding common shares of HiRide Share Ltd. (“**HiRide**”), a socially responsible ride-sharing and car-pooling business primarily targeted to long-distance travel and long distance commuters such as university and college students (the “**HiRide Acquisition**”). HiRide enabled the Company to enter a new market segment within the TaaS sector and brought a technical team and series of relationships that continues to benefit the Company in other services and product offerings such as Health and Social. The HiRide Acquisition closed following the close of business on March 31, 2020. Shareholders of HiRide received an aggregate of \$1,000,000 on closing, payable in common shares of the Company (“**Shares**”) at a price per Share equal to \$3.76 (calculated as the 30-day volume weighted average trading price of the Shares on the TSX-V ending four trading days prior to the date of entering into the HiRide Acquisition Agreement). The HiRide Acquisition Agreement provides that the shareholders of HiRide are entitled to receive future conditional payments of up to \$2,500,000 (the “**Conditional Payments**”) over the course of 2 years following closing of the HiRide Acquisition, which payments are contingent upon the achievement of the certain financial and operational milestones. The Conditional Payments, if any, will be payable in Shares or a combination of cash and Shares. As at December 31, 2020, the Company's management has assessed that it would be improbable that the terms for the first Conditional Payment will be met and as such, no amounts have been accrued in 2020 for the Conditional Payments.

There were no finder's fees paid in connection with the HiRide Acquisition. All Shares issued were subject to a four-month statutory hold period from the date of issuance, as well as contractual lock-up and escrow restrictions from the date of issuance.

The HiRide Acquisition was determined to be an asset acquisition as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset. For accounting purposes, using the fair value method of accounting, consideration consisted of 265,957 Shares with a fair value of \$739,360, representing a grant date fair value of the Shares of \$2.78 per Share and \$51,549 of acquisition costs. The Conditional Payments were determined to be consideration for post transaction services and will be accounted for by the Company as post-transaction compensation costs. In addition, contrary to what the Company disclosed in its Q3 2020 interim financial statements, the Company did test for impairment of the asset at the end of Q3, 2020.

Consideration paid:

Fair value of Shares issued (265,957 Shares at \$2.78 per Share)	\$ 739,360
Transaction costs	51,549
	\$ 790,909

Net identifiable assets acquired:

Cash	\$ 40
Intangible assets - Brand name	70,000
Intangible assets - HiRide platform	761,209
Accounts payable	(20,340)
Shareholders loans	(20,000)
	\$ 790,909

HiRide enabled the Company to enter a new market segment within the Taas sector, leveraging HiRide’s developed ride-pooling software platform with its relatively high-profile brand name (the company and its founders had appeared on Season 13 of the CBC television show Dragon’s Den in 2019). The Company paid an arms-length transaction price based on the Company’s estimate of what it would take for the Company to build similar brand recognition and to develop a similar and fully tested and operational software platform. The Company’s primary objective with the HiRide Acquisition was to acquire its brand name and ride-pooling platform, and not to purchase an operating business, or any already existing cash flows to that business, but rather continue to build and gain further entry into the general ride-sharing market by using the HiRide platform in conjunction with the Company’s other TaaS assets.

Whereas on March 20, 2020, Facedrive announced that HiRide gave the Company “immediate access to HiRide’s 20,000+ social network of car-poolers, giving riders an end-to-end experience without interruptions”, to clarify, what the Company meant by that statement was that the acquisition of HiRide gave the company access to an existing network of HiRide account holders who formed a social network of potential car poolers who through the HiRide app could arrange potential rides. HiRide’s March 31, 2020 acquisition date occurred at the time that the COVID-19 pandemic was already underway. Since HiRide is primarily targeted at post-secondary students who desire a carpooling app for long-distance travel and commuting, and since most post-secondary schools are currently operating on a remote-learning basis with students residing at their homes and attending online classes, the Company is deferring any significant marketing efforts into the HiRide service until clear signs emerge that the pandemic will be ending. As a result of the foregoing, and notwithstanding a high number of HiRide downloads, the HiRide service has not generated revenues to date. A high number of downloads does not necessarily

guarantee future, substantive revenue. The Company expects HiRide to commence generating revenues upon the commencement of in-class activities at post-secondary schools. The Company currently expects that it could launch this service to two schools per quarter for the first two years following such commencement and then four schools each quarter thereafter.

2. Facedrive Foods

Facedrive Foods is a food delivery platform that connects residents, restaurants (local, and ethnic restaurants in particular) and driver partners. Facedrive Foods was established following the acquisition of certain assets of Foodora Canada (see below). Facedrive Foods adheres to Facedrive's overarching principles of putting people and planet first by offering 100% contactless food delivery options. These services enable individuals and businesses to more easily comply with pandemic-related safety protocols, benefitting both consumers and businesses. Following the acquisition of Food Highway (see below), a Canada-based food delivery service with particularly strong ties within the Chinese-Canadian community, Facedrive increased its operational capabilities and market presence, and benefited from onboarding Food Highway's highly skilled team with over 6 years of expertise in the field.

Facedrive Foods has been able to capitalize on the dramatic shift in consumer and business behavior in the wake of the pandemic, currently fulfilling over 4,500 orders per day in 19 cities across Canada. Facedrive Foods serves local communities by supporting local restaurants during lockdowns and enabling drivers to generate revenue when demand for rideshare is low. Facedrive Foods prides itself on its thorough driver onboarding and training processes, safety features such as daily driver temperature checks and integration of contact-tracing technology, extended delivery radius to cater to remote and underserved communities, as well as recently introduced grocery delivery and subscription services.

Acquisition of Certain Foodora Canada Assets and Restaurant Partners

On July 9, 2020, the Company completed the acquisition of certain Foodora Canada assets including its customers list (and the customers, subject to their consent), along with 5,500 restaurant partners (together the "**Foodora Lists**") previously served by Foodora Canada, in exchange for cash consideration of \$500,000 (the "**Foodora Transaction**"). The Company's primary object with the Foodora Transaction was not to purchase an operating business (which it was not) but rather, to gain entry into the food delivery market.

The Foodora Transaction was determined to be an asset acquisition as no substantive processes were transferred to the Company. In connection with the Foodora Transaction, the Company incurred legal fees of \$61,660 which have been capitalized as Transaction Costs.

Consideration paid:	
Cash	\$ 500,000
Transaction costs (legal fees)	61,660
	\$ 561,660

Net identifiable assets acquired:	
Intangible assets – Foodora Lists	536,660
Other assets	25,000
	\$ 561,660

The total number of restaurant partners whose data and information (including customer contact information, menus, information pertaining to sales and top-selling items) the Company gained access to pursuant to the acquisition of the Foodora Lists was 5,500. Under Foodora’s vendor contract, no opt-in consent was required to transfer such data and information to Facedrive, as a result, these restaurants were migrated to the Facedrive Foods platform. The Company previously announced that it would gain immediate access to Foodora Canada’s hundreds of thousands of customers, subject to customer consent and opt in. In an attempt to do so, Foodora sent six opt-in communications to all of Foodora Canada’s customers and approximately 44,000 customers provided their express consent to have their personal information shared with Facedrive and thereby become users with accounts on the Facedrive Foods platform. Although the Company had completed the Foodora Transaction, it did not have a fully functional food delivery platform until it completed the acquisition of Food Hwy (as defined below).

Acquisition of Food Highway

On October 1, 2020, the Company completed the acquisition (the “**Food Hwy Acquisition**”) of Food Hwy Canada Inc. (“**Food Hwy**”), a food delivery service. Pursuant to the terms of the Food Hwy Acquisition, the Company acquired all of the outstanding shares of Food Hwy for consideration of \$1,500,000 in cash and the issuance of 515,370 Shares, issued at a deemed price of \$14.75 per Share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending two trading days prior to the date of the Food Hwy Acquisition). 33,906 Shares were subject to a 90-day lock-up; 159,358 Shares are subject to a 12-month lock-up, and 322,106 Shares, are subject to an 18-month lock-up period.

The Food Hwy purchase price was subject to a post-closing adjustment (the “**Adjustment**”), calculated as the delta between the Company’s working capital on the closing date and negative \$100,000:

- If the Adjustment is between negative \$1 and negative \$100,000, the Company may cancel such number of the 18 Month lock-up shares equal to the absolute value of the Adjustment divided by the deemed price per share of \$14.75 (the “**Closing Price**”).

- If the Adjustment is less than negative \$100,000, in addition to the above, the Company may cancel such number of the 90 day lock up Shares equal to the absolute value of the Adjustment, less \$100,000, and then divided by the Closing Price.
- If the Adjustment is a positive number, the Company shall pay the Food Hwy Shareholders in cash the amount of the Adjustment.

On December 31, 2020, the calculation of the Adjustment was determined to be negative \$516,268. The Company waived \$100,000 of the Adjustment and cancelled 28,228 of the 18 Month Lock-Up Shares. This Adjustment is subject to further ongoing negotiations between the parties during 2021.

The Food Hwy Acquisition was determined to be a business combination as substantive processes and assets were acquired as part of the transaction. The Company has retained most of Food Hwy's key management personnel and has also implemented Food Hwy's operational processes.

Consideration paid:	
Cash	\$ 1,500,000
Fair value of Shares issued (487,142 Shares at \$13.35 per Share)	3,538,575
	\$ 5,038,575
Net identifiable assets acquired:	
Cash	\$ 144,425
Trade and other receivables	882,508
Inventory	649
Intangible assets – Developed Technology	2,093,000
Intangible assets – Vendor Relationships	1,656,000
Intangible assets – Customer Relationships (the “Food Hwy Customer List”)	56,000
Intangible assets – Courier Relationships	176,000
Intangible assets – Brand name	1,388,000
Goodwill	365,843
Accounts payable and accrued liabilities	(1,436,500)
Customer deposits	(207,350)
Loans	(80,000)
	\$ 5,038,575

Facedrive Foods – Quarter-by-Quarter Project Development Summary

During 2020, Facedrive Foods was under development and only began generating revenue in Q4 2020. Accordingly, to better understand the Company's operations and the progress that was made during 2020, the following table provides information about: (i) the status of the Company's project relative to the Company's plan (described above); (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to anticipated timing and costs to take the project to the next stage of the project plan.

The Facedrive Foods Project	Q2 2020	Q3 2020	Q4 2020
The status of the project:	With the onset of the global COVID-19 pandemic, the Company began looking for an entry into the food delivery market and, subsequently, entered into a binding Term Sheet to purchase the customer and vendor list of Foodora Canada Ltd.	The Company purchased certain of Foodora Canada’s assets including its customer list; however, the Company still had limited operations and delivery infrastructure and capabilities at this time since select Foodora assets were purchased and not the Foodora business itself.	The Company completed the purchase of Food Hwy Inc. and, with it, acquired a fully functional food delivery platform complete with technology, drivers, customers and merchants, thereby resulting in the Company’s entry into the food delivery space.
The expenditures made on the project during the quarter:	\$0-	\$53,000 (this figure does not include the acquisition costs of the Foodora Transaction disclosed above)	\$2,036,200 (this figure does not include the costs of the Food HWY Acquisition disclosed above)
The anticipated timing and costs to take the project to the next stage of the project plan:	As at the end of Q2 2020, the next stage or anticipated milestone of the project was completion of an acquisition that would provide the Company with a complete food delivery platform with drivers and supporting infrastructure. The anticipated timing and costs to achieve this next milestone had not yet been determined as such was contingent upon the specific acquisition.	The next stage or anticipated milestone of the project was completion of an acquisition that would provide the Company with a complete food delivery platform with drivers and supporting infrastructure. The anticipated timing and costs to achieve this next milestone had not yet been determined as such was contingent upon the specific acquisition.	As at the end of Q4 2020, Facedrive Foods became a mature revenue-generating asset by virtue of the Food Hwy Acquisition.

Revenue Growth

The Company’s revenues from Facedrive Foods grew during the second half of 2020. Specifically, the Company’s total revenues attributable to Facedrive Foods’ business activities in Canada grew as follows: Q3 2020 - \$1,953; Q4 2020 - \$2,470,299; for a total of \$2,472,252 of revenue during 2020.

Restaurant Partners and Registered Users

The total number of registered Facedrive Foods’ restaurant partners and registered users (customers) also grew considerably during the second half of 2020.

The total number of restaurant partners whose data and information (including contact information, menus, information pertaining to sales and top-selling items) the Company gained access to as a result of the Foodora Transaction was 5,500. Under Foodora's standard vendor contract, no opt-in consent was required to transfer such data and information to Facedrive. However, not all of the restaurants became restaurant partners of the Company since some of them were located in locations off of the Company's transportation service grid. In addition, there was also a decline in the number of restaurant partners shortly after the Foodora Transaction was completed due to many restaurant partners experiencing financial hardship during the period of the COVID-19 pandemic. The Company also acquired restaurant partners as a result of the Food Hwy Acquisition. Many of the restaurant partners that were acquired pursuant to the Food Hwy Acquisition were already restaurant partners of the Company as a result of the Foodora Transaction. As a result of these circumstances, the number of restaurant partners grew from zero as at June 30, 2020 to 4,258 as at December 31, 2020. As at March 31, 2021, Facedrive Foods had 4,905 restaurant partners.

Regarding registered users, as a result of the Foodora Transaction the Company was able to obtain the consent of approximately 44,000 customers from the Foodora List to open and activate accounts with Facedrive Foods. Unlike with the restaurant partners from the Foodora List, due to privacy law requirements the express consent of each individual customer was required in order to effectively transfer their account information from Foodora to Facedrive Foods. The number of registered users grew again upon the completion of the Food Hwy Acquisition on October 1, 2020. By December 31, 2020, Facedrive Foods had 238,621 registered users (with approximately 44,000 of those users attributable to the Foodora Transaction). As at March 31, 2021, Facedrive Foods had 273,625 registered users.

As mentioned above, the Company is actively working to introduce its customers/users to the Company's other products and services.

3. Facedrive Health

Facedrive Health develops connected health technology solutions to help solve some of the most pressing healthcare issues today's communities face, including providing individuals with the ability to more easily comply with pandemic-related safety protocols. Its first product, TraceSCAN, is an artificial-intelligence ("AI") enhanced wearable contact tracing solution that has been developed by the Company and the University of Waterloo. TraceSCAN tracks exposure to COVID-19 without the need for GPS information. The use of Bluetooth for not only communication but accurate distance estimation is a unique offering of the Company. Since so-called variants of concern of the COVID-19 virus have higher levels of transmissibility and disease severity, it is even more important that each and every interaction be captured accurately. Compared to existing contact tracing technologies, TraceSCAN offers greater accuracy and reliability, access in remote environments, and integration with contract tracing systems and architecture worldwide.

TraceSCAN technology is made up of: hardware, firmware, a database and the web-based dashboard/notification system, gateways, and a gateway application. All programming and software development, including development of user interfaces and dashboards, integration with larger systems such as health networks, building security systems and software security, have been developed by Facedrive in Ontario in partnership with the University of Waterloo and are proprietary to the Company. Facedrive's locally developed firmware and AI interface run off of hardware we currently source from China and that includes components from other countries

As the Company has created increased utility for its wearable devices, the Company has also increased the components embedded into the device that the Company's firmware can use. The Company's solutions can be highly customized and include NFC (Near Field Communication) based access control that the Company programs to enable access to specific locations. During the development of the Company's wearable systems, the Company has customized a number of capabilities in order to address specific challenges. For example, one of the Company's partners is located in a remote location where users are not able to upload data on a regular basis, and the Company was able to customize the device configuration to maximize storage on the device, so that users can store interaction for the last 21 days. In another installation for a partner with a very large and complex operations site, the Company modified the TraceSCAN system to allow the Company's partner to pinpoint locations of potential COVID-19 contamination to promote effective decontamination and cleaning practices while minimizing business interruption.

To the knowledge of the Company, TraceSCAN is currently the only contract tracing app available on all three major app store platforms: Apple, Google and Microsoft.

On February 22, 2021, the Company announced that the proceeds of its 2021 Private Placement (as defined below) were to be used, for amongst other things, "to service pent-up demand" for its TraceSCAN products and services. The Company would like to clarify that such "pent-up demand" related to funding key pilot and proof of concept projects and implementation of such projects, respectively, of its TraceSCAN wearable. TraceSCAN has been received with enthusiasm across a number industry sectors. The scope of TraceSCAN's uptake includes key partnerships with:

- The Ontario government to pilot TraceSCAN in both public and private sectors (as recently announced by the Ontario government);
- the Ontario Ministry of Economic Development, Job creation and Trade, who, on February 19, 2021, endorsed Facedrive while also making a \$2.5 million non-dilutive investment into the Company to accelerate deployment of TraceSCAN technology across multiple sectors;
- Air Canada, to supply TraceSCAN wearables across various sites following a successful pilot;
- The Labourers' International Union of North America (LIUNA) to endorse the use of TraceSCAN wearables to all of its members;

- Microsoft to co-sell to all of Microsoft’s enterprise clients, opening the way to mass adoption across Canada and internationally; and
- VMWare and the Linux Foundation Public Health to jointly build the open source Herald Protocol, which maximizes TraceSCAN’s interoperability allowing it to interface across platforms locally, including with the Ontario COVID Alert and Alberta Trace Together applications, and globally.

While driving profitability through key corporate partnerships, Facedrive Health is committed to ensuring that contact tracing tech is accessible to a wide range of Canadians. For example, guided by the strategic advice of Phil Fontaine, former three-term National Chief of the Assembly of First Nations, Facedrive provided TraceSCAN devices to the Waywayseecappo First Nation which (like many other First Nations communities) was being disproportionately harmed by the COVID-19.

As many First Nations communities continue to have data connectivity issues, rendering app-based solutions considerably less effective, the TraceSCAN wearables work as a standalone device and promptly alert its users if they have been in close contact with someone who has tested positive for COVID-19 to ensure that crucial steps can be taken to decrease the further spread of the virus.

As COVID-19 vaccines become available to Canadians, Facedrive Health is well positioned to expand the benefits of its devices to include emerging technologies such as digital passports.

The TraceSCAN Project – Quarter-by-Quarter Project Development Summary

During 2020, the TraceSCAN was under development and it began to generate revenue in Q3 2020. Accordingly, to better understand the Company’s operations and the progress that was made during 2020, the following table provides information about: (i) the status of the Company’s project relative to the Company’s plan (described above); (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to anticipated timing and costs to take the project to the next stage of the project plan.

The TraceSCAN Project	Q2 2020	Q3 2020	Q4 2020
The status of the project:	During the early days of the global COVID-19 pandemic, the Company began to conceive the idea that would ultimately become TraceSCAN. The Company collaborated with McCarthy Tetraut LLP's venture arm to publish a white paper on privacy issues and COVID-19 tracking and tracing.	The Company began to create its early versions of its wearables and began to pursue implementations with various potential customers. The Company also received the endorsement of the Government of Ontario related to the Company's wearable technology.	The Company has numerous key pilot and proof of concept partnerships (as disclosed above) and is continuing on working with these partners on testing and improving TraceSCAN.
The expenditures made on the project during the quarter:	The Company did not track expenses directly attributable to the TraceSCAN project during this quarter. Efforts and resources were borrowed and shared amongst many of the Company's business units. However, the Company estimates that the expenditures during the quarter on this project were between \$150,000 and \$200,000 from a cost accounting perspective.	The Company did not track expenses directly attributable to the TraceSCAN project during this quarter. Efforts and resources were borrowed and shared amongst many of the Company's business units. However, the Company estimates that the expenditures during the quarter on this project were between \$250,000 and \$300,000 from a cost accounting perspective.	This information will be available and provided in the Company's annual MD&A.
The anticipated timing and costs to take the project to the next stage of the project plan:	As at the end of Q2 2020, the next stage or anticipated milestone of the project was that the Company would develop and insert its proprietary software into the wearables being developed, and then seek new pilot partners for the purposes of testing. The anticipated timing to achieve this next milestone is Q3 2020 and the anticipated cost to achieve this milestone was \$500,000.	As at the end of Q3 2020, the next stage or anticipated milestone of the project was that the Company was collecting data from existing pilot projects, and establishing further pilots for further test the wearable. The anticipated timing and costs to achieve this milestone is Q4 2020 and the anticipated cost to achieve this milestone was \$800,000.	This information will be provided in the Company's annual MD&A.

Revenues

Since Facedrive Health's TraceSCAN projects are in the piloting and proof of concept stage with various customers, only nominal amounts of revenue were earned from TraceSCAN sales in Canada during 2020. Specifically, the sales were as follows: Q3 2020 - \$12,750; Q4 2020 - \$39,740; for a total of \$52,490 of revenue during 2020. The Company plans to continue the commercialization of the TraceSCAN device during 2021, including in respect of further uses and markets for the device.

To amplify its contribution to the well-being of our communities, Facedrive Health joined forces with Plan International Canada to end the practice of child marriages in Bangladesh. During 2021, \$1 from every Facedrive TraceSCAN device purchase will contribute to Plan International Canada's campaign to raise \$900,000 with a 6:1 GAC matching for a total amount of \$6.3M.

4. Facedrive Marketplace

Facedrive Marketplace is an online socially-conscious store (www.facedrivemarketplace.com) that offers goods and merchandise for sale. The items that are selected for sale in the online marketplace are eco-friendly and/or sustainably manufactured and their sales are linked to support for social causes. In so doing, Facedrive Marketplace targets the socially conscious consumer (who is also an ideal candidate for cross-selling and cross-marketing Facedrive's other services). Online customers are currently able to shop for items from the following categories:

- Work-From-Home Essentials
- Tech Accessories
- Amplify your sound
- As Seen On TIKTOK
- Things you didn't know you needed

Customers can also shop online for items sold that support various social causes, such as:

- Charity-Contribution
- Women-owned
- Eco-Friendly
- Hand-made

The Facedrive Marketplace Project – Quarter-by-Quarter Project Development Summary

During 2020, Facedrive Marketplace was under development and it began to generate initial revenues in Q4 2020. Accordingly, to better understand the Company's operations and the progress that was made during 2020, the following table provides information about: (i) the status of the Company's project relative to the Company's plan (described above); (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to anticipated timing and costs to take the project to the next stage of the project plan.

The Facedrive Marketplace Project	Q2 2020	Q3 2020	Q4 2020
The status of the project:	The project is in the pilot / launch phase. However, there are no significant unique resources expended on the project at this stage.	The project is in the pilot / launch phase. However, there are no significant unique resources expended on the project at this stage.	The project is functional and has products listed for distribution on the part of third-party vendors. The project remains focused on acquiring vendors and driving more traffic to its site, but does not yet anticipate significant revenues.
The expenditures made on the project during the quarter:	Resources expended were borrowed from, and spread across, many different other campaigns and projects within the Company. As such, expenditure figures are not separately tracked.	Resources expended were borrowed from, and spread across, many different other campaigns and projects within the Company. As such, expenditure figures are not separately tracked.	Resources expended were borrowed from, and spread across, many different other campaigns and projects within the Company. As such, expenditure figures are not separately tracked.
The anticipated timing and costs to take the project to the next stage of the project plan	As at the end of Q2 2020, the next stage or anticipated milestone of the project was Q4 2020, when the Company anticipated having a sufficient number of vendors and products listed. The Company did not yet anticipate having to expend unique resources on this project to achieve this milestone.	As at the end of Q3 2020, the next stage or anticipated milestone of the project was Q4 2020, when the Company anticipated having a sufficient number of vendors and products listed. The Company did not yet anticipate having to expend unique resources on this project to achieve this milestone..	The Company intends to grow its vendor and product base, and is aiming to reach a critical mass for each. The Company anticipates having such critical mass in Q4 2021, but there is no guarantee that such critical mass for vendors and products will have a direct correlation with any significant level of sales.

As mentioned above, the Company is actively working to introduce its customers/users to the Company's other products and services.

5. Facedrive Social

Facedrive Social strives to keep people connected in a physically-distanced world through its HiQ Social App that is an e-socialization platform that allows users to interact based on common interests and by offering gamification and mutual community support features. HiQ is an emerging leader among trivia apps and it is especially popular among millennials. The Company believes that HiQ has an enhanced communication platform compared to its peers due to its gamification features and trivia challenges.

The HiQ Project – Quarter-by-Quarter Project Development Summary

During 2020, Facedrive Social and the HiQ Social App were under development. The product was launched on June 17, 2020, but does not yet generate revenue for the Company.

Accordingly, to better understand the Company's operations and the progress that was made during 2020, the following table provides information about: (i) the status of the Company's project relative to the Company's plan (described above); (ii) the expenditures made on the project during the quarter; and (iii) how these both relate to anticipated timing and costs to take the project to the next stage of the project plan.

The HiQ Application Project	Q2 2020	Q3 2020	Q4 2020
The status of the project:	HiQ was conceived as an application during early Q2, 2020. It was developed internally. The application was launched in June 2020.	HiQ conceptualization is further developed in direct response to the effects of the COVID-19 pandemic, and its continued effects on mental health, particularly among youth.	The Company begins to launch pilots including its IPL pilot and enrolls a number of users, reaching 2mm downloads. Based on this outcome, the Company begins planning development for a broader expansion into North American spectator sports for trivia.
The expenditures made on the project during the quarter:	As of the end of Q2 2020, there were no material separately dedicated resources or expenses allocated by the Company directly to the HiQ Application project. Resources expended during Q2 2020 were borrowed from, and spread across, many different other campaigns and projects within the Company.	\$473,000 (these expenses include resources such as engineers, development and testing costs that are also shared with other teams within the Company and are, therefore, not unique to HiQ).	\$319,000 (these expenses include resources such as engineers, development and testing costs that are also shared with other teams and Verticals within the Company and are, therefore, not unique to HiQ).
The anticipated timing and costs to take the project to the next stage of the project plan	The HiQ Application became a “project” in Q3 2020.	As at the end of Q3 2020, the next stage or anticipated milestone of the project was Q4 2020. The anticipated timing and costs to achieve this next milestone was \$400,000.	As at the end of Q4 2020, the next stage or anticipated milestone of the project was Q3 2021, as the Company pursues strategic partnerships with sport leagues and associations. The anticipated timing and costs to achieve this next milestone is yet to be determined by the types, size and profile of the leagues and associations with which the Company is able to successfully achieve a partnership. Despite the Company’s efforts and confidence, there can be no assurance that any such strategic partnerships can be achieved at this time.

HiQ Active Users and Number of Downloads Data

The HiQ Social App was downloaded by 7,907 unique users in Q2 2020, 1,915,774 unique users in Q3 2020 and 674,670 unique users in Q4 2020, representing a cumulative download figure of 2,598,351. Monthly active HiQ users, defined as an individual who has used the HiQ Application during a month, totaled 5,902 as at June 30, 2020, 1,202,281 as at September 30, 2020, and 567,573 as at December 31, 2020.

The significance in the number of downloads and active users demonstrates public interest in an application; however, downloads and active users of an application has an indirect and uncertain connection to revenue.

HiPanda

HiPanda is an innovative project and online application that was developed by Facedrive's wholly-owned subsidiary HiRide and the University of Waterloo's Engineering Wellness Program to raise awareness of mental health issues faced by the younger demographic during the pandemic, and to help bridge the gap between individuals and wellness coordinators' hectic schedules. The collaboration marked a new phase in the long-standing relationship between Facedrive and the University of Waterloo, which jointly developed the contact-tracing solution TraceSCAN last year.

HiPanda is a platform that allows users to voice mental health concerns through a mobile tech platform,, book virtual appointments with wellness coordinators, and access mental health resources—utilizing a single web application. The impetus for HiPanda was the need for wellness support during COVID-19, where closures and related isolations have had a adverse impact on mental health, in particular on younger demographics in unique ways. The solution's developers seek to emphasize the importance of wellness and timely assistance to young people during the COVID-19 pandemic. While workplace mental health was brought to the forefront of public attention by the pandemic, students have been largely absent from this discussion, and HiPanda looks to address this issue.

Currently, it is difficult for individuals who have mental health concerns to connect with mental health coordinators, especially within university networks. Students often have to wait in long lines in order to get assistance, and coordinators are bombarded with emails that are difficult to respond to on time. The HiPanda platform streamlines communication between students and advisors and strives to improve students' experiences getting access to the resources they need. This all-rounded platform allows users to view data of all wellness coordinators within the same space. Moreover, wellness concerns can often be a sensitive matter for many individuals, which is why confidentiality matters were given priority in the development of HiPanda.

Development of the HiPanda application is closely aligned with the expansion of Facedrive's Health division and the enhancement of its TraceSCAN technology. It is anticipated that HiPanda will be integrated within the TraceSCAN solution in the near term, whereby TraceSCAN's subscribers including numerous educational institutions, First Nations communities, government, and enterprise customers will get preferred access to wellness platforms and benefit from both solutions as a way to monitor the safety and wellness utilizing a single platform.

The HiPanda project is a project within Facedrive Social's HiQ Project. The HiPanda project is not a direct revenue-generating project; rather, it is intended to help grow the Company's business by growing the number of users and practical applications on Facedrive's platforms. None of the Company's expenses are directly attributable to the HiPanda project since the expenses are considered expenses of the HiQ project and several staff members and resources from across the Company contribute to the effort to develop and operate the HiPanda project.

6. Facedrive's Internal COVID-19 Response

In March 2020, the World Health Organization declared the outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, had an impact on the Company's operations.

Starting on March 17, 2020, the government of Ontario declared a state of emergency in Ontario while ordering some businesses to be closed, including daycares, bars and restaurants, theatres and private schools. These restrictions were gradually lessened through September 2020 but as the number of cases began to increase, a reinstatement of partial lockdown conditions were implemented starting in October 2020. The duration and impact of the second lockdown is not known at this time. These lockdowns have impacted the demand for the Company's ride sharing business as non-essential travel has been curbed. The Company has responded to the COVID-19 pandemic by launching new, or expanding existing, services, features, or health and safety requirements on an expedited basis, particularly those relating to delivery of food.

In light of the evolving nature of COVID-19 and the uncertainty it has produced around the world, the Company does not believe it is possible to predict with precision the pandemic's cumulative and ultimate impact on its future business operations, liquidity, financial condition, and results of operations. In addition, the Company cannot predict the impact the COVID-19 pandemic will have on its business partners and third-party vendors, and the Company may be adversely impacted as a result of the adverse impact its business partners and third-party vendors suffer. Additionally, concerns over the economic impact of the COVID-19 pandemic have caused volatility in financial markets, which may adversely impact the Company's stock price and the Company's ability to access capital markets.

Internally, Facedrive has instituted COVID-19 protocols that are flexible, evolve with the changing circumstances of the pandemic, and empower employees to work in the manner they determine is most suitable for them and their families. As provincial restrictions ease, Facedrive's back-to-work safety measures include, in addition to all measures recommended by the public health guidelines, the deployment of TraceSCAN devices at Facedrive's offices and an employee attendance policy that supports employees continuing to working from home where practicable.

7. A Brief Corporate and Equity Financing Summary

The Company was incorporated on January 18, 2018 under the *Business Corporations Act* (Alberta). On May 17, 2019, the Company, 2696170 Ontario Inc. ("**Subco**"), a wholly-owned subsidiary of the Company, and Facedrive Inc. (the "**Private Company**"), a private company, entered into an amalgamation agreement (the "**Amalgamation Agreement**") pursuant to which, among other things, the Private Company amalgamated with Subco to form 5021780 Ontario Inc., a wholly-owned subsidiary of the Company, and each shareholder of the Private Company received 0.473538 Shares for every one share of the Private Company held (the "**RTO**"). Immediately prior to the RTO, the Company effected a consolidation of the Shares on a 50-to-1 basis. As part of the RTO, the Company changed its name from "High Mountain Capital Corporation" to "Facedrive Inc.". The RTO was completed on September 16, 2019 and the Shares resumed trading on the TSX-V under the trading symbol "FD" on September 19, 2019. The RTO resulted in the issuance of 8,886,578 Shares and constituted a "reverse take-over" of the Company as the former Private Company shareholders acquired a majority of the outstanding Shares. All Share numbers in this paragraph are presented on a pre-Split (as defined below) basis.

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

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

On February 21, 2020, the Company completed a non-brokered private placement of 361,010 Shares issued at a price of \$2.77 per Share for aggregate gross proceeds of \$1,000,000. The Company incurred transaction fees of \$26,785 in connection with this financing.

On March 31, 2020, as purchase consideration for the HiRide Acquisition, the Company issued to the vendors an aggregate of 265,957 Shares at a price per Share equal to \$3.76, representing aggregate consideration of \$1,000,000. For accounting purposes, using the fair value method of accounting, consideration consisted of 265,957 Shares with a fair value of \$739,360, representing a grant date fair value of the Shares of \$2.78 per Share (see the "HiRide" section above).

On June 26, 2020, the Company issued an aggregate of 800,000 Shares to Medtronic (defined below) for marketing and strategic consulting services. The arrangement is a share-based payment transaction with a non-employee. As the fair value of the services received cannot be reliably measured, the Shares were measured and recognized based on the average closing price of the Shares over the service period, resulting in a \$7,632,696 charge to sales and marketing expense. The Company incurred transaction fees of \$41,120 in connection with this transaction. For more information, see the “Consulting Agreement with Medtronic Online Ltd.” section below.

On June 29, 2020, the Company completed the initial tranche of a \$10,000,000, non-brokered private placement of 643,389 Shares issued at a price of \$9.00 per Share, for aggregate gross proceeds of \$5,790,501. The Company incurred transaction fees of \$220,525 in connection with this financing.

On July 6, 2020, the Company completed the second tranche of a \$10,000,000, non-brokered private placement of 368,548 Shares issued at a price of \$9.00 per Share, for aggregate gross proceeds of \$3,316,932.

On July 22, 2020, the Company completed the final tranche of a \$10,000,000, non-brokered private placement of 99,174 Shares issued at a price of \$9.00 per Share for aggregate gross proceeds of \$892,566.

On August 7, 2020, the Company issued an aggregate of 151,457 Shares as consideration for an investment in Tally Technology Group Inc. with a fair value of \$2,326,425.

On September 4, 2020, the Company: (i) issued an aggregate of 222,819 Shares with a fair value of \$2,196,173 as purchase consideration for the Steer Acquisition; and (ii) completed a non-brokered private placement of 137,119 Shares issued at a price of \$19.2737 per Share for aggregate gross proceeds of USD\$2,000,000 (see the “Steer” section above).

On October 1, 2020, the Company issued an aggregate of 487,142 Shares with a fair value of \$3,538,575 as purchase consideration for the Food Hwy Acquisition (see the “Acquisition of Food Highway” section above).

As at December 31, 2020, the Company had 93,729,980 Shares issued and outstanding (2019 – 90,164,530 shares issued and outstanding) and no preferred shares issued and outstanding (2019 – no preferred shares issued and outstanding).

On February 2, 2021, the Company completed a non-brokered private placement of 1,518,518 Shares issued at a price of \$13.50 per Share for aggregate gross proceeds of \$20,499,993 (the “**2021 Private Placement**”). All Shares issued are subject to a four-month statutory hold period from the date of issuance. The net proceeds from the private placement are intended to be used for general corporate purposes and to augment the Company’s cash reserves. The Company incurred finder’s fees of \$224,600 in connection with this financing.

As at March 31, 2021, the Company had 95,248,498 Shares issued and outstanding and no preferred shares issued and outstanding.

Subsidiaries

The Company wholly-owns and controls six (6) subsidiaries: (i) HiRide Share Ltd. (“HiRide”); (ii) Facedrive Food Inc.; (iii) Facedrive Health Inc.; (iv) Steer Holdings, LLC. (“Steer Holdings”); (v) Facedrive (US) LLC (“Facedrive US”); (vi) and Food Hwy Canada Inc. (“Food Hwy”). Facedrive Food Inc. was incorporated on June 26, 2020, Facedrive Health Inc. was incorporated on July 3, 2020, Steer Holdings was incorporated on August 13, 2020 and Facedrive (US) LLC, was incorporated on August 19, 2020.

8. Extension of Voluntary Lock-Up Agreements

Recently, members of Facedrive’s senior management team demonstrated their commitment to Facedrive’s investors and all stakeholders by voluntarily extending the lock-up period of their shareholdings in the Company. On March 8, 2021, Sayan Navaratnam (the Chairman, CEO and largest shareholder of the Company) extended the lockup period for all of the Shares that he owns (both directly and indirectly) by two (2) years to March 31, 2023, meaning all of his Shares will only gradually begin releasing from lock-up on that date (at a rate of 15 percent every 90 days thereafter over the following 18 months). Similarly, Junaid Razvi (Executive Vice President and Director) and Suman Pushparajah (Chief Operating Officer of Facedrive) have also extended their lockup periods in respect of all Shares held by them (both directly and indirectly) by one (1) year to March 31, 2022, meaning all such Shares will only gradually begin releasing from lock-up on that date (at a rate of 15 percent every 90 days over the following 18 months).

The collective holdings of Mr. Navaratnam, Mr. Razvi and Mr. Pushparajah account for approximately 49% of the Company’s total issued and outstanding shares.

On March 9, 2021, Medtronics issued a press release announcing that it has also voluntarily agreed to extend the lock-up period of its 800,000 Shares of Facedrive for one additional year. The new release dates for Medtronics are as follows: (a) 15% (120,000 Shares) on March 31, 2022; (b) 15% (120,000 Shares) on June 30, 2022; (c) 15% (120,000 Shares) on September 30, 2022; (d) 15% (120,000 Shares) on December 31, 2022; (e) 15% (120,000 Shares) on March 31, 2023; and (f) 15% (120,000 Shares) on June 30, 2023. The remaining 10% of Medtronics’ Share position (totaling 80,000 Shares) will be released from lock-up on September 30, 2023.

9. Consulting Agreement with Medtronics

Facedrive and Medtronics Online Solutions Ltd. (“**Medtronics**”) were parties of an arm’s-length consulting services agreement dated May 11, 2020 (the “**Medtronics Consulting Agreement**”).

Pursuant to the Medtronics Consulting Agreement, the services to be rendered by Medtronics to and for the benefit of the Company included assisting with the Company's business expansion strategy for entrance into high-potential markets, namely Mexico and South America (the "**Expansion Markets**"); making high-value and strategic business development introductions with a view to growing the Company's business; the design and implementation of marketing and promotional activities concentrated on user and customer acquisition and related viral marketing campaigns; assistance with the development of branding and marketing materials to promote the Company's products; introductions to online media channels and key influencers in certain business segments; and the provision of general consulting and due diligence services with respect to corporate partnerships and corporate strategy (collectively, the "**Medtronics Services**").

The Medtronics Services included:

- making numerous business development introductions and managed relationships that were of considerable strategic value to the Company;
- providing general consulting and due diligence services with respect to corporate partnerships, user and restaurant conversion strategy while also assisting with business expansion strategy for entrance into the Expansion Markets;
- providing general and specific marketing advice with respect to the Company's website design, social media content creation and digital marketing (including architecture for HiQ's user acquisition campaign that has resulted in over 2.6m downloads to date);
- providing due diligence consulting services (including on potential and completed M&A transactions), onboarding assistance and marketing strategy with respect to the Company's acquisition of certain assets of Foodora (including user and restaurant acquisition and retention);
- advising on leveraging social media with paid marketing on platforms such as Facebook and Google together with advising as to the types of advertising that can help the Company achieve a maximum return on investment in terms of new user acquisition; and
- engaging in-depth discussions and knowledge transfer about target region and target audience demographics, budget optimization, A/B testing of advertisements, niche markets and social media influencer marketing (collectively, the "**Medtronics Deliverables**").

Through the Medtronic Deliverables, the Company – while at an early stage in its development – (a) enhanced its internal ability to create ad copies, utilize conversion-tracking, and use of certain third party tools utilized to make more informed decisions with respect to advertising spend across various channels; and (b) developed an in-house marketing team and know-how based off of the industry intelligence and trade secrets obtained from Medtronic under the Deliverables. The Medtronic Services and the Medtronic Deliverables included a heavy focus on the training and development of Facedrive’s internal marketing team. With the advice and collaborative assistance of Medtronic, Facedrive’s internal marketing team learned how to better obtain, collect and convert Facedrive’s customer prospects into actual users, drivers and merchants, all based upon digital and online marketing efforts. In addition, Medtronic’s services also included Medtronic acting as an agent/advisor to Facedrive on calls with high-profile third-party business prospects and global social media influencers. For example, Medtronic would help Facedrive to prepare for such calls and also assist Facedrive personnel and participate in the “pitch” or business proposition being presented during the calls. The Medtronic Services and Medtronic Deliverables proved to be very valuable for the Company at that time in its growth and helped pave the way for further corporate development. As a result, the Company has been able to internalize many marketing and business development functions.

Pursuant to the terms of the Medtronic Consulting Agreement, Medtronic was to earn an initial fee of 800,000 Shares once an initial period of substantial Medtronic Services and an initial amount of Medtronic Deliverables were provided to the Company. The Medtronic Consulting Agreement also stipulated that there would be additional Shares payable to Medtronic on a monthly basis during the remainder of the term of the Medtronic Services Agreement whilst additional Medtronic Services and Medtronic Deliverables would be provided to the Company.

On March 24, 2020 when the Company received the conditional approval from the TSXV for the share-for-services arrangement represented by the Medtronic Services Agreement, the Company’s Shares closed at \$2.94 per Share and 800,000 Shares represented a value of \$2,352,000. However, by the time the initial period of substantial Medtronic Services and an initial amount of Medtronic Deliverables were provided to the Company and the Company issued the 800,000 Shares to Medtronic (which occurred on June 26, 2020), the market value of the 800,000 Shares had risen to a deemed amount of \$8.2 million. A dispute arose between the Company and Medtronic since the Company believed that the Medtronic Services Agreement included an implied maximum \$5 million fee cap that was expressed during the negotiation period for the Medtronic Services Agreement. Although the Company benefited from the Medtronic Services and the Medtronic Deliverables (which included (i) the time and effort of Medtronic’s personnel; and more importantly (ii) the divulgence and irretrievable transfer of certain of Medtronic’s proprietary know how, trade secrets and similar intellectual property related to the provision of the Medtronic Services and the Medtronic Deliverables), the Company believed the level of compensation that was payable to Medtronic constituted an unreasonable windfall. As such, the Company sent Medtronic a formal notice of termination of the Medtronic Consulting Agreement on September 9, 2020. The Company and Medtronic entered negotiations and eventually agreed to a Settlement Agreement dated October 19, 2020. Pursuant to the terms of the Settlement Agreement, Medtronic was permitted to keep the 800,000 Shares it received on June 26, 2020, however the Company was under no further obligation to pay any additional consideration to Medtronic, and both parties released each other

from any obligations or claims related to the Medtronics Consulting Agreement so as avoid any future litigation related thereto.

10. Board of Director and Management Changes

On April 7, 2021, the Company appointed two new members to Facedrive's board of directors (the "**Board**"), each of whom bring a wealth of experience and talents. The new members of the Board are Susan Uthayakumar and Suman Pushparajah.

Concurrent with these appointments to the Board, Mr. Jay Wilgar resigned from the Board. The new appointments are subject to the approval of the TSX Venture Exchange.

11. Material Contracts

Pursuant to the OSC's review, the OSC identified, among other things, that the Company was a late filer of the following material contracts: (i) the Asset Purchase Agreement between Foodora Inc. and Facedrive dated June 1, 2020; and (ii) the Share Exchange Agreement between the shareholders of Food Hwy and Facedrive dated October 1, 2020. In regard to these transactions, the Company and its legal counsel had made the required filings with the TSXV pursuant to the requirements of the TSXV Corporate Finance Manual; however, the Company had failed to file these agreement on SEDAR in accordance with sections 12.2 and 12.3 of National Instrument 51-102 *Continuous Disclosure Obligations*. The material contracts were filed on SEDAR by the Company on March 10, 2021 in order to remedy the previous non-filing.

The Company's Board of Directors and its Senior Executives are working closely with the Company's auditors and external legal counsel to review and improve, where recommended, the design and effectiveness of the Company's disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR).

Unless otherwise stated, all dollar amount in this press release refer to Canadian dollars. All financial figures for the fiscal year 2020 are unaudited figures. The Company expects to file its audited annual financial statements for the year ended December 31, 2020, and corresponding MD&A, later in April 2021.

About Facedrive

Facedrive is a multi-faceted “people-and-planet first” tech ecosystem offering socially-responsible services to local communities with a strong commitment to doing business fairly, equitably and sustainably. As part of this commitment, Facedrive’s vision is to fulfil its mandate through a number of services that either leverage existing technologies of the Company or project synergies with existing lines of business. Facedrive’s service offerings include: (i) its eco-friendly rideshare business, Facedrive Rideshare; (ii) its food delivery service, Facedrive Foods; (iii) its contact-tracing and connected health services business, Facedrive Health; (iv) its e-commerce platform, Facedrive Marketplace; and (v) its e-social platform, Facedrive Social.

Facedrive Rideshare was among the first to offer a wide variety of environmentally and socially responsible solutions in the Transportation as a Service (TaaS) space, planting thousands of trees based on user consumption and offering choices between electric, hybrid and conventional vehicles (including, more recently, electric and hybrid vehicles on a subscription basis through Steer). Facedrive Marketplace offers curated merchandise created from sustainably sourced materials. Facedrive Foods offers contactless delivery of a wide variety of foods right to consumers’ doorsteps, with a focus on doing so in a socially and environmentally-conscious manner. Facedrive Social strives to keep people connected in a physically-distanced world through its HiQ and other e-socialization platforms that invite users to interact based on common interests and by offering gamification and mutual community support features. Facedrive Health strives to develop and offer innovative technological solutions to the most acute health challenges including its proprietary TraceSCAN wearable technology for contact tracing. Facedrive envisions changing the ridesharing, food delivery, e-commerce, social and health tech narratives for the better, for everyone, and is currently operational in Canada and the United States.

For more about Facedrive, visit www.facedrive.com.

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Forward-Looking Statements

Certain information in this press release contains forward-looking information. This information is based on management’s reasonable assumptions and beliefs in light of the information currently available to us and are made as of the date of this press release. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors. Information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. Statements containing forward-looking information are not facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements.

See “Forward-Looking Information” and “Risk Factors” in the Corporation’s Filing Statement dated August 28, 2019 for a discussion of the uncertainties, risks and assumptions associated with these statements. Readers are urged to consider the uncertainties, risks and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. We have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

¹ On March 17, 2020, the Province of Ontario declared a provincial state of emergency and began to order the closure of certain businesses and facilities.

Contacts

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