Carbeeza Inc.

Management's Discussion & Analysis

As at December 31, 2021 and June 30, 2021
and for the six month periods ended December 31, 2021 and June 30, 2021

April 25, 2022

The following management discussion and analysis ("MD&A") for Carbeeza Inc. (formerly HIT Technologies Inc.) (the "Company" and/or "Carbeeza") should be read in conjunction with the Company's audited consolidated financial statements and related notes therein ("Financial Statements") for the six months ended December 31, 2021 and six months ended June 30, 2021, that are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). All financial information is stated in Canadian dollars, unless otherwise stated. The MD&A is dated and based on information available as at April 25, 2022.

The objective of this MD&A is to help the reader understand the factors affecting the Company's past and future performance. All amounts are reported in Canadian dollars, unless otherwise stated. The Financial Statements and additional information regarding the Company can be found in filings with Canadian security commissions on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. These forward-looking statements include references to the future success of our business, technology, and market opportunities. By their nature, forward looking statements require the Company to make assumptions and are subject to important known and unknown risks and uncertainties, which may cause the Company's actual results in future periods to differ materially from forecasted results. While the Company considers its assumptions to be reasonable and appropriate based on current information available, there is a risk that they may not be accurate. These forward-looking statements are neither promises nor guarantees but involve known and unknown risks and uncertainties that may cause our actual results, level of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed in or implied by these forward-looking statements. These risks include risks related to general economic conditions, risks associated with revenue growth, operating results, industry factors and the Company's general business environment, risks associated with doing business with joint venture partners, risks involved with the development of new products and technology, financing risks, such as risks relating to liquidity and access to capital markets, and risks relating to competition, among other factors. For a more detailed description of the risks that affect the Company's future growth, results and performance, readers are referred to the section on 'Risks and Uncertainties' in this MD&A and the Company's Information Circular dated May 31, 2021. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive and undue reliance should not be placed on such forward-looking statements which speak only to the date they were made. We disclaim any obligation to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions, or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Business Overview

Carbeeza was incorporated on July 30, 2018, in the province of Alberta.

Carbeeza has developed and commercialized a technical platform powered by artificial intelligence for the automotive industry to bring together lending solutions, dealers, and purchasers on one platform. The platform provides for an intelligent automotive marketplace with powerful AI finance functionality and data analysis. It provides transparency and eliminates the pain points faced by consumers when purchasing a vehicle.

Users have the power to shop anonymously, choose their vehicle of preference from inventory made available by the auto manufacturers and dealers, find self-financing options from lenders, and reach out to dealers to negotiate the best price for their vehicle, all within the comfort of their home.

The Company's subsidiary, Carbeeza Holdings Ltd. developed the Carbeeza software application (the "**API Platform**") which is the key enabling technology of the Carbeeza sales platform. The API Platform is a one-stop marketplace for consumers, dealers, and lenders to meet and transact.

Carbeeza is the first end to end automotive marketplace that matches the customer to the ideal vehicle while fully integrating financial discovery directly into the process. Customers submit non-specific information and Carbeeza's algorithm contained in the API Platform will match them with the best financing offers available from lending partners. All offers are visible to both parties, and dealers' price a product based on the financing options a consumer has available. Carbeeza's API Platform brings a transformative level of transparency and efficiency to the process of buying a vehicle. Carbeeza does not charge the consumer. Dealers showcase their inventories at no charge. If a deal is fully completed, Carbeeza charges the dealer a fee. If no closed deal, then no cost. From a consumer perspective, no personally identifying data is collected until the consumer commits to a purchase.

Dealerships experience increased profitability as Carbeeza prepares and connects them to a ready to buy customer that has pre-negotiated the vehicle purchase price, including any aftermarket products, trade-ins, incentives, and tailored financing. The streamlined transaction is designed to reduce costs to the dealer. Dealers pay a nominal fee per vehicle upon closing of the purchase of that vehicle.

The API Platform provides dealers and dealerships with a new sales channel. The development of the API Platform has been completed and the go-to-market strategy commenced in September 2021. As part of the marketing strategy, the Carbeeza business development team approached dealers to inform them of the API Platform. The media and advertising plan is anticipated to expand throughout Canada and the United States by the end of 2022.

Carbeeza continues to enjoy high levels of success in its onboarding of dealer partners. Since May 2021, the Company has achieved an average of 50% success rate of dealers that partner with Carbeeza who received a product demo. The vast majority of remaining dealerships ask to remain in the sales queue with an eye towards a partnership following the resolution of the significant new vehicle inventory crisis in North America. As of April 22, 2022, Carbeeza has fully onboarded 240 franchise dealerships in Western Canada with another 60 at various stages of the process. Inventory counts are also favorable, with 15,488 unique pieces of inventory on the Carbeeza platform. This represents 8.5% of Auto Trader's national inventory count and 9.6%, 9.5% and 17.5% of Kijiji, Car Gurus and Hey Auto, respectively. This gap will continue to narrow as we enter the Ontario market. Carbeeza now has relationships with 18 of Canada's largest inventory syndicators and it has added resources to ensure a successful roll-out.

Carbeeza has not commenced earning revenues. The Company anticipates that it will commence earning revenue in the second half of fiscal 2022 once it has completed its dealer on-boarding process. The original estimate of revenues commencing in the second quarter of fiscal 2022 has been revised to account for the impact of the global chip shortage on vehicle inventories, which impacts dealers' priority to participate in a value-add solution, like Carbeeza offers.

Company Activity

The Company has developed an API Platform which provides for an intelligent automotive marketplace with powerful AI finance functionality and data analysis.

The following are key chronological milestones since the founding of the Company.

Date	Milestone
July 30, 2018	2134303 Alberta Ltd. incorporated (Old Carbeeza) subsequently changes name to Carbeeza Ltd.
September 11, 2018	HIT Technologies Inc. is continued into British Columbia
September 1, 2019	Old Carbeeza enters into the Development Agreement with IDX for the development of the API Platform (as amended on May 20, 2021) ("the **Acquisition**").
September 1, 2020	Old Carbeeza enters into Licensing and Servicing Agreement ("**Support Agreement**") with IDX (as amended on May 20, 2021) for the provision of support services for the API Platform for a period of ten years. The Support Agreement also grants Interdynamix a sublicensable license to the API Platform for a period of ten years, subject to the payment of royalty fee payments
January 11, 2021	Development of Carbeeza's API platform is almost complete and the Company begins launch to car dealerships in Alberta, enabling auto dealers to begin to view the application.
March 3, 2021	2330654 Alberta Ltd. incorporated as wholly-owned subsidiary of HIT Technologies Inc.
May 31, 2021	HIT, Old Carbeeza and Amalco enter into Amalgamation Agreement as definitive agreement for the RTO Transaction
June 29, 2021	Amalco and Old Carbeeza amalgamate to form Carbeeza Holdings Ltd. RTO Transaction between Old Carbeeza and HIT is completed and amalgamated company, Carbeeza Holdings Ltd. becomes a wholly owned subsidiary of HIT.
July 2, 2021	HIT Technologies Inc. continued into Alberta under the new name of Carbeeza Inc.
July 14, 2021	Carbeeza Inc. shares resume trading on the TSXV under the trading symbol "AUTO"
October 28, 2021	The Company launched its platform in British Columbia.
February 15, 2022	The Company launched its platform in Saskatchewan

Financial Overview

Management considers the Company to be in the development stage. There are no annual revenues and expenditures are not reflective of future activity.

The financial highlights for the six-month period ended December 31, 2021, are noted below:

- Cash used in operations was $715,556 compared to cash used in operations of $731,333 for the six-month period ended June 30, 2021.
- Net loss and comprehensive loss were $2,180,272 (($0.03) per share), a decrease from $4,867,264(($0.11) per share) for the six-month period ended June 30, 2021.

Selected Information

	Six months ended December 31, 2021	**Six months ended June 30, 2021**
	$	**$**
Revenue	Nil	Nil
Loss before income taxes	(2,180,272)	(4,867,264)
Net loss	(2,180,272)	(4,864,264)
EPS - Basic	(0.03)	(0.11)
EPS - Diluted	(0.03)	(0.11)
Total assets	6,291,809	7,178,164
Long-term liabilities	15,253	19,544
Dividends	Nil	Nil

Results of Operations

The following table sets forth a comparison of revenues, earnings, major expense category for the six-month period ended December 31, 2021, and the six-month period ended June 30, 2021:

		Six months ended December 31, 2021		Six months ended June 30, 2021
Revenue	$	**-**	**$**	**-**
Expenses				
Advertising and marketing		87,166		13,647
Amortization		282,058		4,534
Consulting services		329,387		202,065
General and administrative		32,399		48,706
Listing expense		-		3,997,636
Online hosting services		93,594		62,270
Platform maintenance		100,521		-
Professional fees		227,769		401,671
Share based compensation		846,356		-
Subscriptions		181,022		136,735
Total expenses		2,180,272		4,867,264
Net and comprehensive loss	$	(2,180,272)	$	(4,867,264)
Loss per Share - Basic and diluted	$	(0.03)	$	(0.11)
Weighted average number of shares outstanding		63,834,560		44,470,607

Revenue

The Company is pre-revenue. The Company anticipates that it will commence earning revenue in the second half of fiscal 2022. The original estimate of revenues commencing in the second quarter of fiscal 2022 has been revised to account for the impact of the global chip shortage on vehicle inventories in North America, which impacts dealers' priority to participate in a value-add solution like the one Carbeeza offers.

Professional fees

Professional fees include legal fees of $122,128 (six-month period ended June 30, 2021 - $209,513), auditing and accounting fees of $102,341 (six-month period ended June 30, 2021 - $192,158) and other professional fees of $3,300 (six-month period ended June 30, 2021 - $NIL). The legal and accounting fees incurred are relatively consistent for a start-up that effected an RTO in the current six-month period ended December 31, 2021, and six-month period ended June 30, 2021.

Management expects that future expenses associated with professional fees will decrease compared to what was incurred in the period ended December 31, 2021.

Advertising and marketing
Advertising and marketing were $87,166 for the six-month period ended December 31, 2021 (six-month period ended June 30, 2021 - $13,647. Management expects to continue to incur costs for marketing and advertising to drive revenues and market acceptance.

Consulting services
Consulting services were $329,387 for the six-month period ended December 31, 2021 (six-month period ended June 30, 2021 - $202,065). These costs were primarily associated with expertise required for the Company that have been contracted as opposed to hiring employees. As Carbeeza achieves its revenue milestones it is expected these individuals will become employees of the Company.

Online hosting services
Online hosting services amounted to $93,594 for the six-month period ended December 31, 2021 (six month period ended June 30, 2021 - $62,270). Management expects this expense to increase relative to the anticipated revenues in the second half of 2022.

Subscriptions
The Company incurred subscriptions expense of $181,022 for the six-month period ended December 31, 2021 (six-month period ended June 30, 2021 - $136,735). Management expects subscription expenses to increase in future periods as the Company continues to market to the Canadian and US markets.

Stock based compensation
On November 29, 2021, the Company granted stock options in accordance with the stock option plan. 5,495,000 stock options were granted. The value of the stock option benefits issued during the six-month period ended December 31, 2021, was calculated using the Black-Scholes option pricing model and amounted to $846,356. No stock options were granted during the six-month period ended June 30, 2021.

Platform Maintenance
The Company, since October 1, 2021, has incurred platform maintenance costs of $100,521 for the six-month period ended December 31, 2021 ($Nil for the comparative period ended June 30, 2021). The Platform requires ongoing maintenance and “bug-fixes” which are expensed in the period in which they occur. Management expects that these costs will continue, albeit fluctuate, over the useful life of the Platform.

Amortization
Amortization amounting to $282,058 for the six-month period ended December 31, 2021 (six-month period ended June 30, 2021 - $4,534). The Company began to amortize the Platform on October 31, 2021, as the Platform was determined to be ready for its intended use. As a result, the increase in amortization was consistent with the accounting policies of amortizing the Platform, using a five-year useful life and the ½ year rule in the year of acquisition.

Net loss
Net loss for the six-month period ended December 31, 2021, is $2,180,272 ($0.03 per share) compared to $4,867,264 ($0.11 per share) for the six-month period ended June 30, 2021. The decrease was mainly due to the listing expense of $3,997,636 incurred during the six-month period ended June 30, 2021, which was based on the value for the RTO transaction.

Loss per share for the six-month period ended December 31, 2021 and six-month period ended June 30, 2021, were calculated based on the weighted average number of common shares outstanding throughout the periods of 63,834,560 and 44,470,607, respectively.

Intangible Assets

Cost	
Balance at December 31, 2020	$ 4,616,842
Additions	585,811
Balance at June 30, 2021	$ 5,202,653
Additions	436,062
Balance at December 31, 2021	$ 5,638,715
Accumulated Amortization	
Balance at December 31, 2020	$ -
Amortization	-
Balance at June 30, 2021	$ -
Amortization	277,743
Balance at December 31, 2021	$ 277,743.
Net Book Value	
At June 30, 2021	$ 5,202,653
At December 31, 2021	$ 5,360,972

During the year ended December 31, 2020, the Company entered into a development agreement with InterDynamix Systems Partnership ("IDX"), to develop the Platform. IDX is an entity determined to be under common control, therefore the amount recorded on Acquisition was based on the carrying value of costs incurred in IDX. The Development Agreement encompasses development activity that has occurred on the Platform from an effective date of September 1, 2019.

The consideration payable is equity settled and has been recorded in contributed surplus**.** As the acquisition of the intangible assets is determined to be a transaction under common control, the difference between the carrying amount of intangible assets acquired and the value of the consideration payable of $4,179,978 has been recorded to contributed surplus.

In addition, the Company entered into a Licensing and Service Agreement where the Company will license the platform rights to IDX and grants IDX the exclusive rights to provide support and maintenance for the engineering, marketing and development of the platform. From July 1, 2021 to December 31, 2021, the Company paid services expenses to IDX according to the Licensing and Service Agreement totaling $508,781 (for the six months ended June 30, 2021 - $585,811).

Impairment assessment

As at June 30, 2021, and with respect to the intangible asset related to development costs, management calculated its fair value less costs to sell using a discounted cash flow model (Level 3 in the fair value hierarchy) based upon financial forecasts prepared by management using a discount rate of 26.51%, a cumulative aggregate growth rate of 41.1% over five years and a nominal terminal value. The Company has concluded that there was no impairment as a result of the analysis for the year ended June 30, 2021, as the recoverable amount exceeded the carrying amount by approximately $2,134,962 at a low end of the reasonable range. However, the assessment identified that a reasonably possible change in the key assumption of the sales growth rate forecast results in the recoverable amount being less than the carrying value. A fifty percent reduction in the forecast or a one percent increase in the discount rate applied would result in the carrying value of the intangible asset will not exceed the reasonable range of the recoverable amount.

The financial forecast provided by management was the basis for the recoverable amount exceeded the carrying amount by approximately $2,134,962, which was the low end of the reasonable range. This “low end” was based on forecasted revenue in Canada only and no revenue from the USA market.

It is management’s assertion that this “low end” was simply the worst-case scenario using discounted cash flows and a terminal value over 5 years to which the Company is projecting revenues by Q2 of fiscal 2022.

Summary of Quarterly Results

The following is the financial summary of quarterly operations:

Summary of Quarterly Operations (in thousands)

	Three month period December 31, 2021	Three month period September 30, 2021	Three month period June 30, 2021	Three month period March 31, 2021
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Net Loss	(1,784)	(396)	(4,330)	(537)
Net Loss Per Share	(0.03)	(0.01)	(0.11)	(0.01)
	Three month period December 31, 2020	**Three month period September 30, 2020**	**Three month period June 30, 2020**	**Three month period March 31, 2020**
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Net Loss	(335)	(152)	Nil	(8)
Net Loss Per Share	(0.01)	(0.01)	Nil	(0.01)

Net Loss has fluctuated quarter over quarter and this trend is expected to continue in the near-term dependent on a number of factors including the amount of available cash, business development initiatives, capital budgets, and future gross margins generated from sales.

Liquidity and Capital Resources

	December 31, 2021	June 30, 2021
	$	$
Current assets	908,985	1,950,354
Current liabilities	(1,126,311)	(705,779)
Current assets less current liabilities	**(217,326)**	**1,244,575**
Non-current liabilities	15,253	19,544
Shareholders' equity	5,150,245	6,452,841
	5,165,498	**6,472,385**

Subsequent to December 31, 2021, the Company intends to complete a debenture financing of $5,000,000. The closing date of financing is May 6, 2022 of which the Company will have $3,800,000 of excess liquidity to continue to fund the dealer on-boarding, marketing initiative and further enhancements to the software platform.

Current assets

Current assets decreased by $1,041,369 at December 31, 2021 as compared to June 30, 2021, which is attributed to:

Cash
Cash decreased by $1,123,298 primarily due to expenditures to continue to improve the Platform and fund operating activities.

Current liabilities

Current liabilities of $1,126,311 at December 31, 2021 increased by $420,532 which is attributed to:

Accounts payable and accrued liabilities
Accounts payable and accrued liabilities increased by $418,232. The increase was predominantly due the Company incurring costs for the launch of the Platform.

Lease liability
The current portion of lease liability represents current portion of the lease for office space.

Non-current liabilities

Lease liability

The Company has a lease agreement with Interdynamix Systems Partnership ("IDX") with respect to office space. The lease expires in November 2025. The Company recognized the right of use asset and lease liability in accordance with IFRS 16, Leases.

Going concern

The consolidated financial statements were prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the six-month period ended December 31, 2021, the Company generated a net loss of $2,180,272 (and a net loss of $4,867,264 for the six-month period ended June 30, 2021) and negative cash flows from operations of $715,556 (for the six month period ended June 30, 2021, - $731,333).

As at December 31, 2021, the Company had a working capital deficit of $217,326 (June 30, 2021 – positive working capital of $1,244,575), an accumulated deficit of $7,542,360 (June 30, 2021 - $5,362,088) and no recurring sources of income. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue its research and development of its Platform.

The ability of the Company to be successful in obtaining additional future financing cannot be predicted at this present time. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the effectiveness of interventions by governments and central banks as well as the impact of the Company including its ability to secure sources of financings and further fund its development of the Platform.

Shareholders' equity

Shareholders' equity at December 31, 2021 decreased by $1,302,596 as compared to the balance at June 30, 2021 primarily to the operating loss during the period of $2,180,272 during the six month period ended December 31, 2021 and the issuance of the stock options issued during the six month period ended December 31, 2021, valued at $846,356, using the Black-Scholes option pricing model.

Subsequent Event

The Company has announced a financing of $5,000,000 Convertible Debenture which it will close prior to May 6, 2022. The proceeds will be used to continue the development of the Platform, advertising, marketing, and general corporate purposes.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported on the consolidated financial statements. These critical accounting estimates represent management estimates that are uncertain and any changes in these estimates could materially impact the Company's consolidated financial statements. Management continuously reviews its estimates and assumptions using the most current information available. The Company's critical accounting policies and estimates are described in Note 3 of the accompanied audited consolidated financial statements for the six-month period ended December 31, 2021.

Financial Instruments and Related Risk

The fair value of cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amount due to their short-term nature.

The Company may be exposed to certain financial risks, including credit risk, currency risk, interest rate risk and liquidity risk.

Credit risk
Credit risk is the risk of that a counterparty to a financial asset will default, resulting in the Company incurring a financial loss. The Company is exposed to credit risk on its cash and accounts receivable to a maximum of the varying value of the items at the reporting date.

The Company mitigates its exposure to credit risk by maintaining its bank accounts with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company's monitors its ability to meet its short-term operating expenditures by raising additional funds through share issuances when required. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market or other alternative forms of financing is hindered, whether as a result of a downturn in stock market conditions generated or related to matters specific to the Company.

The Company’s contractual liabilities and obligations are as follows:

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 1,122,020	-	-	-	$ 1,122,020
Balance December 31, 2021	**$ 1,122,020**	**-**	**-**	**-**	**$ 1,122,020**

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	$ 703,788	-	-	-	$ 703,788
Balance June 30, 2021	**$ 703,788**	**-**	**-**	**-**	**$ 703,788**

Foreign exchange risk
The Company has not incurred any operating expenses and capital expenditures in U.S. dollars. Accordingly, the fluctuations in the exchange rate between the U.S. and Canadian dollar can impact the Company’s reported results in future periods depending on its expected US operations.

Interest rate risk
Interest risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. When the Company has cash balances, the Company’s current policy is to invest excess cash in certificates of deposit or high interest savings accounts of major Canadian chartered banks. As of December 31, 2021 and June 30, 2021, the Company had no investments, other than a $30,000 Canadian GIC. The other financial assets and liabilities of the Company do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk. Management believes that the Company is not subject to significant interest rate risk.

Credit Facilities
The Company does not have a credit facility outstanding as at December 31, 2021.

Contractual Obligations
As of December 31, 2021, the Company has a lease agreement with Interdynamix Systems Partnership (“IDX”) with respect to office space. The lease expires in November 2025, and the Company recognized the right of use asset and lease liability in accordance with IFRS 16, Leases.

Off Balance Sheet Arrangements
As at December 31, 2021, the Company had no off-balance sheet arrangements.

Related Party Transactions
The Company’s related parties are its Board of Directors and key management personnel: Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties. Details of the related party transactions follows:

During the year ended December 31, 2020, the Company entered into a development agreement with IDX, a related party, to develop the Platform. IDX is an entity determined to be under common control, therefore the amount recorded on acquisition was based on the carrying value of costs incurred in IDX. The Development Agreement encompasses development activity that has occurred on the Platform from an effective date of September 1, 2019.

In addition, the Company, on September 30, 2020, entered into a Licensing and Service Agreement where the Company will license the platform rights to IDX and grants IDX the exclusive rights to provide support and maintenance for the engineering, marketing and development of the platform. From January 1, 2021, to June 30, 2021, the Company paid services expenses to IDX according to the Licensing and Service Agreement amounting to $585,811 (for the year ended December 31, 2020 - $424,641).

The following transactions and period end balances with related parties were in the normal course of operations and are initially measured at fair value. Related parties include members of the board of directors and executive management:

	December 31, 2021		June 30, 2021	
	Included in Accounts Payable	**Expensed during the period**	Included in Accounts Payable	Expensed during the period
Platform Maintenance / Development costs / Marketing / Rent	**540,727**	**238,542**	94,071	628,771
Stock based compensation	-	**338,851**	-	-
Key management	**9,450**	**37,800**	28,298	38,220
Legal and accounting	**6,141**	**110,200**	61,346	250,011
Consulting / Marketing	**21,420**	**135,967**	-	19,868

Outstanding Share Data

Common shares outstanding

The Company has 63,893,124 (June 30, 2021 - 63,814,824) common shares outstanding as at December 31, 2021. The following table provides the weighted average number of common shares outstanding for purposes of computing loss per share for the relevant periods:

	For the six months ended December 31, 2021	For the six months ended June 30, 2021
Weighted average Common Shares Outstanding	63,834,560	44,470,607

Warrants Outstanding

The Company has the following warrants outstanding:

Warrants Issue Date	Warrant Expiry Date	Strike Price		# of Warrants issued
September 23, 2020	September 23, 2022	$	1	3,491,550
April 9, 2021	April 9, 2023	$	1	1,860,800
June 15, 2021	June 15, 2023	$	1	1,000,000
June 28, 2021	June 28, 2023	$	1	4,117,000
October 1, 2021	October 1, 2023	$	1	78,300
				10,547,650

The weighted-average remaining contractual life of options outstanding at December 31, 2021 is 1.34 years.

Stock options

On June 29, 2021, shareholders of the Company voted to adopt a new stock option plan which supersedes any prior stock option plans. The Company uses stock options as a form of compensation to reduce the amount of compensation paid to employees, to preserve cash during this pre-revenue phase. Under the new plan, up to 10% of the issued and outstanding common shares may be allotted and reserved for issuance. The terms of the option, including the vesting terms and the option price are fixed by the directors at the time of grant subject to the price not being less than the market price of the Company's stock on the date of grant and a maximum term of 10 years. The following table summarizes activity under the Company's stock option plan:

	Number	Weighted average exercise price
Balance, December 31, 2020	**97,895**	**3.28**
Expired	-	1.00
Forfeited	(97,895)	2.89
Balance, June 30, 2021	**-**	**-**
Granted	5,495,000	0.49
Expired	-	-
Forfeited	-	-
Balance, December 31, 2021	**5,495,000**	**0.49**

As of December 31, 2021, the following stock options were outstanding and exercisable:

Exercise Price $	Number of Options Outstanding	Expiry Date	# of Options exercisable	Remaining Contractual Life (year)
0.58	5,495,000	November 29, 2026	5,495,000	4.92

The stock options shall vest as follows:

- 34% of the stock options shall vest immediately on the Grant Date, November 29, 2021.

- 33% of the Stock Options will vest on November 29, 2022;

- the final 33% of the Stock Options will vest on November 29, 2023.

The weighted-average remaining contractual life of options outstanding on December 31, 2021 was 4.92 years (June 30, 2021 – 3.145 years).

The estimated value of the Broker options is based on a Black-Scholes option pricing model with the following assumptions:

Dividend yield		0%
Expected volatility		134.93%
Risk-free interest rate		0.45%
Forfeiture rate		0%
Share price – estimated fair value	$	0.3915
Term		2 years
Fair value per option	$	0.2576

Risks & Uncertainties

The development and deployment of new technology is subject to significant risks. The risk factors noted below do not necessarily comprise all those faced by the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations, and future prospects of the Company. If any of the following risks materialize, the business of the Company may be harmed, and its financial condition and results of operations may suffer significantly.

Limited Operating History

Carbeeza is in the early stages of development and must be considered a start-up. As such, the Company will be subject to many risks common to such enterprises, including start-up losses, lack and uncertainty of revenues, markets and profitability, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. Carbeeza has a limited history of earnings, and its limited operating history makes it difficult to predict how its business will develop and its future operating results.

There is no assurance that any future products will generate earnings, operate profitably, or provide a return on investment in the future and the likelihood of success and any potential return on a shareholder's investment must be considered in light of Carbeeza's early stage of operations. The Company has no intention of paying any dividends in the foreseeable future.

The Company's business and prospects must be considered in light of the risk, expenses and difficulties frequently encountered by technology companies in the early stage of product development. Such risks include the unpredictable nature of Carbeeza's business, its ability to anticipate and adapt to a dynamic market and the ability to identify, attract, and retain qualified personnel. There can be no assurance that Carbeeza will be successful in addressing these risks.

Carbeeza Not Yet Profitable

Carbeeza has incurred losses in recent periods, including a net loss of $2,180,272 for the six months ending December 31, 2021, primarily as a result of investments that Carbeeza has made with respect to sales and marketing, support services, development costs and other operational expenses. The Company may not be able to achieve or maintain profitability and may continue to incur losses in the future. In addition, it is expected that the Company will continue to increase operating expenses as it continues to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Budgeting

The Company's limited operating experience, the dynamic and rapidly evolving market in which it sells its services and numerous other factors beyond its control, may impede its ability to forecast quarterly and annual revenue accurately. As a result, the Company could experience budgeting and cash flow management problems, unexpected fluctuations in its results of operations and other difficulties, any of which could make it difficult for the Company to achieve or maintain profitability and could increase the volatility of the market price of the Company's securities. The Company's quarterly operating and financial results are likely to vary from quarter to quarter. Variability in the nature of its results may be attributed to the factors identified throughout this AIF, many of which may be outside the Company's control.

Additional Financings

The Company will continue to make investments to support business growth and may require additional funds to respond to business challenges, including the need to develop any new products and services or enhance existing products and services, enhance operating infrastructure, and acquire complementary businesses and technologies. In order to execute the anticipated growth strategy, the Company may require some additional equity or debt financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, additional financing may not be available on favorable terms, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it, when required, its ability to continue to support business growth and to respond to business challenges could be significantly limited and its future profitability could be adversely affected. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

Changing Technological Developments

The market for Carbeeza's services is characterized by rapid technological change, with frequent variations in user requirements and preferences, frequent new product and service introductions embodying new technologies, changes in protocols and evolving industry standards. The Company's success will depend, in part, on its ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry, meet its customers' increasingly sophisticated needs.

If the Company is unable to respond to technological changes or fails or delays development of products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses which could negatively impact sales, profitability, and the continued viability of the business.

Attracting New Customers

To increase the Company's revenues, it must regularly add new customers, sell additional products and services to existing customers, and encourage existing customers to increase their minimum commitment levels. If the Company's existing and prospective customers do not perceive the Company's products and services to be of sufficiently high value and quality, the Company may not be able to attract new customers or increase sales to existing customers and its operating results will be adversely affected.

Increasing the Company's customer base and achieving broader market acceptance of its products and services will depend to a significant extent on its ability to expand its sales and marketing operations. It is expected that the Company will be substantially dependent on its direct sales force to obtain new customers. There is significant competition for direct sales personnel with the sales skills and technical knowledge that the Company requires. The Company's ability to achieve significant growth in revenues in the future will depend, in large part, on its success in recruiting, training, and retaining sufficient numbers of direct sales personnel. New hires require significant training and, in most cases, take a significant period of time before they achieve full productivity. The Company's hires may not become as productive as it would like, and the Company may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where it does business. The Company's business will be seriously harmed if these expansion efforts do not generate a corresponding significant increase in revenues.

Fluctuating Results of Operations

The Company's quarterly results of operations may fluctuate as a result of a variety of factors, many of which are outside of its control. If the Company's quarterly results of operations fall below the expectations of securities analysts or investors, the price of the Company's Shares could decline substantially. Fluctuations in quarterly results of operations may be due to many factors, including, but not limited to, those listed below:

- the Company's ability to increase sales and attract new customers.
- the addition or loss of large customers.
- fluctuations in demand, sales cycles, product mix and prices for the Company's products.
- the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of the Company's business, operations and infrastructure.
- the timing and success of any new product and service introductions by the Company or its competitors.
- costs associated with litigation, especially related to intellectual property.
- currency fluctuations.
- loss of key personnel or the shortage of available skilled workers.
- productivity and growth of the Company's sales and marketing force.
- the forecasting, scheduling, rescheduling or cancellation of orders by the Company's customers.
- changes in the Company's pricing policies or those of competitors.
- service outages or security breaches.
- the timing of announcements by the Company or its competitors.
- increasing competition.
- new advancement in technology.
- the Company's ability to successfully define, design and release new products in a timely manner that meet its customers' needs.
- future accounting pronouncements and changes in accounting policies.
- volatility in the Company's share price, which may lead to higher share compensation expense.
- limitations of the capacity of the Company's network and systems.

- the timing of costs related to the development or acquisition of technologies, products and services or businesses.
- market acceptance of the Company's products.
- general economic, industry and market conditions in the countries where the Company operates or where its products are sold or used.
- geopolitical events such as war, threat of war or terrorist actions.

Unfavorable changes in any of the above factors, most of which are beyond the Company's control, could significantly harm the Company's business and results of operations. The Company's operating results and financial condition may fluctuate from quarter to quarter and year to year and are likely to continue to vary due to a number of factors, some of which are outside of the Company's control. The quarterly revenues and results of operations of the Company may vary significantly in the future and period-to-period comparisons of the Company's operating results may not be meaningful. These events could, in turn, cause the market price of Company's Shares to fluctuate. If the Company's operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of the Company's Shares will likely decline. Due to all of the foregoing factors and the other risks discussed in this "Risk Factors" section, individuals should not rely on quarter-to-quarter or year-to-year comparisons of the Company's operating results as an indicator of future performance.

Competition

The Company will compete in a rapidly evolving and highly competitive market. Some of the Company's potential competitors have longer operating histories, greater name recognition, access to larger customer bases and substantially greater resources, including sales and marketing, financial and other resources. As a result, these competitors may be able to:

- absorb costs associated with providing their products at a lower price.
- devote more resources to new customer acquisitions.
- respond to evolving market needs more quickly than the Company; and
- financing more research and development activities to develop better products and services.

Larger technology companies may enter the market, either by developing competing products and services or by acquiring existing competitors of the Company and may compete against the Company effectively as a result of their significant resources. Current and potential competitors may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's system. In addition, many of these companies may have pre-existing relationships with the Company's current and potential customers. If the Company is not able to compete successfully against its current and future competitors, it will be difficult to acquire and retain customers, and the Company may experience limited revenue growth, reduced revenues and operating margins and loss of market share.

Reliance on Key Personnel and Others

Due to the technical nature of its business and the dynamic market in which the Company competes, its success depends on its ability to attract and retain highly skilled developers and technology, engineering, managerial, marketing and sales personnel. In particular, the Company's future success depends in part on the continued services of each of its current executive officers and other key employees. The success of the Company will also depend on the performance of its outside consultants and suppliers, including IDX. The Company may not have any “key man” insurance policies, and therefore there is a risk that the death or departure of any one or more members of management or any key employee could have a material adverse effect on the Company**.** The Company also faces intense competition for qualified personnel. Management believes that there are only a limited number of persons with the requisite skills to serve in many key positions and it is difficult to hire and retain these persons. There can be no assurance that the Company can attract and retain these personnel and continue to recruit required talent quickly enough and with the skills required to enable the Company to execute on its business plans. In addition, periodic changes to the organizational structure and compensation plans for the Company’s sales organization may be disruptive and may impact on sales cycle or alter the average cost of sales. An inability to recruit and retain key employees or a loss of the services of the Company’s key employees could have a material adverse effect on its sales revenues, technological development, business, operating results and financial condition.

Difficulty Forecasting

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Suppliers

The Company has relationships with suppliers and service providers upon which it depends to provide critical components for its products and services. In the event that the Company is unable to maintain these relationships or establish relationships with new suppliers or service providers as required, the availability, pricing and quality of its products and services may be adversely affected causing an adverse effect on the Company's business, operating results and financial condition. Relationships with third-party suppliers and service providers expose the Company to risks associated with the integrity, quality, reputation, solvency and performance of such parties.

Operating Risk and Insurance Coverage

The Company has insurance to protect its assets, operations, and employees. While Management believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company may be exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company’s liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if it were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the proposed directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Privacy

The Company may be subject to scrutiny and regulation from regulatory and legislative bodies with regards to the information that is collected within its systems. To reduce this risk, the Company has taken a proactive approach to consumer and data privacy a comprehensive data privacy policy that is consistent with industry best practices. However, there can be no assurance that the approach taken by the Company with respect to data privacy will be wholly sufficient to protect the Company from various risks associated with personal data collection, which risks could materially and adversely affect the business, financial condition and results of operations of the Company.

Legal Risks

The Company is subject to legal risks related to operations, contracts, relationships and otherwise under which the Company may be served with legal claims. Whether or not the claims are legally valid, such claims may result in legal fees, damages, settlement costs and other costs as well as significant time and distraction of management and employees. The Company may become party to litigation from time to time in the ordinary course of business and should any such litigation be determined against the Company; such a decision could adversely affect the Company’s ability to continue operating and the market price for the Company’s Shares and could require significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Stock Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's securities will be affected by such volatility.

The Company’s stock price may also experience significant fluctuations due to operating performance, performance relative to analysts' estimates, disposition or acquisition by a large shareholder, a lawsuit against the Company, the loss or acquisition of a significant customer or distributor, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts’ expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, industry-wide factors, general economic conditions, legislative changes, political conditions and other events and factors outside of the Company’s control. These factors, among others, may cause wide fluctuations and decreases in the value of the Company’s Common Shares.

Dividends

The Company has no earnings or dividend record and does not anticipate paying any dividends on the Common Shares in the foreseeable future. Dividends paid by the Company would be subject to tax, and potentially withholdings.

Limited Market for Securities

The Company’s Common Shares are listed on the Exchange, however, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained, and an investor may find it difficult to resell any securities of the Company.

Intellectual Property and Protection of Proprietary Rights

The Company’s success will depend, in part, on its ability to enforce patent rights, maintain the confidentiality of trade secrets and unpatented know-how, and operate without infringing on the proprietary rights of third parties or having third parties circumvent the Company’s rights. The Company relies on a combination of patented technology, contract, copyright, trademark and trade secret laws, confidentiality procedures and other measures to protect its proprietary information. Unauthorized parties may attempt to copy aspects of its products or to obtain information that is proprietary. Policing unauthorized use of proprietary technology, if required, may be difficult, time-consuming, and costly. If a third party misappropriates the Company’s intellectual property, the Company may be unable to enforce its rights. The Company’s competitors could independently develop technology similar to its technology.

The Company may be challenged by allegations of its infringement of the intellectual property of others. Although the Company does not believe that its products or services infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against the Company, or that any such assertions or prosecutions will not materially adversely affect the Company’s business, financial condition, or results of operations. Intellectual property claims are expensive and time consuming to defend and, even if they are without merit, may cause delay in the introduction of new products or services. There is no assurance that the Company will be successful in defending such claims and, if it is unsuccessful, there is no assurance that the Company will be successful in obtaining a license for the intellectual property in question. In addition, the Company’s managerial resources could be diverted in order to defend its rights, which could disrupt its operations.

Liability Claims

The Company’s technology is highly technical and may contain undetected errors, defects, or security vulnerabilities. The Company may be subject to claims arising from the use of its products and services. The Company’s products are complex and sophisticated and, from time to time, may contain design defects that are difficult to detect and correct. There can be no assurance that errors will not be found in the Company’s products or, if discovered, no assurance that the Company will be capable of successfully correcting such errors in a timely manner or at all. Some errors in the Company’s technology may only be discovered after it has been deployed and used by its customers. Any errors, defects or security vulnerabilities discovered in its technology after commercial release could result in loss of revenue or delay in revenue recognition, loss of customers and increased service costs, any of which could adversely affect the Resulting Issuer's business, operating results and financial condition.
In addition, the Company could face claims for product liability, tort, or breach of warranty. Defending a lawsuit, regardless of its merit, is costly and may divert management's attention away from the business and adversely affect the market's perception of the Company and its services. In addition, if the Company’s business liability insurance coverage is inadequate or future coverage is unavailable on acceptable terms or at all, it’s operating results and financial condition could be adversely impacted.

Credit Concentration and Credit Risk

The Company intends to provide credit to its customers in the normal course of operations. Credit risk arises from the potential that a customer or counterparty will fail to meet its contractual obligations. The Company is exposed to credit risk from its customers on its trade receivables and unbilled revenue. Accounts receivable include amounts due from its retail customers, which exposes the Company to risk of non-payment. The Company estimates probable losses on a continuing basis and records a provision for such losses based on the estimated realizable value. Although the Company will attempt to manage its credit risk exposure, there is no assurance that this provision will be adequate.

Foreign Exchange

As Management anticipates that the Company’s business will expand with increased global sales, it is expected that it may be necessary to transact sales in foreign currencies other than Canadian dollars, thus exposing the Company to foreign currency risk.

General Economic Conditions

The Company’s results could be adversely affected by changing economic conditions in the countries in which it operates. The Covid-19 pandemic has affected the level of commercial and consumer delinquencies, lack of consumer confidence, cuts in government spending, increased market volatility and widespread reduction of business activity generally. There can be no guarantee that the countries in which the Company operates will not experience similar economic conditions, and to the extent such markets experience an economic deterioration, the resulting economic pressure on the Company’s customers may cause them to end their relationship with the Company, reduce or delay demand for its products and services, resulting in a decline in revenues and profitability that could be material. Continued difficult or uncertain economic conditions could adversely affect the Company’s revenue and profitability.

Market Demand for the Product and Services

The Company's success is dependent on its ability to market its products and services. There is no guarantee that its products and services will remain competitive. There is no guarantee the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services, its growth may be adversely affected.
There can be no assurance that the Company's targeted vertical and geographic markets will grow, or that the Company will be successful in establishing ourselves in new vertical and geographic markets. If the various markets in which its products compete fail to grow, or grow more slowly than is currently anticipated, or if the Company is unable to establish itself in new markets, its growth plans could be materially adversely affected.

Government Regulation

Although the Company has obtained the necessary approvals for the products it currently sells, it may not be able to obtain approvals for future products on a timely basis, or at all. In addition, regulatory requirements may change, or the Company may be unable to obtain regulatory approvals from countries in which it may desire to sell products in the future. The Company may be required to incur additional costs in order to comply with foreign and state regulations pertaining to issues such as privacy, taxation, marketing content, and other considerations.

Accounting Estimates

The Company prepares its financial statements in Canadian dollars in accordance with International Financial Reporting Standards ("**IFRS**"). Management makes various estimates and assumptions in determining the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses for each year presented. The significant estimates include testing for impairment of goodwill and provision for warranty. Changes in estimates and assumptions will occur based on the passage of time and the occurrence of certain events.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, the system of internal controls over financial reporting is not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

There is no U.S. public market for Company Shares

At the present time, there is no U.S. public market for the Company's securities. It is possible that a regular trading market will not develop, or if developed, that a market will not be sustained. Any market for the Company's securities that may develop will very likely be a limited one. In any event, due to the low price of the stock, many brokerage firms may choose not to engage in market making activities or effect transactions in such securities. Purchasers of the Company's securities may have difficulties in reselling them and many banks may not grant loans utilizing the Company's securities as collateral. The securities are not eligible for listing on the NASDAQ Stock Market and may never be eligible or listed on a U.S. exchange.

Approval

The board of directors has approved the disclosure contained in this MD&A. Additional information relating to the Company is available on SEDAR at www.sedar.com.