

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis, unless the context indicates or requires otherwise, all references to the "Company", the "Corporation", "Givex", "we", "us" or "our" refer to Givex Information Technology Group Limited, together with our subsidiaries, on a consolidated basis.

This management's discussion and analysis of financial condition and results of operations ("MD&A") dated May 13, 2022 for the three months ended March 31, 2022 of Givex should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and the notes related thereto for the three months ended March 31, 2022, as well as the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2021 and 2020 as posted on SEDAR. The financial information presented in this MD&A is derived from the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators.

*On November 25, 2021, Givex completed a reverse takeover transaction (the "**Transaction**") with Givex Corporation, a corporation incorporated under the International Business Companies Act (Bahamas) (the "**IBCA**") pursuant to a business combination agreement between Givex, Givex Corporation and County Subco Corp., dated November 12, 2021 (the "**BCA**") under the laws of the IBCA, which resulted in Givex becoming the parent company of Givex Corporation. Givex Corporation is deemed to be the accounting acquirer in the reverse takeover transaction. As a result, the consolidated statements of financial position are presented as a continuance of Givex Corporation and the comparative figures are presented as those of Givex Corporation.*

Additional information relating to Givex, including our most recently completed Annual Information Form for the fiscal year ended December 31, 2021, is available on our website at investors.givex.com and can be found on SEDAR at www.sedar.com.

Cautionary Statement on Forward-Looking Information

*This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate", "believe", "expect", "estimate", "may", "will", "could", "leading", "intend", "contemplate", "shall" and similar expressions are generally intended to identify forward-looking statements. Additionally, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Forward-looking information, among other things, may relate to our financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, operations, financial results, taxes, plans and objectives. Particularly information regarding our expectations of future results, performance, achievements, prospects or opportunities or the marks in which we operate and the impact thereon of the ongoing COVID-19 pandemic as well as statements regarding industry trends and expectations regarding our revenue.*

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances as at the date of the forward-looking information. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove correct.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under the "Summary of Factors Affecting Our Performance" section of this MD&A, the "Risk Factors" section of our most recently filed annual information form and the "Risk Factors" section in the Filing Statement all of which are available on SEDAR at www.sedar.com.

The forward-looking statements made in this MD&A relate only to events or information as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this MD&A, including the occurrence of unanticipated events. An investor should read this MD&A with the understanding that our actual future results may be materially different from what we expect. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Filing Statement.

Overview

Givex operates as a full-suite omni-channel Gift Card, Loyalty Program, data analytics, Stored Value Ticketing, payments processing solutions and cloud-based POS solutions provider. Givex's principal business operations are conducted from Toronto, Ontario with services provided globally.

Givex's aim is to continuously develop and deploy tools that will help its merchant clients uncover the insights needed to strengthen their relationships with consumers and increase commercial activity for its merchant clients. Givex aims to effect this by listening to its merchants, empowering its teams, and partnering with its suppliers at all times.

Givex develops, sells, installs, and supports five key technology solutions for merchants of all sizes, including single store locations and Fortune 500 companies with thousands of locations: (i) Customer Engagement Solutions; (ii) Enterprise POS; (iii) Payment Processing Solutions; (iv) Integrations Solutions; and (v) Analytics. A Givex client can use one or all of these services, as all five solutions products are designed and built to work together on one single platform.

Givex's core growth strategy focuses on:

- *Continued Investment in Cloud Platform*

Over the last 20 years, Givex has continually invested in its core cloud-based technology and will continue to do so.

- *Sell All Product Offerings to Clients*

Givex started as a Gift Card processor, and as such most Givex merchant clients today are Gift Card clients, who then added Loyalty and then GivexPOS to their product subscriptions. More recently, Givex has sold GivexPOS to merchant clients that have added Gift Cards then Loyalty Programs. Givex aims to make sure all of these product offerings provide clients the opportunity to use at least one additional Givex service.

- *Client Development and Retention*

Givex has an effective sales management tool that allows it to both track and follow up with new prospects as well as existing merchant clients. As such, Givex can continually monitor its performance. Givex has a very low turnover rate of established merchant clients. Many of Givex's existing merchant clients have been with Givex for over 10 years and some longer than 15 years.

- *Growth by Acquisition of Average Performing POS and Client Engagement Platform Businesses*

A key component of Givex's growth strategy is growth by acquisitions. Givex is targeting companies that are established and profitable or marginally profitable that are in need of marketing and/or technical support to better serve their existing base of merchants. Givex will continue to search for targets in all of its geographical markets.

In the years 2018, 2019 and 2021 Givex completed strategic acquisitions of the following entities: ValuAccess Limited ("**ValueAccess**"), Owen Business Systems Ltd. ("**OBS**"), Easy Information Solutions S.A. de C.V ("**EIS**"), PI Cash Système SARL ("**Pi Cash**"), and also acquired certain assets from Moneris Solutions Corporation which currently make up the Givex product, "**GIFTPASS**", which consists of gift-card inventory and the ability to purchase gift cards on-line.

The acquisition of ValuAccess allowed Givex to expand into Asia Pacific markets, provide further support for its growing list of multinational clients and provide merchants with more effective localized support. The acquisition of OBS provided Givex with an upsell opportunity to OBS's Canadian client base. Givex was also able to integrate OBS's retail POS system, "eStream POS XDB" into its retail POS system to enhance functionality for Givex's customers in fashion, grocery, and other retail verticals. Acquiring EIS allowed Givex to expand into Mexico and gain access to EIS's existing customer base and team. Givex is working with EIS Management to expand the cost-effective Mexico based Givex Client services team.

- *Strengthen Marketing and Sales with Aim to Improve Direct Sales in Givex Markets and Acquire Resellers*

Givex has attended several trade shows and invested in some advertising. Givex aims to hire more direct sales team members in 2022 and will also be looking to acquire resellers of legacy-based systems in all Givex markets, which should also assist Givex with building sales resources for more direct-to-market sales activity.

- *Invest in Team and Support Tools*

Many Givex team members have been involved with the business for more than ten years, with some for over fifteen years. The institutional knowledge of this team is one of the reasons Givex has a strong client services reputation and has also been able to retain clients.

Recent Developments

On January 25, 2022, the Corporation acquired all of the issued and outstanding shares of 1157487 Ontario Inc. (operating as Kalex Equipment Services) ("Kalex") a company incorporated under the laws of Ontario. The total purchase price was \$2.5 million paid as cash consideration, promissory note payable and issuance of common shares. Kalex carries on the business of reselling new and legacy information technology point-of-sale equipment to the Canadian retail sector and providing on-line and other support services on the POS retail equipment stores.

On February 17, 2022, the Corporation acquired all the issued and outstanding shares of Loyalty Lane, Inc. ("Loyalty Lane"), a company incorporated under the laws of Georgia. Loyalty Lane, Inc. carries on the business of providing loyalty and rewards transaction processing for independent grocers. The total purchase price was \$7.6 million paid as cash consideration and issuance of common shares.

Reverse Takeover Transaction & Subscription Receipt Financing

On November 24, 2021, in connection with the Transaction, the Company effected the Consolidation and the Name Change. On November 25, 2021, the Company completed the Transaction by way of a business combination pursuant to which, among other things: (a) Givex Corporation merged with County Subco Corp., an entity incorporated for the purposes of the Transaction, pursuant to the provisions of the IBCA, following which Givex Corporation survived as the successor corporation; (b) all of the issued and outstanding shares of Givex Corporation were exchanged for common shares in the capital of the Company on a one-for-one basis (the "**Exchange Ratio**"); and (c) all convertible securities of Givex Corporation were exchanged for convertible securities of the Company on economically equivalent terms on the basis of the Exchange Ratio. Upon completion of the Transaction, the Company de-listed its common shares from the TSX Venture Exchange and concurrently listed its common shares on the TSX under the ticker symbol "GIVX". Further details of the Transaction are described in the filing statement of the Company which can be found on the Company's issuer profile on SEDAR at www.sedar.com.

On November 12, 2021, in connection with the Transaction, Givex Corporation completed the Concurrent Offering and issued 22,000,000 Subscription Receipts for aggregate proceeds of \$22,000,000, less a specified amount in agents' fees and expenses. Immediately prior to closing of the Transaction, and upon the satisfaction of certain escrow conditions prescribed by the Subscription Receipt Indenture, each Subscription Receipt was automatically exchanged, for no additional consideration, into one Givex Corporation Class A ordinary share and one half of one Givex Corporation Class A ordinary share purchase warrant. Upon completion of the Transaction, all securities in Givex Corporation, including Class A ordinary shares and Class A ordinary share purchase warrants issued in exchange for Subscription Receipts, were exchanged for common shares and common share purchase warrants in Givex on the basis of the Exchange Ratio on the basis of one Givex Share for each Givex Corporation Share.

For additional information regarding the Transaction or the Subscription Receipt Financing please see the Filing Statement, which is available on SEDAR at www.sedar.com.

COVID-19

There continues to be uncertainty regarding the duration and magnitude of the COVID-19 pandemic and the ability to control resurgences worldwide, making it difficult to assess the future impact on our customer base, the end markets we serve and the resulting effect on our business and operations, both in the short term and in the long term.

Despite the ongoing risks and uncertainties, however, we continue to believe the impact of the COVID-19 pandemic on the retail and restaurant industries has accelerated the need for our solutions as our target market look to augment traditional in-person selling models with online and digital strategies. A large portion of our customer market is currently served by legacy on-premise systems that are expensive, complicated, and poorly equipped to help this market adapt to this immediate need. The Company believes this represents a significant opportunity for us to grow our customer base for all our products as the retail and restaurant worlds shift to

more cloud-based solutions.

Since the onset of the COVID-19 pandemic, we implemented temporary measures to help our customers navigate the uncertainty they were facing including price and payment flexibilities. We also prioritized the health and safety of our employees by quickly deploying all staff to a “work from home model”, something the Company was well-suited to do given the cloud-based tools it uses to run its business. The Company also implemented a COVID-19 pandemic cost cutting plan to help scale back operating costs where possible.

The results of these measures include revenue growth of \$3.7 million from \$51.5 million for Fiscal 2020 to \$55.2 million for Fiscal 2021. This was achieved despite the COVID-19 impact on the global retail and restaurant industries, further demonstrating, we believe, the demand for our solutions.

We continue to monitor the impact of COVID-19 on our business, financial condition, and operations. Please refer to the section in the Annual Information Form entitled “General Development of the Business – The COVID-19 Pandemic”.

Key Performance Indicators

We monitor the following key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key performance indicators are also used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors, and other interested parties frequently use industry metrics in the evaluation of issuers. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

Customer Locations. “**Customer Location**” means a billing customer location for which the term of services has not ended, or with which we are negotiating a renewal contract. It includes both merchant locations that have transactions processed through our cloud-based SaaS platform, as well as merchant locations not on our platform but for which we provide other Givex services. A single unique customer can have multiple Customer Locations including physical and eCommerce sites.

We believe that our ability to increase the number of Customer Locations served by our platform and products is an indicator of our success in terms of market penetration and growth of our business. During the COVID-19 pandemic, certain customers that process transactions through our platform may have decided to or been forced to close for a certain time period. If these customers did not perform at least one transaction during this period, we would not include them in the customer location count despite the fact they may still be customers.

As at March 31, 2022 and March 31, 2021, we had global customer locations of approximately 115,000 and 91,000 respectively. This includes the 15,000 customer locations added through the Kalex acquisition, and the 2,000 grocery locations added through the Loyalty Lane acquisition, both of which acquisitions occurred in Q1 2022 and are more fully described above.

Gross Transaction Volume. “**Gross Transaction Volume**” or “**GTV**” means the total dollar value of stored and POS transactions processed through our cloud-based SaaS platforms in the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We believe GTV is an indicator of the success of our customers and the strength of our platforms. GTV does not represent revenue earned by us.

For the three months ending March 31 2022 and 2021, total GTV processed was approximately \$1.26 billion and \$1.04 billion respectively, representing growth of 21%. During the COVID-19 pandemic, certain customers may have decided to or been forced to close for a certain time period, eliminating any transactions for these customers despite the fact they may still be customers.

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

The information presented within this MD&A includes certain financial measures such as “Adjusted EBITDA”, which are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

Adjusted EBITDA

Adjusted EBITDA is defined as net profit (loss) excluding interest, taxes, depreciation and amortization, or EBITDA, as adjusted for share-based compensation and related expenses, foreign exchange gains and losses, and transaction-related expenses including those related to going public through the reverse takeover transaction as further defined above.

The following table reconciles net income (loss) to Adjusted EBITDA for the periods indicated:

| (in thousands of C\$) | Three months ended | |
|--|--------------------|--------------|
| | March 31 | |
| | 2022 | 2021 |
| | \$ | \$ |
| Net income (loss) and comprehensive income (loss) | (2,581) | (9) |
| Depreciation of property and equipment | 230 | 410 |
| Depreciation of right-of-use assets | 589 | 500 |
| Amortization of intangible assets | 439 | 227 |
| Net finance cost | 131 | 130 |
| Income tax provision (recovery) | (527) | 17 |
| EBITDA | (1,719) | 1,275 |
| Share-based compensation expense | 2,989 | 0 |
| Foreign exchange loss (gain) | (14) | 49 |
| ADJUSTED EBITDA | 1,256 | 1,324 |

Summary of Factors Affecting Our Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose challenges, some of which are discussed below and are more fully described in the “Risk Factors” section of our most recent Annual Information Form, which can be found on the Company’s issuer profile on SEDAR at www.sedar.com.

Market adoption of our platform

We intend to continue to drive adoption of our commerce-enabling platform by scaling our solutions to meet the needs of both new and existing customers of all types and sizes. We believe that there is significant potential to increase penetration of our total addressable market and attract new customers. We plan to do this by further developing our products and services as well as continuing to invest in marketing strategies tailored to attract new businesses to our platform, both in our existing geographies and new markets around the world. We also intend to selectively evaluate opportunities to offer our solutions to businesses operating in industry verticals that we do not currently serve. We plan to continue to invest in our platform to expand our customer base and drive market adoption and our operations may fluctuate as we make these investments.

Cross-selling and up-selling with existing customers

Our existing customers represent a significant opportunity to cross-sell and up-sell products and services with limited incremental sales and marketing expense. We use a “land and expand” approach, with many of our merchant-clients initially deploying our platform for a specific use case. Once they realize the benefits and wide functionality of our platform, they can expand the number of product offerings they subscribe to. We plan to continually invest in product development, and in sales and marketing, to add more solutions to our platform and to increase the usage and awareness of our solutions. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to expand our customers’ use of our comprehensive suite of our solutions.

Scaling our sales and marketing team

Our ability to achieve significant growth in future revenue will largely depend upon the effectiveness of our sales and marketing efforts, both domestically and internationally. The majority of our sales and marketing efforts are accomplished in-house, and we believe the strength of our sales and marketing team is critical to our success. We have invested and intend to continue to invest meaningfully in terms of expanding our sales force, and consequently, we anticipate that our headcount will continue to increase as a result of these investments.

International sales

We believe that global demand for our platform will continue to increase as SMBs seek out end-to-end solutions with omni-channel capabilities to enable their businesses to thrive and succeed in an increasingly complex operating environment. Accordingly, we believe there is significant opportunity to grow our international business. We have invested, and plan to continue to invest, ahead of this potential demand in personnel and marketing, and to make selective acquisitions outside of North America to support our international growth.

Key Components of Results of Operations

Revenue

Service and payments revenue

The Company’s main sources of revenue are recurring service fees from its technology solutions. “Service and payment revenues”, which consist of subscription and transactional revenue from our customer engagement, POS, payments, integrations, and analytics solutions, are recognized as services provided. Our solutions include maintenance and support.

Hardware and other revenue

These are generally one-time revenues associated with the sale of hardware with which our solutions integrate and development services in support of the integration of our solutions to our customers.

Direct cost of revenue

Direct cost of services and payments revenue

Costs of these revenues primarily includes direct costs related to our payments, card production and fulfillment solutions.

Direct cost of hardware and other revenue

Cost of these revenues primarily includes costs associated with our hardware solutions, such as the cost of acquiring the hardware inventory as well as expenses related to the one-time implementation services provided to customers.

Operating Expenses

General and administrative

General and administrative expenses consist of all Givex employee and contractor expenses, recurring professional fees, costs associated with our internal networks and datacenters, insurance, and general corporate expenses. These costs are reduced by any government assistance like that from the Canadian Government's COVID-19 wage subsidy program in respect of remuneration for eligible employees.

Sales and marketing

Sales and marketing expenses consist primarily of costs relating to advertising and marketing, attendance at trade shows, and travel costs.

Share-based compensation

Upon Closing of the Transaction in Q4 2021, Givex adopted both a stock option plan and a restricted share unit plan. The purpose of these plans is to assist the Corporation in attracting and retaining key employees, officers, directors, and consultants who will contribute to the Corporation's long-term success by providing them incentives that align their interests with those of the shareholders of the Company. The Plans are administered by the Board. See more details about the Transaction above.

Results of Operations

The following table outlines our consolidated statements of income (loss) for the three months and ended March 31, 2022 and 2021:

| (in thousands of C\$) | Three months ended | |
|---|--------------------|---------------|
| | March 31 | |
| | 2022 | 2021 |
| | \$ | \$ |
| Revenue | | |
| Service and payments revenue | \$ 15,127 | 12,303 |
| Hardware and other revenue | 1,205 | 683 |
| Total | <u>16,332</u> | <u>12,986</u> |
| Direct Cost of Revenue | | |
| Service and payments revenue | 4,518 | 3,840 |
| Hardware and other revenue | 900 | 412 |
| Total | <u>5,418</u> | <u>4,252</u> |
| Gross profit | 10,914 | 8,734 |
| Expenses | | |
| General and administrative | 8,948 | 7,220 |
| Sales and marketing | 710 | 190 |
| Depreciation of property and equipment | 230 | 410 |
| Depreciation of right-of-use assets | 589 | 500 |
| Amortization of intangible assets | 439 | 227 |
| Share-based compensation | 2,989 | 0 |
| Foreign exchange loss (gain) | (14) | 49 |
| Total Expenses | <u>13,891</u> | <u>8,596</u> |
| Income (loss) before undernoted items and income taxes | (2,977) | 138 |
| Net finance costs | 131 | 130 |
| Income (loss) before income taxes | (3,108) | 8 |
| Income tax expense (recovery) | (527) | 17 |
| Net income (loss) and comprehensive income (loss) | <u>\$ (2,581)</u> | <u>(9)</u> |
| Net income (loss) per share | | |
| Basic and diluted | \$ (0.02) | 0 |

Results of Operations for the Three Months Ended March 31, 2021, and 2020

Revenues

| (in thousands of C\$, except percentages) | 3 months ended | | Change | Change |
|---|----------------|--------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | | |
| | \$ | \$ | \$ | % |
| Revenue | | | | |
| Service and payments revenue | 15,127 | 12,303 | 2,824 | 23.0% |
| Hardware and other revenue | 1,205 | 683 | 522 | 76.4% |
| Total Revenues | 16,332 | 12,986 | 3,346 | 25.8% |

Service and payments revenue

For the 3 months ending March 31, 2022, service and payments revenue increased \$2.8 million or 23% over the 3 months ending March 31, 2021. This increase is due to a combination of both new acquisitions and organic growth.

The Kalex acquisition in January 2022, as discussed earlier, contributed \$0.6 million to the increase. The Loyalty Lane acquisition in February 2022, also discussed earlier, contributed \$0.70 million towards the increase.

There was also strong growth in both the US and Brazil. Revenue in the US increased approximately \$1.2 million or 33% from Q1 2021, and Brazil increased approximately \$0.3 million or 68% from Q1 2021.

This revenue growth is consistent with the growth in GTV processed through our system as noted in “Key Performance Indicators” above. For Q1 2022, GTV processed through our system grew approximately \$.22 billion or 21%, to \$1.26 billion in Q1 2022 from \$1.04 billion in Q1 2021.

Hardware and other revenue

For the 3 months ending March 31, 2022, hardware and other revenue increased \$0.5 million over the 3 months ending March 31, 2021. This increase is primarily due to a combination of both new acquisitions and organic growth.

The Kalex acquisition in Q1 2022, as discussed earlier, contributed \$0.2 million to the increase. In addition, Canadian hardware sales increased over \$0.3 million, primarily due to the completion of the rollout of a large multi-location Canadian customer in Q1 2022.

Direct cost of revenue / Gross profit

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|-------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Direct cost of revenues | | | | |
| Service and payments revenue | 4,518 | 3,840 | 678 | 17.7% |
| Hardware and other revenue | 900 | 412 | 488 | 118.4% |
| Total Direct cost of revenues | 5,418 | 4,252 | 1,166 | 27.4% |

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|-------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Gross profit | 10,914 | 8,734 | 2,180 | 25.0% |
| Gross Profit as a % of Total Revenues | 66.8% | 67.3% | | |

For the 3 months ending March 31, 2022, direct cost of service and payments revenue increased \$0.7 million over the 3 months ending March 31, 2021. This increase was due to the increase in revenue between these two periods.

For the 3 months ending March 31, 2022, direct cost of hardware and other revenue increased \$0.5 million over the 3 months ending March 31, 2021. This increase was due to the increase in revenue between these two periods.

For the 3 months ending March 31, 2022, gross profit increased \$2.2 million over the 3 months ending March 31, 2021. This increase is due to the increase in revenues. Overall, the gross profit margin as a % of total revenues ratio is consistent when comparing these 3-month periods.

Operating Expenses

General and administrative

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|-------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| General and administrative | 8,948 | 7,220 | 1,728 | 23.9% |

For the 3 months ending March 31, 2022, general and administrative expenses increased \$1.7 million over the 3 months ending March 31, 2021. This increase is due to a combination of things.

Payroll increased \$1.0 million, which is a combination of pay raises and an increase in headcount. Headcount increased by 39 from 256 at March 31, 2021 to 295 at March 31, 2022, and includes staff added as part of the Kalex and Loyalty Lane acquisitions.

This increase is also partially due to non-payroll overhead costs added related to the acquisitions of both Kalex and Loyalty Lane in Q1 2022, and \$0.2 million in new ongoing costs in 2022 associated with being a public company. As per the Transaction as further described above, Givex became a public company in Q4 2021.

In addition, general and administrative expenses for the 3 months ending March 31, 2021 was reduced by \$.1 million for an employee wage subsidy received from the Government of Canada under its Canadian Emergency Wage Subsidy (“CEWS”) program (\$0 in 2022).

Sales and marketing

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Sales and marketing | 710 | 190 | 520 | 273.7% |

For the 3 months ending March 31, 2022, sales and marketing expense increased \$0.5 million over the 3 months ending March 31, 2021. Of this increase, \$0.1 million related to sales commissions paid by Loyalty Lane, which was acquired in Q1 2022 as further described above. The remainder of the increase primarily relates to an increase in travel, marketing, and market attendance as part of a near return to normal in Q1 2022 from the Covid 19 pandemic.

Depreciation

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Depreciation of property and equipment | 230 | 410 | (180) | -43.9% |
| Depreciation of right-of-use assets | 589 | 500 | 89 | 17.8% |
| | 819 | 910 | (91) | -10.0% |

For the 3 months ending March 31, 2022, depreciation of property and equipment decreased \$0.2 million over the 3 months ending March 31, 2021. This change is primarily due to timing differences related to net additions during this period compared to prior period.

For the 3 months ending March 31, 2022, depreciation of right-of-use assets increased \$0.1 million over the 3 months ending March 31, 2021. This change is partially due to the addition of costs related to the acquisitions of Loyalty Lane and Kalex in Q1 2022.

Amortization

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Amortization of intangible assets | 439 | 227 | 212 | 93.4% |

For the 3 months ending March 31, 2022, amortization of intangible assets increased \$0.2 million over the 3 months ending March 31, 2021. This increase was due to amortization of intangibles related to the acquisitions of Loyalty Lane and Kalex in Q1 2022.

Share-based compensation expense

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Share-based Compensation Expense | 2,989 | 0 | 2,989 | n/a |

For the 3 months ending March 31, 2022, Share-based compensation expense increased \$3.0 million over the 3 months ending March 31, 2021.

The increase is due to the adoption by Givex of both a stock option plan and a restricted share unit plan as part of the Transaction (as more fully described above). The purpose of these plans is to assist Givex in attracting and retaining key employees, officers, directors, and consultants who will contribute to the Corporation's long-term success by providing them incentives that align their interests with those of the shareholders of the Company. The Plans are administered by the Board.

Foreign exchange loss (gain)

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|------|--------|---------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Foreign exchange loss (gain) | (14) | 49 | (63) | -128.6% |

For the 3 months ending March 31, 2022, foreign exchange loss (gain) decreased by \$0.06 million compared to the 3 months ending March 31, 2021.

Items included in our results are measured in our functional currency, which is the Canadian dollar, and foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or when items are re-measured at the end of the fiscal period, with resulting gains and losses subsequently being recognized. Foreign exchange gains or losses are due to the overall strengthening or weakening of foreign currencies in terms of the Canadian dollar.

Net finance costs

| (in thousands of C\$, except percentages) | 3 months ended | | | |
|---|----------------|------|--------|--------|
| | March 31, | | | |
| | 2022 | 2021 | Change | Change |
| | \$ | \$ | \$ | % |
| Net finance costs | 131 | 130 | 1 | 0.8% |

For the 3 months ending March 31, 2022, net finance costs are relatively flat and comparable to the 3 months ending March 31, 2021. Net Finance Costs include interest on bank loan facilities, promissory notes, and interest on lease liabilities. These finance costs are offset by interest income earned in the period to arrive at net finance costs.

Income tax provision (recovery)

| (in thousands of C\$, except percentages) | 3 months ended | | |
|---|----------------|------|--------|
| | March 31, | | |
| | 2022 | 2021 | Change |
| | \$ | \$ | \$ |
| Income tax provision (recovery) | (527) | 17 | (544) |

Givex and its subsidiaries are subject to income taxes. The differences between the Company's subsidiaries' reported income tax provision (recovery) on income (loss) before income taxes and the provision (recovery) that would otherwise result from the application of the expected statutory income tax rates applicable to each subsidiary primarily consist of amortization for accounting in excess of depreciation for tax purpose, non-deductible foreign exchange gains and losses, losses carried forward, and non-deductible expenses.

Key Balance Sheet Information

| (in thousands of C\$) | March 31, 2022 | December 31, 2021 |
|------------------------------|-----------------------|--------------------------|
| | \$ | \$ |
| Cash and Cash Equivalents | 28,833 | 36,817 |
| Total Assets | 71,386 | 70,492 |
| Total Liabilities | 23,309 | 23,512 |
| Total Long-Term Liabilities | 7,572 | 4,944 |

See “Results of Operations” in this MD&A for a more detailed discussion of the year-over-year changes in revenues and net income (loss).

Total Assets

March 31, 2022 Compared to December 31, 2021

Total Assets increased \$0.9 million from \$70.5 million as at December 31, 2021 to \$71.4 million as at March 31, 2022. This includes a decrease in cash of \$8.0 million and a decrease in deferred income tax assets of \$0.9 million, both primarily due to the Loyalty Lane and Kalex acquisitions. This is largely offset by an increase of \$4.0 million in goodwill and an increase of \$6.4 million in intangible assets, both also primarily due to the Loyalty Lane and Kalex acquisitions.

Total Liabilities

March 31, 2022 Compared to December 31, 2021

Total Current Liabilities decreased by \$2.8 million from March 31, 2022 to December 31, 2021. This decrease is primarily due to a \$2.0 million decrease in trade payables and a \$0.7 million decrease in contract liabilities.

Total Long-Term Liabilities increased by \$2.6 million from March 31, 2022 to December 31, 2021. This increase is primarily due to a \$2.2 million increase in bank loans and a \$1.0 million increase in promissory notes, both related to the acquisitions of Loyalty Lane and Kalex.

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters ended March 31, 2021 in accordance with IFRS. This data should be read in conjunction with our audited annual consolidated financial statements and their related notes. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

| (in thousands of C\$) | 3 months ended | | | | | | | |
|---|----------------|---------|----------|---------|---------|---------|----------|---------|
| | Mar. 31 | Dec. 31 | Sept. 30 | June 30 | Mar. 31 | Dec. 31 | Sept. 30 | June 30 |
| | 2022 | 2021 | 2021 | 2021 | 2021 | 2020 | 2020 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | 16,332 | 15,187 | 14,569 | 12,425 | 12,986 | 15,870 | 10,947 | 10,610 |
| Direct cost of revenue | 5,418 | 4,698 | 4,271 | 3,857 | 4,252 | 5,207 | 3,383 | 3,168 |
| Gross profit | 10,914 | 10,489 | 10,298 | 8,568 | 8,734 | 10,663 | 7,564 | 7,442 |
| Expenses | 13,891 | 15,099 | 9,049 | 7,996 | 8,596 | 9,471 | 6,719 | 6,361 |
| Income (loss) before undernoted items and income taxes | (2,977) | (4,610) | 1,249 | 572 | 138 | 1,192 | 845 | 1,081 |
| Net interest expense (other income) | 131 | 122 | 139 | 127 | 130 | 137 | 179 | 121 |
| Income (loss) before income taxes | (3,108) | (4,732) | 1,110 | 445 | 8 | 1,055 | 666 | 960 |
| Income tax expense (recovery) | (527) | 348 | 488 | 16 | 17 | 45 | 46 | 46 |
| Net income (loss) and comprehensive income (loss) | (2,581) | (5,080) | 622 | 429 | (9) | 1,010 | 620 | 914 |
| Net income (loss) per share | | | | | | | | |
| Basic and diluted | (0.02) | (0.06) | 0.01 | 0.02 | (0.01) | 0.01 | 0.01 | 0.01 |

- In the normal course, the Company's revenue results vary on a quarterly basis due to a number of factors including the volume of transactions processed and the timing of when new customers and orders come aboard.
- In 2020 and 2021, COVID-19 has further impacted the above variability, in a manner that can further influence revenue and direct cost comparability on a quarterly basis.
- Operating expenses for 2020 and 2021 are impacted by government sponsored COVID-19 wage subsidy assistance programs earned in the quarter that reduce costs and can influence operating cost comparability on a quarterly basis
- Operating expenses are significantly higher in Q4 2021 as they include the \$2.4 million in costs related to the reverse takeover transaction and \$3.6 million in share-compensation expense related to the adoption of the stock option plan and RSU plan.
- Operating expenses are significantly higher in Q1 2022 as they include \$3.0 million in share-based compensation expense (further discussed above) related to the adoption of the stock option plan and RSU plan.

Liquidity and Capital Resources

Overview

Our financial condition and liquidity are and will continue to be influenced by a variety of factors, including:

- Our ability to generate cash flows from our operations;
- The level of our outstanding indebtedness and the interest we are obligated to pay on this indebtedness; and
- Our capital expenditure requirements.

The general objectives of our capital management strategy are to ensure sufficient liquidity to pursue our organic growth strategy and undertake selective acquisitions, while maintaining a strong credit profile and a capital structure that maintains total leverage ratio within the limits set in the Credit Facilities.

Our primary source of liquidity is cash from operations and debt and equity financing. Our principal liquidity needs include investment in our product and technology and selective acquisitions, as well as operations, selling and general and administrative expenses and debt service. In addition to the cash balances, we have a Credit Facility available to be drawn to meet ongoing working capital requirements.

We believe that our available cash, cash flows generated from operations, and loans and borrowings available to us will be sufficient to meet our projected operating and capital expenditure requirements for the Company's future operating cash needs.

Credit Facility

The Company has credit facilities with The Bank of Nova Scotia which includes a \$3 million demand revolving operating line of credit and a \$10 million revolving term facility to help fund acquisitions.

These facilities are secured by a general security agreement constituting a first ranking security interest in all the assets of Givex Canada Corporation, general postponement and subordination of payments to shareholders, and intercompany loans. In addition, all entities under the definition of the consolidated group in the agreement terms have provided a guarantee for an unlimited amount on the facilities. The Corporation should not exceed the advances under the operating line of credit of \$3,000.

In addition, the Company shall maintain a ratio of Consolidated current assets to Consolidated current liabilities of not less than 1.25:1, a Consolidated Fixed Coverage Ratio of not less than 1.20 to 1.00, a minimum Equity to Capitalization Ratio of not less than 20% and a Consolidated Total Funded Debt to Consolidated EBITDA ratio equal to or less than 3.00:1. During the 3 months ended March 31, 2022 and 2021, the Corporation was in compliance with the covenants.

As at March 31, 2022 there is \$0.5 million available to draw on the demand revolving line of credit and \$5.8 million available on the revolving term facility to help fund future acquisitions.

Working Capital

Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due.

We do so by monitoring cash flow on a regular basis. We also have \$28.8 million cash and cash equivalents as at March 31, 2022. In addition to the cash balances, we have a \$3 million demand revolving operating line of credit and a \$10 million revolving term facility to help fund acquisitions, both of which are described under "Credit Facility" above.

Working capital surplus at March 31, 2022 was \$28.0 million.

Given our existing cash, working capital surplus, and credit facilities, we believe there is sufficient liquidity to meet our current and short-term growth requirements in addition to our long-term strategic objectives.

Cash Flows

The following table presents cash and cash equivalents as at March 31, 2022 and 2021, and cash flows from operating, investing, and financing activities for the 3-month periods ending March 31, 2022 and 2021:

| | 3 months ended | |
|---|----------------|---------------|
| | March 31 | |
| (in thousands of C\$) | 2022 | 2021 |
| | \$ | \$ |
| Net Cash Provided by (Used in) | | |
| Operating Activities | (2,189) | 5,226 |
| Investing Activities | (7,683) | (1,251) |
| Financing Activities | 1,693 | 325 |
| Effect of foreign exchange on cash and cash equivalents | 195 | 169 |
| Net increase (decrease) in cash and cash equivalents | (7,984) | 4,469 |
| Cash and Cash Equivalents - beginning of period | 36,817 | 15,065 |
| Cash and Cash Equivalents - end of period | 28,833 | 19,534 |

Cash Flows Used in Operating Activities

For the three months ended March 31, 2022, cashflows used by operating activities of \$2.2 million include a net loss of \$2.6 million, non-cash expenses of \$3.8 million and cash outflows of \$3.2 million attributable to working capital items.

For the three months ended March 31, 2021, cashflows provided by operating activities of \$5.2 million include a net loss of \$0 million, non-cash expenses of \$1.2 million and cash inflows of \$4.4 million attributable to working capital items.

Cash Flows Used in Investing Activities

For the three months ended March 31, 2022, cashflows used by investing activities of \$7.7 million primarily related to \$7.8 million consideration paid on the acquisitions of Kalex and Loyalty Lane (net of cash acquired), the \$0.9 million purchase of property and equipment, and a reduction in restricted cash of \$0.9 million.

For the three months ended March 31, 2021, cashflows used in investing activities of \$1.3 million primarily related to \$1.0 million consideration paid on the acquisition of Pi Cash (net of cash acquired), as further described above.

Cash Flows from Financing Activities

For the three months ended March 31, 2022, cashflows provided by financing activities of \$1.7 million primarily relates to an increase in net borrowings on the credit facility of \$2.3 million reduced by the \$0.6 million repayment of lease liabilities.

For the three months ended March 31, 2021, cashflows provided by financing activities of \$0.3 million primarily relates to an increase in net borrowings on the credit facility of \$0.9 million reduced by the \$0.5 million repayment of lease liabilities.

Based on our current cash and working capital balance and available financing, we believe that cash flows from operations, together with credit available under the credit facility, will be adequate to meet the Company's future operating cash needs.

Contractual Obligations

There are no material changes in the interim period from the contractual obligations as disclosed in the audited annual consolidated financial statements and the annual MD&A that accompanied it.

Off-Balance Sheet Arrangements

We have not entered into off-balance sheet financing arrangements, other than low value and short-term leases. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Related Party Transactions

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management is defined as the executive officers of the Company.

Remuneration to key management was as follows (in 000's):

| | 3 months ended March 31 | |
|--------------------------|-------------------------|------|
| | 2022 | 2021 |
| Salaries and Benefits | 364 | 323 |
| Stock-based Compensation | 1,200 | - |

During the three-month period ending March 31, 2022, companies controlled by a member of key management personnel of the Company charged license fees of \$30 (2021-\$30) and consulting fees of \$60 (2021 - \$60) to the Company, which are included in general and administration expenses.

As at March 31, 2022, loans receivable of \$1,044 (\$1,144 at December 31, 2021) was due from companies controlled by a member of key management personnel of the Company. The loans are non-interest bearing, unsecured and have no fixed terms of repayment.

Financial Instruments and Other Instruments

Credit and Concentration Risk

Generally, the carrying amounts in our consolidated statement of financial position exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Our credit risk is primarily attributable to our cash and cash equivalents, loans receivable, and trade receivables. We do not require guarantees from our customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Due to our diverse customer base, there is no concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure expected credit losses are established and maintained at an appropriate amount.

We maintain a provision for impairment of a portion of trade receivables when collection becomes doubtful. We estimate anticipated losses from doubtful accounts based upon the expected collectability of all trade receivables, which estimate considers the number of days past due, collection history, identification of specific customer exposure, current economic trends, and the impact of the COVID-19 pandemic.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. We do not hold any collateral as security.

Foreign Currency Exchange Risk

We are exposed to currency risk due to financial instruments denominated in foreign currencies. We have not entered into arrangements to hedge our exposure to currency risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will negatively impact earnings and cash flows. Certain of our cash earns interest. Our exposure to interest rate risk is related to our credit facilities. We are not exposed to material interest rate risk.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. In the process of applying the Company's accounting policies, management has identified the following areas as having the most significant estimates and judgements on the amounts recognized in the financial statements.

For a discussion of all the Company's accounting policies, please see the audited consolidated financial statements for the year ended December 31, 2021 available on SEDAR at www.sedar.com.

Revenue recognition

The Company's main sources of revenue are services and payments and hardware and other fees. The Corporation recognizes revenue in a manner which depicts the transfer of promised goods or services in an amount which reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

For each performance obligation within a contract with a customer, the Company determines whether the performance obligation is satisfied and control of the goods or services is transferred over time or at a point in time.

For performance obligations that are satisfied over time, the customer simultaneously receives and consumes the benefits. As a practical expedient, in instances in which the Company has a right to consideration in an amount that corresponds directly with value to customer, the Company recognizes revenue in the amount to which it has the right to invoice. In all other instances, revenue is recognized over the period in which the services are provided, which is evenly throughout the period.

For performance obligations satisfied at a point in time, revenue is recognized when control of the goods or services are transferred to the customer which is either when the goods are shipped or delivered depending on the contract, or when the services are rendered. In determining when control is transferred to the customer, the Company takes into consideration several factors including who primarily bears the risk of loss.

When another party is involved in providing goods or services to the customer, the Company determines whether it is the principal or the agent in the transaction by evaluating the nature of the promise. The Company is the principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Company's role is only to arrange for another entity to provide the goods or services, then the Company is the agent and will record revenue at the net amount that it retains for its agency services.

Impairment of long-lived assets and goodwill

Long-lived assets, which comprise property and equipment, right-of-use assets and intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Management assesses whether such indicators exist at each reporting date. Goodwill is tested for impairment at least annually or when there is an indication that the asset might be impaired.

For impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows. Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or a CGU. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment loss is reversed. The carrying amount of an asset or CGU after a reversal must not exceed the carrying amount (net of amortization) that would have been determined had no impairment loss been recognized.

For the purpose of goodwill impairment testing, goodwill is allocated to CGUs or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill is tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount; an impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of a CGU are first allocated to the

carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU on pro rata basis.

Share-based Payments

The fair value at the grant date of stock options and restricted share units is estimated using the Black-Scholes option pricing model. Stock-based compensation cost is recognized on a straight-line basis over the expected vesting period of the stock options. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Expected volatility is determined using historical volatility of publicly-traded comparable companies, the risk-free interest rates are based on Government of Canada bond yields and the expected term of the option is calculated based on a combination of each tranche's time to vest plus the actual and expected life of an award based on the past activity or remaining time to expiry on outstanding awards. The Corporation estimates the number of options expected to vest at the grant date and revises the estimate if subsequent information indicates that the actual number of units to vest differs significantly from the original estimate. The stock-based compensation cost is recognized directly in the consolidated statements of income (loss) and comprehensive income (loss) over the vesting period, with the corresponding credit recorded to contributed surplus. When stock options are exercised, the consideration and related contributed surplus are recorded in share capital.

Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, contingent consideration and the amount of any non-controlling interests in the acquiree. For each business combination, the Corporation elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. Contingent consideration is measured at fair value using a discounted cash flow model.

When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill, which represents the excess of the purchase price of acquired business over the fair value of the net assets acquired, is not amortized. Goodwill is tested for impairment at least annually or when there is an indication that the asset might be impaired. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of any such asset. In addition, the right-to-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. Lease terms range from 24 to 207 months for commercial and datacentre leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determinable, the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On the consolidated statements of cash flows, lease payments related to short-term leases and low value assets are not included in lease liabilities and are classified as cash flows from operating activities, whereas the remaining lease payments are classified as cash flows from financing activities.

Functional Currency

The Corporation exercises judgment in determining the functional currency of the Corporation and each of its subsidiaries. An entity's functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:

- (a) the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled) and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and
- (b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

COVID-19 Pandemic

The uncertainties around COVID-19 required the use of judgments and estimates which resulted in no material accounting impacts for the Fiscal 2021, other than the impact on expected credit losses driven by the changes in the macro-economic environment due to COVID-19. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the following: revenue recognition, estimated losses on revenue-generating contracts, goodwill and intangible impairment and other assets and liabilities.

Recently Issued Accounting Standards Not Yet Adopted

From time to time, new accounting pronouncements are issued by the International Accounting Standards Board ("IASB") or other standards-setting bodies and are adopted as of the specified effective date. No new accounting pronouncements are expected to materially impact the Company as at March 31, 2022.

Outstanding Share Information

Givex is a publicly traded company listed under the symbol "GIVX" on the Toronto Stock Exchange ("TSX"). Our authorized share capital currently consists of an unlimited number of common shares ("**Givex Shares**") without par value and an unlimited number of Givex Preferred Shares. As at the date of this MD&A, the Company had the following securities issued and outstanding: (i) 118,194,037 Givex Shares; 11,772,500 common share purchase warrants ("**Givex Warrants**"); (ii) 1,538,600 compensation or advisory options to purchase units of Givex each entitling its holder to acquire one unit of Givex, each unit being comprised of one Givex Share and one-half of one Givex Warrant at a price of \$1.00 until November 25, 2023 ("**Givex Compensation Options**"); (iii) 65,308 non-transferable common share purchase warrants exercisable at a price of \$0.92 per Givex Share until February 23, 2026 ("**Broker Warrants**"); (iv) 7,175,999 stock options granted pursuant to the Company's incentive stock options plan ("**Givex Options**"); and (v) 10,550,025 restricted share units granted pursuant to the Company's restricted share unit plan, ("**Givex RSUs**"). There are no Preferred Shares issued and outstanding in the Company.

As at the date of this MD&A, there are 118,194,037 Givex Shares issued and outstanding. Each Givex Share entitles the holder thereof to: (i) receive notice of, attend and vote at all meetings of the shareholders of the Company, and each Givex Share confers the right to one vote at all such meetings; (ii) receive and participate equally and rateably in any dividends declared on the Givex Shares, if and when declared by the Givex Board, in their sole discretion; and (iii) receive and participate equally and rateably in any distribution of the assets of the Company in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

As at the date of this MD&A, there are no Givex Preferred Shares issued and outstanding. The Givex Preferred Shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the Givex Board determines prior to the issue thereof. The Preferred Shares rank prior to the Givex Shares with respect to the payment of dividends and distribution in the event of liquidation, dissolution or winding-up of the Company.

As at the date of this MD&A, 11,772,500 Givex Warrants to acquire an aggregate of 11,772,500 Givex Shares are issued and outstanding. Each Givex Warrant entitles the holder to purchase one Givex Share at an exercise price of \$1.25 until November 25, 2023. The Givex Warrants include: (i) 11,000,000 Givex Warrants as exchanged from Prior Givex Warrants under the Subscription Receipts (which are governed by the Warrant Indenture); (ii) 625,000 Givex Consultant Warrants; and (iii) 147,500 Givex Warrants comprising part of the Givex Compensation Units.

As at the date of this MD&A, 1,538,600 Givex Compensation Options are issued and outstanding. Each Givex Compensation Option entitles the holder to purchase one Givex Share and one half of one Givex Warrant at a price of \$1.00 until November 24, 2023.

As of the date of this MD&A, there are 65,308 Broker Warrants issued and outstanding. Each Broker Warrant entitles the holder to purchase one Givex Share at a price of \$0.92 until February 23, 2026.

As of the date of this MD&A, there are 7,175,999 Givex Options to purchase 7,175,999 Givex Shares issued and outstanding. Each Givex Option entitles the holder to purchase one Givex Share, at various exercise prices and expiry dates. The Givex Options include: 148,200 Givex Options exercisable at a price of \$0.46 per Givex Share until the earlier of February 23, 2031 and 12 months from the date that the option holder ceases to be a director of the Company; 137,799 Givex Options exercisable at a price of \$0.92 per Givex Share until November 25, 2022; 6,840,000 Givex Options exercisable at a price of \$1.00 per Givex Share until November 25, 2024; and 50,000 Givex Options exercisable at a price of \$1.00 per Givex Share until April 1, 2025.

As of the date of this MD&A, there are 10,550,025 Givex RSUs issued and outstanding. Each Givex RSU entitles the holder to one Givex Share upon the occurrence of the prescribed vesting date for such Givex RSU in the applicable Givex RSU Agreement, which is governed by the terms of the Givex RSU Plan.

Disclosure Controls and Internal Controls Over Financial Reporting

Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with securities regulatory authorities are recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management to ensure timely decisions regarding required disclosure. Management regularly reviews disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitation in control systems to prevent or detect all misstatements due to error or fraud. The Chief Executive Officer and Chief Financial Officer, along with management, have evaluated and concluded that the Company's disclosure controls and procedures as at March 31, 2022 were effective.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have been advised that the control framework the Chief Executive Officer and Chief Financial Officer used to design the Company's internal controls over financial reporting is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The Chief Executive Officer and Chief Financial Officer have evaluated, or cause to be evaluated under their supervision, whether or not there were changes to its internal controls over financial reporting during the period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting. No such changes were identified through their evaluation.

Limitation of Controls and Procedures

Management, including the Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. There inherent limitations include that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Limitation of Scope of Design

The scope of design of internal controls over financial reporting and disclosure controls and procedures excluded the controls, policies and procedures of Kalex Equipment Services, which was acquired on January 25 2022 and Loyalty Lane, Inc., which was acquired on February 17, 2022.

Kalex's contribution to our Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the three months ended March 31, 2022 was less than 5% of total revenues and less than 2% of total net loss. Additionally, as at March 31, 2022 ,Kalex's current assets were below 5% of consolidated current assets and current liabilities were below 5% of consolidated current liabilities, and its non-current assets and non-current liabilities were below 5% of consolidated non-current assets and non-current liabilities, respectively.

Loyalty Lane's contribution to our Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the three months ended March 31, 2022 was less than 5% of total revenues and less than 2% of total net loss. Additionally, as at March 31, 2022, Loyalty Lane's current assets were below 5% of consolidated current assets and current liabilities were below 10% of consolidated current liabilities, and its non-current assets and non-current liabilities were below 5% of consolidated non-current assets and non-current liabilities, respectively.

Risk Factors

For a list of risk factors, see the Company's most recently filed AIF, available on SEDAR at www.sedar.com.

Additional Information

Additional information relating to the Company, including the audited annual Consolidated Financial Statements and the Annual Information Form are available on SEDAR at www.sedar.com.