







SABIO HOLDINGS INC.
Management's Discussion & Analysis
For the three and six months ended June 30, 2022

Date: August 24, 2022
www.sabioholding.com

All amounts herein are expressed in U.S. Dollars unless otherwise stated.

The Management's Discussion and Analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of Sabio Holdings Inc. ("Sabio" or the "Company") (formerly Spirit Banner II Capital Corp., hereafter referred to as "Spirit") as at and for the three and six months ended June 30, 2022. References in this MD&A to "us", "we" and "our" mean Sabio unless otherwise stated.

This analysis should be read in conjunction with Sabio's Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2022, and related notes (the "Condensed Interim Consolidated Financial Statements"). The Condensed Interim Consolidated Statements and extracts of those Condensed Interim Consolidated Financial Statements provided in this MD&A, were prepared in U.S. dollars and in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, using the accounting policies described therein. As a result of the rounding of dollar differences, certain total dollar amounts in this MD&A may not add exactly to their constituent amounts. All amounts are presented in U.S. dollars unless otherwise indicated. Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear. Readers are cautioned that this MD&A contains certain forward-looking information. (Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A).

Management of the Company is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made herein. The Board of Directors provides an oversight role with respect to all public financial disclosures by the Company and has reviewed this MD&A and the accompanying consolidated financial statements.

Investors should be aware of the inherent limitations of certifying officers of a venture issuer to design and implement, on a cost-effective basis, appropriate Disclosure Controls and Procedures and Internal Controls over Financial Reporting as defined in NI 52-109. Such limitations may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

This MD&A is dated and approved by the Board of Directors as of August 24, 2022.

Forward-Looking Statements

Certain statements in this MD&A may constitute forward-looking statements, including those identified by the expressions such as "may", "will", "intend", "anticipate", "believe", "expect", "foresee", "intend", "plan", or similar expressions to the extent that they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current assumptions and expectations regarding future events. Forward-looking statements in this MD&A include but are not limited to statements regarding subscriber additions, the variability of the revenues going forward, anticipated market trends and technology adoption by customers and industry peers, anticipated growth in revenue and expenses, the potential impacts of additional expenditures on revenue growth rates, the sufficiency of cash on hand, the effect of the COVID-19 pandemic on the Company's business and operations, the benefits of the App Science platform, the realization of the synergies arising from the Acquisition of Vidillion Inc., and the Company's ability to obtain the financing necessary to continue operations. There can be no assurance that such statements will prove to be accurate, and actual results and future events may differ materially from those anticipated in such statements.

By its nature, forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. These risks and uncertainties include, but are not limited to, the factors discussed in the "Risk Factors" section of this MD&A. Readers are cautioned not to place undue reliance on forward-looking information.

Non-IFRS Measures

The Company prepares its Consolidated Financial Statements in accordance with IFRS. Non-IFRS measures are used by management to provide additional insight into our performance and financial condition. We believe non-IFRS measures are an important part of the financial reporting process and are useful in communicating information that complements and supplements the Consolidated Financial Statements. This MD&A also includes certain measures which have not been prepared in accordance with IFRS such as, Adjusted EBITDA. To evaluate the Company's operating performance as a complement to results provided in accordance with IFRS, the term "Adjusted EBITDA", as defined by management, refers to net income (loss) before adjusting earnings for finance costs, transaction costs, gain on loan forgiveness, income taxes, stock-based compensation, amortization, settlement fees, foreign exchange

differences, severance costs and gain (loss) on disposal of intangibles. We believe that the items excluded from Adjusted EBITDA are not connected to and do not represent the operating performance of the Company.

We believe that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed as well as expenses related to stock-based compensation, depreciation, amortization, restructuring costs, other expense (income), and foreign exchange (gain) loss. Accordingly, we believe that this measure may also be useful to investors in enhancing their understanding of the Company's operating performance. It is a key measure used by the Company's management and board of directors to understand and evaluate the Company's operating performance, to prepare annual budgets and to help develop operating plans.

Company Overview

Sabio Holdings Inc. (the "Company" or "Sabio") (formerly Spirit Banner II Capital Corp. and hereafter referred to as "Spirit"), was incorporated under the Business Corporation Act of Ontario, Canada on September 29, 2017. The registered corporate office is located at 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3. The corporate head office of the Company is located at 16350 Ventura Boulevard, #D827, Encino, California, 91436.

Sabio Holdings Inc. is a technology provider in the high-growth advertising areas of connected TV ("CTV") and over-the-top ("OTT") streaming, where viewership in 2022 is expected to rise to over 221 million users in the United States CTV market alone. Sabio's full CTV/OTT technology stack and services enables global distribution, monetizes, and provides analytics for content creator CTV/OTT apps and the brands and agencies that want to partner with them. Sabio's wholly owned subsidiaries include Vidillion Corp., a CTV/OTT technology pioneer that creates and distributes ad-supported CTV/OTT apps on platforms such as Roku, Vizio, Amazon Fire, Disney + and others. In addition, the Company's wholly owned Sabio, Inc. subsidiary works with major brands and agencies, through its propriety Demand Side Platform ("DSP") and ad server, to provide targeted campaign solutions to top agencies and the brands they represent by filling the ad slots in Vidillion Corp. and other non-Vidillion Corp.'s CTV/OTT apps. Lastly, its wholly owned App Science, Inc. ("App Science") subsidiary, powered by its AppScience Data Management Platform ("DMP"), has pioneered a privacy compliant, non-cookie cross screen household graph of 55 million validated homes that connects insights between mobile apps, CTV/OTT apps, podcast data, along with other data points to better understand consumer behaviors at scale. App Science's primary focus is to provide leading agencies and brands advanced analytics and insights focused on their CTV, OTT and mobile ad spend in a software-as-a-service ("SaaS") business model.

Sabio and its subsidiaries provide targeted and efficient ad delivery solutions, analytics, and insights to some of the largest agencies and brands in the United States. The Company was founded by a team of seasoned ad-tech and media veterans who are supported by a strong management team with over 170 years of combined television and ad-tech experience. Sabio has over 100 employees in the United States, Canada, and India.

On November 19, 2021, the Company completed its reverse takeover transaction with Spirit based on which its wholly-owned, U.S. operating subsidiary Sabio, Inc. acquired all of the issued and outstanding securities of Spirit, via a reverse-takeover transaction (the "Qualifying Transaction"). Upon completion of the Qualifying Transaction, Spirit became a wholly owned subsidiary of the Company, which carried on the business previously carried on by Spirit. The Company changed its name to "Sabio Holdings Inc." and the Shares commenced trading on the TSX Venture Exchange (the "Exchange") at opening on November 26, 2021, under the symbol "SBIO" as a Tier 2 technology issuer.

In 2021, the Company appointed 3 (three) independent members, Paula Madison, Carl Farrell, Muizz Kheraj to its Board of Directors to serve along its Chief Executive Officer, Aziz Rahimtoola. In the 1st quarter of 2022, the Company appointed Jennifer Cabalquinto to serve as the fourth independent member of its Board Directors.

The Company was classified as a Capital Pool Corporation as defined in the Policy 2.4 of the Exchange. With the acquisition of Spirit, the Company's principal business changed to a Connected TV ("CTV") and over-the-top ("OTT") streaming technology provider that delivers optimized yield performance via addressable cross screen solutions based on mobile behavior. Accordingly, these consolidated financial statements are presented as a continuation of Spirit.

Significant developments during the six months ended June 30, 2022, and to the date of this report include the following:

- On January 13, 2022, 1,110,120 share options of the Company were granted to certain employees, officers, board members and contractors of the Company at an exercise price of C$1.38. The options will vest quarterly from the grant date over a vesting period of 2 to 3 years.

- On January 14, 2022, Sabio Canada Inc., a wholly-owned subsidiary of the Company, was incorporated in Ontario, Canada for the Company's operation in Canada.

- On February 4, 2022, Vidillion Corp. (formerly, Sabio Acquisition Inc.), a wholly-owned subsidiary of the Company, was incorporated in Delaware, the United States to conduct acquisition operations of the Company.

- On February 18, 2022, the Company entered into a definitive asset purchase agreement ("Agreement") pursuant to which Vidillion Corp., a newly formed, wholly owned subsidiary of the Company, would acquire (the "Acquisition") substantially all of the assets of Vidillion Inc., a U.S. based CTV and OTT streaming supply side platform (SSP) and technology provider for producers of content, in a combined stock-and cash transaction. On April 1, 2022, the Company closed the Acquisition for an aggregate consideration of $3 million, composed of common shares of the Company valued at approximately $1.75 million (the "Share Consideration") and $1.25 million in cash, subject to customary working capital, indemnity, and tax adjustments. Based on a five-day volume weighted share price of the common shares on the TSX Venture Exchange ("Exchange") immediately prior to April 1, 2022, of CAD$1.30, an aggregate of 1,685,079 common shares were issued to Vidillion Inc. as Share Consideration. The common shares are subject to a lock-up period expiring October 1, 2022, which may be extended in the event of post-indemnity claims, in addition to hold periods or restrictions under applicable securities laws or policies of the Exchange. The acquisition was funded through a $1.25 million draw on the Company's existing accounts receivable line of credit. The Acquisition was an Arm's Length Transaction, as such term is defined in the policies of the Exchange, and no finder's fees were paid in connection with the Acquisition.

- On February 25, 2022, Sabio Canada Finco, Inc., a wholly-owned subsidiary of the Company established in Ontario, Canada for the purpose of receiving subscription receipts in connection with a business combination with Sprit, was dissolved.

- During the first quarter of 2022, Sabio signed the largest contract in the company's history (the "Contract"). The Contract represents the 3-year expansion of Sabio's existing partnership with an existing customer. The Contract is expected to drive over US$10 million in revenues to Sabio over a three-year period. The Company has already started providing its platforms and services for use pursuant to the Contract.

  On March 26, 2022, 120,000 share options of the Company were granted to a consultant of the Company at an exercise price of C$1.25. The options will vest monthly, starting from month five (5) of the consulting agreement over a 1 year vesting period.

- Effective May 26, 2022, the Company renegotiated its existing line of credit with Avidbank. The amended terms include an increase in credit available under the line to $7 million from $4 million. The amended terms also included certain other accommodations, including the removal of a $250,000 cap placed on Vidillion Corp.'s eligible accounts receivable under the line's borrowing base guidelines. Furthermore, on August 4, 2022, the Company obtained the required debtholder consents to remove a $5 million maximum balance limitation, thereby increasing the maximum allowable balance to the full $7 million of credit available under the line.

- On June 15, 2022, the Company qualified to trade on the OTCQX® Best Market under the symbol SABOF.

COVID-19

Due to the COVID-19 pandemic, the US, India, and Canadian governments as well as the business community mandated several measures, including travel restrictions, restrictions on public gatherings, stay-at-home orders and advisories, and the quarantine of people who may have been exposed to the virus. In response, the Company changed its work environment and made arrangements to ensure compliance with all applicable health authority regulations. Government and industry-imposed restrictions have now been substantially lifted as global vaccination rates rise and North American infection rates dissipate The Company in turn has implemented a hybrid work model in areas with high employee concentration, re-opened flexible shared workspace locations in Los Angeles, Chicago and Toronto and entered into an office lease arrangement in New York City. Starting from September 2022, the Company has entered into new office lease arrangements in Detroit and in Hyderabad, India.

The Company does not expect the COVID-19 pandemic will have a material impact on its future revenues. Moreover, Management believes that COVID-19 has created opportunities for our businesses to capitalize on structural shifts, including an acceleration in CTV/OTT usage during forced social distancing lockdowns. As a result, consumers were spending more time at home which translated to more time in front of the television. That has led to more consumers adding additional streaming services as they looked for new content. The time spent viewing TV increased as did the

number of CTV/OTT households. This trend, while indirectly related to the pandemic, shows indications of further acceleration in 2022 and may represent a permanent shift by Consumers in in favor of CTV/OTT.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The following table provides selected financial information from the Company's recent operations for the three and six months ended June 30, 2022, and 2021. This information should be read together with the Interim Consolidated Financial Statements.

	For the three months ended		**For the six months ended**	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
	$	$	**$**	$
Revenues	**7,200,957**	4,226,806	**12,779,275**	6,812,013
By source:				
Mobile	**3,871,837**	2,690,112	**7,122,855**	4,678,475
Connected TV/OTT Streaming	**3,169,886**	1,536,694	**5,494,944**	2,127,538
Other	**159,234**	-	**161,476**	6,000
Gross Profit	**4,270,597**	2,616,457	**7,679,258**	4,165,017
Adjusted EBITDA (1)	**(1,371,833)**	27,053	**(2,232,621)**	(500,344)
Income from Operations	**(1,725,887)**	(379,033)	**(3,047,769)**	(1,387,941)
Net income (loss)	**(1,877,069)**	302,491	**(3,520,739)**	(1,203,908)

(1) As defined in "Non-IFRS Measures"

Revenue:

Three-month periods ended June 30, 2022, and 2021.

Sabio Holdings Inc. generates revenue from the monetization of streaming on TV and mobile devices, along with analytics and insights via its App Science subsidiary and content enablement through its Vidillion subsidiary. Sabio's platform reaches 110M connected TV devices and 55M validated TV and mobile households on platforms such as Roku, Amazon Fire, Apple TV+, Samsung TV, Vizio, and LG, amongst others. The Company's clients include the top 100 advertising brands in the United States, such as Grupo Bimbo, GM, and Ford, who Sabio sells to through their respective advertising agencies. Revenue from advertising is mostly generated through video and display advertising delivered through advertising impressions. Advertising is typically sold on a cost-per-thousand ("CPM") basis and is evidenced by an Insertion Order, ("IO"). Revenue is recognized as the number of impressions are delivered. Revenue for App Science is generated via the sales of insights reports and services via its propriety App Science platform, while revenue for Vidillion is generated via sales connected to its proprietary CTV and OTT streaming supply side platform.

Consolidated revenues for the three months ended June 31, 2022, composed primarily of mobile and connected TV and OTT streaming sales was $7,200,957, an increase of $2,974,151 from $4,226,806 for the three months ended June 30, 2021. The 70% increase in sales was primarily driven by investments in our salesforce, and our unique position to capitalize on the burgeoning Connected TV and OTT market. Consistent with the seasonal trends in the advertising industry, for the Company the first two quarters are the lightest quarters of the calendar year, with the third and fourth quarter being the strongest.

By segment, sales of the Company's mobile sales platform for the three months ended June 30, 2022, were $3,871,837, an increase of $1,181,725, or 44%, from $2,690,112 for the three months ended June 30, 2021.

Connected TV/OTT streaming sales for the three months ended June 30, 2022, grew by 106% to $3,169,886, an increase of $1,633,192 from $1,536,694 for the three months ended June 30, 2021. Connected TV advertising remains one of digital advertising's fastest-growing channels, and the Company continues to gain market share through its end-to-end "EMV" (enablement, monetization, and validation) ecosystem. Sabio, through its DSP and ad server, is able to provide targeted campaigns solutions to top agencies and brands by monetizing the ad slots enabled in Vidillion Corp., as well as through non-Vidillion Corp.'s Connected TV/OTT apps. With its expertise in implementing mobile data for

precise audience targeting, the Company is uniquely positioned to provide next level consumer behavior analysis. To this end, it has established a subsidiary to commercialize its App Science™ analytics and validation capabilities. The Company will continue targeting the traditional Connected TV/OTT advertisement/media business while its App Science subsidiary has been tasked with commercializing App Science as a stand-alone Connected TV/OTT analytics solution. For the three-months ended June 30, 2022, App Science generated $385,133 in sales, of which $226,050 in sales were to Sabio, and eliminated on consolidation, compared to $54,000 of sales in the prior year's quarter. The newly acquired Vidillion business contributed approximately 20% to the CTV/OTT revenue growth over the prior period. During the three-months ended June 30, 2022, Vidillion also generated $208,756 in sales to Sabio, which were eliminated on consolidation.

Six-month periods ended June 30, 2022, and 2021.

Revenue for the six-month period ended June 30, 2022, composed primarily of mobile and connected TV sales was $12,779,275, an increase of $5,967,262, or 88%, from $6,812,013 for the six months ended June 30, 2021. By segment, revenues generated through the Company's mobile sales platform for the six months ended June 30, 2022, were $7,122,855, an increase of $2,444,380, or 52%, from $4,678,475 for the six months ended June 30, 2021.

Connected TV/OTT streaming sales for the six months ended June 30, 2022, increased to $5,494,944, an increase of $3,367,406, or 158%, from $2,127,538 for the six months ended June 30, 2021, as our inroads into one of digital advertising's fastest-growing channels significantly outpaced the estimated 37% growth in global Connected TV advertising spend[1]. The newly acquired Vidillion business contributed approximately 15% to the year over year CTV/OTT revenue growth. For the six-months ended June 30, 2022, App Science generated $709,225 in sales, of which $548,050 in sales were to Sabio, and eliminated on consolidation, compared to $54,000 of sales in the same prior last year. Demand for unique analytic capabilities that App Science provides has continued to increase, and the business has emerged as a key driver of the Company's sales growth. Approximately 20% of Sabio's consolidated revenue during the six-month period June 30, 2022, had an App Science component.

Cost of Sales and Gross Margins:

The following table sets out a reconciliation of Gross Profit to Revenue for each of the periods indicated:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
	$	$	**$**	$
Revenues	**7,200,957**	4,226,806	**12,779,275**	6,812,013
Cost of sales	**2,930,360**	1,610,349	**5,100,017**	2,646,996
Gross profit	**4,270,597**	2,616,457	**7,679,258**	4,165,017

Three-month periods ended June 30, 2022, and 2021.

Cost of sales consist of purchased publisher media inventory, production, and technical service costs and fees, in addition to data center, bandwidth, and cloud hosting costs connected to our revenue-producing platform. For the three months ended June 30, 2022, cost of sales was $2,930,360 compared to $1,610,349 for the three months ended June 30, 2021. The increase of $1,320,011 was attributable to the increased revenue during the period. Gross profit margin was 59.3% for the three months ended June 30, 2022, compared to 61.9% for the three months ended June 30, 2021. The decrease in margin is attributed to the integration of the newly acquired Vidillion business. As part of our integration activities during the quarter, Management has begun to renegotiate certain legacy vendor contracts to ensure pricing is commensurate to the benefits offered under our full, end-to-end technology stack. While there are no assurances that the Company will be successful in these endeavors, Management has also identified several operational synergies and economies of scale that have yet to be implemented and may potentially result in margin expansion.

Six-month periods ended June 30, 2022, and 2021.

Cost of sales consist of purchased publisher media inventory, production, and technical service costs and fees, in addition to data center, bandwidth, and cloud hosting costs connected to our revenue-producing platform. For the six-month period ended June 30, 2022, cost of sales was $5,100,017 compared to $2,646,996 for the six-month period ended June 30, 2021. The increase of $2,453,021 was attributable to the increased revenue during the period. Gross profit margin was 60.1% for the six months ended June 30, 2022, compared to 61.1% for the six months ended June

[1] *Source: BMO Capital Markets*

30, 2021. The slight decrease in margin is attributed to the integration of the newly acquired Vidillion business. As part of our integration activities Management has begun to renegotiate certain legacy vendor contracts to ensure pricing is commensurate to the benefits offered under our full, end-to-end technology stack. While there are no assurances that the Company will be successful in these endeavors, Management has also identified several operational synergies and economies of scale that have yet to be implemented and may potentially result in margin expansion.

Reconciliation of net income to Adjusted EBITDA for the three and six months ended June 30, 2022, and 2021:

The following table presents a reconciliation of Net Gain (loss) to Adjusted EBITDA for the periods indicated:

	For the three months ended		**For the six months ended**	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
	$	$	**$**	$
Net income (loss) for the period	**(1,877,069)**	302,491	**(3,520,739)**	(1,203,908)
Adjustments				
Finance costs	**155,463**	337,488	**314,282**	594,717
Transaction costs	**(5,676)**	75,290	**155,777**	313,060
Amortization of intangible assets	**111,790**	171,589	**233,660**	350,004
Stock-based compensation	**157,454**	42,818	**410,595**	278,631
Amortization of lease	**84,313**	11,808	**129,461**	23,615
Gain on loan forgiveness	**-**	(1,102,500)	**-**	(1,102,500)
Settlement fees	**-**	162,000	**-**	162,000
Income taxes	**1,395**	8,198	**2,911**	10,690
State and local taxes	**497**	17,871	**35,210**	35,587
Loss on disposal of intangibles	**-**	**-**	**6,222**	-
Severance expenses	**-**	-	**-**	37,760
Total adjustments	**505,236**	(275,438)	**1,288,118**	703,564
Adjusted EBITDA (1)	**(1,371,833)**	27,053	**(2,232,621)**	(500,344)

(1) As defined in "Non-IFRS Measures"

Three-month periods ended June 30, 2022, and 2021.

Adjusted EBITDA for the three-month period ended June 30, 2022, was a loss of $1,371,833 comparative to a profit of $27,053 for the three months ended June 30, 2021. The year-over-year increase in loss of $1,389,886 was primarily attributable to costs related to the Company's growth initiatives, additional overhead required due to its transition to public company (versus a private company in the previous year), and the return to office work within our operating footprints. In the prior year's three month-period ended June 30, 2021, non-recurring adjustments to Adjusted EBITDA included:

- A $1,102,500 gain resulting from the full forgiveness of a loan obtained under the 2020 U.S. Small Business Administration's Paycheck Protection Program;
- Transaction costs of $75,290 primarily attributable to the sale of convertible promissory notes completed during the second quarter, and efforts to publicly list on the TSX Venture Exchange; and
- A one-time, $162,000 settlement of historical remuneration fees to an advisor of the company.

Six-month periods ended June 30, 2022, and 2021.

Adjusted EBITDA for the six-month period ended June 30, 2022, was a loss of $2,232,621 comparative to a loss of $500,344 for the six months ended June 30, 2021. The year-over-year increase in loss of $1,732,277 was primarily attributable to costs related to the Company's growth initiatives, additional overhead required due to its transition to public company (versus a private company in the previous year), and the return to office work within our operating footprints. Non-recurring adjustments to Adjusted EBITDA include:

- Transaction costs of $155,777 primarily attributable to legal and professional fees for the Acquisition of Vidillion Inc. In the comparative period in 2021, transaction costs included $237,770 for 767,000 warrants

issued to Greenglade Ventures Inc., an advisor of the Company engaged to assist in the Company's efforts to publicly list on the TSX Venture Exchange and $75,290 primarily attributable to the sale of convertible promissory notes completed during the second quarter, and efforts to publicly list on the TSX Venture Exchange;

In the comparative period in 2021, non-recurring adjustments included a $1,102,500 gain resulting from the full forgiveness of a loan obtained under the 2020 U.S. Small Business Administration's Paycheck Protection Program, and a one-time, $162,000 settlement of historical remuneration fees to an advisor of the Company.

Operating Expenses:

The following table summarizes various expenses for the three and six months ended June 30, 2022, and 2021:

	For the three months ended		**For the six months ended**	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
	$	$	**$**	$
Sales and marketing	**2,842,867**	1,543,617	**5,107,875**	2,529,869
General and administrative	**1,344,166**	647,817	**2,257,750**	1,278,432
Occupancy cost	**138,982**	6,116	**241,188**	18,471
Finance costs	**155,463**	337,488	**314,282**	594,717
Transaction costs	**(5,676)**	75,290	**155,777**	313,060
Research and technology costs	**1,316,912**	571,725	**2,346,498**	1,073,936
Stock-based compensation	**157,454**	42,818	**410,595**	278,631
Amortization of intangible assets	**111,790**	171,589	**233,660**	350,004

Three-month periods ended June 30, 2022, and 2021.

Sales and marketing

Sales and marketing consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, benefits, commissions, travel, marketing and payroll taxes for our sales, marketing, and account management teams. Sales and marketing expenses for the three months ended June 30, 2022, were $2,842,867, an increase of $1,299,250 from $1,543,617 for the three months ended June 30, 2021. The year-over-year increase is primarily attributed to increases in sales and marketing headcount, sales commission on growing revenues, and in political-related expenditures. Subsequent to the second quarter of 2021, the Company significantly strengthened its sales and marketing team through several pivotal hires, including an SVP of Sales in New York (who has since been appointed as the Company's Chief Revenue Officer), the appointment of a Chief Growth Officer, and additional sellers in our key markets of New York, Detroit, Los Angeles, Chicago and the Pacific Northwest. The second quarter of 2022 represented the first quarter where all the associated payroll costs were incurred in full. The Company is seeing the benefits of these investments as we negotiate upfront and longer-term commitments with both new and existing clients. In the first quarter, the new additions were instrumental in helping the Company secure the largest contract in the Company's history, that is expected to drive over US$10 million in revenues to Sabio over a three-year period. Management believes its sales apparatus is now well staffed to meet its objectives over the next 18 months and expects 2023 revenue growth to outpace the growth in its headcount related expenditures as salesforce efficiencies continue to be realized. The Company is starting to realize the benefits of these early investments, with our average deal size increasing 48% over the prior year's quarter. Moreover, sales from our growing New York and Detroit offices drove approximately 21% and 35% of our quarterly sales growth respectively. Furthermore, as the Company positions itself ahead the 2022 U.S. mid-term elections, investments in our political apparatus generated strong initial returns, where political and advocacy campaigns drove 33% of our sales growth for the quarter.

General and administrative

General and Administrative costs include legal and professional fees, employee training, bank charges, contractors, administrative salaries and wages, employee meetings and office supplies. General and administrative costs for the three months ended June 30, 2022, were $1,344,166, an increase of $696,349 from $647,817 in the same quarter of the prior year. The year-over-year increase was related to (i) additional overhead incurred as a result of our public listing on the TSX Venture Exchange since November 2021, which led to year-over-year increases in our legal,

professional and filing fees, (ii) increased headcount in the Company's finance and administrative divisions, and (iii) $168,542 attributable to the first company-wide event since the emergence of the Covid-19 pandemic.

Occupancy

Occupancy costs include short term leases, utilities and incidental costs incurred throughout the Company's operating footprint. Occupancy costs for the three months ended June 30, 2022, were $138,982, an increase of $132,866 from $6,116 in the same quarter of the prior year. As government and industry-imposed pandemic era restrictions eased, the Company in turn implemented a hybrid work model starting in fall 2021 and entered into short term leases in areas with high employee concentration, including Los Angeles, Chicago, Detroit and Toronto. In the prior year period, employees were working remotely.

Finance costs

Finance costs for the three months ended June 30, 2022, were $155,463, a decrease of $182,025 from $337,488 in the comparable period of fiscal 2021. In the fourth quarter of 2021, the Company refinanced $2,685,000 in high-interest promissory notes, which bore interest rates ranging from 10% to 15% through a draw on its new credit facility with Avidbank. The facility is secured against the assets of the Company including, but not limited to, its accounts receivable and provides for a US$4 million accounts receivable line of credit (was increased to $7 million on May 26, 2022) at an interest rate of the greater of (i) the Wall Street Journal prime rate plus 1.00% and (ii) 4.25%. Additionally:

- In the quarter ended June 30, 2021, finance costs included interest paid on the Company's legacy factoring line that was retired in the fourth quarter of 2021; and
- The Company continues to pay down the principal balance on its multiple advance promissory notes owing to Wisper Ventures Leasing, LLC.

Research and technology costs

Research and technology costs consist of all costs associated with studies and uncapitalized development processes in connection to maintaining and increasing the effectiveness and efficiency of our technological platforms and proprietary technologies. The majority of such costs are comprised of salaries and wages, and costs associated with housing the required computer equipment and technologies. Research and technology costs for the three months ended June 30, 2022, were $1,316,912, an increase of $745,187 from $571,725 compared to the same period of the prior year. The year-over-year increase is attributed to continued investments in our technological offerings, including the commercialization of our App Science business since 2021, an increase in cloud storage, licenses and data analytics costs driven by increased sales volumes and reporting enhancements, and an increase in research and technology headcount including the workforce retained from Vidillion Inc. starting from April 1, 2022. In connection with the Vidillion asset purchase acquisition, Management has identified several operational synergies and economies of scale that may potentially result in cost reductions, including within our cloud storage and data analytics processes.

Stock-based compensation

The Company uses an omnibus incentive plan as a means for employee compensation, retention, and incentives. Stock-based compensation for the three months ended June 30, 2022 was $157,454, an increase of $114,636 from $42,818 in the same period of the prior year. Stock-based compensation granted in fiscal 2022 year-to-date was primarily related to executive and non-executive and consultant compensation in the ordinary course of business.

Six-month periods ended June 30, 2022, and 2021.

Sales and marketing

Sales and marketing consist of all costs associated with selling and marketing the Company's products and services. These costs include all salaries and wages, benefits, commissions, travel, marketing and payroll taxes for our sales, marketing, and account management teams. Sales and marketing expenses for the six-month period ended June 30, 2022, were $5,107,875, an increase of $2,578,006 from $2,529,869 in the same period in the prior year. The year-over-year increase is primarily attributed to increases in sales and marketing headcount, sales commissions on growing revenues, and in political-related expenditures. Subsequent to the second quarter of 2021, the Company significantly strengthened its sales and marketing team through several key hires, including an SVP of Sales in New York (who has since been appointed as the Company's Chief Revenue Officer), the appointment of a Chief Growth Officer, and additional sellers in our key markets of New York, Detroit, Los Angeles, Chicago and the Pacific Northwest. The first half of 2022 represented the first period where most of the associated payroll costs were incurred in full. The Company is beginning see the return on these investments as we negotiate upfront and longer-term commitments with both new and existing clients. During the six-month period ending June 30, 2022, the new additions were instrumental in helping

the Company secure the largest contract in the Company's history, that is expected to drive over US$10 million in revenues to Sabio over a three-year period. Management believes its sales apparatus is now well staffed to meet its objectives over the next 18 months and expects 2023 revenue growth to outpace the growth in its headcount related expenditures as salesforce efficiencies continue to be realized. The Company is starting to realize the benefits of these early investments, with average deal sizes increasing 48% over the prior year. Moreover, sales from our growing New York and Detroit offices drove approximately 20% and 25% of our sales growth, respectively, over the prior year.

General and administrative

General and Administrative costs include legal and professional fees, employee training, bank charges, contractors, and administrative salaries and wages, employee meetings and office supplies. General and administrative costs for the six months ended June 30, 2022 were $2,257,750, an increase of $979,318 from $1,278,432 in the same period of the prior year. The year-over-year increase was primarily related to (i) additional overhead incurred as a result of our public listing on the TSX Venture Exchange since November 2021, which led to year-over-year increases in our legal, professional and filing fees, (ii) increased headcount in the Company's finance and administrative divisions, and (iii) $168,542 attributable to the first company-wide event since the emergence of the Covid-19 pandemic.

Occupancy

Occupancy costs include short term leases, utilities and incidental costs incurred throughout the Company's operating footprint. Occupancy costs for the six months ended June 30, 2022, were $241,188, an increase of $222,717 from $18,471 in the same quarter of the prior year. As government and industry-imposed pandemic era restrictions eased, the Company in turn implemented a hybrid work model starting in fall 2021 and entered into short term leases in areas with high employee concentration, including Los Angeles, Chicago, Detroit and Toronto. In the prior year period, employees were working remotely.

Finance costs

Finance costs for the six months ended June 30, 2022, were $314,282 a decrease of $280,435 from $594,717 compared to the same period of the prior year. In the fourth quarter of 2021, the Company refinanced $2,685,000 in high-interest promissory notes, which bore interest rates ranging from 10% to 15% through a draw on its new credit facility with Avidbank. The facility is secured against the assets of the Company including, but not limited to, its accounts receivable and provides for a US$4 million accounts receivable line of credit (was increased to $7 million on May 26, 2022) at an interest rate of the greater of (i) the Wall Street Journal prime rate plus 1.00% and (ii) 4.25%. Additionally:

- For the six months ended June 30, 2021, finance costs included interest paid on the Company's legacy factoring line that was retired in the fourth quarter of 2021; and
- The Company continues to pay down the principal balance on its multiple advance promissory notes owing to Wisper Ventures Leasing, LLC.

Transaction costs

Transaction costs of $155,777 incurred during the six-month period ended June 30, 2022, primarily consisted of legal and professional fees directly attributable to the acquisition of Vidillion Inc. In the comparative period in 2021, transaction costs included $237,770 for 767,000 warrants issued to Greenglade Ventures Inc., an advisor of the Company engaged to assist in the Company's efforts to publicly list on the TSX Venture Exchange and $75,290 primarily attributable to the sale of convertible promissory notes completed during the second quarter, and efforts to publicly list on the TSX Venture Exchange.

Research and technology costs

Research and technology costs consist of all costs associated with studies and uncapitalized development processes in connection to maintaining and increasing the effectiveness and efficiency of our technological platforms and proprietary technologies. The majority of such costs are comprised of salaries and wages, and costs associated with housing the required computer equipment and technologies. Research and technology costs for the six months ended June 30, 2022, were $2,346,498 an increase of $1,272,562 from $1,073,936 compared to the same period of the prior year. The year-over-year increase is attributed to continued investments in our technological offerings, including the commercialization of our App Science business since 2021, an increase in cloud storage, licenses and data analytics costs driven by increased sales volumes and reporting enhancements, and an increase in research and technology headcount including the workforce retained from Vidillion Inc. starting from April 1, 2022. In connection with the Vidillion asset purchase acquisition, Management has identified several operational synergies and economies of scale that may potentially result in cost reductions, including within our cloud storage and data analytics processes.

Stock-based compensation

The Company uses stock-based compensation as a means for employee compensation, retention, and incentives. Stock-based compensation for the six months ended June 30, 2022, was $410,595, an increase of $131,964 from $278,631 in the same period of the prior year. The stock-based compensation granted in fiscal 2022 year-to-date is related to executive and non-executive and consultant compensation in the ordinary course of business.

Research and Development Expenditures:

Research and development expenses consist of certain remunerations paid to engineer personnel. Development costs that meet the criteria under IAS 38 Intangible Assets are capitalized as an Intangible Asset. Deferred development costs have finite lives and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

During the three months ended June 30, 2022, the Company capitalized $33,881 to Intangible Assets, compared to $15,159 in the comparable period in fiscal 2021. During the six-month period ended June 30, 2022, the Company capitalized $50,971 to Intangible Assets, compared to $78,785 in the comparable period in fiscal 2021.

During the three months ended June 30, 2022, the Company amortized a total of $98,960 in development expenses, compared to $171,589 in the comparable period in fiscal 2021. During the six-month period ended June 30, 2022, the Company amortized a total of $220,830 in development expenses, compared to $350,004 in the comparable period in fiscal 2021.

OUTLOOK

In what is traditionally the slowest half of the calendar year due to the season trends affecting the advertising industry, the Company experienced significant revenue expansion in the current quarter as compared to the second quarter of 2021. Our revenue growth was driven by both the addition of new, Fortune® 100 brands and deepening relationships with existing clientele. In the second half of 2022, Sabio expects it will continue to deliver robust organic revenue growth on a year-over-year basis and gain market share, driven our strengthened salesforce, continued investments in our political apparatus ahead of the 2022 U.S. midterm elections, the investments we have made in our product offerings, including the commercialization of our App Science business and the completion of an end-to-end, CTV/OTT ecosystem through our acquisition of Vidillion. As a result, we are in a unique position to continue to capitalize on the burgeoning CTV/OTT streaming advertising market. Management believes the heavy investment period in the operating infrastructure is largely complete and expects Adjusted EBITDA to be profitable in the second half of the year and see continued improvements operating margin in 2023.

See “Forward Looking Statements”.

Summary of Quarterly Results

The following unaudited table sets out selected financial information for the Company on a consolidated basis for the last eight most recently completed quarters.

	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020
Revenue	7,200,957	5,578,318	10,590,624	6,817,536	4,226,806	2,585,207	5,389,755	3,216,982
Net Income (Loss)	(1,877,069)	(1,643,670)	548,824	71,273	302,491	(1,506,399)	1,522,093	327,629
Assets	12,476,313	11,650,424	13,449,690	5,161,830	4,235,756	2,560,938	3,515,513	2,242,807
Liabilities	13,288,109	12,245,695	12,653,916	13,473,815	13,462,638	12,133,469	12,055,228	12,562,095
Basic EPS	(0.04)	(0.04)	0.02	0.002	0.01	(0.05)	0.05	0.01

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

We intend to use our operating income and funds on hand to meet funding requirements for the development and commercialization of our technology products and services based on anticipated market demand and working capital purposes. Our actual funding requirements will vary depending on a variety of factors, including our success in executing our business plan, the progress of our research and development efforts, our commercial sales, and our ability to manage our working capital requirements.

While the Company currently has sufficient operating capital to meet its day-to-day operating expenses, it is possible that the Company could experience a working capital deficiency in the future, which would have a materially adverse effect on the Company's liquidity. In the event future cash flows from operations are lower than expected, the Company may need to seek additional financing, either by issuing additional equity or by undertaking additional debt. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of additional indebtedness, we may be subject to increased fixed payment obligations and could also be subject to additional restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. Any future indebtedness we incur may result in terms that could be unfavorable to equity investors. Furthermore, there is no certainty that additional financing, whether debt or equity, will be available or that it will be available on attractive terms.

As of June 30, 2022, the Company had cash amounting to $2,460,980 as compared to $3,280,335 as at December 31, 2021, to settle current liabilities of $8,075,031 (December 31, 2021 - $9,055,373). Management believes the Company is well-funded, with sufficient cash reserves on hand to manage its operational requirements and meet its objectives over the next 12 months. The Company raised gross proceeds of CAD$6,648,691 through a concurrent financing that closed during the fourth quarter of 2021. In the fourth quarter of 2021, we also refinanced $2,685,000 in high-interest promissory notes, which bore interest rates ranging from 10% to 15%, through a draw on a new credit facility with Avidbank at an interest rate of the greater of (i) the Wall Street Journal prime rate plus 1.00% and (ii) 4.25%. The refinancing has resulted in a material reduction in interest costs in 2022, and management was able to renegotiate the line in the second quarter of 2022 to increase the overall credit available from $4 million to $7 million. We ended the quarter with net working capital of $475,278, compared to a net working capital deficit of $5,080,492 in the second quarter of 2021.

Below is a summary of our cash provided by (used in) operating, investing, and financing activities for the periods indicated:

	For the six months ended	
	June 30, 2022	June 30, 2021
	$	$
Cash flows used in operating activities	**(180,226)**	(2,257,774)
Cash flows used in investing activities	**(1,325,874)**	(78,785)
Cash flows from financing activities	**686,745**	2,506,429
Net increase in cash	**(819,355)**	169,870
Cash, beginning of period	3,280,335	47,890
Cash, end of period	**2,460,980**	217,760

Cash provided by (used in) operating activities:

We used cash of $180,226 in operating activities for the six months ended June 30, 2022 which resulted from $3,520,739 in net losses plus $835,661 of non-cash adjustments to net loss and $2,504,852 attributable to movements in non-cash working capital, with changes primarily arising from decreases in accounts receivable, accounts payable and accrued liabilities, and increases in deferred revenue and prepaid expenses.

Cash provided by (used in) investing activities:

For the six months ended June 30, 2022, cash used in investing activities was $1,325,874, including cash consideration of $1,250,000 paid for the Acquisition of Vidillion Inc., share issuance costs of $24,903 for the issuance of 1,685,079

common shares as Share Consideration for the Acquisition of Vidillion Inc. and development costs related to internally generated intangible assets $50,971 ($78,785 for the six months ended June 30, 2021). The decrease in development costs was attributable to higher capitalization rates in the same period of the prior year.

Cash provided by (used in) financing activities:

Cash provided by financing activities for the six months ended June 30, 2022, was $686,745 which was primarily due to:

- The Company drew $1,250,000 on its credit facility with Avidbank to fund the closing of Vidillion Inc.'s Acquisition.
- The Company made $325,980 in principal payments on its multiple advance promissory notes owing to Wisper Ventures Leasing, LLC.

The proceeds received from the Company's financing activities were partially offset by lease payments made during the period.

Stock Options:

The Company presently issues security-based compensation, including options under its omnibus incentive plan. As at June 30, 2022 and December 31, 2021, the Company was entitled to issue a maximum of 4,557,848 and 4,382,484 security-based awards respectively collectively outstanding under the existing omnibus incentive plan.

The following table summarizes the continuity of stock options issued by the Company under the omnibus incentive plan:

Measurement date	Number of Options	Weighted average exercise price
	#	$
Balance, December 31, 2020	6,207,888	0.11
Granted	4,278,334	0.17
Spirit's options rolled over to Sabio's options	73,009	1.25
Exercised	(5,995,488)	0.13
Forfeited	(1,722,621)	0.10
Balance, December 31, 2021	2,841,122	0.19
Granted	1,230,120	1.00
Exercised	(68,563)	0.17
Forfeited	(182,885)	0.06
Balance, June 30, 2022	**3,819,794**	**0.47**

Warrants

A summary of changes in share-based compensation during the years ended December 31, 2021, and for the six months period ended June 30, 2022, is as follows:

Measurement date	Number of Warrants	Weighted average exercise price
	#	$
Balance, December 31, 2020	-	-
Granted	3,170,374	0.17
Exercised	(365,623)	0.17
Issuance of warrants to convertible promissory notes holders upon conversion	1,197,761	1.39
Warrants issued to listing agents/consultants upon completion of Qualifyng Transaction	169,596	1.37
Issurance of warrants to individuals with Zelos Capital Ltd. upon completion of Qualifying Transaction	6,080	1.37
Balance, December 31, 2021 and June 30, 2022	**4,178,188**	**0.57**

CONTRACTUAL OBLIGATIONS

The following are the contractual maturities for the financial liabilities as at June 30, 2022:

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	**5,718,253**	5,718,253	-	-	-
Lease liability	**1,080,965**	292,823	788,142	-	-
Loans payable	**4,959,830**	534,894	3,934,936	490,000	-
	11,759,048	6,545,970	4,723,078	490,000	-

The following are the contractual maturities for the financial liabilities as at December 31, 2021:

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	**7,483,352**	7,483,352	-	-	-
Lease liability	**534,843**	201,717	333,126	-	-
Loans payable	**4,126,290**	860,873	2,776,327	489,090	-
	12,144,485	8,545,942	3,109,453	489,090	-

The loans payable balance at June 30, 2022 includes $3,863,610 outstanding under an accounts receivable line of credit with Avidbank at an interest rate of the greater of (i) the Wall Street Journal prime rate plus 1.00% and (ii) 4.25%. Effective on May 26, 2022, the Company successfully renegotiated the line. The amended terms include an increase in credit available under the line to $7 million from $4 million. The amended terms also include certain other accommodations, including the removal of a US$250,000 cap placed on Vidillion Corp.'s eligible accounts receivable under the line's borrowing base guidelines. The increase in available credit is expected to be used by the Company to fund working capital requirements in the ordinary course.

Debt Forgiveness Covenants:

There was no debt forgiveness during the six months ended June 30, 2022. During the six months ended June 30, 2021, the entire amount of the Paycheck Protection Program loan of $1,102,500 that the Company closed in 2020 was forgiven.

COMMITMENTS

The Company is committed under a contract with a strategic business advisor dated June 1, 2022, for a one-year period with a minimum commitment period of 6 months from the contract date, after which time the contract is cancellable upon 30 days' notice. The future minimum commitment for the contract as at June 30, 2022 is as follows:

Within one year	$	275,000
Less than one year and not longer than five years		-
Thereafter		-
	$	**275,000**

RELATED PARTY TRANSACTIONS

At June 30, 2022, the Company's related party loan balances included a non-interest-bearing advance, receivable on demand from Aziz Rahimtoola, Chief Executive Officer of the Company in the aggregate amount of $787,113 ($759,165 as at December 31, 2021). The loan balance was substantially incurred before the Company went public during periods where Mr. Rahimtoola did not receive regular compensation. Mr. Rahimtoola is now compensated through the Company's regular payroll and further increases in the loan balance are not expected. The related party loan balances also include $60,555 ($60,351 as at December 31, 2021), bearing an interest rate of 1% per annum receivable from

Simon Wong, an Officer of the Company. During the three months ended June 30, 2022, the loan was extended for an additional year and is due on July 15, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

The Company is not aware of any material off-balance sheet arrangements.

ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Consolidated Financial Statements and application of IFRS often involve management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. Significant assumptions and estimates used in preparing the financial statements include those related to credit quality of accounts receivable, income tax credits receivable, share-based payments, impairment tests for non-financial assets, as well as revenue and cost recognition. Sabio bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which estimates are revised and may impact future periods as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment. Significant accounting policies and estimates under IFRS are found in Note 3 and Note 4 of the Company's Consolidated Financial Statements

CHANGES IN ACCOUNTING POLICIES

For the six months ending June 30, 2022, the Company has not adopted any new accounting policies. Our significant accounting policies are found in Note 3 of the Company's Interim Consolidated Financial Statements.

INTERNAL CONTROLS

Effective internal controls are necessary for Sabio to provide reliable financial reports and to help prevent fraud. Management of Sabio is responsible for establishing and maintaining disclosure controls and procedures for the Company. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Chief Executive Officer ("CEO") and by others within those entities on a timely basis, particularly during the period in which the annual filings are being prepared, so that appropriate decisions can be made regarding public disclosure.

An evaluation of the adequacy of the design and effective operation of the Company's disclosure controls and procedures was conducted under the supervision of management, including the CEO, as at December 31, 2021. Based on that evaluation, the CEO has concluded that the design and operation of the system of disclosure controls and procedures were effective as at December 31, 2021.

There have been no changes to Sabio's internal controls over financial reporting during the six-months ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, Sabio's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

As at June 30, 2022, there were (i) 45,578,483 common shares issued and outstanding, (ii) 3,819,794 stock options outstanding with a weighted average exercise price per common share of $0.47 and a weighted average contractual life of 7.17 years and (iii) 4,178,188 warrants outstanding with a weighted average exercise price per warrant of $0.57 and a weighted average contractual life of 2.16 years. As at December 31, 2021 there were (i) 43,824,841 common shares issued and outstanding, (ii) 2,841,122 stock options outstanding with a weighted average exercise price per common share of $0.19 with a weighted average contractual life of 6.91 years and (iii) 4,178,188 warrants outstanding with a weighted average exercise price per warrant of $0.57 and a weighted average contractual life of 2.66 years.

RISK FACTORS

The following risk factors are not a definitive list of all risk factors associated with the Company. Additional risks and uncertainties, including those currently unknown or considered immaterial by Sabio, may also adversely affect our shares and/or the operations of our business.

Access to Capital

Sabio makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Sabio has financed these expenditures through offerings of its debt securities. Sabio will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Sabio may incur major unanticipated liabilities or expenses. Sabio can provide no assurance that it will be able to obtain financing to meet the growth needs of its operations.

Foreign Sales

Sabio's functional currency is denominated in U.S. dollars. Sabio currently expects that sales will be denominated in U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, Sabio incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of Sabio's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact Sabio's business, financial condition and results of operations. Sabio has not previously engaged in foreign currency hedging. If Sabio decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide Sabio from foreign currency fluctuations and can themselves result in losses.

Continued Access to Publisher Media Inventory

Timely access to relevant purchased publisher media inventory is vital to the ongoing success of Sabio's media business. This access is dependent on the Company's ability to secure inventory on reasonable terms across a broad range of advertising inventory partners in various verticals and formats – to align with the requirements from our customers. The amount, quality and cost of inventory available can change at any time. If a relationship with a significant supplier were to cease, or if the material terms of these relationships were to change unfavorably, the Company's business would be negatively impacted. The suppliers are generally not bound by long-term contracts. As a result, there is no guarantee that Sabio will have access to a consistent supply of inventory on favorable terms.

Relative Early Stage of Streaming Market

The streaming markets represent a massive growth opportunity for the Company, with 82% of all U.S, homes now having a smart TV device. Sabio has invested in technology and market development to position itself as a key player in this emerging market. The Company is expecting demand for its streaming offering to drive the vast majority of its future growth. The streaming markets are in its early stages of growth with many large companies shifting focus and/or investing heavily. Large platforms such as Roku are aiming to deploy a walled garden approach. Any unfavorable developments in this segment such as inability of the company to secure adequate ad-inventory, restrictive action by streaming device/platform providers etc. could result in significant negative impact on the Company's growth prospects.

Highly Competitive Nature of Market

The digital advertisement is a competitive and rapidly changing industry that is subject to changing technology, regulatory and customer demands. There are many companies large and small; public and private providing competing solutions. With the end consumers media consumption shifting away from traditional media to digital and introduction of new technologies, the competition will likely remain high and could intensify in the future, which could have a negative impact on the Company's business and operating results. The industry is dominated by very large companies, with substantial resources to devote to sales & marketing, product development, thereby potentially positioning them to respond faster to any market or technology shifts resulting in potential negative impact on the Company's business.

Fluctuations in Operating Results

Sabio's operating results may vary from quarter to quarter due to the seasonal nature of its customers' spending on advertisement campaigns. The Company has traditionality experienced strong revenue generation in the fourth

calendar quarter and relatively weaker performance in the first calendar quarter. Product and service mix also has a significant impact on the operating results and could drive volatility from quarter to quarter. External factors, such as political advertising, could also contribute volatility within the quarter.

Adding New Customers and Retaining Existing Customers

Sabio has long term relationships with several key clients and partners and relies on these customers and partners to derive material revenues. There can be no assurances that these customers will continue to purchase products/services from Sabio. The nature of the media business is that Sabio must compete for the business of these and all customers on a project-by-project basis. There could be material adverse effects on the financial results or businesses of Sabio if a material customer ceases to do business with Sabio. Moreover, Sabio business plan depends on its ability to attract new customers. The markets that Sabio operates in are highly competitive with competitors having entrenched relationships with many of the target customers. There can be no assurance that Sabio will be able to attract new customers and retain them over a longer period.

Retention and Acquisition of Skilled Personnel

The loss of any member of Sabio's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management and specialized technical personnel, could have a material adverse effect on Sabio's business and operating results. The expansion of marketing and sales of its products will require Sabio to find, hire and retain additional capable senior employees who can understand, explain, market and sell its products and services. There is intense competition for capable personnel in all of these areas and Sabio may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training, and in many cases take a significant amount of time before they achieve full productivity. As a result, Sabio may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as Sabio moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Company Culture

Management believes that a critical component to our success has been Sabio's company culture, which is based on teamwork, respect, innovation, accountability, initiative, and personal growth. We have invested substantial time and resources in building our team within this company culture. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel and to proactively focus on and pursue our corporate objectives. If we fail to maintain our company culture, our business may be adversely impacted.

Managing Growth

Sabio is expecting continuing high growth as it continues to invest in its sales and marketing efforts to take advantage of the market opportunity. In order to manage growth and future potential effectively, Sabio must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Sabio expects to invest its earnings and capital to support its growth but may incur additional unexpected costs. If Sabio incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Intellectual Property Rights

Within our industry, there is the potential that a third party may claim that we are infringing on their intellectual property rights. Such intellectual property infringement claims, whether we ultimately are found to be infringing any third party's intellectual property rights or not, are time-consuming, costly to defend, and divert resources and management attention away from our operations. Infringement claims by third parties could also subject us to significant damage awards or fines or require us to pay large amounts to settle such claims. Additionally, claims of intellectual property infringement might require us to enter into royalty or license agreements. If we cannot or do not license the infringed technology on acceptable terms or substitute similar technology from other sources, we could be prevented from or restricted in selling our products containing, or manufactured with, the infringed technology.

Third-Party Licensed Software

The Company's services incorporate certain third-party software obtained under licenses from other companies. The Company anticipates that it will continue to rely on such third-party software and development tools in the future. Although the Company believes that there are commercially reasonable alternatives to the third-party software the Company currently licenses, this may not always be the case, or it may be difficult or costly to replace. In addition, integration of the software used in the Company's services with new third-party software may require significant work and require substantial investment of the Company's time and resources. Also, to the extent that the Company's services depend upon the successful operation of third-party software in conjunction with its own software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of the Company's services, delay new services introductions, result in a failure of the Company's services, and injure the Company's reputation. The Company's use of additional or alternative third-party software would require the Company's to enter into additional license agreements with third parties.

Data Limitations

Our business depends on our ability to collect, use, and disclose data to deliver advertisements. Any limitation imposed on our collection, use or disclosure of this data could significantly reduce the value of our solution. Consumer tools, regulatory restrictions, and technological limitations all threaten our ability to use and disclose data.

There could be changes to the standardized mobile identifiers that companies like Sabio use which can adversely impact our business. Many applications and other devices allow consumers to avoid receiving advertisements by paying for subscriptions or other downloads.

COVID-19 Pandemic or Other Similar Outbreak

Any outbreaks of contagious diseases, including the outbreak of the COVID-19 pandemic, could have an adverse impact on public health developments in jurisdictions where Sabio operates. This could result in material and adverse effects on Sabio's business, financial condition and results of operations. These effects could include disruptions or closures of Sabio's client's businesses leading them to stop advertisement spend. In addition, the COVID-19 pandemic has become a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect Sabio's ability to obtain financing for its business and operations. The extent to which the COVID-19 pandemic will impact Sabio's business and financial results will depend on future developments, which are highly uncertain and cannot be predicted.

Ability to Continuously Innovate, Enhance Existing and Develop New Products

The Company operates in a highly competitive market and one with changing customer requirements. The Company to date has developed all of its technology and product inhouse and boasts one of the most complete product portfolios in the industry. However, the industry is prone to rapid and frequent changes in technology to keep pace with changing end-customer requirements. In-ability to accurately predict and manage the transition could have a severe impact on the Company's ability to remain competitive and thus demand for the Company's product and services could decrease.

Business Acquisitions

To the extent we find suitable and attractive acquisition candidates and business opportunities in the future, we may acquire additional complementary businesses, products and technologies and enter joint ventures or similar strategic relationships. While we believe we will be able to successfully integrate newly acquired businesses into our existing operations, there is no certainty that it will deliver the anticipated business results or not cause a material disruption to our current business. An acquisition may later be found to have a material legal or ethical issue, not disclosed, or discovered prior to acquisition. Further, we may be unable to realize the revenue improvements, cost savings and other intended benefits of any such transaction. The occurrence of any of these events could result in decreased revenues, income, and cash flows.

Industry Perceptions

With the growth of online advertising and e-commerce, there is increasing awareness and concern among the general public, privacy advocates, mainstream media, governmental bodies and others regarding marketing, advertising, and data privacy matters, particularly as they relate to individual privacy interests and the global reach of the online marketplace. This public scrutiny may lead to general distrust of our industry, consumer reluctance to share and permit use of personal data and increased consumer opt-out rates, any of which could negatively influence, change, or reduce

our current and prospective clients' demand for our products and services and adversely affect our business and operating results.

Litigation

Sabio's business may become susceptible from time to time to various legal claims, including class action claims, in the course of its operations. Any future claims or litigation could have a material adverse effect on the Sabio's business and its profitability.

Credit Risks

Sabio will be exposed to counterparty risks and liquidity risks including, but not limited to customers of Sabio which may experience financial, operational or other difficulties, including insolvency, which could limit or suspend those customers' ability to perform their obligations under agreements with Sabio, or through companies that will have payables to Sabio. If these risks materialize, Sabio's operations could be adversely impacted.

Cybersecurity Risks

In recent years, the frequency, severity, sophistication of cyber-attacks, computer malware, viruses, social engineering, and other intentional misconduct by computer hackers has significantly increased, and government agencies and security experts have warned about the growing risks of hackers, cyber criminals and other potential attackers targeting information technology systems. Such third parties could attempt to gain entry to our systems for the purpose of stealing data or disrupting the systems. In addition, our security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of our vendors, suppliers, their products, or otherwise. Third parties may also attempt to fraudulently induce employees or clients into disclosing sensitive information such as usernames, passwords or other information to gain access to our clients' data or our data, including intellectual property and other confidential business information.

We believe we have taken appropriate measures to protect our systems from intrusion, but we cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities in our systems and attempts to exploit those vulnerabilities, physical system or facility break-ins and data thefts or other developments will not compromise or breach the technology protecting our systems and the information we possess. Any such compromise or breach, depending on the nature, may adversely impact the reputation and results of operations of Sabio.

Anti-Corruption

We are subject to anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the USA PATRIOT Act, U.S. Travel Act, and possibly other anti-corruption, anti-bribery, and anti-money laundering laws in countries in which we conduct activities. Anti-corruption laws have been enforced with great rigor in recent years and are interpreted broadly and prohibit companies and their employees and their agents from making or offering improper payments or other benefits to government officials and others in the private sector. The FCPA or other applicable anti-corruption laws may also hold us liable for acts of corruption or bribery committed by our third-party business partners, representatives, and agents, even if we do not authorize such activities. An increase to our international sales and business, including an increase in our use of third parties, will lead to our risks under these laws to also increase. We have adopted policies and procedures and conduct training designed to prevent improper payments and other corrupt practices prohibited by applicable laws but cannot guarantee that improprieties will not occur. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with specified persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. Any investigations, actions, and/or sanctions could have an adverse effect on our business, results of operations, and financial condition.

Economic and Trade Sanctions

We are subject to various U.S. export control and trade and economic sanctions laws and regulations, including the U.S. Export Administration Regulations and the various sanctions programs administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (collectively, Trade Controls). U.S. Trade Controls may prohibit the shipment of specified products and services to certain countries, governments, and persons. Although we endeavor to conduct our business in compliance with Trade Controls, our failure to successfully comply may expose us to negative legal and business consequences, including civil or criminal penalties, governmental investigations, and reputational harm.

Furthermore, if we export our technology or software, the exports may require authorizations, including a license, a license exception, or other appropriate government authorization or regulatory requirements. Complying with Trade Controls may be time-consuming and may result in the delay or loss of opportunities.

Foreign Exchange

Sabio is exposed to certain foreign currency risks, including by reason of Sabio's operations in India and Canada. The movement of foreign currencies, such as the Indian Rupee and Canadian Dollar against the U.S. dollar, could have a material adverse effect on Sabio's prospects, business, financial condition, and results of operation.

Dividends

Sabio has not declared or paid cash dividends on the Common Shares. Sabio intends to retain future earnings to finance the operation, development and expansion of the business. Sabio does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on Sabio's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

SUBSEQUENT EVENTS

On July 3, 2022, the Company entered into a lease for a new office in the Detroit, Michigan area for a five-year period with Center Street Ventures, LLC. The lease contains two three-year renewal options that the Company can exercise, and the sum of base rent for the five-year term is $563,500.

On August 4, 2022, the Company obtained the required debtholder consents to remove the $5 million maximum balance limitation under its existing line of credit with Avidbank, thereby increasing the maximum allowable balance to the full $7 million of credit available under the line.

On August 8, 2022, the Company entered a lease for a new office in Hyderabad, India with Gowra Ventures (P) Ltd with an assured period of five years from the rent commencement date. The lease contains an option to renew for two terms of three years each and the sum of base rent and maintenance charges for the assured period is $588,440 (46,345,823 INR).