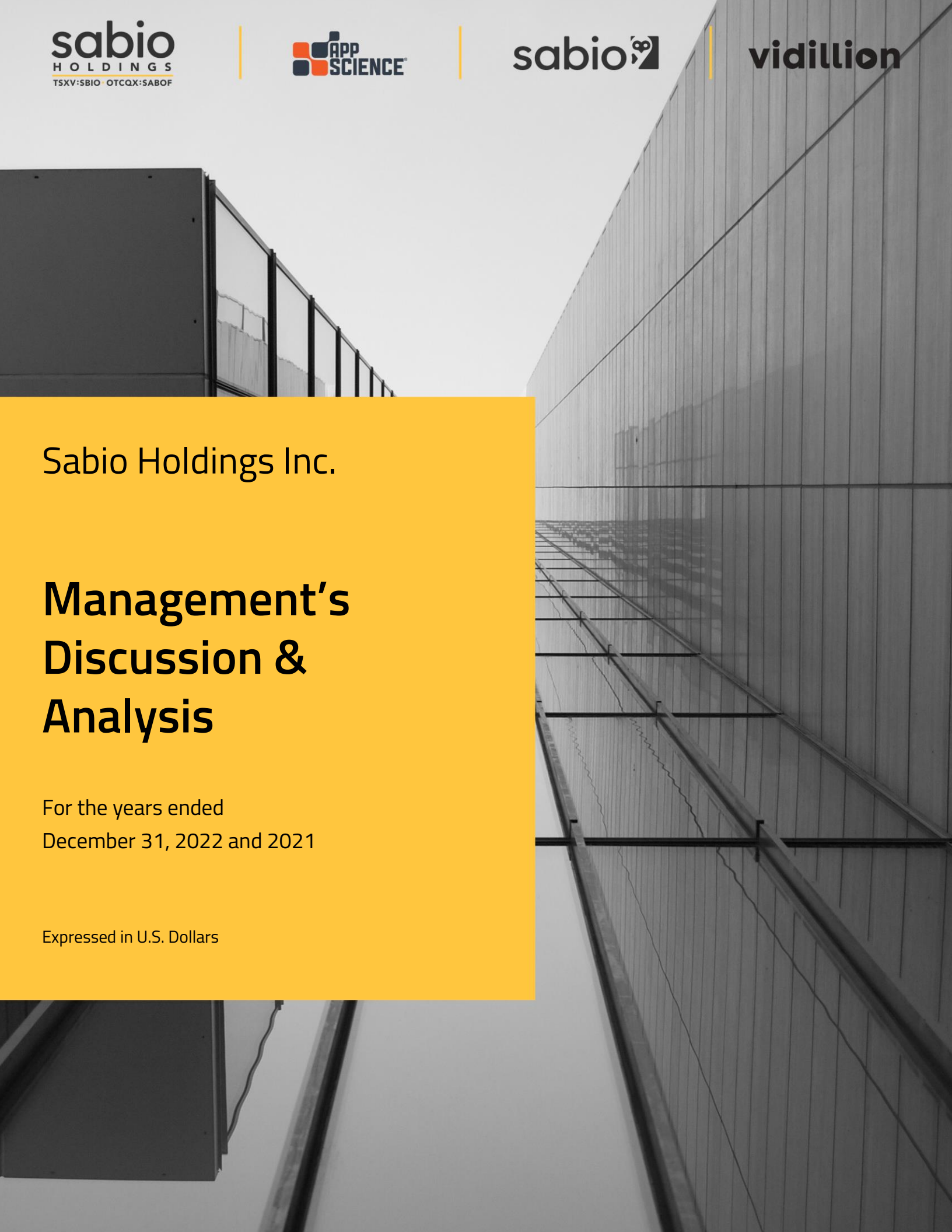


Sabio Holdings Inc.

Management's Discussion & Analysis

For the years ended
December 31, 2022 and 2021

Expressed in U.S. Dollars

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 twelve months ended December 31, 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 audited Consolidated Financial Statements for the years ended December 31, 2022, and December 31, 2021, and related notes (the "Consolidated Financial Statements"). The Consolidated Financial Statements and extracts of those 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.

The Chief Executive Officer and Chief Financial Officer of the Company, in accordance with National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), have both certified that they have reviewed the annual consolidated financial statements and this MD&A (together, the "Annual Filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the Annual Filings do not contain any untrue statements of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the Annual Filings; and (b) the annual consolidated financial statements together with the other financial information included in the Annual Filings fairly present, in all material respects the financial condition, financial performance, and cash flows of the Company, as of the date of and for the periods presented in the Annual Filings.

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 March 22, 2023.

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, state and local taxes (recovery), 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-supported video on demand and streaming space through connected TV ("CTV") and over-the-top ("OTT"), where viewership in 2023 is expected to rise to over 230 million users in the United States CTV market alone. Sabio's full CTV/OTT technology stack and services enables global distribution, monetization, and analytics for CTV/OTT app publishers, content creators, brands and agencies. Sabio's wholly owned subsidiaries include Vidillion Corp.("Vidillion"), a CTV/OTT technology pioneer that creates, distributes, and manages 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 and other third-party 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 110 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 the 1st quarter of 2022, the Company appointed Jennifer Cabalquinto to serve as the fourth independent member of its Board Directors and Chair of its Audit Committee, joining (three) existing independent members, Paula Madison, Carl Farrell, Muizz Kheraj to serve alongside its Chief Executive Officer, Aziz Rahimtoola .

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 twelve months ended December 31, 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 CAD $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 were subject to a lock-up period expired on October 1, 2022, 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 CAD$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 included 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'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.

- On June 29, 2022, shareholders of the Company approved a replacement omnibus equity incentive plan that permits the granting of certain compensation securities, including restricted stock units ("RSUs").

- On September 7, 2022, 262,000 RSUs of the Company were granted to a senior-level employee at the most recent closing trading price of the Company's common shares on the TSX Venture Exchange from the grant date of CAD$1.00. The RSUs will vest over three years with 1/3 vesting at the one-year anniversary of the grant and quarterly vesting over the next 2 years.

- In October 2022, an aggregate of 244,375 share options of the Company were granted to certain employees of the Company at an exercise price of CAD$0.80. The options will vest quarterly from the grant date over a vesting period of 2 to 3 years. 395,313 restricted stock units ("RSUs") of the Company were also granted at the grant-date fair-value of the Company's common shares of CAD$0.80. 137,500 of these RSUs were granted to directors of the Company and will fully vest on first anniversary of the grant date. The remaining 257,813 RSUs were granted to employees and contractors of the Company and will vest over two years with 1/2 vesting at the one-year anniversary of the grant and quarterly vesting over the second year.

- For the first time in Company history, Connected TV and OTT streaming was the Company's' largest sales category for a fiscal year, composing 72% and 59% of our sales mix for the three months ended and the year ended December 31, 2022, respectively.

OVERALL PERFORMANCE AND DISCUSSION OF OPERATIONS

The following table provides selected financial information from the Company's recent operations for the three and twelve months ended December 31, 2022, and 2021. This information should be read together with the Consolidated Financial Statements.

	For the three months ended		**For the year ended**	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
	$	$	**$**	$
Revenues	**17,606,761**	10,590,624	**42,305,732**	24,220,173
By source:				
Mobile	**4,826,681**	5,334,214	**16,976,655**	13,961,242
Connected TV/OTT Streaming	**12,678,119**	5,205,743	**24,842,865**	10,202,139
Other	**101,961**	50,667	**486,212**	56,792
Gross Profit	**10,358,531**	6,252,919	**25,350,591**	14,560,153
Adjusted EBITDA (1)	**2,363,541**	1,677,755	**1,326,107**	1,850,072
Income (loss) from Operations	**2,016,198**	1,266,447	**(234,011)**	345,445
Net income (loss)	**2,016,200**	548,824	**(846,765)**	(583,811)

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

Revenue:

Three-month periods ended December 31, 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, 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 brand study reports and licenses to subscribe 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 December 31, 2022, composed primarily of Connected TV and OTT streaming and mobile sales, was $17,606,761, an increase of $7,016,137 from $10,590,624 for the three months ended December 31, 2021. The 66% increase in sales was primarily driven by Connected TV and OTT streaming sales, which represented 72% of our sales mix for the quarter, compared to 49% in the prior year's period. Connected TV and OTT streaming remains one of digital advertising's fastest growing channels. The rapid growth of Connected TV and OTT streaming into Sabio's dominant sales category further evidences our differentiated position, as we continue to not only capitalize on, but significantly outpace, these burgeoning markets.

By segment, Connected TV/OTT streaming sales for the three months ended December 31, 2022, grew by 144% to $12,678,119, an increase of $7,472,376 from $5,205,743 for the three months ended December 31, 2021. Connected TV/OTT streaming sales have now grown by over 100% in each quarter since Company went public in November 2021. This growth has largely been organic, with the newly acquired Vidillion business contributing approximately 3.6% to the Connected TV/OTT revenue growth over the three-month period. During the three-months ended December 31, 2022, Vidillion also generated $646,083 in sales to Sabio, which were eliminated on consolidation. 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., as well as through other third-party 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 December 31, 2022, App Science sales directly to end-customers grew 103% to $101,560, compared to $50,000 in the prior year's quarter. In the prior year's quarter, App Science also had $152,000 in sales to Sabio that were eliminated on consolidation.

For the three months ended December 31, 2022, mobile sales were $4,826,681, a decrease of $507,533, or 10%, from $5,334,214 for the three months ended December 31, 2021, as more mobile campaigns shifted to Sabio's differentiated OTT targeting capabilities. The Connected TV/OTT streaming sales category includes OTT streaming over mobile devices, consistent with the prior year's period.

Twelve-month periods ended December 31, 2022, and 2021.

Revenue for the twelve-month period ended December 31, 2022, composed primarily of mobile and Connected TV sales was $42,305,732, an increase of $18,085,559, or 75%, from $24,220,173 for the twelve months ended December 31, 2021. For the first time in Company history, Connected TV and OTT streaming was the Company's' biggest sales category for the year, representing 59% of our sales mix for the twelve-month period as we continue to capitalize on, and outpace, the growing Connected TV and OTT streaming markets.

By segment, Connected TV/OTT streaming sales for the twelve months ended December 31, 2022, increased to $24,842,865 an increase of $14,640,726, or 144%, from $10,202,139 for the twelve months ended December 31, 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]. This growth was largely organic, with the newly acquired Vidillion business contributing approximately 5.6% to the year over year CTV/OTT revenue growth. Symbolizing the rapid growth of the business, Connected TV/OTT streaming sales in 2022 exceeded Sabio's consolidated revenues across all sales categories in the prior year.

For the twelve-months ended December 31, 2022, App Science generated $631,908 in sales, of which $485,358 were directly to end-customers and $146,550 were to Sabio and eliminated on consolidation. In the prior year, the business generated $398,500 in sales, of which $56,000 were directly to end-customers and $342,500 were to Sabio and eliminated on consolidation. Demand for unique analytics capabilities that App Science provides has continued to increase, as reflected by the 767% year-over-year increase in recognized revenue, and the business has emerged as a key driver of the Company's sales growth, including increases in average deal size. During the twelve-month period ending December 31, 2022, approximately 45% of brands who spent $100,000 or more had an App Science component.

As our position at the forefront of the Connected TV/OTT streaming market continues to cement, more mobile campaigns opted for Sabio's differentiated OTT targeting capabilities. During this shift, revenues generated through the Company's mobile sales platform still remained healthy. For the twelve months ended December 31, 2022, mobile sales were $16,976,655, an increase of $3,015,413, or 22%, from $13,961,242 for the twelve months ended December 31, 2021.

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 year ended	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
	$	$	**$**	$
Revenues	**17,606,761**	10,590,624	**42,305,732**	24,220,173
Cost of sales	**7,248,230**	4,337,705	**16,955,141**	9,660,020
Gross profit	**10,358,531**	6,252,919	**25,350,591**	14,560,153

Three-month periods ended December 31, 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 December 31, 2022, cost of sales was $7,248,230 compared to $4,337,705 for the three months ended December 31, 2021. The increase of $2,910,525 was attributable to the costs incurred to generate increased revenue during the period. Gross profit margin was 59% for the three months ended December 31, 2022, consistent with a gross profit margin of 59% for the three

[1] *Source: BMO Capital Markets*

months ended December 31, 2021. Despite inflationary supply pressures in what is typically the highest-demand period of the year, our gross margin was protected through operational synergies resulting from the acquired Vidillion business. Margin efficiencies were also realized on Sabio sales that utilized App Science service offerings.

Twelve-month periods ended December 31, 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 twelve-month period ended December 31, 2022, cost of sales was $16,955,141 compared to $9,660,020 for the twelve-month period ended December 31, 2021. The increase of $7,295,121 was attributable to the costs incurred to generate increased revenue during the period. Gross profit margins remained steady at 60% for the twelve months ended December 31, 2022, compared to 60% for the twelve months ended December 31, 2021.

Reconciliation of net income to Adjusted EBITDA for the three and twelve months ended December 31, 2022, and 2021:

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

	For the three months ended		For the year ended	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
	$	$	**$**	$
Net income (loss) for the period	**2,016,200**	548,824	**(846,765)**	(583,811)
Adjustments				
Finance costs	**(35,968)**	365,353	**417,362**	1,314,896
Transaction costs	**-**	1,335,142	**156,752**	1,717,240
Amortization of intangible assets	**55,651**	342,645	**378,043**	841,441
Stock-based compensation	**97,041**	22,730	**667,722**	329,975
Amortization of lease	**114,215**	40,799	**338,489**	64,414
Gain on loan forgiveness	**-**	(1,050,000)	**-**	(2,172,500)
Settlement fees	**-**	-	**-**	162,000
Income taxes	**35,966**	4,379	**38,640**	6,871
Foreign exchange differences	**-**	62,749	**-**	62,749
State and local taxes (recovery)	**12,510**	(17,699)	**48,716**	37,037
Loss on disposal of intangibles	**17,926**	**-**	**24,148**	-
Severance expenses	**50,000**	22,833	**103,000**	69,760
Total adjustments	**347,341**	1,128,931	**2,172,872**	2,433,883
Adjusted EBITDA (1)	**2,363,541**	1,677,755	**1,326,107**	1,850,072

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

Three-month periods ended December 31, 2022, and 2021

Adjusted EBITDA for the three-month period ended December 31, 2022, was $2,363,541, compared to $1,677,755 for the three months ended December 31, 2021. The 41% year-over-year increase in profit of $685,786 was primarily attributable to the increased revenue and the stability of gross margins year over year. Adjusted EBITDA also benefited from a sequential moderation in operating expense growth from the previous quarter. Operating margins also remained consistent from the prior year's quarter, despite the added costs of being public (versus a private company through the majority of the comparable period) and new office leases within our operating footprints. In the prior year's three month-period ended December 31, 2021, non-recurring adjustments to Adjusted EBITDA included:

- Transaction costs of $1,335,142, composed of:
  - $293,461 in legal and professional fees for assisting with the Company's efforts to publicly list on the TSX Venture Exchange.
  - $924,007 in net reverse takeover listing expenses, resulting from the acquisition of all of the issued and outstanding shares of Spirit on November 19, 2021.
  - $117,674 (CAD$ 149,999) for the issuance of 85,714 post-Qualifying Transaction common shares to the Qualifying Transaction Finders at the price of CAD$1.75 per share.
- A $1,050,000 gain resulting from the full forgiveness of a loan obtained under the 2021 U.S. Small Business Administration's Paycheck Protection Program; and
- A one-time foreign exchange difference of $62,749 resulting from the transfer of funds raised in Canadian dollars from the concurrent financing to our US dollar bank account.

Twelve-month periods ended December 31, 2022, and 2021.

Adjusted EBITDA for the twelve-month period ended December 31, 2022, was $1,326,107 compared to $1,850,072 for the twelve months ended December 31, 2021. The year-over-year decrease in adjusted EBITDA of $523,965 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 through most of the previous year), and the return to office work within our operating footprints.

During the year ended December 31, 2022, non-recurring adjustments to Adjusted EBITDA included transaction costs of $156,752, which comprised the legal and professional fees directly attributable to the acquisition of Vidillion Inc.

In the prior year's twelve month-period ended December 31, 2021, non-recurring adjustments to Adjusted EBITDA included:

- Transaction costs of $1,717,240, composed of:
  - $237,770 for 767,000 pre-Qualifying Transaction 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 $437,789 in legal and professional fees attributable towards these same efforts.
  - $924,007 in net reverse takeover listing expenses, resulting from the acquisition of all of the issued and outstanding shares of Spirit on November 19, 2021.
  - $117,674 (CAD$ 149,999) for the issuance of 85,714 post- Qualifying Transaction common shares to the Qualifying Transaction Finders at the price of CAD$1.75 per share.
- Gains resulting from the full forgiveness of a loan of $1,102,500 obtained under the 2020 U.S. Small Business Administration's Paycheck Protection Program, of a loan of $1,050,000 obtained under the 2021 U.S. Small Business Administration's Paycheck Protection Program; and of a promissory note of $20,000 obtained from the City of Los Angeles;
- A one-time, $162,000 settlement of historical remuneration fees to an advisor of the Company; and
- A one-time foreign exchange difference of $62,749 resulting from the transfer of funds raised in Canadian dollars from the concurrent financing to our US dollar bank account.

Operating Expenses:

The following table summarizes various expenses for the three and twelve months ended December 31, 2022, and 2021:

	For the three months ended		For the year ended	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
	$	$	**$**	$
Sales and marketing	**4,570,110**	2,721,999	**12,820,322**	7,160,603
General and administrative	**1,775,185**	829,036	**5,483,584**	2,951,618
Occupancy cost	**176,705**	51,057	**580,786**	97,300
Finance costs	**(35,968)**	365,353	**417,362**	1,314,896
Transaction costs	**-**	1,335,142	**156,752**	1,717,240
Research and technology costs	**1,553,426**	978,206	**5,315,656**	2,769,357
Stock-based compensation	**97,041**	22,730	**667,722**	329,975
Amortization of intangible assets	**55,651**	342,645	**378,043**	841,441

Three-month periods ended December 31, 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 December 31, 2022, were $4,570,110, an increase of $1,848,111 from $2,721,999 for the three months ended December 31, 2021. The year-over-year increase is primarily attributed to increases in sales and marketing headcount, and sales commission on growing revenues. Starting in the third 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, Dallas, the Pacific Northwest, and Southwest regions. The Company is seeing the benefits of these investments as we negotiate upfront and longer-term commitments with both new and existing clients. The new additions were instrumental in driving our 66% sales growth during the quarter. On a sequential basis, the growth in sales and marketing-related expenditures over the previous quarter was primarily attributable to sales commissions on increased revenues, and bonuses accrued to sales and marketing personnel for exceeding quarterly and annual sales targets. Sales from our growing New York office drove approximately 24% of our quarterly sales growth.

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 December 31, 2022, were $1,775,185, an increase of $946,149 from $829,036 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, and (ii) increased headcount in the Company's finance and administrative divisions. Bonuses accrued to staff for Sabio meeting or exceeding certain annual financial metrics related to sales, margins and profitability also contributed to the year-over-year increase.

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 December 31, 2022, were $176,705, an increase of $125,648 from $51,057 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 short term leases in areas with high employee concentration, including Los Angeles, Chicago, Toronto and Detroit (where in September 2022, our short-term lease arrangements were exited in favor of a long-term lease). Utility costs and incidental costs were also impacted by the return to office work in New York, Detroit, Surat, India and Hyderabad, India, where the Company holds long-term leases.

Finance costs

Finance costs for the three months ended December 31, 2022 included a recovery of $183,303 related to an accrued contingent loan termination fee that was reversed upon final settlement and discharge of the loan obligation subsequent to year-end. Excluding the recovery, finance charges for the three months ended December 31, 2022 were $147,335, a decrease of $218,018 from $365,353 in the comparable period of fiscal 2021. The decrease in finance costs was primarily attributed to the following:

- In the comparable period in 2021, finance costs also included interest paid on its legacy factoring line that was retired in the fourth quarter of 2021, in addition to interest accrued on the convertible promissory notes. All accrued and unpaid interest on the notes was converted into common stock and share purchase warrants upon the Company's "Go-Public Transaction" via the acquisition of Spirit on November 19, 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$7 million accounts receivable line of credit at an interest rate of the greater of (i) the Wall Street Journal prime rate plus 1.00% and (ii) 5%.
- The Company continues to pay down and retire the principal balances on multiple advance promissory notes owing to Wisper Ventures Leasing, LLC., resulting in lower interests costs incurred. At December 31, 2022, the aggregate balance owing on the remaining notes totalled $71,326, compared to $932,200 at December 31, 2021.

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, costs associated with housing the required computer equipment and technologies and data and analytics costs. Research and technology costs for the three months ended December 31, 2022, were $1,553,426, an increase of $575,220 from $978,206 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. Bonuses accrued to staff for Sabio meeting or exceeding certain annual operational and financial metrics also contributed to the year-over-year increase. 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. Some of these initiatives were implemented during the quarter and on a sequential basis, contributed to the moderation in our research and technology-related expenditure growth over the third quarter of financial year 2022.

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 December 31, 2022, was $97,041, an increase of $74,311 from $22,730 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.

Twelve-month periods ended December 31, 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 twelve-month period ended December 31, 2022, were $12,820,322, an increase of $5,659,719 from $7,160,603 in the prior year's twelve-month period. 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. Starting in the third 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, Dallas, the Pacific Northwest, and Southwest regions. The Company is beginning to see the return on these investments as we negotiate upfront and longer-term commitments with both new and existing clients. During the twelve-month period ending December 31, 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, and in restructuring our sales mix where in 2022, connected TV and OTT streaming became the Company's dominant sales category composing 59% of consolidated revenues. Management believes its sales apparatus is now well staffed to meet its objectives over the next 12 months and expects further salesforce efficiencies to be realized. The Company is starting to realize the benefits of these early investments, with average deal sizes increasing 43% over the prior year. Moreover, sales from our growing New York and Detroit offices drove approximately 24% and 19% 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 twelve months ended December 31, 2022, were $5,483,584, an increase of $2,531,966 from $2,951,618 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, and (ii) increased headcount in the Company's finance and administrative divisions.

Occupancy

Occupancy costs include short term leases, utilities and incidental costs incurred throughout the Company's operating footprint. Occupancy costs for the twelve months ended December 31, 2022, were $580,786, an increase of $483,486 from $97,300 in the same period 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 short term leases in areas with high employee concentration, including Los Angeles, Chicago, Toronto and Detroit (where in September 2022, our short-term lease arrangements were exited in favor of a long-term lease). Utility costs and incidental costs were also impacted by the return to

office work in New York, Detroit, and Surat, India and Hyderabad, India where the Company holds long-term leases. In the prior year period, employees were working remotely until fall 2021.

Finance costs

Finance costs for the twelve months ended December 31, 2022, were $417,362 a decrease of $897,534 from $1,314,896 compared to the same period of the prior year. The decrease in finance costs year over year was due to:

- The loan termination fee of $183,303 accrued for various promissory notes starting from last year was reversed in the fourth quarter of 2022 upon settlement and discharge of the loan obligation subsequent to year-end.
- For the twelve months ended December 31, 2021, finance costs included interest paid on the Company's legacy factoring line that was retired in the fourth quarter of 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$7 million accounts receivable line of credit at an interest rate of the greater of (i) the Wall Street Journal prime rate plus 1.00% and (ii) 5%. The 5.00% floor was amended from 4.25% starting from May 26, 2022 in connection with an increase in the maximum loans outstanding to $7,000,000 from $4,000,000.
- The Company continues to pay down and retire the principal balances on multiple advance promissory notes owing to Wisper Ventures Leasing, LLC., resulting in lower interests costs incurred. At December 31, 2022, the aggregate balance owing on the remaining notes totalled $71,326, compared to $932,200 at December 31, 2021.

Transaction costs

Transaction costs of $156,752 incurred during the twelve-month period ended December 31, 2022, primarily consisted of legal and professional fees directly attributable to the acquisition of Vidillion Inc. In the comparative period in 2021, transaction costs of $1,717,240 included:

- $237,770 for 767,000 pre-Qualifying Transaction 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 $437,789 in legal and professional fees attributable towards these same efforts.
- $924,007 in net reverse takeover listing expenses, resulting from the acquisition of all of the issued and outstanding shares of Spirit on November 19, 2021.
- $117,674 (CAD$ 149,999) for the issuance of 85,714 post-Qualifying Transaction common shares to the Qualifying Transaction Finders at the price of CAD$1.75 per share.

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, costs associated with housing the required computer equipment and technologies and data and analytics costs. Research and technology costs for the twelve months ended December 31, 2022, were $5,315,656 an increase of $2,546,299 from $2,769,357 compared to 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. Some of these initiatives were implemented during the year and contributed to a moderation in our research and technology-related expenditure growth over the second half of 2022.

Stock-based compensation

The Company uses stock-based compensation as a means for employee compensation, retention, and incentives. Stock-based compensation for the twelve months ended December 31, 2022, was $667,722, an increase of $337,747 from $329,975 in the prior year. The stock-based compensation granted in fiscal 2022 is related to executive and non-executive 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 December 31, 2022, the Company capitalized $15,478 to Intangible Assets, compared to $18,017 in the comparable period in fiscal 2021. During the twelve-month period ended December 31, 2022, the Company capitalized $140,130 to Intangible Assets, compared to $109,540 in the comparable period in fiscal 2021.

During the three months ended December 31, 2022, the Company amortized a total of $42,697 in development expenses, compared to $342,645 in the comparable period in fiscal 2021. During the twelve-month period ended December 31, 2022, the Company amortized a total of $338,529 in development expenses, compared to $841,441 in the comparable period in fiscal 2021.

OUTLOOK

The Company experienced significant revenue expansion in both the three and twelve months ended December 31, 2022, as compared to the prior year's comparable periods. Sabio's revenue growth was driven by both the addition of new, Fortune 500 brands and deepening relationships with existing clientele. In 2022, approximately 72% of consolidated revenues came from repeat customers versus approximately 55% in the prior year, as Sabio continues to attract and retain customers at higher rates, bringing more stability to its revenue model and increasing its cost efficiencies. The Company's average deal size continued to increase, growing 43% year-over-year, from approximately $100,000 in 2021 to $138,000 in 2022. Looking ahead, the first quarter is traditionally the slowest quarter of the calendar year due to the seasonal trends affecting the advertising industry. In a continuation of recent patterns, management expects the seasonal declines we typically see in the first quarter to be more pronounced in 2023 due to some spending delays in the market, as persistent labor shortages continue to impact customer planning cycles and the macro environment remains volatile. However, the Company expects strong year-over-year revenue growth and market share gains in 2023 and is positioning itself for a solid bounce back in the remaining quarters of the year. That said, should spending delays continue to persist beyond our expectations, management will act swiftly and decisively to implement several cost-cutting initiatives already identified with the aim to maintain positive Adjusted EBITDA in 2023. Sabio continues to benefit from its strengthened salesforce, highly differentiated data-driven and end-to-end Connected TV product offering, and an increasing number of Fortune 500 brands as repeat customers. Additionally, approximately 57% of the logos that spent with Sabio in 2022 did not spend with it in 2021, presenting a potential opportunity to further expand the Company's share of the wallet with these new nameplates, just as Sabio did with existing clientele in 2022. In 2022, Connected TV and OTT streaming emerged as Sabio's dominant sales category and represented 72% of our sales mix during the fourth

quarter. The rapid growth of the category further validates the differentiated positioning of Sabio's ecosystem to capitalize on the burgeoning Connected TV/OTT streaming advertising market in 2023 and beyond.

To the extent the Company finds suitable and attractive acquisition candidates that are complementary to its long-term objectives, Sabio may also pursue further inorganic growth through strategic business acquisitions.

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.

	December 31, 2022	September 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021	Mar 31, 2021
Revenue	17,606,761	11,919,696	7,200,957	5,578,318	10,590,624	6,817,536	4,226,806	2,585,207
Net Income (Loss)	2,016,200	657,774	(1,877,069)	(1,643,670)	548,824	71,273	302,491	(1,506,399)
Assets	21,790,734	16,375,042	12,476,313	11,650,424	13,449,690	5,161,830	4,235,756	2,560,938
Liabilities	19,442,680	16,337,049	13,288,109	12,245,695	12,653,916	13,473,815	13,462,638	12,133,469
Basic EPS	0.04	0.01	(0.04)	(0.04)	0.02	0.00	0.01	(0.05)

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 December 31, 2022, the Company grew its cash and cash equivalents to $3,999,402 as compared to $3,280,335 as at December 31, 2021, to settle current liabilities of $17,812,994 (December 31, 2021 - $9,055,373). In the second quarter, Management was able to renegotiate its credit facility with Avidbank to increase the overall credit available from $4 million to

$7 million, with the increased capacity remaining untapped at year-end. In connection with the expanded line, the interest rate was amended to the greater of (i) the Wall Street Journal prime rate plus 1.00% and (ii) 5.00% (compared to a 4.25% floor beforehand). We ended the year with net working capital deficit of $355,257, compared to a net working capital of $3,554,360 at the end of fiscal year 2021. The change was due to the reclassification of our Avidbank line of credit from long-term to current liabilities during the fourth quarter of 2022, with the line of credit being due to mature in the fourth quarter of 2023. The Company intends to renew the line when the renewal negotiation period commences six-months before the maturity date. While there are no assurances that the Company will be successful in these endeavors, Management believes it has alternative sources of capital should the need arise to manage its operational requirements and meet its objectives over the next 12 months.

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

	For the year ended	
	December 31, 2022	December 31, 2021
	$	$
Cash flows provided by (used in) operating activities	**2,086,184**	(4,531,656)
Cash flows used in investing activities	**(1,415,033)**	(109,540)
Cash flows from financing activities	**47,916**	7,873,641
Net increase in cash and cash equivalents	**719,067**	3,232,445
Cash and cash equivalents, beginning of period	**3,280,335**	47,890
Cash and cash equivalents, end of period	**3,999,402**	3,280,335

Cash provided by (used in) operating activities:

Our operating activities generated $2,086,184 in cash for the twelve months ended December 31, 2022 which resulted from $846,765 in net losses that were offset by $1,648,532 of non-cash adjustments and $1,284,417 attributable to movements in non-cash working capital, with the latter changes primarily arising from decreases in deferred revenue, and increases in accounts receivable, prepaid expenses and other current assets, and accounts payable and accrued liabilities.

Cash provided by (used in) investing activities:

For the twelve months ended December 31, 2022, cash used in investing activities was $1,415,033, 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 Vidillion acquisition, and $140,130 in development costs related to internally generated intangible assets.

Cash provided by from financing activities:

Cash provided by financing activities for the twelve months ended December 31, 2022, was $47,916 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 $860,874 in principal payments on its multiple advance promissory notes owing to Wisper Ventures Leasing, LLC.
- The Company further received net proceeds of $149,525 from the exercise of 913,976 stock options.

The proceeds received from the Company's financing activities were also partially offset by lease payments and the advances to related parties made during the period.

Security-based Compensation:

On June 29, 2022, shareholders of the Company approved a replacement omnibus equity incentive plan. Under the plan, the Company issues security-based compensation, including options and restricted stock units.

Stock Options

As at December 31, 2022, the Company was entitled to issue a maximum of 4,637,819 share options outstanding under the omnibus equity incentive plan, compared to 4,382,484 as at December 31, 2021.

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	1,474,495	1.01
Exercised	(913,976)	0.16
Forfeited	(257,560)	0.55
Balance, December 31, 2022	**3,144,081**	**0.55**

Restricted Stock Units

As at December 31, 2022, the Company was entitled to issue a maximum of 4,550,993 other security-based awards (including RSUs) outstanding under the omnibus equity incentive plan. A summary of changes in restricted stock units during the twelve months ended December 31, 2022 is as follows:

Measurement date	Number of restricted stock units	Weighted average grant price	Weighted average remaining contractual life in years
	#	$	#
Balance, December 31, 2021	-	-	-
Granted	657,313	0.65	1.94
Balance, December 31, 2022	**657,313**	**0.65**	**1.94**

Warrants

There were no warrants issued during the year-ended December 31, 2022. A summary of changes in warrants during the years ended December 31, 2021, and December 31, 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 Qualifying 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 December 31, 2022	**4,178,188**	**0.57**

CONTRACTUAL OBLIGATIONS

The following are the contractual maturities for the financial liabilities as at December 31, 2022:

	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	After 5 years
Trade and other payables	**13,083,733**	13,083,733	-	-	-
Lease liability	**1,988,334**	670,463	1,037,778	280,093	-
Loans payable	**4,424,936**	3,945,423	22,189	23,914	433,410
	19,497,003	17,699,619	1,059,967	304,007	433,410

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	**7,476,481**	7,476,481	-	-	-
Lease liability	**643,305**	220,834	422,471	-	-
Loans payable	**4,126,290**	860,873	2,776,327	489,090	-
	12,246,076	8,558,188	3,198,798	489,090	-

The loans payable balance at December 31, 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) 5.00%. During the second quarter of this year, 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, which was untapped at year-end, is expected to be used by the Company to fund working capital requirements in the ordinary course. The Avidbank line of credit is due to mature in the fourth quarter of 2023. The Company intends to renew the line when the renewal negotiation period commences six-months before the maturity date.

While there are no assurances that the Company will be successful in these endeavors, Management believes it has alternative sources of capital should the need arise.

Debt Forgiveness Covenants:

There was no debt forgiveness during the twelve months ended December 31, 2022. During the twelve months ended December 31, 2021, the entire amount of the Paycheck Protection Program loan of $1,102,500 that the Company closed in 2020 (with all accrued interest), the entire amount of the Small Business Emergency Loan from the City of Los Angeles through the Economic and Workforce Development Department in the amount of $20,000 and the entire amount of second unsecured bank loan guaranteed under the Paycheck Protection Program in the amount of $1,050,000 that the Company closed in 2021 (with all accrued interest) were 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 commitment for the remaining commitment period is $12,500.

On August 8, 2022, the Company entered a lease for a new office in Hyderabad, India with Gowra Ventures (P) Ltd with the assured period of five years from the rent commencement date. The lease contains non-lease components for maintenance charges and usage charges amounting to $273,253 (INR 334,123) for the assured period.

The future minimum commitment for these contracts as at December 31, 2022 is as follows:

Within one year	$	63,425
Less than one year and not longer than five years		222,328
Thereafter		-
	$	**285,753**

RELATED PARTY TRANSACTIONS

At December 31, 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 $787,107 ($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 a loan principal plus interest of $60,956 ($60,351 as at December 31, 2021), with the interest rate of 1% per annum receivable from Simon Wong, an Officer of the Company. During the second quarter of 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 payment transactions, capitalization and amortization of internally generated development costs, 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 2 and Note 3 of the Company's Consolidated Financial Statements

CHANGES IN ACCOUNTING POLICIES

For the year ended December 31, 2022, the Company has not adopted any new accounting policies. Our significant accounting policies are found in Note 2 of the Company's 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, 2022 and 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, 2022 and 2021.

There have been no changes to Sabio's internal controls over financial reporting during the twelve-months ended December 31, 2022 and 2021, 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 December 31, 2022, there were (i) 46,378,188 common shares issued and outstanding, (ii) 45,708 common share issuable outstanding, (iii) 3,144,081 stock options outstanding with a weighted average exercise price per common share of $0.55 and a weighted average contractual life of 7.51 years, (iv) 4,178,188 warrants outstanding with a weighted average exercise price per warrant of $0.57 and a weighted average contractual life of 1.66 years and (v) 657,313 RSUs outstanding with a weighted average grant price of $0.65 and a weighted average contractual life of 1.94 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

In January 2023, the loan obligation under the Wisper Ventures Leasing, LLC promissory notes, comprising all principal and interest owned until the maturity dates, was settled in full and discharged.

On February 6, 2023, Sabio London Limited, a wholly owned subsidiary of the Company, was incorporated in London, the United Kingdom for the Company's business expansion in the United Kingdom and European markets.

On March 17, 2023, the TSX Venture Exchange accepted a notice filed by the Company to implement a Normal Course Issuer Bid, whereupon the Company may, during the 12-month period commencing March 22, 2023 and ending March 21, 2024, purchase, for cancellation, up to 754,571 Shares in total, being 5% of the total number of 15,091,425 common shares outstanding as at February 15, 2023. The Company also had 31,755,764 issued and outstanding convertible restricted voting shares as of this date.