INEO Tech Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at and for the years ended

June 30, 2021 and 2020

PREFACE

The following is a management's discussion and analysis ("MD&A") of INEO Tech Corp. (INEO), prepared as of October 27, 2021. This MD&A should be read in conjunction with the Company's audited consolidated financial statements as at and for the years ended June 30, 2021 and 2020.

INEO is a Canadian company, originally incorporated as Metron Capital Corp ("Metron") under the laws of the Province of British Columbia on March 4, 2008. Metron was previously an exploration stage business engaged in the acquisition and exploration of mineral properties located in Canada and the US.

On January 24, 2020, Metron completed a reverse takeover transaction with INEO Solutions Inc. ("INEO Soltuions" formerly Flashgate Technology Inc.), carried out by way of a share exchange ("RTO Transaction"). As part of the RTO Transaction, Metron changed its name to "INEO Tech Corp.". INEO Tech Corp. transacts all of its business through its wholly owned subsidiary INEO Solutions Inc.

The Company's shares trade on the TSX Venture Exchange ("TSX-V") under the symbol INEO. The corporate head office and records office of the Company is located at 105 – 19130 24th Ave, Surrey, BC, V3Z 3S9.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") – see note 2 of the audited consolidated financial statements for the years ended June 30, 2021 and 2020 for further information. All dollar figures stated herein are expressed in Canadian dollars ($ or Cdn$), unless otherwise specified.

This MD&A contains forward-looking statements. See Forward-Looking Statements below for further information. See section "Overall Performance and Discussion of Operations – Gross Profit and Gross Margin" for information on the calculation of Gross Profit and Gross Margin.

BUSINESS OVERVIEW AND OVERALL PERFORMANCE

INEO is a provider of location based digital advertising, analytics and loss prevention solutions for retailers. INEO's patented technology integrates and monetizes digital screens with theft detection sensor gates at the entrance of retail stores. The Company's cloud-based platform uses IoT (Internet of Things) and AI (Artificial Intelligence) technology to deliver customized digital advertising to retail locations based on the demographic mix, such as age and gender, of customer traffic at each location. INEO's goal is to enhance the customer's in-store shopping experience, monetize the entrances of retail stores and protect against retail theft.

The Company owns and operates the *INEO Welcoming Network* and also offers its technology through a SaaS-based solution to larger retail chains. The *INEO Welcoming Network* is a location-based digital advertising and analytics network consisting of retail locations across Western Canada. The *INEO Welcoming Network* is a patented cloud-based digital advertising and data analytics system, which sends customized advertising to digital screens integrated with theft detection sensor gates at the entrance of retail stores.

The Company generates revenue through:

- Monthly recurring sales to brands and retailers of targeted digital-media advertising
- Monthly recurring sales to brands and retailers of analytics data to provide meaningful customer insights
- Ongoing, periodic sales to retailers of loss-prevention consumables

INEO's patented technology integrates high-resolution, advertising-ready LCD screens with an advanced theft-detection sensor system. INEO's security gates replace antiquated anti-shoplifting or loss prevention systems and are used in deterring and catching shoplifters. In addition, INEO's security gates incorporate high-definition camera technology which captures video surveillance to record any incidents or security breaches. The company's cloud-based servers deliver targeted ads, informing customers about products, sales, in-store experiences and specials. Furthermore, INEO provides retailers with a wealth of data related to store traffic and machine-learning powered advanced analytics.

The replacement of retail loss prevention systems with the *INEO Welcoming Network* is a large market. The Company is targeting retailers in North America within broad retail categories. These retail categories are:

- Liquor
- Grocery
- Home Improvement/Specialty Retail/Big Box
- Mass Merchant
- Pharmacy/Beauty
- Clothing
- Electronics

These seven target retail categories are made up of hundreds of thousands of retail store locations and millions of individual loss prevention pedestals – there are typically anywhere from 2-16 pedestals per retail location depending on the number of store entrances/exits or size of their entrances/exits. Research reports estimate the worldwide retail loss prevention market for loss prevention antennas, such as the ones targeted by INEO to replace, is worth nearly $1.5 billion each year (ResearchAndMarkets.com–2019).

As of the date of this report, INEO had installed over one hundred and twenty *Welcoming Pedestal* in retail stores across B.C. and Alberta. These installations are all within independent liquor store locations.

Significant Events and Milestones

On January 15, 2018, the Company was granted Canadian patent 2,936,044, entitled "COMBINATION MEDIA DISPLAY AND ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL", (the "Flashgate Patent"). The Flashgate Patent has a term of 20 years. The filing for the Canadian patent was done as a *Patent Cooperation Treaty* ("PCT") filing.

On February 3, 2020, INEO announced the appointment of Steve Matyas to the Company's Board of Directors. Matyas brings vast retail management, operations and executive leadership experience to INEO, including 27 years at STAPLES where he previously was the Chief Executive Officer of STAPLES® Retail.

On April 23, 2020, the Company announced the United States Patent and Trademark Office ("USPTO") had granted Patent no. US 10,614,691, entitled "COMBINATION MEDIA DISPLAY AND ELECTRONIC ARTICLE SURVEILLANCE PEDESTAL" to INEO.

On May 5, 2020, the Company announced the acquisition of Newman Loss Prevention ("Newman"), an independent reseller of loss prevention products and services in Calgary, Alberta. The Company's acquisition of Newman includes acquiring ongoing contracts, customer lists and inventory assets, in exchange for 200,000 common shares (issued on May 13, 2020) in the Company with a future earn-out consideration of another 200,000 INEO common shares upon achievement of certain agreed to milestones.

On July 15, 2020, the Company launched and announced the commercial availability of the industry's first wireless *Welcoming System*, which significantly simplified the installation process, reducing in-store installation time from over four hours down to less than one hour. The new wireless enabled *Welcoming System* allows INEO to swap out and replace the retailers' legacy loss prevention systems with minimal disruption to store operations.

On August 18, 2020, the Company appointed Serge Gattesco to the Company's Board of Directors. Gattesco has immense audit, strategy, profitability and operations experience as the retired Canadian Managing Partner of Strategy and Operations for PwC Canada and as the Canadian Managing Partner for PwC Canada's Audit and Assurance Group.

On October 27, 2020, the Company announced a partnership agreement with Hivestack to connect INEO's network of premium retail advertising screens to Hivestack's digital out-of-home programmatic advertising platform to deliver targeted location-based advertising. This partnership gives brands and advertisers who utilize the Hivestack platform access to ad space on INEO's Network of Welcoming screens uniquely located at the entrances of retail stores.

On November 5, 2020, the Company announced the expansion of the INEO *Welcoming Network* to the Okanagan Valley Region. With this expansion, INEO now has a presence in all the major markets in BC and Alberta.

On January 7, 2021, the Company signed a Letter of Intent ("LOI") with Prosegur EAS USA Inc. a wholly owned subsidiary of Prosegur Compania de Seguridad (collectively "Prosegur) to distribute and install INEO's Welcoming Pedestals in Prosegur's retail customers in North America, Latin America and Europe. Under the terms of the LOI, INEO grants Prosegur non-exclusive global distribution rights to secure, place and install the INEO Welcoming System within Prosegur's retail customers. Under the terms of the LOI, Prosegur is also granted the right to fund and prosecute intellectual property rights and protection, on INEO's behalf, for the Company's proprietary patented technology.

On February 1, 2021, the Company announced that it has shipped its initial INEO Welcoming System units to Prosegur. Once final testing is completed, Prosegur will be responsible for the funding, manufacturing, distribution, in-store setup and in-store maintenance of INEO's *Welcoming Pedestals*. INEO will be responsible for online provisioning, operating, and managing of the INEO Welcoming Network in addition to providing location-based analytics to Prosegur and its retail clients for which INEO will receive a monthly recurring revenue fee.

On February 16, 2021 INEO announced a best-efforts marketed public offering (the "Public Offering") of up to $4.5M at a price of $0.36 per unit (each a "Unit") consisting of one common share (a "Share") of the Company and one-half of one Share purchase warrant (a "Warrant"). Each Warrant will be exercisable to a share of the Company for a period of 24 months following the closing of the offering. The Public Offering was led by Beacon Securities Limited and includes Haywood Securities Inc., and PI Financial Corp. (the "Brokers").

On March 10, 2021, the Company closed its upsized Public Offering resulting in issuance of 19,454,550 units at a price of $0.36 per unit for aggregate proceeds of $7,003,638. The Company intends to use the net proceeds of the Public Offering to advance the development and commercial deployment of the INEO Welcoming System, working capital and general corporate purposes. Pursuant to the Public Offering, the Company paid a finder's fee of $803,710 in cash and 1,482,233 broker warrants to the Brokers.

On May 19, 2021, it was announced that Dave Jaworski would be joining the Company's Board of Directors. In conjunction with the announcement, the Company accepted the resignation of Gurminder Sangha as a Director of the Company. Jaworski is the Principal Program Manager for Microsoft Teams development. He also held previous roles at Microsoft including Global Digital Advisor and General Manager of US Sales and Operations. Jaworski, employee #3 at Microsoft Canada, was the first ever recipient of Bill Gates' Chairman's Award of Excellence and one of the six-member team that created Microsoft Office.

On June 15, 2021 surpasses 100 retail locations. The INEO Welcoming Network is a patented in-store and online location based digital advertising and data analytics system. INEO enables customized advertising to be displayed on digital screens integrated with theft detection sensor gates at the entrance of retail stores. INEO also announced today it has successfully installed its first pilot system in Spain at Prosegur's customer experience center located in its head office in Madrid. This unit will act as a test and demonstration unit for Prosegur to showcase INEO's technology to its European retail chain customers.

On June 22, 2021 INEO announced collaboration with Fields and McFrugal's retail stores. Initial installation of three pilot systems features integration of the retailer's point-of-sale cash register data with INEO's loss prevention, customer demographic and store traffic data. As part of the pilot installations, INEO is also announced the beta launch of its new point-of-sale integration module called INEO Uplink. INEO's Uplink integrates the retailer's cash register data with INEO's Mission Control analytics dashboard, which houses INEO's unique store traffic data to provide analytics which were previously unattainable.

On August 11, 2021 INEO added advertising veteran Frank Halbach to their management team. In Halbach's new role, he will oversee all aspects of INEO's advertising related sales and partnerships, aiding in the continued growth of the Company. Halbach has been a trailblazer in the advertising industry leading global teams for DDB and a variety of other agencies over the past 30 years. He also built and sold a Digital-Out-Of-Home (DOOH) advertising company iPorta which specialized in interactive screens placed in medical waiting rooms. In conjunction, the company terminated the previously announced contract with Customer Management Solutions (CMS).

On September 16, 2021 INEO began trading on the OTCQB Venture Market under the ticker symbol INEOF. The OTCQB Venture Market, operated by OTC Markets Group Inc., is designed for early stage and developing U.S. and international companies to gain exposure to a wider network of investors. The Company's common shares will also continue to trade with no change on the TSX Venture Exchange ("TSX-V"), under the symbol INEO-V.

On October 4, 2021 INEO announced contract expansion with Fields and Mc Frugal's retail stores. Further to its press release dated June 22, 2021 INEO has successfully completed its three stores pilot program with FHC Enterprises or (FHC), and the Company has entered into an agreement with FHC for expansion to over 60 store locations. FHC is the owner-operator of both FIELDS and Mc Frugal's Discount Stores, including over 60 FIELDS store locations and three McFrugal's Discount Outlet locations across Western Canada.

On October 15, 2021 INEO announced a new partnership with MADD Canada (Mothers Against Drunk Driving), to leverage the unique consumer messaging ability of the INEO Welcoming Network to help raise awareness for not drinking and driving. Leading up to Halloween, MADD will run its advertising campaigns on INEO's storefront digital signage.

COVID-19 Business Update

COVID-19 had a major impact on the business last year in Q2 which slowed down the roll-out of our liquor store network. More recently, COVID has restricted our ability to travel to Europe to work more closely with Prosegur to setup their manufacturing process, but we are expecting travel restrictions to be lifted in the coming months allowing us to execute on getting Prosegur fully ramped up. With Western Canada now well into Phase 3 of its economic restart plan, INEO has ramped up the expansion of its Welcoming Network. While there have been some slow-downs in INEO's supply-chain, the Company has been able to secure commitments for the delivery of components required for the Welcoming Pedestals and Production resumed fully by the end of June and has continued since.

FORWARD-LOOKING STATEMENTS

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties, and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

It is the Company's policy that all forward-looking statements are based on the Company's beliefs and assumptions and are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of October 18, 2021 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

OPERATIONAL HIGHLIGHTS

The following table highlights operational information for the years ended June 30, 2021 and 2020 and has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

OPERATIONAL HIGHLIGHTS		**For the year ended**		
		30-Jun-21		30-Jun-20
Sales	**$**	**745,160**	$	526,954
Cost of Sales		**(454,964)**		(241,731)
Gross Profit		**$290,196**		$285,223
Profit Margin		**38.94%**		54.13%
Total Expenses		**(2,609,283)**		(1,396,106)
Other Income (Expenses)		**81,199**		(4,652,121)
Net loss and comprehensive loss		**(2,237,888)**		(5,763,004)
Basic and diluted loss per share		**(0.05)**		**(0.25)**
Weighted average number of common shares outstanding (basic and diluted)		**46,653,398**		23,497,848
EBITDA [(1):]				
Net loss for the period		**(2,237,888)**		(5,763,004)
Amortization		**80,064**		32,902
Interest expense		**39,568**		46,615
EBITDA [(1)]	**$**	**(2,118,256)**	$	(5,683,487)

[1] *Readers are cautioned that EBITDA (earnings before interest, taxes, depreciation and amortization), does not have standardized meanings prescribed by IFRS and is considered a non-IFRS measure. EBITDA is a useful supplemental measure of the Company's performance prior to consideration of how operations are financed or how results are taxed or how depreciation and amortization affects results. EBITDA is not intended to represent net earnings calculated in accordance with IFRS.*

The Company generated revenue of $745,160 for the year ended June 30, 2021, representing an increase of 41.4% compared to revenue of $526,954 for the year ended June 30, 2020. The Company attributes this growth to an increase in sales of traditional loss prevention products as retailers started putting the uncertainty of COVID-19 behind them and started investing in their businesses again plus the start of revenue generation from advertising on the INEO *Welcoming Network*. The combination of more customers, more screens available to advertisers, and more customers ordering more products resulted in a solid uplift versus the prior year.

The Company generated Gross Profit of $290,196 for the year ended June 30, 2021, representing an increase of 2% compared to gross profit of $285,223 for the year ended June 30, 2020. This is primarily due to the increased shipping cost for materials that are procured from Asian suppliers.

Total Expenses increased 86.6% to $2,609,283 for the year ended June 30, 2021, compared to $1,396,106 for the year ended June 30, 2020. Total expenses have increased, consistent with management expectations as the Company has increased its marketing spend on customer acquisition as well as its spending on deployment activities including building, delivering and installing systems. Headcount has increased commensurate with the investments in R&D and Sales and Marketing the Company has made. Additionally, in the comparative year, INEO's management and senior personnel were either drawing no salary or limited salary as the Company had not yet received the infusion of cash which came concurrent with the RTO transaction in January 2020.

DISCUSSION OF OPERATIONS

Sales

The following table summarizes sales information for the year ended June 30, 2021 and 2020 has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes. INEO operations consist of adverting from Welcoming System Installations and Loss Prevention operations. Sales, Cost of sales and Gross Profit, from INEO operations, primarily relate to Loss Prevention Operations.

		For the year ended		
		30-Jun-21		30-Jun-20
INEO Operations	**$**	**613,575**	$	390,291
Fabrication Operations		**131,585**		136,663
TOTAL SALES	**$**	**745,160**	$	526,954

Sales of INEO Operations increased 57.2% to $613,575 for the year ended June 30, 2021, compared to sales of $390,291 for the year ended June 30, 2020. INEO operations have experienced quarter over quarter sales growth during 2021. Management expects the sales from the Fabrication Operations to remain steady state to slightly down as it devotes more and more of its capacity to supporting INEO Operations. All growth investment is in INEO Operations and the year over year growth comparisons reflect this effort.

Gross Profit & Gross Margin

The following table summarizes gross profit & gross margin information for the years ended June 30, 2021 and 2020 and has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes. INEO operations consist of advertising from

Welcoming System Installations and Loss Prevention operations. Sales, Cost of sales and Gross Profit, from INEO operations, primarily relate to Loss Prevention Operations.

INEO Operations generated Gross Profit of $257,910 for the year ended June 30, 2021, representing an increase of 26.5% compared to Gross Profit of $203,839 for the year ended June 30, 2020. The Company attributes this increase in gross profit to higher annual revenue for the Loss Prevention segment.

	INEO Operations		Fabrication Operations	
	For the year ended		For the year ended	
	30-Jun-21	30-Jun-20	**30-Jun-21**	30-Jun-20
Sales	**$ 613,575**	$ 390,291	**$ 131,585**	$ 136,663
Cost of Sales	**(355,665)**	(186,452)	**(99,299)**	(55,279)
Gross Profit	**257,910**	203,839	**32,286**	81,384
Gross Margin	**42.03%**	52.23%	**24.54%**	59.55%

Management expects this investment phase to continue in the immediate future with Gross Margins scaling higher as more Welcoming Systems become revenue generating.

Fabrication Operations generated Gross Profit of $32,286 for the year ended June 30, 2021, representing a decline of 39.7% compared to Gross Profit of $81,384 for the year ended June 30, 2020. Management expects the Fabrication Operations to remain steady state to slightly down as it devotes more and more of its capacity to supporting INEO Operations.

Expenses

The following table summarizes general and admin expenses information for the year ended June 30, 2021 and 2020 has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

	Note	For the year ended	
		June 30, 2021	June 30, 2020
Accounting and legal (Note 14)		**$ 124,064**	$ 227,993
Management fees		**60,000**	**-**
Bad debt (Note 5)		**2,511**	-
Amortization and depreciation (Note 8,18)		**80,064**	32,902
Office expenses		**175,052**	67,373
Insurance		**24,573**	5,254
Lease interest (Note 19)		**16,820**	**6,213**
Remuneration and benefits (Note 14)		**617,085**	353,734
Stock-based compensation (Note 12,14)		**189,730**	45,256
Rent (Note 19)		**29,274**	49,232
Supplies			23,691
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES		**$ 1,319,173**	$ 811,648

Total General and Admin Expenses ("G&A") increased by 62.5% to $1,319,173 for the year ended June 30, 2021, compared to $811,648 for the year ended June 30, 2020. G&A expenses continue to track as management expects. Expenses resulting in an increase year over year include Amortization on Installed

Welcoming Pedestals as more units have been installed throughout this fiscal year to date and Stock-based compensation.

The following table summarizes selling expenses information for the years ended June 30, 2021 and 2020 has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

		For the year ended	
	Note	**June 30, 2021**	June 30, 2020
Freight and delivery			$10,286
Investor Relations		**-**	$16,032
Marketing and research		**329,992**	59,775
Remuneration and benefits (Note 14)		**397,260**	200,334
Stock-based compensation (Note 12,14)		**16,432**	6,590
Travel		-	11,322
TOTAL SELLING EXPENSES		**$ 743,684**	$ 304,340

Total Selling Expenses increased 144.4% to $743,684 for the year ended June 30, 2021, compared to $304,340 for the year ended June 30, 2020. INEO continues to invest in its go to market strategies which includes various marketing initiatives and personnel. The remuneration and benefits for the year ended June 30, 2021 is consistent with expectations reflecting the extra resources added to support these initiatives plus personnel added from the Newman acquisition.

The following table summarizes research and development expenses information for the year ended June 30, 2021 and 2020 has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

		For the year ended	
	Note	**June 30, 2021**	June 30, 2020
Consulting fees		**$ 91,387**	$ 37,479
Remuneration and benefits (Note 14)		**415,684**	237,367
Stock-based compensation (Note 12,14)		**39,355**	5,272
TOTAL RESEARCH & DEVELOPMENT EXPENSES		**$ 546,426**	$ 280,118

Total Research and Development ("R&D") expenses increased 95.1% to $546,426 for the year ended June 30, 2021, compared $280,118 for the year ended June 30, 2020. Total R&D Expenses increased due to an increase in headcount in the R&D team, leading to higher remuneration and benefits expenses. The investment in R&D has extended the Company's technology capabilities in a number of areas, including completion of a new completely wireless version of the Welcoming System, new Artificial Intelligence (AI) and detection capabilities, new customer reporting and data analysis and new media player capabilities for booking, reserving and playing advertisements.

Net and comprehensive Loss

Net loss for the year ended June 30, 2021 was $2,237,888 or $0.05 per share compared to net loss of $5,763,004 or $0.25 per share for the year ended June 30, 2020. The Company had a greater loss in 2020 due to costs associated with the completion of the RTO transaction (non-cash).

Cash

As at June 30, 2021 the Company had $5,199,328 of cash, compared to $1,252,638 of cash at June 30, 2020. The increase in cash was primarily due to the Public Offering.

Operating activities

Cash used in operating activities amounted to $1,619,272 (2020 -$1,028,103) primarily operating expenses related to remuneration and benefits for the period partly offset by the receipt of cash benefit from the Canada Emergency Wage and Rent Subsidy programs amounting to $116,725.

Investing activities

Cash used in investing activities amounted to $414,803 (2020 - $103,249). The increase is primarily attributable to the manufacturing of new Welcoming Pedestals deployed to various stores and computer hardware purchased.

Financing activities

Cash provided by financing activities amounted to $5,980,765 (2020 - $2,311,154). This mostly pertains to net amount received from the completion of the upsized public offering.

Receivables

The following table summarizes the Company's accounts receivables as at June 30, 2021 and June 30, 2020 and has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

RECEIVABLES		Balance as at 30-Jun-21		Balance as at 30-Jun-20
Accounts receivable (net)	$	108,758	$	221,555
TOTAL RECEIVABLES	**$**	**108,758**	$	221,555

Receivables decreased as funds for outstanding balances were collected during the year ended June 30, 2021.

Inventory

Inventory of finished goods held by the Company as at June 30, 2021 was $98,908, (June 30, 2020 $106,344). Finished goods inventory consists of Electronic Article Surveillance products held for resale. INEO has not made a provision for the write down of inventory as the Company expects to sell all inventory on hand. During the year, the Company transferred $111,708 from raw materials inventory to Equipment – Installed Units WIP.

Prepaid expenses

As at June 30, 2021 and June 30, 2020, the Company's prepaids amounted to $52,576 and $5,037, respectively. The increase primarily relates to prepayments to suppliers for inventory to be shipped subsequent to year end.

Accounts payable and other current liabilities

The following table summarizes the Company's accounts payables as at June 30, 2021 and June 30, 2020 and has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

ACCOUNTS PAYABLE and OTHER CURRENT LIABILITIES		**Balance as at 30-Jun-21**		Balance as at 30-Jun-20
Trade payables and accrued liabilities	**$**	**368,331**	$	234,788
Current portion of loan payable		**156,250**		185,270
TOTAL ACCOUNTS PAYABLE and OTHER CURRENT LIABILITIES	**$**	**524,581**	$	420,058

The increase in accounts payable from June 30, 2020 to June 30, 2021 was driven by increased purchases of supplies and materials related to the sales of INEO Operations products, and payroll expenses paid in July.

Loans

During the year ended June 30, 2021, the Company had two loans from Business Development Bank of Canada ("BDC"). The first BDC loan for $200,000 was taken on September 26, 2017 and had an outstanding balance of $160,660 as of June 30, 2020. The second BDC loan for $50,000 was taken on April 8, 2019 and had and outstanding balance of $46,920 as of June 30, 2020.

One related party loan for $100,000 and accrued interest at 12.5%, taken out on December 16, 2016 and has a balance of $156,250 as at June 30, 2021.

On April 15, 2021, the Board of Directors authorized the repayment of all debt outstanding by the company. This includes 2 loans owed to BDC (Business Development Bank of Canada) and a loan to a related party. On May 7, 2021, the loans to BDC were repaid in full.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes quarterly results information for the previous 8 quarters up to and including the last three months ended June 30, 2021 and has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

SUMMARY OF QUARTERLY RESULTS	Q4 30-Jun-21	Q3 31-Mar-21	Q2 31-Dec-20	Q1 30-Sep-20
Total Revenues, including interest income	$ 214,253	$ 195,518	$ 187,239	$ 148,150
Net Loss	(782,115)	(576,400)	(525,252)	(354,121)
Basic and diluted loss per common share	(0.05)	(0.01)	(0.01)	(0.01)
	Q4 30-Jun-20	**Q3 31-Mar-20**	**Q2 31-Dec-19**	**Q1 30-Sep-19**
Total Revenues, including interest income	$ 247,509	$ 80,020	$ 98,536	$ 100,889
Net Loss	2,029,815	(7,536,367)	(168,625)	(87,827)
Basic and diluted loss per common share	(0.25)	(0.23)	(0.02)	(0.01)

In Fiscal 2021 INEO has grown sequentially quarter over quarter throughout the year. Growth in Fiscal 2020 was impacted by the effects of COVID-19 on the retail customers making up the Company's client base. Q3 2020 had reduced revenue as the initial COVID-19 significantly reduced retail spending while Q4 2020 had a one-time spike in revenue as the company pivoted to producing and selling retail cashier barriers to help protect the retail staff and keep the stores open during the initial onset of COVID.

Q3 2020 and Q4 2020 had anomalies in terms of the Company's Net Loss. In Q3 2020 INEO reported a non-cash loss of $7,536,367 due to the accounting of the Reverse Takeover transaction. In Q4 2020 the non-cash net loss was adjusted and a non-cash net gain of $2,029,815 was reported. Other than these specific quarters, the net losses being reported are consistent with the operations of the INEO business and within Management's expectations.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2021, the Company had not achieved profitable operations and had an accumulated deficit since inception of $8,621,137. During the year ended June 30, 2021, the Company had a net loss of $2,237,888 and spent $1,619,272 of cash on operating activities. The Company expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast doubt upon the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to develop and/or acquire business projects and to meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. To date, the Company has relied on equity and debt financing to fund its acquisitions. Upon completion of the RTO transaction, the Company was able to raise $2,816,974 which will be used to fund its continued growth and to build a critical mass of its *Welcoming Pedestals*.

On March 10, 2021, the Company closed a brokered short-form prospectus offering (the 'offering'), resulting in issuance of 19,454,550 units at a price of $0.36 per unit for aggregate proceeds of $7,003,638.

TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured, unless specified.

The following table summarizes related party & management compensation for the years ended June 30, 2021 and 2020 has been derived from the audited consolidated financial statements and should be read in conjunction with these statements and related notes.

As at June 30, 2021, the Company has $9,750 due to a company controlled by the CFO (June 30, 2020 - $9,750).

	For the year ended	
	30-Jun-21	30-Jun-20
Accounting fees	**$ 25,685**	$ 31,116
Management fees	**60,000**	25,000
Remuneration and benefits	**449,981**	208,841
Stock-based compensation	**141,173**	33,392
TOTAL RELEATED PARTY & MANAGEMENT COMPENSATION	**$ 676,839**	$ 298,349

During the years ended June 30, 2021 and 2020, the Company had the following transactions with related parties:

- Accounting and management fees of $85,685 (2020 - $56,116) were paid to a company controlled by the CFO.
- Remuneration and benefits consist of $224,991 paid to the President, Director and Corporate Secretary (2020 - $104,421) and $224,990 paid to the CEO (2020- $104,420).
- Share-based compensation consists of 53,486 to the President, Director and Corporate Secretary, $53,486 to the CEO, $14,264 to Steve Matyas, $7,811 to Gurminder Sangha, $11,421 to Serge Gattesco and $705 to Dave Jaworski (2020 – $33,392).

Under the terms of their management agreements, the Chief Executive Officer and President of the Company are entitled to 24 months of base pay in the event of their agreements being terminated without cause.

COMMITMENTS & CONTRACTS

Surrey Warehouse

On March 6, 2020, the Company through its subsidiary, INEO Solutions Inc, entered into a 5-year lease agreement for leased premises (3,360 sq. ft.) in Surrey, British Columbia, commencing April 1, 2020 and ending on March 31, 2025. The minimum base rent is $11.75 per sq. ft. per month with escalation rate of $0.25 per sq. ft. per month per annum. In accordance with IFRS 16, the Company recognized right-of-use asset of $155,260 as at April 1, 2020 equal to the present value of all remaining lease payments. The Company depreciates the right-of-use assets on a straight-line basis, over the remaining lease term.

Consequently, the Company recognized a lease liability equal to the present value of the lease payments to be made over the lease term, using the borrowing rate on the Company's existing loans. As at June 30, 2021, the balance of the lease liability – current is $26,868 and lease liability – non-current is $94,934.

Advertising contracts

On June 3, 2020, the Company, through its subsidiary, INEO Solutions entered into an Agreement with Hivestack Inc. ("Hivestack") to utilize the latter's programmatic digital out-of-home advertising platforms, technology and related services, at the Company's discretion, on certain inventories of the Company. INEO Solutions shall compensate Hivestack based on the use of Hivestack's server, a percentage of the Company's advertising revenues and additional fees based on target audience reached and additional services used.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

For a description of significant accounting policies, please refer to the Company's audited consolidated financial statements for the years ended June 30, 2021 and 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has no further proposed transactions as of reporting date other than those previously disclosed in this document.

FINANCIAL RISK MANAGEMENT

Fair value risk

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, due to related parties and loans payable.
Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or

liabilities and the lowest priority to unobservable inputs. The levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data

As at June 30, 2021, the Company had the following Financial instruments categorized based on the level of hierarchy:

	Level 1	Level 2	Level 3	Total
As at June 30, 2021				
Cash	5,199,328	-	-	5,199,328
Accounts receivable	-	108,758	-	108,758
Accounts payable and accrued liabilities	-	368,331	-	368,331
Due to related parties	-	9,750	-	9,750
Government Grants	-	95,957	-	95,957
Loan payable	-	156,250	-	156,250
As at June 30, 2020				
Cash	1,252,638	-	-	1,252,638
Accounts receivable	-	221,555	-	221,555
Accounts payable and accrued liabilities	-	234,788	-	234,788
Due to related parties	-	9,750	-	9,750
Government Grants	-	55,112	-	55,112
Loans Payable	-	351,330	-	351,330

Accounts receivable, accounts payable and due to related party approximate their fair value due to their short-term maturities. Cash under the fair value hierarchy are based on Level 1 quoted prices in active markets for identical assets or liabilities. The fair value of the loans payable also approximates carrying value.

Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises nine types of risk: currency risk, interest rate risk and price risk and are disclosed as follows:

i. Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company has only a nominal amount of assets or liabilities denominated in foreign currencies and engaged in very few transactions denominated in a foreign currency; therefore, its exposure to currency risk is limited.

ii. Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Company continues monitoring its exposure to the prime and it is comfortable to this exposure given the relative low fluctuation of the bank interest rates in Canada and fluctuations will have a nominal impact to the Company's financial results.

iii. Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

All the Company's cash is held through a Canadian chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. The Company's GST recoverable are refunds due from the Government of Canada and the exposure to credit risk on these amounts are considered to be limited.

The Company's accounts receivable consists of amounts due from various customers. The maximum exposure to credit risk is equal to the carrying value of accounts receivable. The business models of the Company's respective segments require analysis of credit risk specific to each business line. The Company's historic rate of bad debts is low.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily on days past due combined with the Company's knowledge of past bad debts. The Company has created a provision for bad and doubtful debts of $2,511 for the year ended June 30, 2021 (June 30, 2020 - $Nil).

Liquidity risk

As of June 30, 2021, the Company had a cash balance of $5,199,328. The Company manages its liquidity risk by attempting to maintain sufficient cash balances to enable settlement of transactions on the due date. Accounts payable, loan payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives.

CAPITAL STOCK

The authorized capital of the Company consists of an unlimited number of common shares without par value.

As at June 30, 2021 and the date of this report, the Company has 60,145,768 common shares, 4,175,863 stock options and 11,461,211 warrants issued and outstanding (June 30, 2020 – 40,680,740 common shares, 3,425,863 stock options and 262,181 share warrants).

Options

On January 24, 2020, pursuant to the RTO, the Company granted 175,863 options to stockholders of INEO in exchange of the existing INEO options held by said shareholders. Each option is exercisable to acquire one common share at a price of $0.089. The stock options shall vest based on the terms of the options replaced which are 25% on January 5, 2019, 25% on January 5, 2020, 25% on January 5, 2021 and 25% on January 5, 2022. These options have an expiry date of January 23, 2023.

On April 15, 2020, the Company granted 2,750,000 options to directors, officers and employees of the Company with an exercise price of $0.26 per share. The Company also granted 500,000 options to a consultant with an exercise price of $0.35 per share. The stock options shall vest on the basis of 25% on April 15, 2021, 25% on April 15, 2022, 25% on April 15, 2023 and 25% on April 15, 2024. On October 17, 2020 and May 19, 2021, 300,000 stock options from this issuance were forfeited.

On August 18, 2020, the Company granted 200,000 options to a director of the Company with an exercise price of $0.26 per share. The Options shall vest on the basis of twenty-five percent (25%) on August 18, 2021, twenty-five percent (25%) on August 18, 2022, twenty-five percent (25%) on August 18, 2023 and twenty percent (25%) on August 18, 2024

On October 18, 2020, the Company granted 175,000 stock options to employees with an exercise price of $0.26 per share. The stock options shall vest on the basis of 25% on October 18, 2021, 25% on October 18, 2022, 25% on October 18, 2023 and 25% on October 18, 2024.

On June 18, 2021, the Company granted 725,000 stock options to directors, offices and employees of the Company with an exercise price of $0.26 per share. The stock options shall vest on the basis of 25% on June 18, 2022, 25% on June 18, 2023, 25% on June 18, 2024 and 25% on June 18, 2025.

Stock Options shall expire at the end of the term of the Company Stock Option Plan or 30 days after the Optionee is no longer a director, employee or contractor of the Company, whichever comes first. As at the date of this report 856,897 options are exercisable (June 30, 2020 – 87,932).

Warrants

On January 24, 2020, the Company issued 262,181 warrants valued at $4,262 in connection with the RTO. The warrants have an exercise price of $0.35 and expire on January 23, 2022. The fair value of the warrants granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions: volatility rate of 100%, risk-free rate of 1.49%, dividend yield of 0% and weighted average life of 2 years. The fair value of the share warrants is recorded as share issuance costs charged against share capital.

On March 16th, 10,479 warrants issued on January 24, 2020 were exercised for $0.35.

On February 15, 2021 the Company issued 1,482,233 warrants valued at $190,421 in connection with the upsized public offering. The warrants have an exercise price of $0.36 and expire on March 10, 2023. The fair value of the warrants granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions: volatility rate of 57.98%, risk-free rate of 0.19%, dividend yield of0% and weighted average life of 2 years. The fair value of the share warrants is recorded as share issuance costs and charged against share capital.

On March 10, 2021 the Company issued 9,727,275 common share purchase warrants in connection with the upsized Public Offering. Each warrant entitles the registered holder to acquire one Warrant Share until March 10, 2023 at a price of $0.55 per Warrant Share. The fair value of the warrants granted were estimated on their date of issue using the Black-Scholes option pricing model and the following assumptions: volatility rate of 30%, risk-free rate of 0.19%, weighted average life of 2 years. Using these inputs, the common share purchase warrants were valued at $0.02 per warrant. The fair value of the share purchase warrants is recorded as warrant reserve.

RISKS AND UNCERTAINTIES

The Company's management believes that the following risks are among the most important in order to understand the issues that face its financial performance, business and its approach to risk management. The risks presented below may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. The market in which the Company currently competes is competitive and can change rapidly. Sometimes new risks emerge, and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

Limited Operating History

INEO Solutions began carrying on business in 2016 and to date, has generated all revenue from its legacy businesses. The Company, is therefore subject to many of the risks common to early-stage enterprises, including under- capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees such as Greg Watkin and Kyle Hall, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Factors which may Prevent Realization of Growth Targets

The Company is currently in the early development stage. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- non-performance by third party contractors;
- developing technology is subject to change;
- competition;
- inability to acquire sufficient financing to fund operations;
- cyber-attacks on the Company's operating systems;
- loss of intellectual property rights on its proprietary software;
- increases in materials or labor costs;
- foreign exchange risks and currency fluctuation;
- construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- labor disputes, disruptions or declines in productivity;
- inability to defend and costs in defending potential breaches of intellectual property rights;
- inability to attract sufficient numbers of qualified workers; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that the Company may not have product or sufficient product to meet the anticipated demand or to meet future demand when it arises.

Additional Financing

In order to execute further growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. the Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Inability to achieve or obtain profitability

The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, it will not be profitable.

Competition

Numerous factors will affect the Company's competitive position, including price. Other companies may decide to enter the space and could have substantially greater financial, marketing and other resources. Several of these companies may have greater name recognition and well-established relationships with some of the Company's target customers. Furthermore, these potential competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than the Company is able to offer. The Company may face increasing price pressure from competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's system.

It is possible that the Company will face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and customer support. the Company may not have sufficient resources to maintain research and development, marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Dependence on Personnel

Due to the technical nature of its business and the dynamic market in which the Company competes, its success depends on its ability to attract and retain highly skilled developers, technology, engineering, managerial, marketing and sales personnel. In particular, the Company's future success depends in part on the continued services of each of its current executive officers and other key employees. Competition for qualified personnel in the technology space is intense. Management believes that there are only a limited number of persons with the requisite skills to serve in many key positions and it is difficult to hire and retain these persons. The loss of one or more of these key personnel may have a significant adverse effect on the Company's sales, operations, technological development and profits.

Difficulty to Forecast

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

Variable Revenues / Earnings

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the Company's Common Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of technology, possible delays in the manufacture or shipment of current or new products, concentration in the Company's customer base, and possible delays or shortages in component supplies.

Suppliers

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

Operating Risk and Insurance Coverage

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

Management of Growth

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

Conflicts of Interest

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

Privacy

The Company may be subject to scrutiny and regulation from legislative bodies with regards to the information that is collected within its systems. To reduce this risk, the Company has taken a proactive approach to consumer and data privacy with its "Transparent Privacy Philosophy" that clearly spells out what is done with personal information:

- The Company does not sell, trade or give away your personal data. That includes your name, address, cell-phone information, credit cards, facial recognition or other biometric imprints.
- The Company anonymizes any limited data it collects. That means, no matter what, anyone who gets our data when you enter or leave a store won't be able to tie it to any person.
- The Company uses our anonymized data to try and build insights into how people shop, how stores operate and what both parties in that equation might want. But we stick to our promise to keep individual identities totally private.
- The Company adheres to the legislative standards of the privacy acts in all jurisdictions in Canada:
    a. British Columbia - *Personal Information Protection Act.*
    b. Alberta - *Personal Information Protection Act.*
    c. Quebec - *The Privacy Act*
    d. Canadian *Personal Information Protection and Electronic Documents Act* (PIPEDA) for all other jurisdictions in Canada
- The Company follows the foundational principles of *Privacy by Design*, the Canada-made data privacy protocols set out by former Ontario Privacy Minister Anne Cavoukian, Ph.D.
- When you contact or enter into a discussion with the Company your identity and what you discuss will always be held in complete confidence, following all the above standards.
- the Company constantly seeks to be on the forefront of progressive privacy policies. And we will be transparent about where we sit on this important and evolving public interest issue.
- Your privacy matters to you. And that means it matters to the Company.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

The market price of the Company's Common Shares may be subject to wide price fluctuations

The market price of the Company's Common Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Company's Common Shares.

Dividends

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

Limited Market for Securities

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

Technology

The Company operates in a highly competitive environment where its hardware and other products and services are subject to rapid technological change and evolving industry standards. the Company future success depends on its ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry and its customers' increasingly sophisticated needs. the Company's products embody complex technology that may not meet those standards, changes and preferences. If the Company is unable to respond to technological changes, fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses which could negatively impact sales, profitability and the continued viability of the business.

Intellectual Property

In spite of the patent on the Company's proprietary technology, unauthorized parties may attempt to copy aspects of its products or to obtain information that is proprietary. Policing unauthorized use of proprietary technology, if required, may be difficult, time-consuming and costly. If a third-party misappropriates the Company's intellectual property, the Company may be unable to enforce its rights. If the Company is unable to protect its intellectual property against unauthorized use by others, it could have an adverse effect on its competitive position. the Company may be challenged by allegations of its infringement of the intellectual property of others. There is no assurance that the Company will be successful in defending such claims and, if it is unsuccessful, there is no assurance that the Company will be successful in obtaining a license for the intellectual property in question. Intellectual property claims are expensive and time consuming to defend and, even if they are without merit, may cause delay in the introduction of new products or services. In addition, the Company's managerial resources could be diverted in order to defend its rights, which could disrupt its operations.

Proprietary Protection

The Company's success will depend, in part, on its ability to enforce patent rights, maintain the confidentiality of trade secrets and unpatented know-how, and to operate without infringing on the proprietary rights of third parties or having third parties circumvent the Company's rights. the Company relies on a combination of patented technology, contract, copyright, trademark and trade secret laws, confidentiality procedures and other measures to protect its proprietary information. There can be no assurance that the steps taken will prevent misappropriation of the Company's proprietary rights. The Resulting Issue's competitors could also independently develop technology similar to its technology. Although the Company does not believe that its products or services infringe on the proprietary rights of any third parties, there can be no assurance that infringement or invalidity claims (or claims for indemnification resulting from infringement claims) will not be asserted or prosecuted against us, or that any such assertions or prosecutions will not materially adversely affect our business, financial condition or results of operations. Irrespective of the validity or the successful assertion of such claims, the Company could incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on its business.

Liability Claims

The Company may be subject to claims arising from the use of its products and services. the Company's products are complex and sophisticated and, from time to time, may contain design defects that are difficult to detect and correct. There can be no assurance that errors will not be found in the Company's products or, if discovered, that we will be able to successfully correct such errors in a timely manner or at all. Correcting such errors and failures could require significant expenditure of capital. The sale and support of the Company's products and services may entail the risk of substantial product liability or warranty claims in the event of errors or failures. A product liability claim could adversely impact the Resulting Issue's business due to the cost of settlements and due to the costs of defending such claims.

Credit Concentration and Credit Risk

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

Foreign Exchange

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

General Economic Conditions

The Company's results could be adversely affected by changing economic conditions in the countries in which it operates. The market turmoil and tightening of credit in the United States and Europe in 2008 and 2009 led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, cuts in government spending, increased market volatility and widespread reduction of business activity generally. There can be no guarantees that the countries in which the Company operates will not experience similar economic conditions, and to the extent such markets experience an economic deterioration, the resulting economic pressure on the Company's customers may cause them to end their relationship with the Company, reduce or postpone current or expected purchase orders for its products, or suffer from business failure, resulting in a decline in our revenues and profitability that could be material. Continued difficult or uncertain economic conditions could adversely affect the Company's revenue and profitability.

Market Demand for the Product and Services

The Company's success is dependent on its ability to market its products and services. There is no guarantee that its products and services will remain competitive. There is no guarantee the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services, its growth may be adversely affected.

Stock Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's securities will be affected by such volatility. the Company's stock price may also experience significant fluctuations due to operating performance, performance relative to analysts' estimates, disposition or acquisition by a large shareholder, a lawsuit against the Company, the loss or acquisition of a significant customer or distributor, industry-wide factors and factors other than the operating performance of the Company. These factors, among others, may cause decreases in the value of the Company's Common Shares.

Government Regulations

Although Management believes that the Company has obtained the necessary approvals for the products that it currently sells, it may not be able to obtain approvals for future products on a timely basis, or at all. In addition, regulatory requirements may change, or the Company may not be able to obtain regulatory approvals from countries in which it may desire to sell products in the future. the Company may be required to incur additional costs in order to comply with foreign and state government regulations as it might pertain to certain issues concerning compliance with local regulations governing its devices, content, privacy, taxation and other considerations.

Industry Growth

There can be no assurance that the Company's targeted vertical and geographic markets will grow, or that the Company will be successful in establishing ourselves in new vertical and geographic markets. If the various markets in which its products compete fail to grow, or grow more slowly than is currently anticipated, or if the Company is unable to establish itself in new markets, its growth plans could be materially adversely affected.

Liquidity Risk

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 to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they become due. the Company facilitates this in part by maintaining a line of credit with a major Canadian bank.

Accounting Estimates

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

Internal Controls

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

Public Health Crisis

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. In December 2019, novel coronavirus ("COVID-19") surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020. The outbreak has spread throughout the world. The escalating cases of COVID-19 in Canada and the United States, caused companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Such public health crises can result in volatility and disruptions in global supply chains, business operation and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect, interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, labor shortages, travel and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). At this point, the extent to which COVID-19 may impact the Company is uncertain; however, it is possible that COVID-19 may have a material adverse effect on the Company's business and financial condition. If the Company is unable to mitigate the impacts of the COVID-19 outbreak on its operations, they may be unable to fulfill their product delivery obligations to customers, their costs may increase, and their revenues and margins could decrease.

Capital Management

The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to pursue the development of its projects and products; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or acquire or dispose of assets.

DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies that may be engaged in the similar business of developing technologies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

On August 18, 2020, Jurgen Wolfe resigned as a Director. On the same date, Serge Gattesco was appointed as a Director.

On May 19, 2021, Gurminder Sangha resigned as a Director. On the same date, Dave Jaworski was appointed as a Director.

Current Directors and Officers of the Company are as follows:

- Greg Watkin, President, Chairman and Corporate Secretary
- Kyle Hall, Chief Executive Officer, Director
- Steve Matyas, Director
- Dave Jaworski, Director
- Serge Gattesco, Director
- Zara Kanji, Chief Financial Officer

OUTLOOK

The Company currently has over 120 locations operating on the INEO *Welcoming Network* and has a healthy pipeline of additional independent liquor store retail locations ready for installations in the coming months. The Company is also witnessing increasing advertising fill rates on the INEO *Welcoming Network*, with some advertisers repeating their initial advertising contracts. The partnership with Hivestack's programmatic advertising platform is proving to be fruitful in introducing INEO's product and services to new potential advertisers.

Meanwhile, the Company continues to make progress with its distribution partner, Prosegur. INEO has already successfully integrated Prosegur's tag detection technology, designed and manufactured new circuit boards to support Prosegur's specifications, modified its *Welcoming Pedestals* to support European power requirements and is expecting to soon launch a "Self-Serve Retail Portal" so Prosegur's retail customers can upload their own marketing ads, images and manage their own campaigns. INEO is currently actively working with Prosegur on securing two large retailers and assisting in discussions with several additional retailers in North America and Europe. Initial manufacturing of systems for Prosegur's retail customers is expected to be fulfilled in INEO's Surrey, BC facility while Prosegur's manufacturing facility with expanded production capacity is expected to come online before the end of the calendar year.

INEO plans on continuing to innovate in the areas of integrated digital screen and loss prevention technology, improving data analytics with machine learning algorithms, adding retailer self-serve capabilities, incorporating retail cash register data into its systems and optimizing its cloud based digital advertising network.

INEO continues to execute on its organic growth strategy by focusing on the following:

- leveraging its distribution partnership with Prosegur to expand its footprint into large retailers worldwide
- deploying more *Welcoming Pedestals* into the Company's existing legacy loss prevention customer base of independent liquor store retailers, which was obtained through the acquisitions of Provent and Newman
- ramping up digital media advertising sales on the Company's network of *Welcoming Pedestals* through direct sales its partnership with Hivestack
- increasing sales of supplies (tags & labels) through INEO's web-based sales channel

As part of its inorganic growth strategy, the Company is seeking acquisitions in the following areas:

- the acquisition of additional EAS vendors and resellers similar to Provent and Newman across North America
- the acquisition of technologies or patents that would be complementary to INEO's internally developed intellectual property

INEO plans on continuing to innovate in the areas of integrated digital screen and loss prevention technology, improving data analytics with machine learning algorithms and optimizing its cloud based digital advertising network.