KILLI LTD. (formerly, Freckle Ltd.)

DATED: May 27, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Killi Ltd. (formerly, Freckle Ltd.) ("Killi" or "the Company") and the notes to those statements as at the three months ended March 31, 2021. The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of Killi's management. The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Dollar amounts are expressed in Canadian dollars unless otherwise noted.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking information and forward-looking statements. Except for statements of historical fact that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, constitutes forward-looking statements. The Company cautions that this MD&A may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding: the addition of accounts and the conversion of such accounts to users; the growth of the Company's active user base; the Company's strategic partnerships; the Company's growth of revenue generated; the Company's plans to scale its business; the Company's communications with accounts; the introduction of new products and features such as Killi Paycheck; improvements to user experience on the Killi platform; and the outlook for the Company's business and results of operations. Forward-looking statements include those identified by the expressions "will", "may", "should", "continue", "anticipate", "believe", "plan(s)", "estimate", "project", "expect", "intend" and similar expressions to the extent that they relate to the Company or its management. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. Such risks and uncertainties include, but are not limited to: the Company may not be successful in acquiring data, adding accounts to its platform or converting such accounts to users; the Company's active user base may not grow despite the Company's efforts; the Company may not be able to cultivate strategic partnerships in the future; the Company's revenue may not increase over time; the Company may not be able to scale its business; the Company may not be successful in obtaining opt-in from the accounts; the Company may not introduce any new products or features; the Company may not be able to improve user experience on the Killi platform; the ability of the Company to implement its growth strategy and the uncertainty surrounding the spread of COVID-19 and the impact it will have on the Company's operations and economic activity in general. Forward-looking statements are provided to assist external stakeholders in understanding management's expectations and plans relating to the future as of the date of this MD&A and may not be appropriate for other purposes. Forward-looking statements are made as of the date of this MD&A and Killi disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should not place undue reliance on the Company's forward-looking statements.

OVERVIEW OF THE BUSINESS

Killi is a privacy-compliant identity ecosystem, which allows companies to purchase compliant data while users are able to take part in a global business that has historically made money from this data without being included in the transaction. Killi's platform is available both online and as a mobile application on iOS and Android in the United States, Canada, Australia, Singapore and New Zealand. Killi aims to educate in a simple and approachable manner, creating a privacy driven community.

On May 29, 2020, the Company finalized a definitive asset purchase agreement with PlaceIQ, Inc. ("PlaceIQ") for the sale of certain assets of the Company's offline attribution and data which allows the Company to focus on the Killi product.

Killi Highlights for Q1 2021

- Strengthened the Company's treasury by closing an oversubscribed non-brokered private placement for aggregate gross proceeds of $4,585,632.
- Introduced a fifth passive earning opportunity for users, in addition to our Profile, Shopping, Browsing, Location Rewards. Device Rewards – Allows users to opt into sharing their mobile device information.
- Improved Google Play Android app rating to 4.46 stars up 8% from the end of Q4-20. Apple App Store rating stayed consistent at 4.2 stars.
- Account additions in Q1-21, ending the quarter with 320 million de-duplicated accounts, up over 23% from the end of Q4-20.
- Continued to expand the Fair Trade Audiences by offering 1,000+ CCPA compliant, off-the-shelf segments with ubiquitous distribution. The Company increased distribution through strategic partnerships with Retargetly, a leading data intelligence platform in Latin America. Killi now has integrated with 9 data platforms, up 13% from the end of Q4-20.

OBJECTIVES AND OUTLOOK

During the quarter, the Company improved its platform, firstly, by introducing a new passive income module, secondly, driving scale to its account base, and lastly, continued integration with data platforms. In addition to the User Rewards that are passively paid, the Killi platform continues to provide bonus income opportunities for an active user. The introduction of Device Rewards, the fifth passive income reward, creates a new tier of All-Star users. The Company has made over 1 million payouts to the accounts of individual users.

Through strategic partnerships with data publishers, the Company now has over 320 million accounts in its platform. The Company anticipates this number will continue to grow in the coming quarters through the same means or via other opportunities.

The Company has continued to strengthen the sales funnel by significantly increasing distribution, developing the necessary infrastructure and creating strategic partnerships required for recurring revenue. The Company continues to seek opportunities to create new lines of revenue and enhance existing data products.

The Company has better positioned itself to achieve its goals and execute the vision by completing a non-brokered private placement during the quarter whereby the Company issued 35,274,092 units at a price of $0.13 per unit for proceeds of $4,585,632. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling a holder to acquire one common share at an exercise price of $0.21 for a period of 24 months from the issuance date.

Key goals for Q2 2021

- Announced April 6, 2021, the Company introduced "Killi Unveil," a feature that allows active users view attributes collected through their online presence. Killi Unveil is another step towards consumer inclusion,
- Introduce cryptocurrency as an option to redeem Killi earnings,
- Complete the data quality and compliance audit to gain the Neutronian Certification,
- Continue integrations to new data platforms leading to increased distribution and recurring revenue.

Accounts vs. Active Users

In addition to individuals signing up directly to the Killi platform the Company acquires consented data through paid partnerships with third parties. The Company then contacts each account to notify them and to provide them the opportunity to opt-in to take advantage of the income opportunities offered in the Company's ecosystem. Upon joining the Killi platform, the Company recognizes such account as an "active user" that is fully integrated into the Company's ecosystem.

Prior to joining the Killi platform, the Company monetizes the account by making derivative data products and selling them to various platforms and advertisers. In the event the account opts out, then the account and/or active user will be removed from the Company's platform.

SUMMARY OF FINANCIAL AND OPERATING RESULTS

Selected Financial Information

	Three months ended March 31,	
	2021	2020
Revenue	**$ 123,468**	$ 15,035
Cost of Services	**186,889**	5,549
Gross Margin	**(63,421)**	9,486
General and administrative	**233,359**	615,935
Research and development	**207,378**	717,989
Selling and business development	**298,026**	107,473
Marketing	**458,536**	93,663
Loss from discontinued operations	**-**	452,528
Total comprehensive loss for the period	**$ (1,302,415)**	$ (1,355,069)

a) Revenue

The Company currently generates revenue though two revenue streams: identity and platform. Identity revenue is generated by selling derivative data products and mobile device data. Platform revenue is generated by selling audience segments to data platforms. The following chart shows the breakdown of revenue earned in the various channels for the three months ended March 31, 2021 and 2020.

	Three months ended March 31, 2021	2020
Revenue		
Identity	$ **60,678**	$ 15,035
Platform	**62,790**	-
Total revenue	$ **123,468**	$ 15,035

The Company's revenue increased by 721% for the three months ended March 31, 2021. This was due to the Company's sole focus on the development of the Killi platform and the associated revenue streams.

The Company's other income is as follows:

	Three months ended March 31, 2021	2020
Other income		
Gain on sale of Freckle business unit	$ **15,965**	$ -
Interest income	**2,999**	$ -
Total other income	$ **18,964**	$ -

This gain on sale is directly related to the definitive asset purchase agreement with PlaceIQ. Revenue share from the sold book of business has been recognized and is offset by legal expenses directly attributable to the transaction.

Interest income relates to interest earned on funds held as part of the GIC and a deposit account.

b) Cost of Services/Gross Margin

The Company's cost of services are as follows:

	Three months ended March 31, 2021	2020
Data Engineering	$ **175,758**	$ -
Management Platforms	**11,131**	5,549
	$ **186,889**	$ 5,549

The Company's cost of services increased by 3,268% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. Management platforms are costs primarily associated with running surveys with our strategic partners. Data engineering costs are salaries, benefits, and web hosting/processing fees directly associated with sales.

The Company's gross margin is as follows:

	Three months ended March 31, 2021	2020
Revenue	**$ 123,468**	$ 15,035
Cost of Services	**186,889**	5,549
Gross Margin	**$ (63,421)**	$ 9,486
Gross Margin %	**-51%**	63%

For the three months ended March 31, 2021, the Company recognized additional costs for cost of services mentioned above. These costs are associated with generating audience segments. The Company has been building relationships with agencies and brands to increase awareness of the Killi Fair Trade Audience segments and is currently integrated into 9 of these platforms. The Company should see improved gross margins for Audience segment revenues and should enhance the Company's top line revenue in the coming quarters.

c) General and administrative

The Company's general and administrative expenses are broken down as follows:

	Three months ended March 31, 2021	2020
Salaries, benefits and recruiting	**$ 147,074**	$ 268,078
Professional fees	**120,577**	185,887
Office and personnel	**37,068**	97,213
Establishments	**8,118**	57,654
Other	**(2,717)**	6,276
Foreign exchange gains/losses	**(76,761)**	827
	$ 233,359	$ 615,935

General and administrative expenses decreased 62% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

Salaries, benefits and recruiting ("staffing") decreased by 45% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease is largely due to a reduction in staff and funding the Company received from the Canada Emergency Wage Subsidy (CEWS). CEWS was implemented by the Canadian Government to ease the businesses effected by COVID-19 back into normal operations.

Professional fees have decreased 35% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease is related to a reduction in capital markets advisors and legal fees.

Office and personnel expenses decreased by 62% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease is related to decreased headcount, and working from home due to COVID-19.

Establishment expenses decreased 86% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease in expenses is directly related to terminating the New York Lease and funding the Company received from the Canadian Emergency Rent Subsidy (CERS).

d) Research and development

Research and development costs are broken down as follows:

	Three months ended March 31, 2021	2020
Salaries, benefits, contractors and recruiting	**$ 157,907**	$ 673,734
Licenses, dues and subscriptions	**27,572**	12,929
Cloud hosting, data processing and storage	**19,544**	23,421
Other	**2,355**	7,905
	$ 207,378	$ 717,989

Research and development expenses decreased by 71% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

Salaries, benefits, contractors and recruiting decreased by 77% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease is due to decreased headcount and significantly reducing the reliance on high cost, third party outsourced development. Government funding received from CEWS further reduced staffing costs.

Licenses, dues and subscriptions increased by 113% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase is due to onboarding more tools for project management, application performance and testing.

Cloud hosting, data processing and storage decreased by 17% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This is decrease is due to efficiencies created in the data pipeline.

e) Selling and Business Development

The Company's selling and business development expenses for continued operations are broken down as follows:

	Three months ended March 31, 2021	2020
Salaries, commissions, benefits and contractors	**$ 274,276**	$ 102,623
Travel, meals and entertainment	**12,233**	4,850
Other	**11,517**	-
	$ 298,026	$ 107,473

Selling and business development expenses increased by 177% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

Salaries, commissions, benefits and contractors increased by 167% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This is due to the number of employees increasing 300%.

Travel, meals and entertainment increased by 152% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase is due to increased meetings with current and potential customers and the existence of a sales staff.

Other consists primary of business development consultants, there were no comparable costs for the three months ended March 31, 2020.

f) Marketing

The Company includes costs to acquire Killi users, marketing staff, promotional and other marketing costs in marketing costs and are broken down as follows:

	Three months ended March 31, 2021	2020
User acquisition and retention	**$ 237,297**	$ 59,311
Advertising and promotion	**122,062**	17,317
Salaries, benefits and contractors	**98,313**	17,035
Other	**864**	-
	$ 458,536	$ 93,663

Marketing expenses increased by 390% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

User acquisition and retention increased by 300% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase is due successfully executing on user scale initiatives and the introduction of the Killi Paycheck. In the comparative period earning opportunities were limited for active users.

Advertising and promotion increased by 605% for the three months ended March 31, 2020 to 2021. This increase is due to an initiative to increase brand presence across the United States, and user testing.

Salaries, benefits and contracts increased by 477% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This increase is due to increasing headcount and hiring senior marketing staff. This was partially offset by government funding received from CEWS.

SELECT QUARTERLY RESULTS

	2021	**2020**				**2019**				**2018**
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue - continued operations	123,468	142,870	9,686	10,252	15,035	13,528	2,269	9,006	2,923	-
Revenue - discontinued operations	-	-	-	-	1,234,712	996,437	860,454	746,609	824,456	862,015
Total revenue	**123,468**	**142,870**	**9,686**	**10,252**	**1,249,747**	**1,009,965**	**862,723**	**755,615**	**827,379**	**862,015**
Cost of services - continued operations	203,464	351,420	32,860	2,022	5,549	9,570	-	-	-	287,651
Cost of services - discontinued operations	-	(14,119)	(59,321)	159,455	354,469	199,682	228,751	424,744	320,994	-
Total cost of services	**203,464**	**337,301**	**(26,461)**	**161,477**	**360,018**	**209,252**	**228,751**	**424,744**	**320,994**	**287,651**
Gross profit - continued operations	(79,996)	(208,550)	(23,174)	8,230	9,486	3,958	2,269	9,006	2,923	-
Gross profit - discontinued operations	-	14,119	59,321	(159,455)	880,243	796,755	631,703	321,865	503,462	574,364
Total gross profit	**(79,996)**	**(194,431)**	**36,147**	**(151,225)**	**889,729**	**800,713**	**633,972**	**330,871**	**506,385**	**574,364**
Total Operating and Other	**1,178,335**	**794,594**	**1,225,557**	**1,261,271**	**1,953,572**	**2,686,745**	**2,592,512**	**4,295,012**	**1,752,822**	**1,626,913**
Net Loss	**(1,258,331)**	**(989,025)**	**(1,189,410)**	**(1,412,496)**	**(1,063,843)**	**(1,886,032)**	**(1,958,540)**	**(3,964,141)**	**(1,246,437)**	**(1,052,549)**

CASH FLOWS

The Company's cash position was $4,870,321 on March 31, 2021 compared to $793,104 on March 31, 2020.

	Three months ended March 31,	
	2021	2020
Cash flows used in operating activities before working capital	**$ (1,241,826)**	$ (1,044,227)
Changes in working capital	**133,109**	(237,475)
Cash flows used in operating activities	**(1,108,717)**	(1,281,702)
Cash flows from (used in) financing activities	**4,504,232**	(2,986)
Cash flows from (used in) investing activities	**15,965**	(4,311)
Foreign currency translation difference	**(60,659)**	(282,023)
Increase (decrease) in cash	**$ 3,350,821**	$ (1,571,022)

Operating activities:

Cash spent on operating activities decreased by 13% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. This decrease is largely due to lower headcount, government funding received, and lower revenue relative to expenses in the comparative period.

ACCOUNTING POLICIES

See Note 3 of the unaudited condensed consolidated interim financial statements for a summary of all significant accounting policies.

CRITICAL JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The estimates, judgments and assumptions applied in the interim condensed unaudited condensed consolidated interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2020.

RISK FACTORS AND UNCERTAINTIES

The Company is focused on expanding its business internally through international expansion, growth with existing customers and scaling Killi to achieve continued growth and profitability. Nevertheless, the Company's future financial outlook will depend on its ability to find and secure financing and to continuously introduce new products and enhancements to its customers. Other additional risks and uncertainties are described below.

a) Evolving Business Model

Killi's business model will continue to evolve. Killi seeks to develop and promote new or complementary solutions and products to expand the breadth and depth of its service offerings. There can be no assurance that Killi will be able to expand its operations in a cost-effective or timely manner or that any such efforts will create, maintain or increase overall market acceptance.

b) History of Net Losses, Future Net Losses, Profitability not Guaranteed

Killi has incurred losses in recent financial periods. Killi may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Killi expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If Killi does not earn sufficient revenues to offset these expected increases in costs and operating expenses, Killi will not be profitable. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding.

c) Future Capital Needs

Killi may need to raise funds through public or private financing in the event that Killi incurs operating losses or requires substantial capital investment or in order for Killi to respond to unanticipated competitive pressures or to take advantage of unanticipated opportunities. There can be no assurances that additional financing will be available on terms favourable to Killi or at all. Killi faces risks frequently encountered by early-stage entities. In particular, its growth and prospects depend on its ability to expand its operation and grow its revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on Killi's business, financial condition and results.

d) Limited Operating History

Killi became a public company in June 2019 and has a limited operating history as a public company. This lack of operating history may make it difficult for investors to evaluate Killi's prospects for success and there is no guarantee that Killi's business model will achieve its strategic objectives. There is no assurance that Killi will be successful and the likelihood of success must be considered in light of its relatively early stage of operation.

Killi is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Killi 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.

e) Limited Operating History

This lack of operating history, in addition to operating in a relatively new and rapidly evolving industry, may make it difficult for investors to evaluate Killi's prospects for success and there is no guarantee that Killi's business model will achieve its strategic objectives.

f) Foreign Exchange Exposure

Killi continues to seek expanding its operations into the US and international markets. Fluctuations in the currency exchange rate may affect the revenue and operations of Killi. The potential effect of the currency exchange rate fluctuations will be magnified as the percentage of sales foreign markets grows.

g) Jurisdictional Risks

Killi is exposed to risks of changes in government policies, laws, and regulations in the countries in which it may operate or do business. Any changes in regulations or political conditions may adversely affect Killi's business. Killi's operations may be affected by government regulations, including those with respect to privacy laws and the use of personal data. In the event of a dispute arising from Killi's foreign operations, Killi may be subject to the jurisdiction of foreign courts or may not be successful in subjecting foreign companies or individuals to the jurisdiction of Canada.

h) Allegations of Intellectual Property Infringement

If Killi's products, services, or solutions employ subject matter that is claimed under its competitors' intellectual property ("**IP**"), those companies may bring infringement actions or other IP claims against Killi.

Infringement and other IP claims can be expensive, and the result of any litigation is uncertain. Killi may not have the resources to defend against any infringement or IP claims. As the result of any court judgment or settlement, Killi may be forced to alter its business or discontinue certain products.

i) Misappropriation of Killi's IP

Protection of Killi's IP is important to its success. Killi currently protects its IP rights by registering its trademarks and has taken steps to patent certain inventions. These precautions may not be sufficient to prevent the misappropriation of Killi's IP or deter independent development of similar products and services by competitors of Killi.

Litigation may be necessary to enforce Killi's IP rights. IP litigation, regardless of the outcome, could result in substantial costs, adverse publicity or diversion of management and technical resources, any of which could adversely affect Killi's business. Moreover, due to the differences in foreign IP laws, Killi's IP may not receive the same degree of protection in foreign countries as it would in Canada or the United States. Killi's failure to maintain adequate protection of its IP rights for any reason could have a material adverse effect on its business.

j) Failure to Protect Platform

Any failure to protect Killi or Killi's platforms could harm its business and competitive position. There can be no assurance that any steps Killi has taken or intends to take will be adequate to defend and prevent misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to Killi's technology.

k) Market Price Fluctuation

The market price of shares of Killi may be subject to wide fluctuations in response to many factors, including variations in the operating results of Killi and its subsidiaries, divergence in financial results from market expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for Killi and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of Killi'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 shares of Killi.

l) Privacy Regulations

In addition, there are a number of federal and provincial laws protecting the confidentiality of personal information and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("**PIPEDA**"), protect personal information by limiting their use and disclosure of personal information. If Killi was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of Killi.

Killi is s also subject to the state data protection law, **CCPA**. If Killi is found to be in violation of the CCPA it could face fines of up to $7,500 for each intentional violation and $2,500 for each unintentional violation. Private rights of action may, which can be asserted on a class action basis, may also be allowed for violations of the CCPA.

If and when Killi expands to the European Union it will also be subject to the European Union data protection law, GDPR. If Killi was found to be in violation of GDPR it could face fines of up to €20 million or up to 4% of its annual global revenues, whichever is greater.

m) Cybersecurity

Killi collects and stores sensitive data, proprietary business information as well as personally identifiable information of its customers and employees in data centers and on information technology networks. The secure operation of these networks and systems is critical to Killi's business operations and strategy. Despite Killi's efforts to protect sensitive, confidential or personal data or information, Killi may be vulnerable to security breaches, theft, misplaced or lost data, programming errors, employee errors and/or misconduct that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, unauthorized access, use, disclosure, modification or destruction of information, production downtimes and operational disruptions. In addition, a cyber-related attack could result in other negative consequences, including damage to Killi's reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action.

n) Errors or Defects in Software

Due to the complexity and sophistication of Killi's software, from time to time, it may contain defects, security vulnerabilities, software "bugs" or failures that are difficult to detect, control and correct. Killi may be unable to successfully correct such errors or defects in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, delay or loss in market acceptance or damage to Killi's brand. Moreover, the consequences of such errors and defects could have a material adverse effect on Killi's business, growth, financial condition and result of operations.

o) Dependence on Strategic Relationships with Third Parties

Killi anticipates that the growth of its business will continue to depend on third-party relationships, including, but not limited to, relationships with vendors of location data and suppliers of computer hardware and software.

p) Failure to Add New Users

The size of the user base of Killi is critical to Killi's success. Killi's financial performance has been and will continue to be significantly determined by Killi's success in adding, retaining, and engaging active users of its products. If people do not perceive Killi's products to be useful, reliable, and trustworthy, Killi may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement. If Killi is unable to increase or maintain its user base and user engagement, Killi's revenue and financial results may be adversely affected. Any decrease in user retention, growth, or engagement could render Killi's products less attractive to users and marketers, which is likely to have a material and adverse impact on Killi's revenue, business, financial condition, and results of operations.

q) Reliance on Key Customers

Historically, a majority of Killi's sales have been to a relatively small number of customers for a significant portion of its revenue. While Killi does expect that this reliance will decrease over time, Killi will continue to rely on this relatively small number of customers for the foreseeable future. Killi must add new customers to sustain or increase its existing revenue. Despite Killi's efforts and investments in business development, sales, and market, it may not be successful in attracting new customers. If Killi fails to do grow its current customer, it will be difficult for Killi to sustain and grow its revenue.

r) Need to Manage Growth

The growth of Killi's business and its products and services cause significant demands on Killi's managerial, operational and financial resources. Demands on Killi's financial resources will grow rapidly with Killi's expanding customer base. Additional working capital may be required and there are no assurances that access to the capital required for the future growth and expansion plans will be available.

Killi may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Killi 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 Killi to deal with this growth may have a material adverse effect on Killi's business, financial condition, results of operations and prospects.

s) Limited Market for Securities

An active trading market for securities of Killi may not develop or be sustained going forward. The lack of an active market may impair an investor's ability to sell their securities of Killi at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of an investor's securities of Killi. Further, an inactive market may also impair Killi's ability to raise capital by selling securities of Killi and may impair its ability to enter into collaborations or acquire companies or products by using securities of Killi as consideration. The market price of securities of Killi may be volatile, and an investor could lose all or part of their investment. There can be no assurance that an active trading market for the securities of Killi will be sustained.

t) Significant Holdings by Limited Number of Existing Shareholders

Killi's management and directors own a substantial number of Killi's outstanding common shares (on a fully diluted basis). As such, Killi's management and directors are in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, these shareholders could delay or prevent a change in control of Killi that could otherwise be beneficial to Killi's shareholders.

u) Dependency on Key Personnel

Killi's success depends upon the continued service of its senior management team. Killi employees may voluntarily terminate their employment with Killi at any time. The loss of services of key personnel could have a material adverse effect upon Killi's business, financial condition and results of operation.

v) COVID-19 Outbreak

As of the date of issuance of these consolidated financial statements, the Company's continued operations have not been significantly impacted; however, the Company continues to monitor the situation. The Company was able to apply and qualify for government subsidies related to COVID-19. Bad debt was recognized from a receivable balance related to the Company's discontinued operations from customers who were affected by COVID-19. Due to the significant uncertainty surrounding the pandemic, management's judgment regarding this could change in the future. There are material uncertainties related to the full effects of COVID-19 on the Company's business and operations, particularly, on the timing and collections of accounts receivable.

w) Failure to Add New Accounts

The data purchased by Killi to create accounts is a critical element to Killi's success. Killi's financial performance will be significantly impacted by Killi's success in continuing to access such data and adding accounts and obtaining such account's opt-in to the Killi ecosystem, which allows Killi to build comprehensive data sets to sell to its customers. If accounts do not perceive Killi's platform to be useful, reliable, and trustworthy, Killi may not be able to obtain the requisite opt-in or otherwise maintain or increase the value of its data sets. If Killi is unable to increase its accounts, Killi's revenue and financial results may be adversely affected as customers may not purchase Killi's data sets. Any decrease in accounts could render Killi's products less attractive to its customers, which is likely to have a material and adverse impact on Killi's revenue, business, financial condition, and results of operations.

SHARE CAPITAL

The company had the following outstanding:

	As at March 31, 2021	As at December 31, 2020
Common shares	**336,296,001**	301,021,909
Warrants	**37,257,192**	9,483,100
Stock Options	**8,428,105**	9,034,772

As of March 31, 2021, the Company had 336,296,001 shares, 37,257,192 warrants and 8,428,105 stock options of which 3,990,438 were exercisable.

FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal controls and sound business practices.

The Company's financial instruments and the nature of the risks which they may be subject to are set out in the following table.

	Risks			
			Market	
	Credit	Liquidity	Foreign Exchange	Interest Rate
Cash and cash equivalents	Yes		Yes	
Trade receivables	Yes		Yes	
Other receivables	Yes		Yes	
Trade and other liabilities		Yes	Yes	
Loan Payable		Yes		Yes

The carrying values of cash and cash equivalents, trade receivables, other receivables, trade and other liabilities and loan payable approximate their fair values due to their relatively short periods to maturity.

Credit risk

Credit risk arises from cash held with banks and trade receivables and these financial assets are subject to the expected credit loss model. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions and minimizes the credit risk of trade receivables by monitoring the counterparty's creditworthiness and setting exposure limits.

Trade accounts receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past the transaction date. The expected loss rates are based on the payment profiles of sale over a period of 24 months before March 31, 2021. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the credit worthiness for current and future customers and the GDP and unemployment rate of the countries in which the Company sells goods into to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at March 31, 2021, and December 31, 2020 was determined as follows for trade receivables:

Trade receivables are the result of billings of services performed. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company.

The carrying amount of trade receivables are reduced through the use of an allowance for credit loss and the amount is recognized in the unaudited condensed consolidated interim statement of loss and comprehensive loss in general and administrative expenses. The Company closely monitors all receivable balances, when a balance is over 180 days past the transaction date the Company evaluates whether this balance is uncollectible. It is determined to be uncollectible when the customer has ceased communications for greater than 90 days or has communicated non-payment due to liquidity issues and the Company does not believe other recourses would be financially beneficial and there is no reasonable expectation of recovery. When a receivable balance is considered uncollectible, it is written off against the allowance for credit loss. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the unaudited condensed consolidated interim statements of loss and comprehensive loss. As of March 31, 2021, it was determined that an allowance for credit loss of $2,194 (2020 – $9,541) was required and wrote off uncollectible balances of $nil (2020 – $154,455).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as at March 31, 2021 and December 31, 2020:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
As at March 31, 2021					
Trade and other liabilities	**$ 1,108,582**	**-**	**-**	**-**	**$1,108,582**
Loan Payable	**5,769**	**1,495**	**6,726**	**32,137**	**46,127**
	$ 1,114,351	**$ 1,495**	**$ 6,726**	**$ 32,137**	**$1,154,709**
As at December 31, 2020					
Trade and other liabilities	$ 848,544	-	-	-	$ 848,544
Loan Payable	5,769	11,539	11,748	34,379	63,435
	$ 854,313	$ 11,539	$ 11,748	$ 34,379	$ 911,979

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the fair value of a financial instrument or its future cash flows.

The Company operates internationally with a subsidiary in the United States. The Company is, therefore, subject to foreign currency risk. The Company reports its financial results in Canadian dollars. Most of the Company's revenues are transacted in U.S. currency. The Company incurs expenses in both Canadian and U.S. dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

As at March 31, 2021, the Canadian entities US-dollar net monetary assets totaled approximately US -$408,832 (CAD -$514,066) (December 31, 2020, net monetary assets – US $254,593 (CAD $326,083) and the Company's United States subsidiaries US-dollar monetary net liabilities totaled approximately US $3,966 (CAD $4,987) (2019 – US $$11,384 (CAD $14,581)). A 10% strengthening in the Canadian dollar against the United States dollar as at March 31, 2021 would have increased comprehensive loss and decreased shareholder's equity by $50,908 (2020 - $32,608). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Capital management

The Company's objective in managing capital is to ensure sufficient liquidity to develop technology, engage in sales and marketing activities, while at the same time taking a conservative approach toward financial leverage and management of financial risk. For the three months ended March 31, 2021, the Company utilized the public capital markets to help manage working capital requirements. In upcoming years the Company will continue to utilize public capital markets until the Company reaches a maturity point whereby other capital such as debt financings may become available to manage it's capital obligations.

The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity to fund operations and proceed with rapid product development that will support the evolving data driven industries.

CONTRACTUAL OBLIGATIONS

The company has non-cancellable contracts for rent and cost of services, the commitments are as follows:

		As at March 31, 2021
Less than one year	$	225,658
Between one and five years		-

OFF BALANCE SHEET ARRANGEMENTS

The company does not have any off-balance sheet arrangements.

KEY MANAGEMENT COMPENSATION

Included in salaries, benefits and recruiting within general and administrative expenses on the statement of loss and comprehensive loss are the amounts of $nil (2020 - $2,242) for a vehicle provided to an officer of the Company and $3,300 (2020 - $13,200) earned by an individual related to the same officer of the Company.

Compensation for key management personnel, including the Company's officers and directors, was as follows for the period:

	Three months ended March 31,			
		2021		2020
Salaries and benefits	**$**	**96,011**	$	288,412
Stock based compensation		**8,838**		10,115
Board fees and related stock based compensation		**6,932**		817
Total key management compensation	**$**	**111,781**	$	299,344

SUBSEQUENT EVENT

Effective April 1, 2021, the Company consolidated outstanding common shares on the basis of five pre-consolidation common shares for one post consolidation share. No fractional shares will be issued on closing of the consolidation and each fractional share then remaining after the consolidation will be canceled. The Company currently has 336,296,001 common shares issued and outstanding. As of April 1, 2021, the Company will have approximately 67,259,200 post-Consolidation Common Shares issued and outstanding.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements of Killi Ltd. and all information contained herein are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements include some amounts that are based on management's best estimates that have been made using careful judgement. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the report are consistent with the information contained in the consolidated financial statements. Although no cost-effective system of internal controls will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded, and the financial records are reliable for preparing consolidated financial statements.