SPONSORSONE INC.

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

This MD&A of SponsorsOne Inc. ("SponsorsOne", "SPO" or the "Company") for the years ended December 31, 2020 and 2019 have been prepared by management of the Company as of April 30.2021 and should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the years ended December 31, 2020 and 2019. The audited consolidated financial statements and notes hereto are presented in Canadian currency (unless otherwise noted) and were prepared in accordance with international financial reporting standards ("IFRS").

Forward-Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be several significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

BUSINESS OVERVIEW AND CORPORATE UPDATE

THE CORPORATION

SponsorsOne Inc. (the "Company" or "SponsorsOne") was incorporated under the laws of the Province of Ontario on March 9, 1965. Over the years, the Company has changed its name several times and currently operates as SponsorsOne, Inc. The registered office is located at 2 Campbell Drive, #307C, Uxbridge, ON L9P 1H6. References to SponsorsOne or the Company include the other names the company has operated under.

MXM Nation Inc. ("MXM") was incorporated on February 2, 2005 under the Business Corporations Act of Ontario, Canada and is a wholly owned subsidiary of SponsorsOne, Inc. On December 19, 2013, MXM completed a reverse takeover transaction of SponsorsOne. For accounting purposes, MXM was considered the acquirer and SponsorsOne the acquire.

SponsorsOne Media, Inc., was incorporated under the laws of the State of Delaware United States of America, on January 9, 2018, and is a wholly owned subsidiary of SponsorsOne, Inc. The primary office of SponsorsOne Media, Inc. is located at South 8514 Sagewood Road, Spokane, Washington 99223.

S1 Brands, Inc., was incorporated under the laws of the State of Delaware United States of America, on November 25, 2019, and is a wholly owned subsidiary of SponsorsOne, Inc. The primary office of SponsorsOne Media, Inc. is located at South 8514 Sagewood Road, Spokane, Washington 99223.

Premier Beverage Consortium LLC., was acquired on November 1, 2020. The company was incorporated under the laws of the State of California United States of America, and is a wholly owned subsidiary of SponsorsOne, Inc. The primary office of Premier Beverage Consortium LLC is located at 4001 Inglewood Ave Ste 10, BMB 101, Redondo Beach, California 90278.

SponsorsOne Inc. (the "Company") makes "Small Brands Big". Premium brands of tomorrow will be digitally native, data driven with direct engagement from the customer through social media and other digital channels. The Company will meet the very demanding needs of the Millennial customer, with elevated products and speed to market. The Company accomplishes this with a complete end to end digital experience which is inclusive of marketing, sales, customer engagement & fulfillment. The Company has shifted from working with external, small brands to internal brand creation of unique, high quality products that the market is demanding now within high growth categories. With the Company connected digitally to millions of potential customers we can democratize product creation through real time feedback derived within social media. As emerging consumer needs are analyzed through this community driven network of influence, we have the ability to conceptualize changes to the Brand/Product and implement such changes within weeks. Or, if new product ideas surface, we can create and launch new Brands within a few months. This dynamic data driven system collapses brand creation and launch from years to months.

The Company is focused on the two, largest and fastest growing segments, Beverage and Wellness. The focus is on Direct to Consumer ("DTC") sales and delivery right to the door of the Millennial. Additionally, the Company is building an international wholesale distribution channel to have its products placed within the retail stores these wholesaler's supply. The Company expects to have both DTC and Wholesale/Retail channels operating to meet the real time demand for the Millennial customer giving them many purchase options for our Brands. With the focus on the Millennial who is digitally connected to social media the Company will engage and build communities around each of our Brands fueling sales, marketing and new Brand creation. The Millennial is motivated around creating a movement and identifying with the buildup of a Brand, claiming it as their own. Organically, the network effect within the influencer community will create many layers of influencer. Authenticity of a multi-layered community can track right back to the originator of the content and measure its network effect. All of this is managed by the Company's proprietary SponsorCoin platform. SponsorCoin enables real time feedback on each Brand allowing us to drive strategy using data, enabled on scale with Artificial Intelligence and Deep Learning.

Company History

SponsorsOne has evolved from the original launch of what is now called influencer marketing and placed its roots supporting amateur extreme sports athletes back in 2006. The Company was called MX Mechanics Inc. and it managed 30 Brands, and twenty amateur athletes (micro-influencers) who promoted the Brands resulting in increased sales and market share.

In 2011 the Company enabled the Brands products to be purchased online using ecommerce and connecting the athlete to the Brand by directly influencing sales. The Company added a rewards system called X-Points and these points were issued for purchasing products. This was met with resistance from the traditional wholesale/retail network causing the Brands to resist going direct to consumers.

In 2012 the Company introduced the ability to tie the retailer into the fulfilment process accomplishing both influencer marketing and DTC sales which gave the Brands the option to support their wholesale/retail channel as the fulfilment and distribution network.

In 2013 the Company discovered that this model could work for any Brand, not just Extreme Sports and social media was exploding. The idea of an influencer was born within social media and big money was being spent on paying these influencers on placing content from the Brands. This was the beginning of a Pro-Influencer. We didn't see the sustainability of this model as it was driven mainly by very large Brands spending very large dollars with very large Influencers.

In 2015 the Company saw the emergence of the micro-influencers and smaller Brands exploding all over social media. Instagram emerged and micro-influencer became a business opportunity for the Millennial. The Company was developing for this market from day one and understood it well.

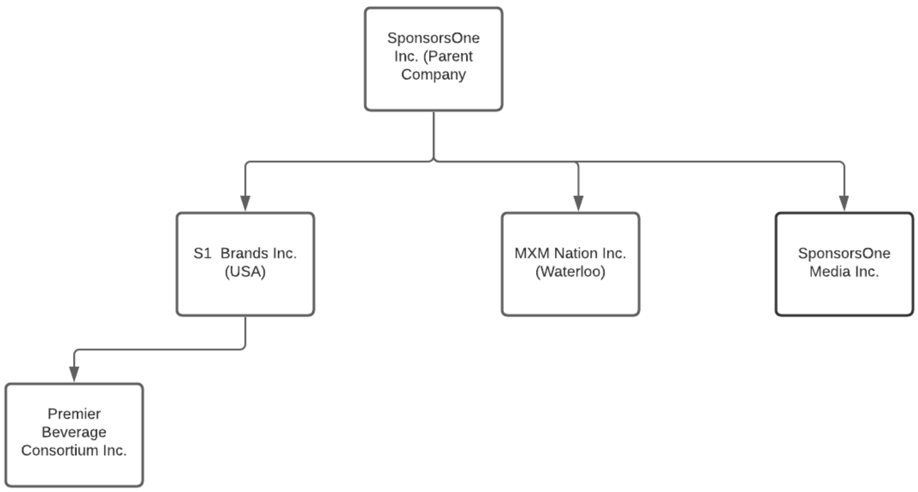
In 2018 the Company launched with Small Brands and influencers to test the platform and see the response. It was clear that the influencer network wanted to see the content generated by the influencer. Company created content was not needed until the brand was well established within that network of influencer. Only then did the network want to hear from the Company directly. We also saw the launch of affinity programs where Brands were paying a cash commission for a sale that the influencer generated. Affinity programs do not track the network effect and commissions were on direct only (single layer) influence.

In 2020, the Company pivoted away from small brands that were underfunded with a lack of management expertise and that very little value was being added by these small brands. Most of their products were sourced from other manufacturers and the margins in many of the top categories, like fashion, were very thin. We decided to build our own Brands, which we owned 100%, focusing on the Spirits and then Wellness markets. These are high volume markets, with rapidly shifting trends and high margin opportunities. We sourced top distillers to co-develop product and launched Doc Wylders. Then we launched Smithville Whiskey, 4 Corners Vodka and Riverview Gin enhancing our portfolio. We announced the intention of entering the Vitamin Shots marketplace and the CBD market with a Hemp Smokes product offering. We decided to retain the marketing, sales and master distribution agreement with GO Nutraceuticals Inc. (an external brand) because of the very unique product they have, and the interest generated from the consumer and distribution channels.

The Company was born to enable the power of community through influencer marketing before the term influencer was created.

Corporate Structure:

SponsorsOne Inc. is the parent company to several subsidiary companies:



1. SponsorsOne Inc. (Parent Company) public and listed on the CSE in Canada (CSE:SPO), and listed on the OTC markets (OTC:SPONF) and in Frankfurt (FSB:5S0)
2. S1 Brands Inc., a USA company, 100% owned by SponsorsOne Inc. that creates subsidiary Band companies, manages and invests in Brand creation, development, sales, marketing and the buildup of wholesale/retail distribution.
   a. Premiere Beverage Consortium LLC, a product company, 100% owned by S1 Brands Inc., focused on the Spirits market with premium product development and manufacturing.
3. MXM Nation Inc. (soon to be renamed S1 Labs Inc.) is 100% owned by SponsorsOne Inc. and is a Waterloo technology company building the SponsorCoin platform and managing the company's digital infrastructure internationally.
4. SponsorsOne Media Inc. is 100% owned by SponsorsOne Inc. and focuses on internal content creation for the promotion of the Brands we are marketing.

The Company intends to open more product divisions as emerging opportunities for Brand building occurs.

The SponsorCoin Platform

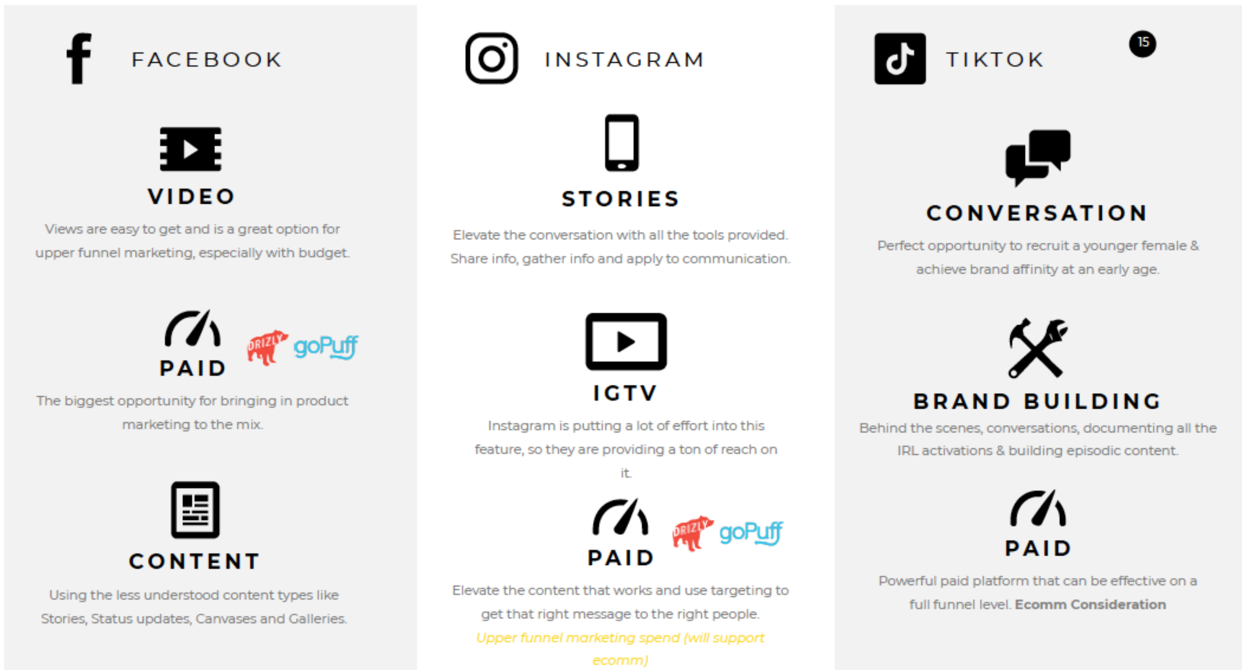
The Company has developed a proprietary digital marketing and ecommerce platform for influencers called the SponsorCoin. The *SponsorCoin* digital currency (it is not a cryptocurrency utilizing the blockchain) and transaction engine, in combination, are designed to address social media marketing challenges faced by Brands.

Social media marketing is influenced by people known as influencers, who are people in social media that have followings of people, which people take actions based on what a particular influencer buys, does and says. Large influencers charge fees for their social media influence. There are a lot of smaller influencers ("Micro-Influencers") who have significant followings, sometimes in niche marketing areas who can be influential as well. Social media marketing through Micro-Influencers is challenging due to the difficulty of engagement with Brands, Micro-Influencers, customers and social media advertising. SponsorsOne has developed the *SponsorCoin* platform and *SponsorCoin digital currency* to bring scale and efficiency to managing millions of micro-influencers. These technologies were designed to address the foregoing issues by creating influencer communities, which include Pro-Influencers, Marco-Influencers, Micro-Influencers and Nano-Influencers, for Brands. An "Influencer" is an individual consumer that is active on social media but with a number of subscribers or followers who can have a significant effect on buying habits of their followers. SponsorsOne has classified influencers based on followers in aggregate across all forms of social media (Facebook, Instagram, YouTube and Twitter as stated below:

Influencer Classification	Range of Followers (range)
Nano-Influencer	100 – 5,000
Micro-Influencer	5,001 – 25,000
Macro-Influencer	25,001 – 500,000
Pro-Influencer	500,001 – 100,000,000

USING MICRO-INFLUENCERS TO SUCCESSFULLY PROMOTE YOUR BUSINESS

For each Brand, the SponsorCoin platform will help build a network of influencers (Nano to Pro-Influence). The *SponsorCoin* platform will integrate with social networks and enables the delivery of social media marketing campaigns into the social channels below:



This will be facilitated through our proprietary platform, *SponsorsCoin*, which will support the exchange of goods and services between brands and Influencers using our digital currency *SponsorCoin*. The main objective of the *SponsorCoin* platform is to build communities of Influencers for Brands through online, social media and e-commerce channels. *SponsorCoin* has a mobile application to allow Influencers to engage with the Brands and their campaigns. The Influencer establishes an account on the *SponsorCoin* platform through which they create their own media content, then modify, add to, and deploy this content through their own social networks. Through their *SponsorCoin* Account, this activity is all tracked and verified allowing the platform to assess the value of this additional content, validate their social media posts and reward the Influencer with *SponsorCoins*. *SponsorsCoins* can be used to purchase products directly from the brands that are participating using *SponsorCoins* as a reward system. *SponsorCoins* are valued at USD$0.10 when they are first issued and as the Influencer engages with the Brand, overtime the Influencer starts leveling up in the influencer tiering system, earning bigger discounts with the Brand(s) they engaged with. As their discounts grow, they level up, their *SponsorCoin* goes up in value too. Initially issued at par value of $0.10, the value can increase and is proportionate to the value the brand puts on the influencer, thus increasing the Influencers spending power with that Brand. The more valued the Influencer is to that Brand, the higher the discount and the more value each *SponsorCoin* represents at the time of purchasing that Brand's product online.

In addition to *SponsorCoins,* the Influencer can earn a cash commission for influencing sales through authentic content creation and engagement which is tracked through the SponsorCoin network. The Brand will set the total commission to be paid for an Online sale (Shopify platform hosted by SponsorsOne) and that commission will be divided 60/40 for two layers of influence leading to the sale. Therefore, if an influencer (let's call them called Influencer 1) posts authentic content, and a person within Influencer 1's network purchases the product, then Influencer 1 which is closest to the individual purchasing will get 60% of the commission allocation. Influencer 2 is the Influencer that connected Influencer 1 to Influencer 2's network. Influencer 2 will get 40% of the commissions. Payments are calculated in real time and placed into a cash settlement account at Stripe. Each Influencer has connected their Stripe account to the SponsorCoin account. Once the product return period is over the Influencers involved in the sale will get paid their commission which settles automatically into their Stripe account.

Therefore, all Influencers who sign onto the SponsorCoin platform enter at level 1 and work their way through the levels by building their network effect, creating and engaging with authentic content and effecting sales within their network. Even a Pro Influencer enters at Level 1, but because of the size of their following and their influence, the larger the network effect the faster the Pro will level up. Upon sign up, the Stripe account opening process has been embedded including the ability to link your existing Stripe account.

Our Brands

Currently, the Company has announced a full line of premium Spirits and Ready to Drink (RTD) Spirits.

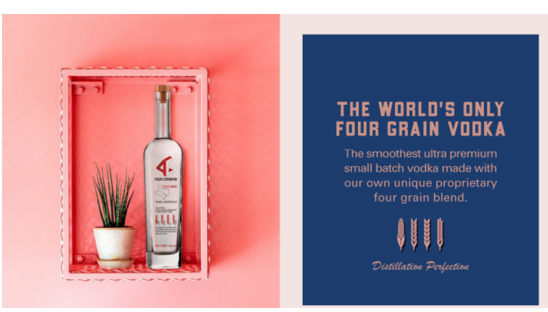
Meet Doc Wylder's:

The new Doc Wylder's product line consists of Lemonades in four types. Lemonade infused with Vodka, Lemonade infused with Tequila, Lemonade and Berry infused with Vodka and a Lemonade infused with Bourbon, all packed in a 12 oz/4pack. The aluminum bottle has a stunning graphic and is recyclable and resealable. Doc Wylder's provides the Company with a significant entry in the rapidly emerging RTD's and Hard Seltzer's market. This category is projected to have revenues of tens of billion dollars through 2025.

Meet the Smithville Line up of Premium Whiskeys:

Smithville is the name for our line-up of Bourbons and Whiskeys, including the following expressions – six-year Bourbon, four-year Bourbon, Rye Whiskey, and a Four Grain Whiskey. Our Bourbon and Whiskey line derive their name from Smithville, Texas. Smithville's name was as a result of a coin toss.

Meet Four Corners Vodka:



Four Corners Vodka, our boutique vodka, has been handcrafted from local, small production farms, enabling us to produce the smoothest, finest tasting Vodka available. The name Four Corners inspiration is the four grains used along with the four corners in the central part of the town of Smithville.

Meet Riverview Gin:

Riverview Gin is a compilation of proprietary local and statewide botanicals carefully blended to create the most aromatic expression while providing flavors rarely captured in a bottle. Riverview derives its name from the many early families who settled in Smithville; and lived on the Colorado River.

The Company has completed development and testing of these products and is currently in production, either for the fulfilment of orders, or preparing samples for the distribution channel in support of orders.

The Company intends to extend these brands into the RTD market in 2022. In addition to the Spirits market the Company continues to develop products in the CBD and Beverage markets.

Selected Annual Financial Information

The following table reflects the summary of results for the periods set out.

	December 31, 2020	2019	2018
	$	$	$
Total Assets	**324,411**	145,982	651,147
Total Revenue	**0**	28,600	Nil
Net Income (Loss)	**(8,638,240**	(4,124,071)	(1,197,960)
Net (Loss) Per Share (Basic and Diluted)	**(0.05)**	(0.08)	(0.03)

Selected Quarterly Financial Information

The following table highlights selected unaudited financial information in respect of the previous eight quarters of the Company. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

(Amounts expressed in $)			
Period	Revenue	Net income (loss)	Basic and diluted loss per share
Q4 – 2020	**Nil**	**-4,490,717**	**-0.03**
Q3 – 2020	**Nil**	**-2,624,956**	**-0.02**
Q2 – 2020	**Nil**	**-1,044,662**	**-0.05**
Q1 – 2020	**Nil**	**-477,905**	**-0.07**
Q4 – 2019	-71,400	-3,096,385	-0.08
Q3 – 2019	100,000	-101,833	-0.02
Q2 – 2019	Nil	-547,549	-0.01
Q1 – 2019	Nil	-378,304	-0.01
Q4 – 2018	Nil	-672,051	-0.02
Q3 – 2018	Nil	-919,729	-0.02
Q2 – 2018	Nil	893,764	0.03
Q1 – 2018	Nil	-499,944	-0.02
Q4 – 2017	Nil	-98	-
Q3 – 2017	Nil	-193,945	-
Q2 – 2017	Nil	-203,425	-0.01
Q1 - 2017	Nil	-204,836	-0.01

Operating Results

Year ended December 31, 2020 compared with December 31, 2019.

For the year ended December 31, 2020, the Company reported a net loss of $8,638,240 versus a net loss of $4,124,071 in the comparable period for 2019. The Company continued to experience operating losses during 2020 as expenditures for the development of its software platform and brand development continued.

During the year ended December 31, 2020, the Company entered into debt settlement agreements to settle various amounts of accounts payable in the Company. The Company issued a total of 340,479,679 shares (13,110,086 in 2019) to settle $6,707,012 of accounts payable ($737,365).

Operating expenditures came to $8,826,118 in 2020, an increase compared to $4,080,360 in 2019. In 2020, the company had $211,420 of extinguished accounts payable as reflected in the Income Statement of the Financial Statements. The increase in operating expenses was driven by an increase in marketing consultancy spending in 2020 of $6,005,691ompared to $216,159 in 2019. There was a significant ramp up in 2020 to maximize its marketing program on all business fronts which yielded this increase. The Company anticipates that marketing will continue to be a large expenditure in future years. Administrative and General expenses of $1,517,481 increased marginally compared to $1,469,465 in 2019. The company experienced an increase in activity in the fourth quarter of 2020, which includes the addition of Premier Beverage Consortium (PBC). Share-based Compensation increased compared to prior year ($1,276,076 in 2020 and $786,651 in 2019) due to expansion of the management team.

The Company incurred $3,587 in research and development costs for the year ended 2020 compared to $171,886 in 2019 as expenditures for the software platform were put on hold due to the business environment with Covid-19 which put a pause on all development. Future amounts needed for research and development are expected to increase in 2021 as the software platform reaches completion.

Depreciation decreased in the year ending December 31, 2020 compared to the comparable period in 2019. ($23,284 - 2020 and $26,241 – 2019).

Liquidity and Capital Resources

As at December 31, 2020, the Company had $62,819 in cash and negative working capital of $1,469,240. The Company will require additional working capital to fund further product development and business development efforts, establishing strategic partnerships, and targeting specific marketing sectors.

SponsorsOne is currently generating negative operating cash flows. The Company will need to raise additional funds to aggressively pursue its business development strategy. Although SponsorsOne has been successful in obtaining financing to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to SponsorsOne. Whether and when the Company can attain profitability and positive operating cash flows is uncertain. These uncertainties represent significant risks to the Company's ability to continue as a going concern.

The Company has implemented a strict cash flow management to stretch available resources as far as possible while seeking additional funds. The cash flow management program includes periodic cash flow reviews, pre-approval of all cash expenses and disbursements, and on-going cash balance tracking and management. Management and the board of directors collectively prioritize necessary payments and communicate payment plans with the relevant stakeholders/vendors.

During the fiscal year 2020, the Company raised total proceeds of $40,000 in private placements and a total of 525,000 warrants were exercised at $0.05, netting the Company $26,250 in capital. The warrants exercised had a value of $9,650 transferred from warrant reserve to share capital.

During the year ended December 31, 2020, the Company entered into debt settlement agreements to settle various amounts of accounts payable in the Company. The Company issued a total of 340,479,679 shares to settle $6,707,011 of accounts payable.

On August 6, 2020, the Company granted 900,000 stock options with an exercise price of $0.015 per share for a period of 10 years from the date of grant. All 900,000 of the August 6, 2020 options vested on issuance. On November 22, 2020, the Company granted 1,000,000 stock options with an exercise price of $0.01 per share for a period of 10 years from the date of grant. The November 22, 2020 options were fully vested on issuance. On November 30, 2020, the Company granted 22,000,000 stock options with an exercise price of $0.01 per share for a period of 10 years from the date of grant. The November 30, 2020 options were fully vested on issuance.

On November 2, 2020, the Company issued 5,000,000 DSU's, with 10% of these November 2, 2020 DSU's vested on issuance, 30% vest on the 1st anniversary, 30% on the second anniversary and the remaining 30% on the third anniversary.

The fair value of the DSU's granted in 2020 and 2019 were valued based on the fair market value of one common share on the date of issuance. Each DSU represents a right to receive shares or the cash equivalent value of the shares upon the holder's separation from service with the Company, either as an officer, director, or consultant.

As of December 31, 2020 16,700,000 DSU's were outstanding (2019 – 14,250,000) and 8,600,000 DSU's were exercisable (2019 – 5,850,000). For the year ended December 31, 2020, $228,090 (2019 - $579,437) of stock-based compensation expense was recorded for the fair value of DSU's vested.

Company Highlights

- On February 5, 2020, the Company announced that it has entered into a three-year Brand Management Agreement with GO Nutraceuticals Inc. ("GO"), a leading provider of organic botanicals infused with whole-plant hemp cannabinoids.

- On February 21, 2020, the Company announces that under the three-year Brand Management Agreement with GO Nutraceuticals Inc. ("GO"), SponsorsOne will be marketing a complete line of still and carbonated artisan waters infused with broad spectrum hemp and botanicals.

- On April 24, 2020, the Company announced the extension of outstanding warrants. The Corporation has amended the expiry date of 2,350,548 outstanding share purchase warrants (the "Warrant(s)") that were issued pursuant to a private placement on May 8, 2017. Each Warrant currently entitles the holder to purchase one common share (a "Common Share") in the capital of the Corporation at a price of $0.15 per Common Share at any time prior to 5:00 p.m. (Toronto Time) on May 8, 2020 (the "Warrant Expiry Date"). Subject to Canadian Securities Exchange approval, the Warrant Expiry Date will be extended to May 8, 2021. All other terms of the Warrants will remain the same.

- On April 28, 2020, the Company announced a cherry flavored and mint flavored, chewable CBG 20mg dose in tablet form, produced by GO Nutraceuticals.

- On May 5, 2020, the Company announced it intends to be one the first companies to deliver immune system boosting beverages with water soluble micronutrient ingredients in a single molecular structure to the U.S. The drinks support the immune system, help with focused energy, post-exercise recovery and drug-free relaxation and sleep.

- On May 11, 2020, the Company announced that it has introduced another innovative CBG product, under the marketing management agreement with GO Nutraceutical's branded line of "Cannabis 2.0" products. SponsorsOne , which recently launched a line of flavored, chewable tablets, has now added a CBG sublingual dissolving tablet, also produced by GO Nutraceuticals.

- On May 18, 2020, the Company announced that it has entered a collaboration with Volunteer Botanicals, LLC, a Tennessee-based company focused on delivering fully customized, botanical-based products for product creators and medical practitioners, to create a proprietary new branded line of products for the Company.

- On June 5, 2020, the Company announced that it has added the entire staff of Vapor Studio to its newly created Branding Division, to be headed by Vapor's founder, Mr. Ricardo Camargo, who will become the Company's Chief branding Officer.

- On June 12, 2020, the Company announced the extension of outstanding warrants. The Corporation has amended the expiry date of 6,997,091 outstanding share purchase warrants (the "Warrant(s)") that were issued pursuant to a private placement of special warrants and subsequent prospectus offering on July 30, 2018. The Warrants entitle the holders to purchase one common share (a "Common Share") in the capital of the Corporation at a price of $0.30 per Common Share for 24 months from the date of issuance. Subject to Canadian Securities Exchange approval, expiry of the Warrants will be extended to July 30, 2021. All other terms of the Warrants will remain the same. In addition, has settled $320,000 in accounts payable to arm's length parties by the issuance of 6,400,000 common shares at a price of $0.05 per share.

- On June 20, 2020, the Company announced the extension of outstanding warrants. The Corporation proposes to amend the expiry date (the "Extension") of 6,790,784 outstanding share purchase warrants (the "Warrants") that were issued pursuant to a private placement and debt settlement completed in July 2016.

Each Warrant currently entitles the holder to purchase one common share in the capital of the Company at a price of $0.30 per share at any time prior to 5:00 p.m. (Toronto Time) on July 4, 2020 (the "Expiry Date"). Subject to Canadian Securities Exchange approval, the Expiry Date of the Warrants will be extended to July 4, 2021. All other terms of the Warrants will remain the same.

- On July 16, 2020, the Company announced that the pending litigation in Alberta, Canada related to the acquisition of Verve Beverage Company ("VBC") has been favorably resolved and the litigation will be discontinued. The Company having now resolved this matter, reports there are no other pending or anticipated lawsuits. The terms of settlement are the former shareholders of VBC will keep the previously issued SPO shares totalling 9,400,000 common shares and the remaining 37,600,000 common shares that were to be held in escrow and never issued and as such the obligation will be canceled.

- On September 14, 2020, the Company announced that it is preparing to launch a direct-to-consumer line of organic Hemp pre-rolled cigarettes.

- On September 28, 2020, the Company announced that it has begun the process to list on the OTCQB Venture Markets.

- On October 24, 2020, the Company announced it acquired Premiere Beverage Consortium Cooperative ("PBC") of Newport Beach California. PBC is to be rolled into S1 Brands Inc, a wholly owned subsidiary of SponsorsOne and will maintain all of its regulatory license to sell in 50 states and Canada. PBC will launch first with its Doc Wildyer's Infused Lemonades, followed by its Triple Gold Metal Winning Craft Vodka.

- On November 2, 2020, the Company announced that it had acquired Premier Beverage Consortium LLC ("PBC") of Redondo Beach California, giving the Company a significant foothold in rapidly emerging markets that are projected to have revenues of tens of billion dollars through 2025.

- On November 10, 2020, the Company announced that its first entry in the Alcohol, Functional Beverage and Hemp Sectors, is the Doc Wyler's line of Infused Lemonades. Doc Wylder's provides the Company with a significant entry in the rapidly emerging RDT's and Hard Seltzer's market, which is projected to have significant revenues through 2025.

- On November 23, 2020, the Company announced it has added Mr. Witold Ostrenko to its Board of Directors as an Independent director. In addition to his regular board duties, Mr. Ostrenko will be chairman of the Company's compensation committee and member of the audit committee. Additionally, the Board and management team wishes to thank Mr. Stephen Barley for over 5 years of service as an independent director and has formally accepted his resignation.

- On December 2, 2020, today the Company announced the top management team building these breakthrough Brands in-house at SponsorsOne. Mr. Kevin Swadish, the former COO of Sky Vodka, is to oversee product sales & distribution; Mr. Ricardo Camargo, the company's Chief Branding Officer, will oversee brand development and marketing, former clients included Adidas, Oakley, Nike, Skullcandy, Timberland, Pepsi, Boost Mobile, Fossil, Crocs, W Hotels, TaylorMade, and Logitech; and Mr. Ron Miranda, who will oversee product design, development and production, developed national private label brands for Trader Joes, Safeway and all their subsidiaries.

- On December 15, 2020, the Company announced that the initial sample production run for Doc Wylder's is underway with an estimated delivery scheduled for the first week of January 2021.

Subsequent Events

On December 31, 2020, SPO announced the sale of 34,370,707 units at $0.01 per unit for gross proceeds of $343,707. Each unit consists of 1 common share and 1 common share purchase warrant with each warrant entitling the holder to acquire 1 common share at $0.05 for a period of 24 months. The closing of this private placement was delayed and closed on January 20, 2021.

Further, following are the details of shares issued post balance sheet date:

Date	Shares issued	Rate	Value	Purpose
20-Jan-21	75,000,000	0.010	750,000	Settlement of liabilities
1-Feb-21	88,000,000	0.010	880,000	Settlement of liabilities
9-Feb-21	142,796,816	0.010	1,427,968	Settlement of liabilities
9-Feb-21	22,420,812	0.010	224,208	Issue of shares for cash. Each unit consists of 1 common share and 1 common share purchase warrant with each warrant entitling the holder to acquire 1 common share at $0.05 for a period of 24 months.
20-Feb-21	62,156,220	0.025	1,553,906	Settlement of liabilities
21-Mar-21	134,890,160	0.025	3,372,254	Settlement of liabilities
21-Mar-21	95,400,000	0.025	2,385,000	Issue of shares for cash. Each unit consists of 1 common share and 1 full common share purchase warrant entitling the holder thereof to acquire 1 common share of SPO at $0.075 per common share for a period of 2 years.
31-Mar-21	13,000,000	0.050	650,000	Issue of shares for cash. Each unit consists of 1 common share and 1 full common share purchase warrant entitling the holder thereof to acquire 1 common share of SPO at $0.10 per common share for a period of 2 years.

- In addition, SPO has issued a non-convertible promissory note to an arm's length party against a loan of $250,000 bearing interest at 4% per annum repayable by SPO on or before March 19, 2022. SPO received an exemption from the minimum price requirement and reserved a price at the 20-day VWAP. There is no insider participation, and all securities are subject to a standard hold period.

Commitments

The Company has no commitments for capital expenditures.

Contingencies and Off-Balance Sheet Arrangements

The Company has no contingencies and no off-balance sheet arrangements.

Outstanding Share Data

As at the date of this report, the following Common Shares and convertible securities of the Company are issued and outstanding:

Future Accounting Changes

At December 31, 2020, a number of standards and interpretations, and amendments thereto, had been issued by the International Accounting Standards Board (IASB) that are not effective for these consolidated financial statements. These standards are not expected to have a significant impact on the Company in the current or future reporting periods and on foreseeable future transactions.

Transactions with Related Parties

During the year ended December 31, 2020, officers, directors, and management, which are considered key management, received compensation of $437,579 (December 31, 2019 - $580,035). Management compensation has been included in the marketing, general and administrative account:

As at	**December 31, 2020**	December 31, 2019
	$	$
Consulting fees	**145,000**	252,188
Accounting fees	**57,400**	119,855
Share-based compensation	**235,179**	207,992
	$	$
	437,579	580,035

As at December 31, 2020, included in accounts payable and accrued liabilities is $10,287 (December 31, 2019 – $164,759) due to related parties for consulting services.

During the year ended December 31, 2020, the Company entered into settlement agreements, including $260,000 that was payable to current related parties. These amounts were settled for payments totaling $260,000. During the year ended December 31, 2019, the Company entered into settlement agreements, including $124,000 that was payable to current and previous related parties. These amounts were settled for payments totaling $130,000.

Financial Instruments

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 fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). Marketable securities are classified as Level 1.

Accounting Policies

Accounting policies followed by the Company in preparation of its financial statements are summarized in Note 2 to the Consolidated Financial Statements for the years ended December 31, 2020 and 2019.

Standards adopted during the period

IFRS 16 - Leases - In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

The Company's adoption of IFRS 16 did not have a material financial impact upon the consolidated financial statements.

Standards issued but not adopted during the period
The International Accounting Standards Board ("IASB") has issued the following accounting standards which have not yet been adopted by the Company:

Amendment to IFRS 3 – Business Combinations

On October 22, 2018, the IASB issued Definition of a Business (Amendments to IFRS 3: Business Combinations). The amendments to IFRS 3 are applicable for acquisitions occurring on or after January 1, 2020 and are adopted prospectively. These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The Company

Capital Management

The Company's objectives when managing capital, defined as shareholders' equity, are to safeguard the Company's ability to continue as a going concern (Note 1) in order to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors has not yet established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. There have been no changes to the Company's approach to capital management during the twelve-month period ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

Risks and Uncertainties

Given the speculative nature of the business of the Company, an investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered exhaustive and may not represent 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. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations. If any of the risks described below occur, the Company's business, financial condition, liquidity and results of operations could be materially harmed:

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk with respect to cash is remote as it maintains accounts with highly rated financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions, generally, or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities.

The Company's financial liabilities classified as current liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company cannot ensure there is enough capital in order to meet short-term business requirements, after considering cash flows from operations and the Company's cash holdings. The Company is currently implementing its business plan to generate recurring revenue and is concurrently seeking additional sources of funding to settle short-term liabilities, and short-term cash requirements. As at December 31, 2020, the Company had a cash balance of $62,819 (December 31, 2019 - $235) to settle current liabilities of $1,678,796 (December 31, 2019 - $1,196,522).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risks.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities.

Due to the short-term nature of the Company's financial instruments paired with fixed interest rates for which are imposed on the Company, fluctuations in market rates do not have a significant impact on the estimated fair values.

Foreign currency risk

The Company's functional currency is the Canadian Dollar and major purchases are transacted in Canadian and US dollars. The Company funds certain operations and administrative expenses in the United States on a cash basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada and maintains a checking account in the US that is funded primarily with transfers from its Canadian accounts. Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and therefore does not hedge its foreign exchange risk. Sensitivity to a plus or minus 5% change in the foreign exchange rate of the US dollar compared to the Canadian dollar would affect the Company's equity by $ 1,762 (2019 – $441) with all other variables held constant.

Other price risks

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risks.

Limited Operating History and Sales

The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is introducing new products, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. In addition, it is also difficult to evaluate the viability of the Company's SponsorCoin platform because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

No Assurance of Profitability

The Company cannot give assurances that it will not incur net losses in the future. The limited operating history makes it difficult to predict future operating results. The Company is subject to the risks inherent in the operation of a new business enterprise in an emerging business sector, and there can be no assurance that the Company will be able to successfully address these risks.

Future Capital Needs; Uncertainty of Additional Funding

The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favourable or reasonable commercial terms or that financing will not result in substantial dilution to the Company's shareholders.

Dependence on Key Personnel

The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company's success is highly dependent on its continuing ability to identify, hire, train, motivate and retain appropriate personnel. Competition for these personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain them. To do so, it may be necessary for the Company to materially increase the compensation it pays.

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Competition

Competition in the advertising industry as it relates to digital and social media is increasing. While the Company is targeting smaller niche sites with higher expected revenues per subscriber, there can be no assurances that competitors will not adopt a similar strategy and attempt to enter the markets that the Company has targeted.

Dependence on Proprietary Technology and Limited Protection Thereof

The Company will be relying on a combination of trademark, copyright, patent and trade secret law, as well as confidentiality restrictions contained in certain confidentiality agreements, to establish and protect the Company's proprietary rights in its intellectual property. As a result, the Company may not be able to adequately prevent a competitor, business partner or customer from creating or obtaining an illegal copy of its software or otherwise using it for inappropriate purposes such as reverse engineering.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect the Company's operating results.

Asset Location and Legal Proceedings

Substantially all the Company's assets are located in Canada where intellectual property is generally enforced. Social media is global in nature, and the Company expects to have subscribers and assets located outside of Canada. Accordingly, the Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Risk Associated with Foreign Operations in Developing Countries

The Company's primary revenues are expected to be achieved in North America initially. However, the Company may expand to markets outside of North America and become subject to risks normally associated with conducting business in a developing country. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Market Acceptance

The Company's ability to gain and increase market acceptance of its platform depends upon its ability to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on market research, product development, product testing, strategic relationships and marketing initiatives may be required.

Rapid Technological Change

The advertising industry as it relates to social and digital media marketing is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and emergence of new industry standards and practices that could render the Company's existing products and systems obsolete and can exert price pressures on existing products. It is critical to the Company's success that it is able to anticipate and react quickly to changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The process of developing new technology is complex and uncertain, and, if the Company fails to accurately predict customers' changing needs and emerging technological trends, its business could be harmed. The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Product Defects and Reputation

The Company will continue developing source code for its platform. Such source code and related products may contain errors or hidden defects that may significantly impact the user experience. The Company may not be able to correct the defects in a timely manner and may lead to a loss of or a delay in market acceptance. In addition, such errors or hidden defects could cause adverse damage to its reputation and impair its ability to acquire new users. In addition, the Company may need to make significant expenditures to eliminate defects from its products. As well, errors and defects could lead to claims for liability or other claims involving costly litigation.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who can circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Data Transmission

The Company transmits much of the content of its SponsorCoin platform as a service over the Internet. If the Company experiences transmission failures or limited transmission capacity on the Internet or other data networks the Company may use, it may be unable meet its commitments.

Insurance Coverage

The Company will require insurance coverage for several risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Tax Risk

The Company will be considered to have been carrying on business in Canada for purposes of the *Income Tax Act* (the "**Tax Act**"). However, the Company will be operating in the social and digital media space, a new and developing industry that has had historically low regulations and tax compliance. There is risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to the traditional brick and mortar business. While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

Risks in Foreign Jurisdictions

Social media is a global phenomenon, and the Company anticipates that a significant user base will be located outside Canada. International business activities entail additional risks such as uncertainty as to the protection and use of intellectual property, partnership risks, political risks, legal and regulatory risks, the risk of increase in taxes (including value added taxes) and trade barriers. Furthermore, as profits of foreign subsidiaries are taxable under foreign income tax legislation, revenues from foreign operations could be adversely impacted.

Currency Fluctuations

Due to the Company's present operations, and its intention to in the future operate in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations in the future. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A substantial portion of the Company's revenue could be earned in US dollars, but a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on the Company's business, financial condition and operating results. The Company intends to continue to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency, and it may not hedge its exposure at all with respect to certain foreign currencies.

Fluctuations in Quarterly Results

The Company's quarterly operating results may fluctuate significantly in the future depending on factors such as the popularity of social media, the ability to attract users, progress on implementation of projects and upgrades, the number, timing and significance of new product announcements by the Company and its competitors, the ability to license and develop new VSN, introduce and market new and enhanced versions of products on a timely basis, changes in operating expenses, and general economic factors, among others. A significant portion of the Company's expenses are based on expectations of future revenue and, therefore, is relatively fixed in the short-term. Accordingly, if revenue levels are below expectations, operating results are likely to be adversely affected. As quarterly revenue is dependent upon building a significant user base, and the ability to monetize that user base, the inability to build and monetize the user base could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

Officer and Director Conflicts

The Company's officers and directors may have certain interests and arrangements that are different from, or in addition to the Company's shareholders. Executive officers and directors may have rights to indemnification including directors' and officers' liability insurance that will survive consummation of their agreements.