

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A should be read in conjunction with the audited consolidated financial statements of LEAF Mobile Inc. ("Leaf" or the "Company") for the year ended December 31, 2020 and the related notes, and our unaudited interim consolidated financial statements for the three and six months ended June 30, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). LEAF's functional and reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is dated August 16, 2021.

Prior to April 17, 2020, the Company (then named "Caprice Business Development Canada Inc.") was a "capital pool company" (as such term is defined under TSX Venture Exchange policies), and as such did not have any active business operations. As part of its qualifying transaction, completed on April 17, 2020, the Company acquired LDRLY (Technologies) Inc. ("LDRLY"), which was the Company's active business unit (the "Qualifying Transaction").

On February 5, 2021, the Company acquired Eastside Games Inc. (ESG) in a reverse takeover transaction. Note 4 of the unaudited interim consolidated financial statements for the three and six months ended June 30, 2021 provides additional information on this acquisition. The audited financial statements of ESG for the year ended December 31, 2020 have been filed on SEDAR. *As ESG was the accounting acquirer of LEAF, for the six months ended June 30, 2021, the financial information of ESG is presented as the continuing company, with Leaf's results included for the period from February 5 to June 30, 2021.*

CAUTION ON FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward looking statements". Forward looking statements include, but are not limited to, the acquisitions of ESG and Truly Social Games, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. No assurance can be given that such expectations will prove to be correct. Forward looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. Forward looking statements are not guarantees of future performance, and actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, LEAF's ability to generate future revenues; competition; regulation; potential intellectual property issues; reliance on third party distributors; dependence on key executives; dependence on advertising revenue; potential requirement for further funding; IT security risks; potential conflicts of interest with proposed directors and officers; potential share price volatility; need to attract and retain qualified personnel; and ability to implement business strategies.

Although LEAF has attempted to identify important factors that could affect it, unknown events may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A address only as of the date hereof. LEAF does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unforeseen events other than as required by applicable law.

COVID-19 UPDATE

The COVID-19 pandemic has prompted governments and businesses to take unprecedented measures, such as restrictions on travel and business operations, temporary closures of businesses, and quarantines and shelter-in-place orders. The COVID-19 pandemic has significantly curtailed global economic activity and caused significant volatility and disruption in global financial markets. The COVID-19 pandemic and the measures taken by many countries in

response have affected and could in the future materially impact the Company’s business, results of operations, financial condition and stock price.

Toward the end of Q2 2021, as communities began to reopen and reduce their COVID-19 restrictions, we saw some declines in our daily users. Our workforce transitioned to remote working in March 2020, without any material disruption to our day-to-day operations to date. Currently, our offices remain closed and the safety of our employees is our primary goal.

COMPANY BACKGROUND & DESCRIPTION OF BUSINESS

LEAF is a free-to-play mobile game group, creating engaging games that produce enduring player loyalty. Our entrepreneurial culture is anchored in creativity, execution, and a focused growth strategy of games development and publishing of original and licensed IP games, our IdleKit and NFTKit technology platforms and disciplined acquisitions. Headquartered in Vancouver the Company has over 150 employees and two studios, East Side Games and LDRLY. The Company develops, operates and publishes mobile games through its studio network and partners played on two main platforms: Apple’s iOS and Google’s Android.

We generate revenue through in-app purchases ("IAP") from the sale of in-game virtual items that enhance the game-playing experience, and through in-game advertising. For the quarter ended June 30, 2021 our advertising revenue increased to \$6.1 million, or 27% of total revenue, up from \$3.9 million on a pro forma basis, or 18% of total revenue in the prior year quarter. As compared to Q1 2021, ad revenue was consistent as a percentage of total revenue. Revenue growth will continue to depend on our ability to attract and retain players and effectively monetize our players. We intend to do this through the launch of new games, enhancements to current games and expansion into new markets and distribution platforms.

We incur licensing fees related to the use of intellectual property within our games and our operating margins can be affected by the mix of player purchases from games in which we own the intellectual property as compared to games in which we license certain intellectual properties. For example, we use licensed intellectual property as creative assets in games such as Cheech & Chong Bud Farm and Archer Dangerphone, and for new games under development using licensed intellectual property such as RuPaul’s Drag Race Superstar. While overall revenue and margin from these games will increase, a shift in the mix of our revenue towards such games using licensed intellectual property could decrease our operating margin percentage.

The Company publishes ten live mobile games, six of them from the ESG studio and the remainder with LDRLY. We have sought to improve and simplify the structure of how we present our portfolio of games titles for preparation for further game introductions, potential M&A expansion and reporting consistency. In the new structure, we will continue our focus on the games with high potential for growth or longevity.

Our financial reporting structure will not report on individual titles to respect our partner non-disclosure agreements. We will report on two categories of games, active and evergreen, as defined:

- “Active”: Game Titles that have been launched world-wide with active investment in user acquisition (“UA”) marketing and active "live operations" ("Live Ops"). Currently we have six Active Titles across the Company, and \$21.9 million of our revenue is generated from Active Titles.
- “Evergreen”: Game Titles that are >12months since world-wide launch, with limited to no investment in user acquisition marketing and passive Live Ops. Currently we have four Evergreen Titles across the Company and they generated approximately \$0.6 million, consistent with Q1 2021.

We are focused on three primary ways to grow our business:

1. Organic growth

- Games Development & Publishing – via IP driven and in-house Franchises
- Unlock white space, loyal fan bases and underserved markets
- While we have not launched any new games in the first half of 2021, we expect a number of significant game launches in the latter half of 2021, including RuPaul’s Drag Race Superstar and yet to be announced game titles.

2. Distributed Growth through the IdleKit Software Platform

- IdleKit is LEAF’s core software technology. This internally developed proprietary game “kit” framework for building narrative driven idle games allows for a material decrease in the typical build to launch timeline for mobile games and has proven monetization. This platform is utilized internally in the Company and is available for license on an invite only basis to third party developers on a revenue-share and SaaS-based models.
- We have added four new Idlekit partners in Q2 2021, bringing our total IdleKit partners to ten and we will be launching up to four new games in the second half of 2021.-

3. Acquired Growth

- We are a disciplined buyer looking for accretive acquisitions.
- The IdleKit ecosystem provides a high quality pipeline for future acquisitions through an “incubator” line of sight which allows us to assess cultural fit and alignment.
- During Q1, 2021 we completed the acquisition of East Side Games. During Q2, 2021, we entered a definitive agreement to acquire Truly Social Games.

See the Significant Announcements During 2021 section of this MD&A for announcements related to each of our growth strategies.

SIGNIFICANT ANNOUNCEMENTS DURING 2021

February 4, 2021	The Company completed its public offering of subscription receipts for aggregate gross proceeds of \$23.0 million including the full exercise of the over-allotment option by the Co-Lead Agents (Eight Capital and Haywood Securities Inc.), previously announced on November 11, 2020 and January 25, 2021. The offering was qualified by LEAF’s final short form prospectus dated January 22, 2021 (the “Prospectus”), available under its SEDAR profile online at www.sedar.com . A total of 10,222,222 shares were issued and proceeds of the offering were used primarily to fund the cash payment due under the Acquisition.
February 5, 2021	The ESG acquisition was completed. ESG security holders received \$10 million in cash consideration, a working capital adjustment of \$10.4 million and 44,444,444 common shares of LEAF. See Note 4 of the unaudited interim consolidated financial statements for additional details of the acquisition, including the contingent consideration.
February 10, 2021	The Company commenced trading on the TSX, graduating from the TSXV.
March 9, 2021	The Company announced that it has entered into a non-binding letter of intent (the “LOI”) to acquire Truly Social Games (“TSG”), an innovative developer and publisher of mobile games headquartered in Vancouver, B.C., Canada.
March 17, 2021	The Company entered into a multi-year partnership with World of Wonder Productions Inc. for the exclusive mobile game rights to the Emmy Award-winning competition series, RuPaul’s Drag

LEAF Mobile Inc.
Management’s Discussion and Analysis (“MD&A”)
For the three and six months ended June 30, 2021

	Race, to develop and publish a new mobile game for global release on iOS and Android in the second half of 2021.
March 23, 2021	The Company announced that it is set to launch a non-fungible token (“NFT”) game creation toolset called NFTKit for its IdleKit platform. The company released the first offering of NFTs as prizes, within select games, the week of April 20th, 2021. Top performing players will, for the first time, have true ownership over their rewards by receiving NFTs as prizes in select LEAF Group games published by East Side Games and LDRLY Games studios.
March 31, 2021	The Company announced that it has entered into a publishing and IdleKit partnership agreement with Night Garden Studio Inc. (“Night Garden”) for the global release of a mobile game on iOS and Android. This the second collaboration between Night Garden and ESG. The first collaboration was an exploratory project testing a narrative driven idle adventure game. The agreement extends the official relationship with a multi-year agreement between the two companies. The game will be developed in-house by Night Garden and leverage ESG’s proven IdleKit technology. The game is expected to launch in Q4 2021 with details on the game concept to follow.
April 15, 2021	The Company entered into a publishing and IdleKit partnership agreement with Bigfoot Gaming Inc. (“Bigfoot”) for the global release of a mobile game on iOS and Android. This is the first collaboration between Bigfoot and ESG. The agreement is a single game multi-year publishing and IdleKit agreement between the two companies. The game will be developed in-house by Bigfoot and leverage IdleKit’s proven technology. The game is based on a well-known and beloved IP franchise which will be announced at a later date and is expected to launch in 2022.
April 20, 2021	The Company announced that it will partner with the Worldwide Asset eXchange Blockchain (“WAX”), on the launch of an NFT-based collectible card game titled Bud Farm Nifty Stash. Bud Farm Nifty Stash will be the newest launch from the Bud Farm universe by LDRLY, and the first NFT-based game for LDRLY and the LEAF group. The game launched on April 20, 2021.
April 21, 2021	The Company entered into a publishing and IdleKit partnership agreement with Mighty Kingdom Games PTY Ltd. (“Mighty Kingdom”) for the global release of a mobile game on iOS and Android. Mighty Kingdom was established in 2010 and since then has released more than 50 games, with more than 50 million downloads, and has worked with major IP licensing partners such as Disney and the LEGO Group. This is the first collaboration between Mighty Kingdom and ESG. The partnership agreement is a single game multi-year publishing and IdleKit agreement between the two companies. The game will be developed in-house by Mighty Kingdom and leverage IdleKit’s proven technology. The game is based on a well-known science fiction franchise which will be announced at a later date and is expected to launch in 2022.
April 27, 2021	The Company entered into a publishing and IdleKit partnership agreement with TinyRex Games (“TinyRex”) for the global release of three mobile games on iOS and Android. All three games will be developed in-house by TinyRex, leveraging ESG’s proven IdleKit technology, and will be published by ESG. The first game will be based on The Wizard of Oz and is expected to launch world-wide in 2022 with the remaining games to follow shortly thereafter.
May 4, 2021	The Company entered into a publishing and IdleKit partnership agreement with Game Masons, LLC (“Game Masons”) for the world-wide release of a mobile game on iOS and Android. The game will be developed in-house by Game Masons, leveraging ESG’s proven IdleKit technology, and will be published by ESG. The game will be sports-themed and is expected to launch world-wide in 2022.

LEAF Mobile Inc.
Management’s Discussion and Analysis (“MD&A”)
For the three and six months ended June 30, 2021

May 11, 2021	The Company announced that the annual and special general meeting of the Shareholders of common shares of LEAF is scheduled to be held virtually on June 29, 2021 at 10:00 am (Pacific Daylight Time).
May 25, 2021	The Company’s common shares commenced trading on the OTC Markets Group’s OTCQB Marketplace in the United States under the symbol “LEMLF”.
June 22, 2021	The Company announced that it has entered into a definitive agreement to acquire Truly Social Games (“Truly Social”), an innovative developer and publisher of mobile games. The Company initially acquired a 20% interest in TSG for an initial investment of up to \$3.0 million. The remaining ownership interest will be acquired in two tranches based on revenue targets. See Note 12 of the unaudited interim consolidated financial statements for additional details of the acquisition.
August 16, 2021	The Company completed a 10-for-1 share consolidation. The share consolidation has been reflected in our unaudited interim consolidated financial statements and in this MD&A.

LEAF Mobile Inc.
Management’s Discussion and Analysis (“MD&A”)
For the three and six months ended June 30, 2021

OVERALL PERFORMANCE

The Schedules in the MD&A will conform to the following logic:

- Schedule 1 – as reported in the IFRS financial statements (which is ESG for all periods presented including LEAF / LDRLY results from the acquisition date of February 5, 2021 to June 30, 2021)
- Schedule 2 – non-GAAP pro forma which is the Schedule 1 as reported with the addition of LEAF / LDRLY results from April 17, 2020 to June 30, 2020 and from January 1, 2021 to February 4, 2021

For the Three and Six Months Ended June 30, 2021 and 2020

Schedule 1 – LEAF as reported in the unaudited interim consolidated financial statements

This schedule reports the results of the Company for all periods presented including LEAF / LDRLY results from the merger date of February 5, 2021. As described above, the acquisition of ESG was a reverse takeover and as a result the historical financial information of ESG is the Company’s comparative information.

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020 (Note 2)	Six Months Ended, June 30, 2021 (Note 1)	Six Months Ended June 30, 2020 (Note 2)
Revenue	\$ 22,538,799	\$ 17,570,206	\$ 45,543,785	30,545,881
Cost of sales	8,525,928	5,449,043	16,494,242	11,363,412
Profit before other expenses	14,012,871	12,121,163	29,049,543	19,182,469
Other operating expenses	13,870,865	9,149,968	31,096,553	17,752,791
Other income (expense)	(883,980)	5,293,562	3,797,007	5,198,141
Income tax expense (recovery)	152,264	477,291	1,384,146	483,040
Net income (loss)	(894,238)	7,787,466	365,852	6,144,779
EBITDA (note 3)	899,844	8,332,352	4,510,071	6,762,121
Adjusted EBITDA (note 4)	2,560,134	\$3,210,584	5,256,063	1,907,568
Net income (loss) per share	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.00)
US : CAD average exchange rate	1.23	1.39	1.25	1.37

Note 1 – Revenue includes ESG revenue for all of Q1 and Q2 2021 and LEAF / LDRLY revenue from the date of acquisition, February 5, 2021 to June 30, 2021. Revenue would have been \$47.8 million for the six months ended June 30, 2021 had the reverse takeover of LEAF/LDRLY taken place on January 1, 2021 (See Schedule 2).

Note 2 – Due to the reverse takeover of LEAF by ESG, the prior period comparative amounts are those of ESG. During the comparative period, ESG owned LDRLY from January 1 to April 17, 2020. Revenue would have been \$21.7 million and \$34.7 million for the three and six month periods ended June 30, 2020, respectively had ESG owned LDRLY for the entire period (see Select Quarterly Information – Schedule 2 in this MD&A for additional information).

Note 3 - The term EBITDA does not have a standardized meaning according to IFRS. See Non-GAAP Measures - EBITDA and Adjusted EBITDA for more information.

Note 4 - The term Adjusted EBITDA is not defined under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS. The Company defines Adjusted EBITDA as EBITDA

LEAF Mobile Inc.
Management’s Discussion and Analysis (“MD&A”)
For the three and six months ended June 30, 2021

adjusted for stock-based compensation, unrealized foreign exchange gain or loss, and non-cash and other adjustments. See non-GAAP measures for more information.

Schedule 2 – Pro Forma including LEAF / LDRLY acquisition from January 1, 2021

Schedule 2 includes LEAF / LDRLY in the results as if ESG’s reverse takeover of LEAF / LDRLY had taken place on January 1, 2021. The Company is providing pro forma quarterly information for the period ended June 30, 2021 to provide a full quarter view of the combined entity as we believe this will assist readers in understanding the results. These results are not audited and not in accordance with IFRS.

	Schedule 2 - Pro Forma including LEAF / LDRLY from January 1, 2021			
	Leaf, As Reported (See Schedule 1)	LEAF / LDRLY (Jan 1 – Feb 4)	Elimination Adjustments	Pro Forma Leaf (Schedule 2)
Revenue	\$ 45,543,785	\$ 5,803,188	\$ (3,539,919)	\$ 47,807,054
Cost of sales	16,494,242	5,247,931	\$ (3,539,919)	18,202,254
Profit before other expenses	29,049,543	555,257		29,604,800
Other operating expenses	31,096,553	1,799,203		32,895,756
Other income	3,797,007	-		3,797,007
Income tax expense (recovery)	1,384,146	-		1,384,146
Net income (loss) for the period	365,852	(1,243,946)		(878,094)
EBITDA (Note 1)	4,510,071	(1,089,612)		3,420,459
Adjusted EBITDA (Note 2)	\$ 5,256,063	\$ 308,486		\$ 5,564,549

Note 1 - The term EBITDA does not have a standardized meaning according to IFRS. See Non-GAAP Measures - EBITDA and Adjusted EBITDA for more information.

Note 2 - The term Adjusted EBITDA is not defined under IFRS. See non-GAAP measures for more information.

Commentary for the three and six months ended June 30, 2021:

- On a GAAP basis, as reported in our unaudited interim consolidated financial statements, revenue was \$22.5 million and \$45.5 million for the three and six months ended June 30, 2021, respectively compared to \$17.6 million and \$30.5 million in the comparable prior year periods. The increases were largely due to the introduction of new games and increased daily active users, partially stemming from the COVID-19 pandemic.
- On a pro forma basis, which includes the LDRLY studio in all periods presented, revenue was \$22.5 million and \$47.8 million for the three and six months ended June 30, 2021, respectively compared to \$21.7 million and \$34.7 million in the comparable prior year periods. The combination of the retention of our increased Q2 2020 user base caused by the shelter in place restrictions and the new game launches in 2020 contributed to our revenue growth in 2021 as compared to 2020.
- Approximately 70% of our revenue is generated in the United States. The 12% year over year quarterly decrease in the US dollar compared to the Canadian dollar resulted in an 8% reduction to our overall revenue. The year over year year-to-date 9% decrease in the US dollar compared to the Canadian dollar resulted in a 6% reduction to our overall revenue.
- Cost of sales include platform fees from Apple and Google, which are typically 30% of in-app purchases, and IP royalties. The increase over the prior year is due to the higher revenues. Cost of sales as a percentage of revenues was consistent year over year for the three and six month periods.
- Operating expenses include user acquisition costs, internal and third party development costs, administration expenses, stock based compensation, transaction fees, and depreciation of equipment and intangible assets. User acquisition costs have increased over the prior year as we invest in new game launches and to grow our user base. However, user acquisition costs decreased as compared to Q1 2021 as a result of changes made by

Apple to their Identifier for Advertisers (see below for more information). In response, we scaled back our UA spend to maintain target returns, resulting in fewer players installing our games during the second quarter. Development costs increased over the prior year quarter due to increased headcount and higher third party development costs in the current quarter. General and admin expenses increased due to higher stock based compensation charges during the quarter and public company costs. Transaction expenses in Q2 2021 primarily resulted from the acquisition of Truly Social and for the year to date included transaction costs related to the merger between ESG and LEAF.

- Other income for the six months ended June 30, 2021 reflects the \$5.0 million gain on distribution of LEAF shares to ESG shareholders. Accretion expense resulted from the contingent consideration and the unrealized foreign exchange loss resulted from the weakening of the US dollar. Other income for the six months ended June 30, 2020 reflects the \$5.2 million gain on sale of LDRLY.
- On a GAAP basis, for the three month period, the Company recorded a net loss of \$0.9 million largely as a result of the amortization of intangibles, accretion expense and foreign exchange loss. This compares to net income of \$7.8 million in the prior year quarter which reflects the gain on sale of LDRLY and lower research and development and sales and marketing expenditures. For the six months ended June 30, 2021, the Company reported net income of \$0.4 million compared to net income of \$6.1 million in the prior year period.
- Adjusted EBITDA was \$2.6 million for the quarter, representing an 11.3% margin, compared to \$4.2 million for the prior year quarter. Adjusted EBITDA on a pro forma basis for the six months ended June 30, 2021 was \$5.6 million compared to \$2.8 million for the prior year period.

Apple Advertising (IDFA) Policy Change

In June of 2020, Apple announced a key change to their newest operating system, iOS 14, which will significantly alter the advertising ecosystem of mobile apps. Apple's IDFA (Identifier for Advertisers) will no longer be available to apps by default, instead requiring users to "opt in" on a per app basis; we expect that only a minority of users will consent to apps accessing their IDFA. The IDFA had become an integral part of performance marketing for apps, as large advertising networks like Facebook and Google had relied on this identifier, combined with data collected through their own apps and services, to optimize ad campaign targeting; the impact was expected to effectively eliminate their ability to use the extensive data they have collected on users across their eco-system to track and optimize performance marketing campaigns. This change was initially expected to take effect in October of 2020. In September of 2020, recognizing the disruptive impact these changes will have on the app eco-system, Apple delayed the policy change.

As Apple recently rolled out its policy change, the Company continues to see significant fluctuations and uncertainty in paid user acquisitions costs, and will continue to focus on investments in the improvement of its mobile platform franchises, which it believes will drive long term value for its stakeholders.

LEAF Mobile Inc.
Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2021

SELECT QUARTERLY INFORMATION

Schedule 1 - LEAF as reported in the unaudited interim consolidated financial statements - Quarterly Data

This schedule reports the results of ESG for the full quarter and LEAF / LDRLY results from the acquisition date of February 5, 2021. As described above, the acquisition of ESG was a reverse takeover and as a result the historical financial information of ESG is the Company's comparative information. ESG also owned LDRLY from January 1 to April 17, 2020.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
LEAF, As Reported						
Revenue	\$ 12,975,675	\$ 17,570,206	\$ 18,339,884	\$ 19,164,686	\$ 23,004,986	\$ 22,538,799
Cost of sales	5,914,369	5,449,043	4,598,114	4,247,549	7,968,314	8,525,928
Profit before other expenses	7,061,306	12,121,163	13,741,770	14,917,137	15,036,672	14,012,871
Other operating expenses	8,602,823	9,149,968	10,449,593	8,549,079	17,225,687	13,870,865
Other income (loss)	(95,421)	5,293,562	136,271	3,718,510	4,680,987	(883,980)
Income tax expense	5,749	477,291	542,633	4,007,783	1,231,881	152,264
Net income (loss) for the period	(1,642,687)	7,787,466	2,885,815	6,078,785	1,260,090	(894,238)
EBITDA (Note 1)	(1,570,231)	8,332,352	3,499,801	10,185,997	3,610,227	899,844
Adjusted EBITDA (Note 2)	\$ (1,303,016)	\$ 3,210,584	\$ 3,535,324	\$ 6,566,978	\$ 2,695,930	\$ 2,560,134
US : CAD average exchange rate	1.35	1.39	1.33	1.30	1.27	1.23

Note 1 - The term EBITDA does not have a standardized meaning according to IFRS. See Non-GAAP Measures - EBITDA and Adjusted EBITDA for more information.

Note 2 - The term Adjusted EBITDA is not defined under IFRS. See non-GAAP measures for more information.

Schedule 2 – Pro Forma including LEAF / LDRLY acquisition from January 1, 2020 - Quarterly Data

Schedule 2 is the as reported (Schedule 1) with the addition of LEAF / LDRLY results from April 17, 2020 to June 30, 2020 and from January 1, 2021 to February 4, 2021. The Company is providing pro forma quarterly information to provide a full view of the combined entity as we believe this will assist readers in understanding the results. These results are not audited and not in accordance with IFRS.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Schedule 2 -Pro Forma including LEAF / LDRLY from January 1, 2021						
Revenue	\$ 12,975,675	\$ 21,746,541	\$ 22,818,989	\$ 22,966,464	\$ 25,268,255	\$ 22,538,799
Cost of sales	5,914,369	8,407,128	8,360,396	7,965,970	9,676,326	8,525,928
Profit before other expenses	7,061,306	13,339,413	14,458,593	15,000,494	15,591,929	14,012,871
Other operating expenses	8,699,664	10,817,782	12,025,408	12,531,477	19,024,890	13,870,865
Other income (expense)	(95,421)	5,293,562	136,271	3,718,510	4,680,986	(883,980)
Income tax expense (recovery)	5,749	477,291	542,633	3,038,603	1,231,881	152,264
Net income (loss) for the period	(1,739,528)	7,337,902	2,026,823	3,148,924	16,144	(894,238)
EBITDA (Note 1)	(1,661,347)	8,226,978	2,984,998	7,345,309	2,520,615	899,844
Adjusted EBITDA (Note 2)	\$(1,394,132)	\$ 4,155,868	\$ 3,280,238	\$ 5,199,751	\$ 3,004,416	\$ 2,560,134

Note 1 - The term EBITDA does not have a standardized meaning according to IFRS. See Non-GAAP Measures - EBITDA and Adjusted EBITDA for more information.

Note 2 - The term Adjusted EBITDA is not defined under IFRS. See non-GAAP measures for more information.

LIQUIDITY & CAPITAL RESOURCES

Cash for the Company at June 30, 2021 was \$12.3 million and excluding the current portion of contingent consideration, working capital was \$12.9 million. In addition to the cash on the balance sheet, the Company has access to \$18.5 million in credit facilities from Tier 1 Canadian banks, none of which has been drawn.

The net cash generated in operating activities for the six months ended June 30, 2021 was \$3.7 million compared to \$4.8 million in the prior year period.

Cash provided by investing activities during the six months ended June 30, 2021 was \$4.0 million due to the proceeds from disposal of marketable securities.

There were a number of financing transactions that took place as a result of the acquisition of ESG, resulting in an overall source of cash of \$0.2 million, as follows:

- A cash dividend of \$6.3 million was paid out to the shareholders of ESG prior to the acquisition.
- Proceeds received from the LEAF share issuance of \$21.0 million.
- These proceeds from the share issuance were largely paid out to the shareholders of ESG as part of the acquisition in the amount of \$19.3 million.
- The legal parent had \$4.4 million of cash at the time of the acquisition.

The Company has commitments to former shareholders of ESG as part of the acquisition, commitments to Truly Social as part of the definitive agreement, and minimum guarantees of \$1.1 million to certain IP holders. The Company believes that its cash on hand, combined with the cash generated from operations is sufficient to meet its obligations.

SHARE CAPITAL

The Company has an unlimited number of authorized common shares.

On August 16, 2021, the Company announced a 10-for-1 share consolidation. The share consolidation has been reflected in all share amounts in this MD&A.

Significant share transactions during 2021 by the legal parent, as part of the acquisition of ESG were:

- On February 4, 2021, the Company issued 10,222,222 shares at \$2.25 for gross proceeds of \$23.0 million as part of the ESG acquisition.
- On February 5, 2021, the Company issued 44,444,444 shares to purchase ESG.
- On February 5, 2021, the Company issued 613,333 warrants to Haywood Capital as part of the share issuance. The warrants have an exercise price of \$2.25 and a two year exercise period.
- On February 5, 2021, the Company granted 2.4 million stock options to the Company's directors and CEO at an exercise price of \$2.25.

As part of the contingent consideration on the purchase of ESG, ESG shareholders have the ability to earn an additional \$40.0 million over the next 24 months, with the vendors' option to convert up to 50% of the contingent consideration into the Company's common shares at a set price of \$2.25 per share. This liability has been recorded at its present value as a contingent liability using a 5% discount rate.

The Company is subject to various regulatory escrow agreements. At June 30 2021, 10,745,187 shares are held in escrow with various release dates through April 2023. In connection with the graduation to the TSX, the Company qualifies as a Tier 1 issuer and has made application to be designated as such which automatically adjusts the escrow release schedule. If approved, an additional 6,523,000 shares will be released on approval, with the remaining 4,222,187 shares to be released on October 17, 2021.

LEAF Mobile Inc.
Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2021

Former ESG shareholders have agreed that 48,985,416 shares are subject to lock-up with one third coming out of lock-up on each of February 5, 2022, February 5, 2023 and February 5, 2024.

ACQUISITION OF TRULY SOCIAL GAMES

The Company entered into a Definitive Agreement to acquire Truly Social Games Inc. ("TSG") on June 22, 2021. The Company initially acquired 20% of TSG in July 2021 in exchange for an initial investment of up to \$3.0 million which will be used by TSG to develop new game titles. The Company is committed to increasing its ownership position if certain performance targets are met. The remaining 80% ownership position would be purchased for \$19.0 million, to be paid in LEAF shares on the achievement of defined revenue targets by June 2024. The Company is also committed to a \$15.0 million payment to TSG, also in LEAF shares, on the achievement of TSG achieving defined revenue targets by June 2027.

RELATED PARTY TRANSACTIONS

LDRLY

During the period from January 1 to February 4, 2021, the Company received \$3.5 million in royalties and services reimbursement from LDRLY.

Haymarket Advisory Fee

In Q1 2021, an advisory fee of \$1.0 million worth of shares was paid to Haymarket Investments Inc., a company controlled by directors of the Company.

Growthworks Transactions

Accounting and administrative services are provided by Growthworks, a company controlled by a director of LEAF. Details of these transactions are disclosed in note 22 of the unaudited interim consolidated financial statements.

Non-GAAP MEASURES

We have included certain non-GAAP performance measures throughout this MD&A. These performance measures are employed by us internally to measure operating and economic performance and to assist in business decision-making, as well as providing key performance information to senior management. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors and other stakeholders also use this information to evaluate our operating and financial performance; however, these non-GAAP performance measures do not have any standardized meaning. Accordingly, these performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Non-GAAP Measures - EBITDA and Adjusted EBITDA

We believe that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use EBITDA and Adjusted EBITDA as an indicator of our ability to generate liquidity by producing operating cash flow to fund working capital needs and fund development expenditures. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA

LEAF Mobile Inc.
Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2021

multiple" that is based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a company.

EBITDA and Adjusted EBITDA are intended to provide additional information to investors and analysts and do not have any standardized definition under IFRS, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA and Adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

EBITDA

LEAF defines EBITDA as net income or loss adjusted for income taxes, interest expense, depreciation and amortization.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<i>Schedule 1 – LEAF as reported in the consolidated financial statements</i>						
Net income (loss)	\$(1,642,687)	\$ 7,787,466	\$ 2,885,815	\$ 6,078,785	\$ 1,260,090	\$ (894,238)
Income tax	5,749	477,291	542,633	4,007,783	1,231,881	152,264
Depreciation and amortization	66,707	67,595	71,353	99,429	1,118,256	1,641,818
EBITDA	\$(1,570,231)	\$ 8,332,352	\$ 3,499,801	\$ 10,185,997	\$ 3,610,227	\$ 899,844

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<i>Schedule 2 - Pro Forma including LEAF / LDRLY from January 1, 2021</i>						
Net income	\$ (1,739,528)	\$ 7,337,902	\$ 2,026,823	\$ 3,148,924	\$ 16,144	\$ (894,238)
Income tax	5,749	477,291	542,633	3,038,603	1,231,881	152,264
Depreciation and amortization	72,432	411,785	415,542	1,157,782	1,272,590	1,641,818
EBITDA	\$ (1,661,347)	\$ 8,226,978	\$ 2,984,998	\$ 7,345,309	\$ 2,520,615	\$ 899,844

LEAF Mobile Inc.
Management's Discussion and Analysis ("MD&A")
For the three and six months ended June 30, 2021

Adjusted EBITDA

LEAF defines Adjusted EBITDA as EBITDA adjusted for stock-based compensation, unrealized foreign exchange gains or losses, non-recurring costs, and non-cash and other adjustments.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<i>Schedule 1 – LEAF as reported in the consolidated financial statements</i>						
EBITDA	\$(1,570,231)	\$ 8,332,352	\$ 3,499,801	\$ 10,185,997	\$ 3,610,227	\$ 899,844
Stock based comp	171,794	171,794	171,794	99,491	2,556,314	608,495
Public listing and transaction costs	-	-	-	-	1,210,375	167,815
One time items	95,421	(5,293,562)	(136,271)	(3,718,510)	(4,680,986)	883,980
Adjusted EBITDA	\$(1,303,016)	\$ 3,210,584	\$ 3,535,324	\$ 6,566,978	\$ 2,695,930	\$ 2,560,134

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<i>Schedule 2 - Pro Forma including LEAF / LDRLY from January 1, 2021</i>						
EBITDA	\$(1,661,347)	\$ 8,226,978	\$ 2,984,998	\$ 7,345,309	\$ 2,520,615	\$ 899,844
Stock based comp	171,794	431,511	431,511	194,930	3,119,412	608,495
Public listing and transaction costs	-	790,941	-	1,378,022	2,045,375	167,815
One time items	95,421	(5,293,562)	(136,271)	(3,718,510)	(4,680,986)	883,980
Adjusted EBITDA	\$(1,394,132)	\$ 4,155,868	\$ 3,280,238	\$ 5,199,751	\$ 3,004,416	\$ 2,560,134

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include identification and valuation of intangible assets acquired in business combinations and the fair value of share-based payments. The application of these and other accounting policies are described in notes 2 and 3 of our annual consolidated financial statements and our MD&A, for the year ended December 31, 2020, filed on April 30, 2021. Actual amounts may vary significantly from estimates used. There have been no significant changes in accounting policies applied to the June 30, 2021 unaudited consolidated interim financial statements.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

The Company is not aware of any proposed accounting standards or amendments that would have a significant effect on the consolidated financial statements as at June 30, 2021.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no material changes in the Company's internal control over financial reporting during the quarter ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

RISK FACTORS AFFECTING OUR PERFORMANCE

The securities of LEAF should be considered highly speculative due to the nature of the Company's businesses and the current stage of its development. Risks and uncertainties are discussed in great detail in the Company's Annual Information Form available on SEDAR at www.sedar.com.

The risks presented in the Annual Information Form may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A, the unaudited interim consolidated financial statements for the three and six months ended June 30, 2021 and the consolidated financial statements for the years ended December 31, 2020 and 2019, each of which are available on SEDAR, and other filings the Company has made and may make in the future with the applicable securities authorities, include additional factors that could have an effect on the business and financial performance of the Company's business. The market in which the Company competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

ADDITIONAL INFORMATION

Additional information relating to the Company is available in the unaudited interim consolidated financial statements for the three and six months ended June 30, 2021 and the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019. Additional information can also be found in the investors section of the Company's website at www.leafmobile.com or on the Company's SEDAR profile at www.sedar.com including the most recently filed Management Information Circular.