

**Mobi724 Global Solutions Inc.**

**Condensed Interim Consolidated Financial  
Statements (Unaudited)**

**For the three-month periods ended  
March 31, 2018 and 2017**

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Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

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### Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

# **Mobi724 Global Solutions Inc.**

Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

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## Mobi724 Global Solutions Inc.

### Condensed Interim Consolidated Financial Position (Unaudited)

March 31, 2018 and December 31, 2017

(in Canadian dollars)

	March 31, 2018	December 31, 2017
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash	2,073,410	3,735,400
Trade and other receivables (Note 4)	1,324,908	1,566,566
Prepaid expenses	341,741	339,852
	<u>3,740,059</u>	<u>5,641,818</u>
Non-Current assets		
Property and equipment	54,453	36,490
Intangible assets (Note 5)	1,920,145	2,208,336
Goodwill (Note 5)	5,930,466	5,930,466
	<u>7,905,064</u>	<u>8,175,292</u>
	<u>11,645,123</u>	<u>13,817,110</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	1,851,599	2,809,252
Current tax liability	49,947	69,398
Convertible debt (Note 7)	345,600	311,922
Demand debt, 10% to 25% interest	250,000	250,000
Current portion of long-term debt	26,280	36,280
	<u>2,523,426</u>	<u>3,476,852</u>
Non-Current liabilities		
Long-term debt	1,067,907	1,074,477
Deferred income taxes	81,280	158,669
	<u>3,672,613</u>	<u>4,709,998</u>
<b>Equity attributable to the owners of the Company</b>		
Share capital (Note 8)	35,070,108	34,679,708
Other equity accounts (Note 8)	13,492,176	13,410,075
Equity component of convertible debt (Note 7)	3,211,269	3,136,269
Deficit	(43,615,634)	(41,930,742)
Cumulative translation account	(96,593)	(108,997)
	<u>8,061,326</u>	<u>9,186,313</u>
<b>Equity attributable to the owners of the Company</b>	<u>8,061,326</u>	<u>9,186,313</u>
Non-controlling interest	(88,816)	(79,201)
<b>Total equity</b>	<u>7,972,510</u>	<u>9,107,112</u>
<b>Total liabilities and equity</b>	<u>11,645,123</u>	<u>13,817,110</u>
Going concern (Note 2)		
Events after the reporting period (Note 14)		

The accompanying notes are an integral part of these consolidated financial statements.

## Mobi724 Global Solutions Inc.

### Condensed Interim Consolidated Net Loss (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share amounts)

	March 31, 2018	March 31, 2017
	\$	\$
<b>Revenues</b>	<b>519,907</b>	646,393
Operating expenses		
Share-based payments expense (Note 8)	105,717	245,942
Salaries and benefits	803,929	467,744
Contract labor	300,276	579,555
Computer software development	51,561	79,660
Travel	69,707	99,183
Professional fees	215,834	186,544
Office expense	169,363	167,029
Marketing and promotion	93,136	62,982
Filing fees	81,060	9,100
Loss (gain) on settlement of liabilities	(52,348)	134,488
Purchases	45,887	46,732
Foreign exchange loss (gain)	(481)	176
Depreciation of property and equipment	5,809	1,604
Amortization of intangible assets	288,761	313,886
Total operating expenses	2,178,211	2,394,625
Operating loss	(1,658,304)	(1,748,232)
Net financial expenses (Note 9)	53,545	5,695,537
Net loss before income taxes	(1,711,849)	(7,443,769)
Income tax expense (recovery)	(14,953)	4,854
Recovery of deferred tax	(77,389)	(9,629)
	(92,342)	(4,775)
<b>Net loss</b>	<b>(1,619,507)</b>	<b>(7,438,994)</b>
<b>Net loss for the period attributable to:</b>		
Non-controlling interest	(9,615)	-
Owners of the Company	(1,609,892)	(7,438,994)
	(1,619,507)	(7,438,994)
Loss per share (Note 12)		
Basic	(0.01)	(0.05)
Diluted	(0.01)	(0.05)
Weighted average number of outstanding common shares (Note 12)		
Basic and Diluted	190,634,186	136,861,686

The accompanying notes are an integral part of these consolidated financial statements.

## Mobi724 Global Solutions Inc.

### Condensed Interim Consolidated Comprehensive Loss (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

	<b>March 31, 2018</b>	March 31, 2017
	<u>\$</u>	<u>\$</u>
Net loss	<b>(1,619,507)</b>	(7,438,994)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		
Cumulative translation adjustment	<b>12,404</b>	(97,396)
Comprehensive loss	<b><u>(1,607,103)</u></b>	<u>(7,536,390)</u>
<b>Comprehensive loss for the period attributable to:</b>		
Non-controlling interest	<b>(9,615)</b>	-
Owners of the Company	<b><u>(1,597,488)</u></b>	<u>(5,010,429)</u>
	<b><u>(1,607,103)</u></b>	<u>(5,010,429)</u>

The accompanying notes are an integral part of these consolidated financial statements.

## Mobi724 Global Solutions Inc.

### Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share amounts)

	Share capital Number	Share capital \$	Other equity accounts \$	Equity component of convertible debt \$	Deficit \$	Cumulative translation adjustment \$	Equity attributable to the owners of the Company	Non-controlling interest	Total equity \$
Balance, December 31, 2017	189,332,376	34,679,708	13,410,075	3,136,269	(41,930,742)	(108,997)	9,186,313	(79,201)	9,107,112
Net loss for the period	-	-	-	-	(1,609,892)	-	(1,609,892)	(9,615)	(1,619,507)
Other comprehensive loss	-	-	-	-	-	12,404	12,404	-	12,404
Comprehensive loss for the period	-	-	-	-	(1,609,892)	12,404	(1,597,488)	(9,615)	(1,607,103)
Settlement of liabilities (Note 6)	695,899	107,709	-	-	-	-	107,709	-	107,709
Interest expense on convertible debenture presented as equity	-	-	-	75,000	(75,000)	-	-	-	-
Share-based payments (Note 8)	-	-	105,717	-	-	-	105,717	-	105,717
Issuance of warrants (Note 8)	-	-	27,000	-	-	-	27,000	-	27,000
Exercise of warrants (Note 8)	1,147,167	211,901	(39,826)	-	-	-	172,075	-	172,075
Exercise of share options (Note 8)	400,000	70,790	(10,790)	-	-	-	60,000	-	60,000
	2,243,066	390,400	82,101	75,000	(75,000)	-	472,501	-	472,501
Balance, March 31, 2018	191,575,442	35,070,108	13,492,176	3,211,269	(43,615,634)	(96,593)	8,061,326	(88,816)	7,972,510

**Mobi724 Global Solutions Inc.****Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)**

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share amounts)

	Share capital Number	Share capital \$	Other equity accounts \$	Equity component of convertible debt \$	Deficit \$	Cumulative translation adjustment \$	Equity attributable to the owners of the Company	Non-controlling interest	Total equity \$
Balance, December 31, 2016	123,673,275	21,197,288	8,418,275	2,941,509	(30,942,803)	(134,627)	1,479,642	–	1,479,642
Net loss for the period	–	–	–	–	(7,438,994)	–	(7,438,994)	–	(7,438,994)
Other comprehensive loss	–	–	–	–	–	(97,396)	(97,396)	–	(97,396)
Comprehensive loss for the period	–	–	–	–	(7,438,994)	(97,396)	(7,536,390)	–	(7,536,390)
Conversion of convertible debt (Note 7)	5,133,440	433,043	–	(105,240)	–	–	327,803	–	327,803
Settlement of liabilities (Note 6)	1,603,567	513,436	–	–	–	–	513,436	–	513,436
Interest expense on convertible debenture presented as equity	–	–	–	75,000	–	–	75,000	–	75,000
Share-based payments (Note 8)	–	–	245,942	–	–	–	245,942	–	245,942
Exercise of share options (Note 8)	86,833	18,235	(5,210)	–	–	–	13,025	–	13,025
Issuance of private placements (Note 8)	4,608,331	235,025	–	–	–	–	235,025	–	235,025
Shares issued for business combination (Note 3)	9,507,930	3,137,617	–	–	–	–	3,137,617	–	3,137,617
	20,940,101	4,337,356	240,732	(30,240)	–	–	4,547,848	–	4,547,848
Balance, March 31, 2017	144,613,376	25,534,644	8,659,007	2,911,269	(38,381,797)	(232,023)	(1,508,900)	–	(1,508,900)

The accompanying notes are an integral part of these consolidated financial statements.

## Mobi724 Global Solutions Inc.

### Condensed Interim Consolidated Cash Flows (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars)

	March 31, 2018	March 31, 2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(1,619,507)	(7,438,994)
Adjustments for items not involving cash		
Depreciation of property and equipment	5,809	1,604
Amortization of intangible assets	288,761	313,886
Share-based payments expense	105,717	245,942
Non-cash professional fees	27,000	7,038
Loss (gain) on settlement of liabilities	(52,348)	134,488
Fair value adjustment on liability for the acquisition of the non-controlling interest of Mobi	-	5,292,101
Interest and accretion expense on convertible debt	33,678	94,697
Accretion expense on contingent consideration payable	-	241,141
Recovery of deferred taxes	(77,389)	(9,629)
	<u>(1,288,279)</u>	<u>(1,117,726)</u>
Change in non-cash working capital items	<u>(564,492)</u>	<u>456,568</u>
	<u>(1,852,771)</u>	<u>(661,158)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(23,772)	(2,542)
Acquisition of intangibles assets	(570)	(64)
	<u>(24,342)</u>	<u>(2,606)</u>
<b>FINANCING ACTIVITIES</b>		
Bank loan	-	(60,000)
Repayment of long-term debt	(16,570)	(32,850)
Proceeds from exercise of warrants	172,075	-
Proceeds from exercise of share options	60,000	13,025
Proceeds from issuance of common shares and warrants	-	553,000
Proceeds from demand debt	-	360,000
	<u>215,505</u>	<u>833,175</u>
Effect of the exchange rate changes on cash	(382)	(97,396)
Variation in cash during the period	<u>(1,661,990)</u>	<u>72,015</u>
Cash, beginning of the period	<u>3,735,400</u>	<u>30,233</u>
<b>Cash, end of the period</b>	<u><u>2,073,410</u></u>	<u><u>102,248</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

## **Mobi724 Global Solutions Inc.**

### **Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share amounts)

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#### **1 - STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES**

Mobi724 Global Solutions Inc. (the “Company” or “Mobi724”) was incorporated under the Business Corporations Act (Alberta) on February 8, 2005. The Company’s registered office and its head office is located at 257 Sherbrooke Street East, Suite 400, Montreal, Quebec H2X 1E3. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries First Equity Strategy LLC (“First Equity”), incorporated in the State of Delaware, USA, Solutions Mobi724 Inc., incorporated under the Corporations Act (Canada) including Solutions Mobi724 Inc.’s fully owned subsidiary, Mobi724 Solutions S.R.L., incorporated in Argentina, and I.Q. 7/24 Inc., incorporated under the Canada Business Corporations Act as well as its 70% owned subsidiary Mobi724 Asia Inc., incorporated in the Philippines.

In Q1 2017, the consolidated financial statements also included the Company's wholly-owned subsidiaries Hybrid-PayTech Asia Pacific (HK) Limited, incorporated in Hong Kong and Vault Acquiring Solutions LLC, incorporated in the state of Delaware, USA. These subsidiaries were dissolved in 2017.

The Company is a technology leader in digital incentives (such as mobile couponing and loyalty rewards) and payment solutions (including mobile payments). Mobi724 is a provider of both payment and couponing / rewards transactions for both online and offline points of sale.

The common shares of Mobi724 are traded under the symbol “MOS” on the TSX Venture Exchange.

#### **2 - BASIS OF PREPARATION AND GOING CONCERN**

##### **a) Statement of compliance**

These condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*. They do not include all of the information required in the full annual consolidated financial statements. Certain information and footnote disclosures normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Company’s interim financial information. As such, they should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2017.

## **Mobi724 Global Solutions Inc.**

### **Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share amounts)

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#### **2 - BASIS OF PREPARATION AND GOING CONCERN (Continued)**

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 28, 2018.

The preparation of financial data is based on accounting principles and methods of computation consistent with those used in the preparation of the audited annual financial statements as at December 31, 2017, with the exception of the adoption of IFRS 15 and IFRS 9 on January 1, 2018 as described below in 2 c).

#### **b) Going concern**

These consolidated financial statements have been prepared on a going concern basis in compliance with IFRS. A going concern basis contemplates the realization of the carrying value of assets and the settlement of liabilities in the normal course of business as they come due, which is dependent on future events including amongst other things, attaining a satisfactory revenue level from its mobile POS technology system and e-coupons solutions, attainment of profitable operations, the generation of cash from operations and the ability to secure new financing arrangements and new capital to carry out its business plan.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraphs, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The Company has generated limited revenues since inception and has generated losses from continuing operations totaling \$1,619,507 for the three-months ended March 31, 2018 and an accumulated deficit of \$43,615,634 since the Company's inception on February 8, 2005.

During the three-month period ended March 31, 2018, the Company received approximately \$230,000 in additional funds from equity financing.

The Company can give no assurance that it will achieve profitability or be capable of sustaining profitable operations.

## **Mobi724 Global Solutions Inc.**

### **Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share amounts)

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#### **2 - BASIS OF PREPARATION AND GOING CONCERN (Continued)**

##### **c) Initial adoption of new accounting standards in the reporting period**

###### ***Revenue Recognition***

IFRS 15 – *Revenue from Contracts with Customers* was issued in May 2014 to replace IAS 18 – *Revenue* and IAS 11 – *Construction Contracts* as well as other revenue-related interpretations. IFRS 15 establishes a new control-based revenue recognition model based on the transfer of promised goods and services to customers at a point in time or over time, provides new and more detailed guidance on specific topics and provides additional requirements on the disclosures about revenue in the consolidated financial statements.

The Company adopted this new standard on January 1, 2018 using the modified retrospective method of adoption, with the effect of initially applying this standard on January 1, 2018. The financial information for periods beginning after January 1, 2018 is presented in accordance with IFRS 15, while the comparative periods will not be restated to conform to the new IFRS 15 requirements. The adoption of this new standard did not have a material impact on the Company's interim condensed consolidated financial statements and no adjustments were made to retained earnings as at January 1, 2018.

###### ***Financial Instruments***

In July 2014, the IASB released IFRS 9 – *Financial instruments*, which replaced IAS 39 – *Financial Instruments: Recognition and Measurement*. This IFRS includes a revised model for the classification and measurement of financial assets and liabilities, a forward-looking expected loss impairment model and a reformed approach to hedge-accounting.

The Company adopted this standard on January 1, 2018. The impact on the Company's consolidated financial statements for 2016 and 2017 is insignificant and there were no adjustments made to opening retained earnings or the interim condensed consolidated financial statements following the adoption of this standard.

The Company considers historical, current and forward-looking factors when determining expected credit losses under the approach used under IFRS 9, which may lead to losses being recognized earlier than in the incurred loss model previously used. The Company uses a simplified approach when determining the lifetime expected losses for its trade receivables, which takes into consideration the age of trade receivables and the Company's historical credit losses for each category of trade receivables as well as other factors which may increase the accuracy of the determined loss probability, including geographical region and knowledge of the customer's paying pattern.

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share amounts)

#### 3 - BUSINESS COMBINATION

##### *Acquisition of Mobi*

On July 12, 2013, in an effort to further its business objectives, the Company acquired 51% of the common shares of Solutions Mobi724 Inc. ("Mobi").

On July 12, 2014, one year after the closing date, the Company was to purchase the remaining Mobi shares from the remaining Mobi shareholders at an evaluation price determined, at that time, as per the contractual agreement, and mostly based on expected future revenues of Mobi. At acquisition date, because the Company has an obligation to acquire the non-controlling interest of Mobi, the Company recorded a liability, at fair value, for the future acquisition of the remaining Mobi share. The remaining Mobi shares were acquired in 2015.

During the year ended December 31, 2014, the Company also entered into an amendment to the acquisition agreement that modified the terms of the obligation to acquire the non-controlling interest of Mobi. The liability was settled by issuing the remaining Mobi shareholders a certain number of shares of the Company that will ensure the remaining Mobi shareholders a fixed percentage ownership of the Company. During the period ended March 31, 2017, 9,507,930 shares were issued having a value of \$3,137,617. The previous shareholders of Mobi are all current officers and directors of the company.

#### 4 - TRADE AND OTHER RECEIVABLES

	<b>March 31, 2018</b>	December 31, 2017
	<u>\$</u>	<u>\$</u>
Trade receivables	<b>510,920</b>	671,921
Sales tax receivable	<b>285,239</b>	226,148
Tax credit receivable	<b>265,010</b>	265,010
Share subscription receivable	–	238,801
Amount receivable from an officer of a subsidiary, without interest	<b>206,711</b>	164,686
Other receivable	<b>57,027</b>	–
	<u><b>1,324,907</b></u>	<u>1,566,566</u>

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share and per share amounts)

#### 5 - INTANGIBLE ASSETS

	Licenced software \$	Customer relationships \$	Software technology \$	EMV payment switch \$	Patents \$	Total intangibles \$	Goodwill \$
<b>Cost</b>							
Balance January 1, 2018	1	1,175,000	3,862,393	1,028,441	80,378	6,146,213	5,930,466
Additions, separately acquired			570			570	
Balance March 31, 2018	1	1,175,000	3,862,963	1,028,441	80,378	6,146,783	5,930,466
<b>Accumulated amortization and impairment</b>							
Balance January 1, 2018	-	470,000	3,097,293	330,562	40,022	3,937,877	-
Amortization		58,750	187,420	39,144	3,447	288,761	
Balance March 31, 2018	-	528,750	3,284,713	369,706	43,469	4,226,638	-
Net Book Value March 31, 2018	1	646,250	578,250	658,735	36,909	1,920,145	5,930,466
	Licenced software \$	Customer relationships \$	Software technology \$	EMV payment switch \$	Patents \$	Total intangibles \$	Goodwill \$
<b>Cost</b>							
Balance January 1, 2017	1	1,175,000	3,869,540	1,028,441	80,378	6,153,360	5,930,466
Disposals			(7,147)			(7,147)	
Balance December 31, 2017	1	1,175,000	3,862,393	1,028,441	80,378	6,146,213	5,930,466
<b>Accumulated amortization and impairment</b>							
Balance January 1, 2017	-	235,000	2,272,033	183,646	26,689	2,717,368	
Amortization	-	235,000	825,260	146,916	13,333	1,220,509	
Balance December 31, 2017	-	470,000	3,097,293	330,562	40,022	3,937,877	-
Net Book Value December 31, 2017	1	705,000	765,100	697,879	40,356	2,208,336	5,930,466

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month period ended March 31, 2017 and 2016

(in Canadian dollars except share and per share amounts)

#### 5 - INTANGIBLE ASSETS (Continued)

The goodwill is allocated to the cash-generating units as follows:

	March 31, 2018	December 31, 2017
	\$	\$
E-coupons	3,139,191	3,139,191
Digital marketing	2,791,275	2,791,275
	<u>5,930,466</u>	<u>5,930,466</u>

#### 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	December 31, 2017
	\$	\$
Accounts payable and accrued liabilities (a)	1,395,027	1,868,926
Salaries and related benefits	191,866	516,801
Advances payable to non-controlling interest, without interest	264,706	226,835
Contingent liabilities payable	-	196,690
	<u>1,851,599</u>	<u>2,809,252</u>

- a) During the three-month period ended March 31, 2018, the Company settled certain amounts due resulting in a decrease of accounts payable and accrued liabilities in the amount of \$160,057 (\$378,948 in the three-month period ended March 31, 2017) through the issue of share capital having a value of \$107,709 (\$513,436 for the three-month period ended March 31, 2017). This gain of \$52,348 (loss of \$134,488 in 2017) was recorded in the consolidated statement of net loss in "Loss (gain) on settlement of liabilities".

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month period ended March 31, 2017 and 2016

(in Canadian dollars except share and per share amounts)

#### 7 - CONVERTIBLE DEBT

The following tables summarize the components of the convertible debt as at March 31, 2018:

	Liability component	Embedded conversion option reserve	Total equity component	Total
	\$	\$	\$	\$
<b>Balance, January 1, 2018</b>	<b>311,922</b>	<b>3,136,269</b>	<b>3,136,269</b>	<b>3,448,191</b>
<b>Interest and accretion interest expense</b>	<b>33,678</b>	<b>75,000</b>	<b>75,000</b>	<b>108,678</b>
<b>Balance, March 31, 2018</b>	<b>345,600</b>	<b>3,211,269</b>	<b>3,211,269</b>	<b>3,556,869</b>

The following tables summarize the components of the convertible debt as at December 31, 2017:

	Liability component	Embedded conversion option reserve	Total equity component	Total
	\$	\$	\$	\$
Balance, January 1, 2017	523,253	2,941,509	2,941,509	3,464,762
Interest and accretion interest expense	135,339	300,000	300,000	435,339
Convertible debt converted during the period	(346,670)	(105,240)	(105,240)	(451,910)
Balance, December 31, 2017	311,922	3,136,269	3,136,269	3,448,191

During the three-month period ended March 31, 2017, debentures, for an aggregate amount of \$433,043 (capital and accrued interest), were converted into 5,133,440 common shares.

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month period ended March 31, 2017 and 2016

(in Canadian dollars except share and per share amounts)

#### 8 - SHAREHOLDERS' EQUITY

##### a) Share Capital Authorized

Unlimited number of common voting shares.

Unlimited number of preferred shares without nominal value or par value, which may be issued in one or more series, the directors having been authorized to determine the designation rights, privileges, restrictions and conditions attached to the shares.

Movements in the Company's share capital are as follows:

	March 31, 2018		March 31, 2017	
	Number of common shares	Amount \$	Number of common shares	Amount \$
Balance, beginning of period	189,332,376	34,679,708	123,673,275	21,197,288
Shares issued for private placement (1)	—	—	4,608,331	235,025
Shares issued for business combination (Note 3)	—	—	9,507,930	3,137,617
Shares issued for conversion of convertible debt (2)	—	—	5,133,440	433,043
Shares issued for exercise of warrants	1,147,167	211,901	—	—
Shares issued for settlement of liabilities (Note 6)	695,899	107,709	1,603,567	513,436
Shares issued for exercise of share options	400,000	70,790	86,833	18,235
Balance, end of period	<u>191,575,442</u>	<u>35,070,108</u>	<u>144,613,376</u>	<u>25,534,644</u>

## **Mobi724 Global Solutions Inc.**

### **Notes to Condensed Interim Consolidated Financial Statements (Unaudited)**

For the three-month period ended March 31, 2017 and 2016

(in Canadian dollars except share and per share amounts)

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#### **8 - SHAREHOLDERS' EQUITY (Continued)**

##### *a) Share Capital Authorized (continued)*

###### *(1) Shares issued as part of a private placement*

During the three-month period ended March 31, 2017, a total of 4,608,331 shares were issued at \$0.12 per share as part of a private placement for a total cash consideration of \$553,000. As part of the private placement, the investors also received a total of 4,608,331 warrants of the Company exercisable at \$0.20. A total of \$317,975 of the issue price was allocated to the warrants.

###### *(2) Shares issued on conversion of convertible debt*

During the three-month period ended March 31, 2017, 5,133,440 shares were issued in relation to the conversion of convertible debt. A total amount of \$433,043 from the conversion of the debt was reclassified from liabilities and other equity accounts to share capital.

##### *b) Share Purchase Options*

The Company has adopted an incentive stock option plan (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, at its discretion, grant to directors, officers, employees and other key personnel of the Company, options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for a period of up to five (5) years. The stock options vest over a period of time approved by the Board of Directors. The price per common share, which is defined by the CSE at the date of grant, and the number of common shares, which is determined by the members of the board, may be allotted to each director, officer, employee or other key personnel of the Company and all other terms and conditions of the options granted under the Stock Option Plan.

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month period ended March 31, 2017 and 2016

(in Canadian dollars except share and per share amounts)

#### 8 - SHAREHOLDERS' EQUITY (Continued)

	March 31, 2018		December 31, 2017	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning of period	13,241,417	0.24	6,121,000	0.23
Granted	470,000	0.35	9,827,500	0.27
Exercised	(400,000)	0.15	(386,833)	0.15
Forfeited	(505,750)	0.21	(154,250)	0.15
Expired	-	-	(2,166,000)	0.39
<b>Balance, end of period</b>	<b>12,805,667</b>	<b>0.25</b>	<b>13,241,417</b>	<b>0.24</b>
<b>Exercisable options</b>	<b>11,396,278</b>	<b>0.25</b>	<b>12,078,445</b>	<b>0.25</b>

Outstanding options as at March 31, 2018 are as follows:

Range of exercise prices	Weighted average residual life span (in years)	Outstanding options	Weighted average exercise price	Exercisable options	Weighted average price
0.15	2.84	7,178,167	0.15	6,238,778	0.15
0.35	3.34	4,977,500	0.35	4,507,500	0.35
0.50	1.54	650,000	0.50	650,000	0.50
<b>0.15 to 0.50</b>	<b>2.96</b>	<b>12,805,667</b>	<b>0.25</b>	<b>11,396,278</b>	<b>0.25</b>

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Expiry date	Exercise price	Share options March 31, 2018
September 8, 2018	0.15	250,000
October 16, 2018	0.50	650,000
December 4, 2018	0.35	916,000
December 9, 2018	0.15	668,167
January 9, 2020	0.15	3,560,000
February 7, 2020	0.35	341,500
May 9, 2020	0.35	700,000
June 30, 2020	0.35	560,000
September 28, 2020	0.35	670,000
November 28, 2020	0.15	400,000
December 9, 2020	0.15	2,200,000
January 23, 2021	0.15	500,000
February 26, 2021	0.35	470,000
October 16, 2022	0.35	920,000
		<b>12,805,667</b>

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month period ended March 31, 2017 and 2016

(in Canadian dollars except share and per share amounts)

#### 8 - SHAREHOLDERS' EQUITY (Continued)

##### b) Share Purchase Options (continued)

For the period ended March 31, 2018, 400,000 share options were exercised (86,833 in 2017).

An amount of \$105,717 has been expensed as share-based payment awards for the period ended March 31, 2018 (\$245,942 for 2017). The offsetting credit has been recorded as option reserve. The stock based compensation expense was calculated according to the weighted average fair value of options granted based on the Black-Scholes valuation model using the assumptions shown below based on the expected number of options expected to vest. The volatility on the Company's common shares was estimated based on historical information over the expected life of the options.

The fair value of each option granted was estimated on the grant date using the Black-Scholes option pricing model, using the following assumptions:

For the period ended March 31, 2018

	February 26, 2018
Share price	<u>0.15</u>
Exercise price	<b>0.35</b>
Risk-free interest rate	<b>1.9%</b>
Expected life	<b>3 years</b>
Expected estimated volatility	<b>139%</b>
Dividend yield	<b>nil</b>
Fair value of options granted	<b>0.10</b>

##### c) Other equity accounts

	March 31, 2018	December 31, 2017
	<u>\$</u>	<u>\$</u>
Contributed Surplus	<b>8,166,997</b>	8,158,189
Option reserve	<b>861,911</b>	775,792
Warrant reserve	<b>4,463,268</b>	4,476,094
	<u><b>13,492,176</b></u>	<u>13,410,075</u>

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month period ended March 31, 2017 and 2016

(in Canadian dollars except share and per share amounts)

#### 8 - SHAREHOLDERS' EQUITY (Continued)

##### c) Other equity accounts (continued)

##### Contributed surplus

	March 31, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	8,158,189	7,675,658
Warrant expired/cancelled during the period	-	191,897
Stock options expired or forfeited	8,808	290,634
Balance, end of period	<u>8,166,997</u>	<u>8,158,189</u>

##### Option reserve

	March 31, 2018	December 31, 2017
	\$	\$
Balance, beginning of period	775,792	369,662
Stock based payments	105,717	746,974
Stock options expired or forfeited	(8,808)	(290,634)
Stock options exercised	(10,790)	(50,210)
Balance, end of period	<u>861,911</u>	<u>775,792</u>

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share and per share amounts)

#### 8 - SHAREHOLDERS' EQUITY (Continued)

##### Warrants reserve

	March 31, 2018			December 31, 2017		
	Number of warrants	Amount	Weighted average exercise price	Number of warrants	Amount	Weighted average exercise price
	\$	\$	\$	\$	\$	\$
<b>Warrants issued and outstanding</b>						
Balance, beginning of the period	30,244,387	4,476,094	0.27	20,788,446	372,955	0.25
Expired/cancelled during the period				(10,696,308)	(191,897)	0.34
Issued during the period	200,000	27,000	0.10	36,150,017	11,241,660	0.34
Exercise of special warrants during the period	—	—		(29,538,203)	(10,338,371)	0.31
Issued through exercise of special warrants during the period	—	—		14,769,101	4,179,656	0.28
Exercised during the period	(1,147,167)	(39,826)	0.15	(1,228,666)	(22,042)	0.34
Warrant issue costs	—	—		—	(765,867)	
<b>Balance, end of the period</b>	<b>29,297,220</b>	<b>4,463,268</b>	<b>0.32</b>	<b>30,244,387</b>	<b>4,476,094</b>	<b>0.27</b>

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share and per share amounts)

#### 9 - INFORMATION INCLUDED IN NET LOSS

Financial expenses comprises of the following:

	<b>March 31, 2018</b>	March 31, 2017
	<u>\$</u>	<u>\$</u>
Interest and banking fees	5,479	2,510
Interest expense on long term debt	26,934	65,088
Interest Revenue	(12,546)	-
Interest and accretion expense on convertible debt	33,678	94,697
Accretion interest on contingent consideration payable	-	241,141
Fair value adjustment on liability for acquisition of Mobi (Note 10)	-	5,292,101
Total finance expenses	<u><b>53,545</b></u>	<u><b>5,695,537</b></u>

#### 10 - FINANCIAL INSTRUMENTS

The Company is exposed to a certain number of risks at different levels.

##### a) Measurement categories

The following table shows the carrying values of assets and liabilities for each of these categories as at March 31, 2018 and December 31, 2017.

	<b>March 31, 2018</b>	December 31, 2017
	<u>\$</u>	<u>\$</u>
<b>Assets</b>		
Loans and receivables		
Cash	2,073,410	3,735,400
Trade and other receivables (excluding sales taxes and tax credit receivable)	774,658	1,075,408
Total loans and receivables	<u><b>2,848,068</b></u>	<u><b>4,810,808</b></u>
<b>Liabilities</b>		
Amortized cost		
Accounts payable and accrued liabilities (excluding salaries and related benefits)	1,659,733	2,292,451
Convertible debt	345,600	311,922
Demand debt	250,000	250,000
Long term debt	1,094,187	1,110,757
Total amortized cost	<u><b>3,349,520</b></u>	<u><b>3,965,130</b></u>

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share and per share amounts)

#### 10 - FINANCIAL INSTRUMENTS (Continued)

##### b) Fair value

The net carrying amount of the cash, trade and other receivables (excluding non-financial assets) and accounts payable and accrued liabilities (excluding non financial liabilities) is considered a reasonable approximation of fair value since all amounts are short-term in nature.

The fair values of the convertible debt and demand debt are approximately equal to their carrying value due to their short-term maturity dates. The fair value of the long-term debt is not significantly different than its carrying amount and its estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. These debts have been categorized within Level 2 of the fair value hierarchy.

The estimated fair value of the liability for the acquisition of Solutions Mobi724 Inc. is categorized within Level 2 of the fair value hierarchy. The fair value was determined based on an estimated number of common shares to be issued to the previous shareholders of Mobi times the share price of the Company as at March 31, 2017.

The reconciliation of the liability for the acquisition of Solutions Mobi724 Inc.

	<b>March 31, 2018</b>	December 31, 2017
	<u>\$</u>	<u>\$</u>
Opening balance	-	726,372
Partial settlement of liability (Note 8)	-	(4,769,275)
Fair value adjustment on liability (a)	-	4,042,903
Ending balance	<u>-</u>	<u>-</u>

(a) The fair value adjustment on liability increased due to the increase in the number of shares to be issued to settle the liability (Note 3) as well as the increase in the share price of the Company during the three-month period ended March 31, 2017.

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share and per share amounts)

#### 11 - RELATED PARTY TRANSACTIONS

The following table summarizes the balances outstanding with related parties of the Company:

	<b>March 31, 2018</b>	December 31, 2017
	<u>\$</u>	<u>\$</u>
<b>Balances outstanding:</b>		
Amounts due to officers, without interest	<b>141,500</b>	141,500
Amounts due to persons that are significant shareholders and founders of the Company without interest	-	110,057
Demand debt due to director and significant shareholder	<b>64,699</b>	60,976
Amounts due to company controlled by an officer	<b>264,706</b>	-
Amount receivable from an officer of a subsidiary, without interest	<b>(206,711)</b>	-

#### *Compensation of key management personnel*

The remuneration of directors and other members of key management personnel during the period were as follows:

	<b>March 31, 2018</b>	March 31, 2017
	<u>\$</u>	<u>\$</u>
Management fees, commissions and salaries	<b>299,042</b>	230,000
Share-based payments compensation	<b>23,798</b>	121,445
	<b><u>322,840</u></b>	<u>351,445</u>

Please see Note 3 for additional information on transactions with key management, directors and officers.

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share and per share amounts)

#### 12 - LOSS PER SHARE

##### a) Basic

Basic earnings (loss) per common share are calculated by dividing the net income attributable to the owners of the Company by the weighted average number of outstanding common shares during the period.

	<b>March 31, 2018</b>	March 31, 2017
	<b>\$</b>	\$
Net loss attributable to the shareholders of the Company	<b><u>(1,619,507)</u></b>	<u>(7,438,994)</u>
Weighted average number of common shares outstanding	<b><u>190,634,186</u></b>	<u>136,861,686</u>

##### b) Diluted

For the periods ended March 31, 2018 and 2017, diluted net loss per share was calculated based on the net loss attributable to owners of the parent using the basic weighted average number of shares outstanding, since the convertible debt, all the outstanding warrants and stock options and the potential share issuance for the business acquisition have been excluded from the calculation of diluted net loss per share because they were anti-dilutive. Accordingly, diluted net loss per share for each period was the same as the basic net loss per share.

#### 13 - SEGMENTED REPORTING

The Company operates and reports its results as three operating segments (three in 2017), which are the development of new internet technologies to facilitate point of sale payments, e-coupons and digital marketing, as these are monitored by the Company's chief decision maker and strategic decisions are made on the basis of segment operating results. Each of the operating segments is a reportable segment for financial reporting purposes. The segments do not earn any inter-segment revenues. The Company also operates in three (three in 2017) different geographies. The Company's financial information by reportable segment is as follows:

	<b>March 31, 2018</b>				
	<b>Payment solution</b>	<b>E-coupons</b>	<b>Digital marketing</b>	<b>Unallocated</b>	<b>Consolidated</b>
Revenues from external customers	<b>55,241</b>	<b>68,408</b>	<b>396,258</b>		<b>519,907</b>
Total operating expenses	<b>1,136,297</b>	<b>260,307</b>	<b>496,634</b>	<b>284,973</b>	<b>2,178,211</b>
Operating loss	<b>(1,081,056)</b>	<b>(191,899)</b>	<b>(100,376)</b>	<b>(284,973)</b>	<b>1,658,304</b>
Net financial expenses	<b>2,940</b>	<b>(4,970)</b>	<b>2,497</b>	<b>53,078</b>	<b>53,545</b>
Net loss before income taxes	<b><u>(1,078,116)</u></b>	<b><u>(196,869)</u></b>	<b><u>(97,879)</u></b>	<b><u>(231,895)</u></b>	<b><u>1,711,849</u></b>

## Mobi724 Global Solutions Inc.

### Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2018 and 2017

(in Canadian dollars except share and per share amounts)

#### 13 - SEGMENTED REPORTING (continued)

	March 31, 2017				
	Payment solution	E-coupons	Digital marketing	Unallocated	Consolidated
Revenues from external customers	43,787	93,901	508,705		646,393
Total operating expenses	1,007,418	250,209	594,516	542,482	2,394,625
Operating loss	963,631	156,308	85,811	542,482	1,748,232
Net financial expenses	337	450	7,934	5,686,816	5,695,537
Net loss before income taxes	963,968	156,758	93,745	6,229,298	7,443,769

The Company's financial information by geographic location is as follows:

	March 31, 2018	March 31, 2017
	\$	\$
<b>Sales from external customers</b>		
South America	68,408	93,901
Canada	396,258	508,705
Caribbean	55,241	43,787
	<b>519,907</b>	<b>646,393</b>

All of the Company's non-current assets are located in Canada.

#### 14 - EVENTS AFTER THE REPORTING PERIOD

The Company and UseMyServices Inc. finalized and signed an agreement which settled the dispute between the two parties and the Superior Court homologated the transaction in December 2017. Subsequently, the bailiff was authorized by the Superior Court to proceed with the sale of the remaining seized assets and on May 2, 2018 the amount of \$536,706 was remitted to the Company by the bailiff.

On April 13, 2018, the Company closed a warrant incentive program that generated \$930,000 where warrant holders exercised 6,200,000 eligible warrants at a price equal to \$0.15.