



MOBI724 GLOBAL SOLUTIONS Inc.

Management Discussion and Analysis (“MD&A”)

For the three months ended March 31, 2018.

Introduction

This Management Discussion and Analysis (“MD&A”) for MOBI724 Global Solutions Inc. (the “Company”, “MOBI724” or “we”) dated May 28, 2018 focuses on the significant activities of the Company which occurred during the three ended March 31, 2018, and should be read in conjunction with the Company’s consolidated financial statements and accompanying notes for the three months ended March 31, 2018. The consolidated financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company is available on SEDAR at www.sedar.com.

All amounts in this document are in Canadian dollars, which is the reporting currency of the Company. This MD&A was not audited nor reviewed by the Company’s external auditors.

The Company’s management is responsible for the preparation of the consolidated financial statements as well as other information contained in this MD&A. The Board of Directors is required to ensure that management assumes their responsibility with regards to the preparation of the Company’s financial statements.

The Board created an Audit Committee (“Audit Committee”) to assist management in the preparation of the financial statements. The Audit Committee’s role is to meet with the management team to discuss the operating results and the financial situation of the Company. The Audit Committee makes recommendations to the Company’s management before the financial statements are presented to the Board of Directors for its examination and approval.

On May 28, 2018, the Board of Directors approved and authorized for release the consolidated financial statements and this MD&A for the three months ended March 31, 2018.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains forward-looking statements and information within the meaning of applicable Canadian securities legislation (“forward looking statements”). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, potential future events or performance (often, but not always, using words or phrases such as “believes”, “expects” or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, or “intends” or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken or achieved) are not statements of historical fact, but are “forward-looking statements”. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or developments in the Company’s business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include disclosure regarding possible events, conditions or results of operations that are based on assumptions about future conditions, courses of action and consequences.

Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. The Company cautions you not to place undue reliance upon any such forward-looking statements. Forward-looking statements relate to, among other things, the successful commercialization of our technology, comments about potential future revenues, joint development agreements and expectations of signed contracts with customers and the like. A variety of inherent risks, uncertainties and factors, many of which are beyond the Company’s control, affect the operations, performance and results of the Company and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these risks and uncertainties include the risk of not securing required capital in future, the risks of not successfully concluding agreements with potential partners on a timely basis, the risks associated with commercializing

and bringing to market our technology. These risks are affected by numerous factors beyond the Company's control: the existence of present and possible future government regulation, the significant and increasing competition that exists in the Company's business sector, uncertainty of revenues, markets and profitability, as well as those other factors discussed in this MD&A report. This list is not exhaustive and does not include all the factors that may affect any of the Company's forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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 Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities law.

Internal Controls Over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), on a timely basis so appropriate decision can be made regarding public disclosure. In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's financial reporting framework.

Corporate Overview

MOBI724 is a global financial technology ("Fintech") company that offers a unique and fully integrated suite of payment and digital marketing solutions with a combined EMV payment, card linked offers, and digital marketing platform that works on any card and any mobile device.

Product Offerings - MOBI724 provides a turnkey solution to enable smart transactions on any mobile device, at any point-of-sale or from any payment card, and to provide Card-Linked Offers and Rewards solutions. MOBI724's offering, which adds full and comprehensive traceability, enriched consumer data and business intelligence, includes:

- Card-Linked Offers & Rewards ("CLO&R") - provides card issuers, banks and merchants the ability to issue offers and rewards linked to a payment card, which can be redeemed directly at the point-of-sale in a seamless user experience for all parties in the ecosystem (card issuers, retailers and cardholders). This solution enables customers to pay with their points linked to their rewards payments card.

- Digital Marketing & Business Intelligence (“DMBI”) - offers a comprehensive loyalty drive and customer relationship solution for retailers to deliver, manage and control a multitude of reward options. MOBI724 also provides a variety of tactical/promotional solutions for retailers who are looking to leverage their customer purchase data.
- EMV Payments (“Payments”) - delivers a turnkey solution to merchants, acquiring networks and financial institutions to capture card transactions on any mobile device or point-of-sale and payment host. MOBI724’s EMV Payments platform is designed to allow banks (card issuers) acquirers and merchants to quickly deploy and offer EMV mobile point-of-sale and standard point-of-sale payments in any location. The Corporation’s easy to adapt switch gateway (“Switch Gateway”) is designed for easy integration with all payment protocols.

Technology Value - MOBI724’s solutions add value to all types of transactions benefiting banks, retailers and cardholders by leveraging available user and purchasing data to increase transaction volumes and spend in a seamless user experience for all parties in the eco-system.

The Company’s solutions enable card associations, retailers, card issuers, retailers and offer providers to create, manage, deliver and "track and measure" incentive campaigns worldwide to any device and allow their redemption at any point of sale, in a seamless user experience, for all the parties in the eco-system.

The Company’s Payment solutions allow banks to process end-to-end EMV transactions, focusing on authentication, industry sector security standards and quick merchant adoption which allows the users to process payments with a wide range of devices over a secure and seamless transaction.

MOBI724’s PCI and Switch Gateway, with their device agnostic connectivity, simplifies deployment and integration, and introduces new payment and digital incentive solutions to the market enabling multi layered intelligent transactions.

Global Partner – In January 2017, MOBI724 signed an agreement with Visa to integrate its solutions with the Visa Offers Platform. Visa will provide MOBI724 with qualifying purchase notifications to enable the Company to deliver integrated CLO&R and DMBI platforms and solutions to participating Visa-issuing banks and their cardholders.

Global Customer Base – MOBI724 has become a preferred provider of Fintech services to major financial and retail companies globally in Canada, USA, Latin America (“LATAM”), Central America and the Caribbean and the Philippines.

Corporate – 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 St. East, Suite 400, Montreal, Quebec, H2X 1E3. The Company has additional offices in Buenos Aires, Argentina and Manila, Philippines.

Effective March 14, 2018, the common shares of MOBI724 are traded under the symbol “MOS” on the TSX Venture Exchange (TSX-V) and on the OTCQB under the symbol “MOBIF”. Prior, the common shares of MOBI724 were traded on the Canadian Securities Exchange.

Corporate Mission

The Company’s mission is to enable smart transaction everywhere, and is dedicated to: i) monetizing the Company’s solutions; ii) generating high financial returns to its shareholders by focusing on generating revenues, reducing the cash burn rate and improving the balance sheet; iii) being transparent and communicating frequently and adequately with its shareholders, the financial community and all other stakeholders; and, iv) observing high ethical standards in all of its actions.

The Company will seek to achieve its mission by generating revenue through the licensing of its software platform and deriving transaction revenues while delivering turnkey solutions to card issuers, retailers with important customer base.

In order to adequately support the management team in its objective to create value for shareholders, the Company is supported by a board of seven directors, composed of experienced and well-known business operators.

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 3 segments of business - CLO&R, DMBI and Payments attainment of profitable operations, the generation of cash from operations and the ability to secure new financing arrangement 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 classification that would be necessary if the going concern assumption was not appropriate. The adjustments could be material.

The Company has generated limited revenues since inception and has generated losses from continuing operations totalling \$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.

Operational Highlights – Q1 2018

Following were the key operational highlights of the Company in Q1 2018:

First Visa customer signed: On January 23, 2018, the Company entered into an agreement with Panama based Credicorp Bank to provide MOBI724's suite of integrated Loyalty Solutions, including Card-Linked Offers & Rewards, Digital Marketing and Business Intelligence Solutions, through the Visa Loyalty and Offers Platform. Leveraging MOBI724's integration and connectivity to the Visa Offers Platform will allow Credicorp to maximize cardholders' purchase activity and to generate incremental revenues for the bank.

Trading platforms improved. The Company moved to the TSX Venture Exchange (TSXV) on March 14, 2018 (symbol "MOS") from the Canadian Securities Exchange. Also, the Company started trading on the OTCQB (symbol "MOBIF") on May 4th, 2017.

Operational Highlights – After Q1 FY2018 Reporting Period

Following are the operational highlights of the Company subsequent to the end of Q1 2018.

Debentures converted: On March 29, 2018, the holder of \$320,000 of convertible debt issued on October 6, 2016 elected to convert this final tranche of the Debenture, as well as \$25,600 of interest accrued. The Debenture including the interest was converted into a total of 2,304,000 shares of MOBI724 on April 5, 2018 at an exercise price of \$0.15 per share, which was contractually agreed upon on October 6, 2016

New funding for \$930,000 closed: On April 13, 2017, 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.

Blockchain partnership signed: On April 10, 2018, the Company signed a multi-phase product development agreement with DLT Labs Inc. to enable the integration of blockchain technology within MOBI724's product portfolio. This multi-phase agreement encompasses all MOBI724's products and will initially focus on the Company's digital marketing and loyalty program management platform, which is particularly favorable for quick implementation of a closed loop solution powered by blockchain for all customer transactional data, and customer point data (Points Bank).

Company received \$536,706 from settlement of litigation: 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.

Commercial operations started in the Philippines: In May 2018, the Company started live processing of EMV payment transactions in the Philippines. After a rigorous certification process with BancNet, the largest interbank and payment processing network in the country, MOBI724 and one of its distribution partners are launching commercial operations with their first sponsor bank for EMV Debit payment transactions.

Experienced COO added to team: In May 2018, the Company welcomed Sylvain Tasse, a leading technology executive as Chief Operating Officer to accelerate growth and revenues. Sylvain's focus will be to increase sales, optimize and expedite product implementation once contracts are signed, and oversee the launch of new products as well as the implementation of new ventures. Sylvain will ensure the Company drives revenues quickly from sales while ensuring superior delivery of the Company's multiple products.

Financial Highlights- Periods Ended March 31, 2018 and 2017**Summary of Results**

For the three months ended March 31, 2018, the Company recorded:

- Sales decrease of 20%: \$519,907 in revenues for the three months ended March 31, 2018 compared to \$646,393 for the same period in 2017 due to delayed implementation of key accounts.
- Operating loss decrease of 5%: \$1,658,304 in operating losses for the three months ended March 31, 2018 compared to an operating loss of \$1,748,232 for the same period in 2017.

The following table set out selected financial information for the Company for the three months ended March 31, 2018 and 2017:

	March 31st, 2018	March 31st, 2017
Total Revenue	\$519,907	\$646,393
Net Loss	\$1,619,507	\$7,438,994
Loss per share- basic	\$0.01	\$0.05
Loss per share - diluted	\$0.01	\$0.05
Total assets	\$11,645,123	\$10,110,739
Total non-current financial liabilities	\$1,067,907	\$72,287
Basic number of outstanding common shares- Weighted average	190,634,186	136,861,686
Diluted number of outstanding common shares- Weighted average	same as basic	same as basic

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-segments revenues. The Company also operates in three (three in 2017) different geographies. The Company's financial information by reportable segment is as follows:

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

					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
	\$	\$
Sales from external customers		
South America	68,408	93,901
Canada	396,258	508,705
Caribbean	55,241	43,787
	519,907	646,393

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

Results of Operations

For the three months ended March 31, 2018, the Company decreased its revenues to \$519,907, its operating loss to \$1,658,304 and its net loss to \$1,619,507.

Revenues

Revenues decreased for the three months ended March 31, 2018, to \$ 519,907 (\$646,393 in 2017) with declines in the DMBI segment and in the CLO&R segment offset by increases in the Payments segments. The Company derived in the three months ended March 31, 2018 the majority of its revenues from the DMBI segment (\$396,258) followed by CLO&R segment (\$68,408) and Payment solutions segment (\$55,241).

Decreased revenues in the DMBI segment are related to delays in launching certain projects and lower activity from existing clients that we expect to pick up in the rest of the year. The business model for this segment currently is limited to monthly fees.

Decreased revenues in the CLO&R segment are mainly related to reduced revenues from the legacy coupon business in Argentina as the Company transitions from the older products to Mobi724's smart transaction technology with a focus on its digital card linked offers ("CLO") products including:

- 1) Linking offers to payment cards that allow offer redemption directly at the point of sale using "One Swipe";
- 2) Allowing members of a Bank or loyalty program to pay with points directly at the point of sale using "Pay with Points"; and

- 3) Cardholders redeeming loyalty points for a voucher or gift card linked to a payment card directly at the point of sale using "Points4Vouchers".

Increased revenues in the Payments segment is mainly related to increased sales, primarily in the Caribbean region, related to continued onboarding of new merchants and more revenues generated from the existing merchant portfolio.

By geographic segment for the three months ended March 31, 2018, revenues in Canada were the largest (\$396,258) followed by South America (\$68,408) and the Caribbean (\$55,241). The percentage of revenues generated in the Canadian market is expected to decrease over time as the Company continues its growth in other geographic regions.

Operating Expenses

Operating expenses decreased for the three months ended March 31, 2018 to \$2,178,211 (\$2,394,625) in 2017 as a result of lower contract labour expenses, a gain on settlement of liabilities (vs. a loss in 2017) and lower share based payments expense offset by an increase in salaries expense.

Operating expenses decreased in the three months ended March 31, 2018 primarily as a result of the following:

- Decrease in contract labour costs to \$300,276 related to reduced use of short term contract staff to manage new sales and other projects.
- Decrease in the following non-cash operating expenses also contributed to lower operating expenses: 1) decrease in share based payments expense to \$105,717, and 2) gain on settlement of liabilities of \$52,348 in Q1 2018 vs. a loss in 2017.
- These decreases were partially offset by increases in: 1) salaries expense to \$803,929 as a result of staff growth as contract labour was reduced, and 2) filing costs to \$81,060 related to the cost of moving to the TSXV.

Cost of sales – Operating segments

Cost of sales for the Payments segment includes third party gateway fees and commissions for sales staff. For the DMBI segment, cost of sales is primarily commissions to sales staff. In the CLO&R segment, the Company has third party processing gateway transaction fees and sales commissions to internal staff or third-party sales lead agreements.

Net Loss

The Company incurred a net loss of \$1,619,507 for the three months ended March 31, 2018 (vs. a loss of \$7,438,994 in 2017). Though revenues decreased period over period, this decrease was more than offset by 1) lower operating expenses for the three months ended March 31, 2018 (as described above), and 2) a substantial reduction in net financial expenses to \$53,545 (vs. \$5,695,537 in 2017) related to the absence of the expense for fair value adjustment on liability for the acquisition of Mobi724 Solutions recorded in 2017.

The Company is continuously looking for cost efficiencies. A number of such initiatives were implemented in 2018 which will reduce costs and improve cash flow.

Performance Trends

Payments

Countries that have not transitioned to EMV payment standards are being pushed by card associations and banks to adopt EMV payment standards in order to reduce the fraud risk in payment transactions. These emerging markets add revenue potential to our payment segment as the Company’s solutions are focused on transitioning banks and merchants to these new standards.

CLO&R

As banks continue to reduce the rewards’ delivery costs on their loyalty points programs, this focus will add new revenue opportunities globally. Customers continue to require a more seamless user experience and to want to use their points to pay for every day purchases as opposed to aspirational rewards as they did in the past. This trend over time will add more transactions in the market. As noted by the Cardlynx Association, this new segment is growing at more than 50% annually. The Company has a large and growing sales with many active accounts under development.

DMBI

Knowing customers’ habits and sending them more relevant offers at the right time requires expertise and this is an opportunity for Mobi724 to add more mid-size merchants that are under served in this segment and that do not have all these capabilities internally. In emerging markets, business intelligence and insights add value to our customers. These new services in our portfolio will be leveraged to our other markets to grow the Company.

As the Company sells its solutions to card issuers and merchants and acquirers, the Company now can cross sell its solutions as they are all integrated and the Company can offer clients fast to market deployment for an added segment. These synergies will reduce our sales costs over time and increase potential revenues per client.

The Company is committed to aggressively implement and sell its solutions. The Company is continuously subject to new payment regulations in its existing markets. These regulations are subject to change without notice to which the Company would need to adapt to continue its operations in each country.

Summary of Quarterly Results- FY 2018

The following table provides selected financial information for the last eight quarters:

Item	2018	2017	2017	2017	2017	2016	2016	2016	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	\$519,907	\$814,666	\$630,851	\$782,443	\$ 646,393	\$740,899	\$641,431	\$605,542	\$557,385
Net income (Loss)	(\$1,619,507)	(\$1,697,889)	(\$2,175,161)	\$544,904	(\$7,438,994)	(\$2,381,157)	(\$928,033)	(\$662,119)	(\$963,589)
EPS (\$):									
Basic and diluted	(0.01)	(\$0.01)	(\$0.01)	\$0.00	(\$0.05)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.01)

The main variations in the quarterly results from the comparable period in the prior year are explained as follows:

2018-Q1

The Company recorded a net loss of \$1.6 million in the quarter which was a substantial decrease vs. the significant loss recorded in the same quarter last year primarily due to a lower operating loss in Q1 2018 vs Q1 2017, and a very significant drop in net financial expenses related to the negative impact in Q1 2017 of the fair value adjustment on liability for the acquisition of Mobi Solutions at -\$5.3 million.

2017-Q4

The Company recorded a net loss of \$1.7 million in the quarter which was a significant decrease vs. the loss recorded in the same quarter last year primarily due to higher revenues this quarter as a result of higher sales and the gain on renegotiation of purchase price which offset higher salaries and contract labour costs, and higher costs for settlement of litigations.

2017-Q3

The Company recorded a net loss of \$2.2 million in the quarter which was an increase vs. the loss recorded in the same quarter last year primarily as a result of higher expenses this quarter due to higher activity in sales and business development which impacted most areas, higher share based payment expenses related to option grants in Q3 2017, lower than normal professional fees in Q3 2016 as a result of a one-time adjustment that quarter offset by a one-time gain on settlement of liabilities in Q3 2017.

2017-Q2

The Company recorded net income of \$0.5 million in the quarter which was a significant improvement over the large loss posted in the same quarter last year primarily due to higher revenues this quarter vs. last year, recording net financial income in the quarter vs. net financial expense in 2016 and the recording in Q2 2017 of a large one-time gain on the renegotiation of purchase price related to an acquisition.

Business Combination- Acquisition of Solutions Mobi724

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 Mob, the Company recorded a liability, at fair value, for the future acquisition of the remaining Mobi shares. 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 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.

Cash Flow and Liquidity

Below is a representation of the cash flow and liquidity position of the Company for the three months ended March 31, 2018.

Consolidated cash-flow (\$)	March 31, 2018
Cash flow from operating activities	(1,852,771)
Cash flow for investing activities	(24,342)
Cash flow from financing activities	215,505
Effect of the exchange rate changes	(382)
Cash at the beginning of the year	3,735,400
Cash at end of the year	2,073,410

As at March 31, 2018, the Company had a cash balance of \$2,073,410, total assets of \$11,645,123, total liabilities of \$3,672,613, and total liabilities and shareholder's equity of \$11,645,123. The Company had working capital of \$1,216,633.

In comparison as at December 31, 2017, the Company had a cash balance of \$3,735,400, total assets of \$13,817,110, total liabilities of \$4,709,998, and total liabilities and shareholder's equity of \$13,817,110. The Company had working capital of \$2,164,966.

As at March 31, 2018, management considered the working capital insufficient to meet the Company's obligations and budgeted expenditures through as at March 31, 2019. However, if working capital proves to be insufficient, management must then secure additional funding to generate revenues and fund research and development and pay for general and administrative costs. General economic uncertainty remains and contributes to the volatility in the capital markets making equity financings for emerging companies difficult. Any funding shortfalls may be met in the future in a number of ways including but not limited to, the issuance of new equity or non-dilutive debt financing. While management has been successful in securing financing in the past, there can be no guarantee that it will be able to do so in the future, or that any source of funding or initiatives will be available on reasonable terms to the Company.

A summary of cash flow activities is provided below:

Operating Activities:

For the three months ended March 31, 2018, cash flow from operating activities was (\$1,852,771) (-\$661,158 for the same period in 2017).

Investing Activities

For the three months ended March 31, 2018, \$24,342 was invested primarily for property and equipment (\$2,606 for the same period in 2017).

Financing Activities

For the three months ended March 31, 2018, the Company obtained from financing activities \$215,505 (\$833,175 for the same period in 2017).

Statement of Financial Position

As at March 31, 2018, cash is at \$2,073,410 vs. \$3,735,400 on December 31, 2017 primarily related to the reduction in cash as operating expenses exceeded revenues as the Company is in the process of the commercialization of its technology and products.

Current liabilities decreased to \$2,523,426 as at March 31, 2018 vs. \$3,476,852 as at December 31, 2017 primarily as a result of the decrease in accounts payable.

Share Capital Transactions

A summary of the Company's share capital transactions for the three months ended March 31, 2018 is listed below:

Shares Issued for Exercise of Share Options

During the period, 400,000 common shares were issued upon exercise of share options.

Shares Issued for Settlement of Liabilities

During the period, 695,899 common shares were issued to settle outstanding liabilities.

Shares Issued for Exercise of Warrants

During the period, 1,147,167 common shares were issued for exercise of warrants.

Stock Options

During the period, 470,000 stock options were issued to directors, officers, employees or consultants of the Company at a weighted average exercise price of \$0.35 per common share.

Warrants

During the period, 200,000 warrants were issued at a weighted average exercise price of \$0.10 per common share.

Contingent Liabilities

In the normal course of operations, the Company may be exposed to a number of lawsuits, claims and contingencies. Provisions are recognized as liabilities in instances when there are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and where such liabilities can be reliably estimated. Although it is possible that liabilities may be incurred in instances where no provision has been made, the Company has no reason to believe that the ultimate resolution of such matters will have a material impact on its financial position.

Off-Balance Sheet Transactions

As at March 31, 2018, the Company had not entered into any significant off-balance sheet transactions.

Related Party Transactions

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

	March 31, 2018	December 31, 2017
	<u>\$</u>	<u>\$</u>
Balances outstanding:		
Amounts due to officers, without interest	141,500	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	64,699	60,976
Amounts due to company controlled by an officer	264,706	–
Amount receivable from an officer of a subsidiary, without interest	(206,711)	–

Compensation of key management personnel

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

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

Valuation of financial instruments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Outlook FY 2018

Consistent with Mobi724's strategic plan, the Company's focus for 2018 is to grow revenues in its three operating segments (CLO&R, Payments and DMBI), become cash flow break-even in Q4 FY2018, increase cards under management to 24M from 8M at the end of FY2017, and continue to improve features in Mobi724's technology to remain best in class with the following initiatives:

1. Expand sales and revenues in all 3 operating segments:
 - Increase the sales pipeline.
 - Accelerate the sales cycle through new deployments.
 - Seek new strategic acquisitions.

2. Monetize, expand and develop opportunities in each of the 3 operating segments:

- CLO&R segment:
 - For Visa, commence rollout with users in North America, Latam, Central America and Caribbean markets.
 - For CrediBanco, continue integration and plan/ start rollout.
- Payments segment:
 - Further expand current deployments
 - Strengthen the Philippine market position.
 - Seek new opportunities in Asia and Latin America where MOBI724 is already present.
- DMBI:
 - Leverage MOBI724 customer base to upsell existent customers
 - Seek new opportunities outside the Canadian marketplace.

3. Become cash flow break even in Q4 2018 by growing revenues quickly and seeking efficiencies in the current cost structure.

4. Although our solutions are market ready – we continue to add new features on our core technology to remain a market leader and innovator:

- Evaluate new technologies to ensure Company offers cutting edge solutions to its customers and partners.
- Implement phase 1 of our block chain hyper ledger to our rewards points platform
- Evaluate Artificial Intelligence capabilities to add to our core portfolio of solutions

Risk Factors and Uncertainties

The Company operates in the technology industry that is subject to numerous significant risks that can influence the profitability of a company. The Company has disclosed several risks below which it believes to be the most significant and that could have a material impact on its current operations. There may exist other risks that are not indicated below which may currently exist or can arise in the future regarding the Company's operations. An investment in the Company should be considered highly speculative due to the nature of the Company's activities and its current stage of development.

Intellectual Property

The Company's success and future growth are dependent on its ability to develop innovative payment-enabled technology solutions. The Company's commercial advantage will depend to a significant extent on its intellectual property and proprietary technology. If a third-party misappropriates the Company's intellectual property, the Company may be unable to enforce its rights. If the Company is unable to protect its intellectual property against unauthorized use by others, it could have an adverse effect on its competitive position.

Industry Competition

The technology industry is very competitive and the Company has to compete with other companies relating to access to capital, attraction of technical labour and resources, and market demand. The Company has made significant strides in developing its products over the past four years in its attempt to commercialize products with its various strategic development partners. As of the current fiscal year, the Company has completed its development efforts to the point that it has products available for sale. For most sales in the payment industry, there are additional steps needed to certify a payment solution in order to deploy it. The Company has secured certifications in several important jurisdictions, but each market territory requires separate certifications with various payment acquirers, banks or processors.

There remain uncertainties as to the Company's ultimate ability to complete necessary certifications in a timely fashion to deploy successful customer solutions.

Market Demand

The Company has entered into multiple joint development agreements whereby our partners are subjecting our prototype products to rigorous testing. While this was very encouraging, there is no guarantee that they will continue. Some of the joint development partners that we are dealing with are private companies and there is a potential risk of those companies having to secure all of their requisite financing to support their orders and their working capital requirements. In addition, the time delay between signing sales contracts, implementing the service and recognizing revenue depends on a variety of factors and may take many weeks.

Qualified Technical Labour

The lack of qualified technical labour is a global risk for all technology companies including MOBI724 that can threaten to reduce productivity, increase operating costs, and cause project delays.

Key Management

The Company is dependent on a relatively small number of key employees, of which the loss of any could have an adverse effect on its operations and financial reporting and result in potential material weaknesses in the Company's internal controls and procedures.

Security Breaches, Service Interruptions by Cyber-terrorists or Fraudulent or Illegal Use of Services

As part of its business, the Corporation's activities involve the storage and transmission of confidential personal or proprietary information, such as credit card numbers and bank account numbers. Despite the Corporation's implementation of security measures, it is vulnerable to internal and external security breaches, service interruptions and third party and employee fraud schemes and other similar disruptions that could damage MOBI724's reputation. The Corporation's payment services may be susceptible to credit card and other payment fraud schemes, including unauthorized use of credit cards, debit cards or bank account information, identity theft or merchant fraud. If a person penetrates MOBI724's network security or otherwise misappropriates sensitive data, MOBI724 could be subject to liability and merchants, customers or partners could lose confidence in the Corporation's services in particular, or in Internet systems generally, which could have a material adverse effect on Corporation's business, results of operations and financial condition.

The Corporation renews its compliancy with external auditors every year with the Payment Card Industry Security Standards (PCI), which are incorporated in the technical requirements of the data security compliance programs of all major credit cards such as American Express, Discover Financial Services, JCB International, MasterCard and Visa Inc.; however, there is no guarantee that that compliance will prevent illegal or improper use of the Corporation's payment system. Further, the Corporation's security measures may not prevent security breaches, service interruptions and fraud schemes and the failure to do so may disrupt the Corporation's business, damage its reputation and expose it to risk of loss or litigation and possible monetary damages that could materially adversely affect the Corporation's business, financial condition and results of operations. As these security threats continue to evolve, MOBI724 may be required to invest significant additional resources to modify and enhance its information security and controls or to investigate and remediate any security vulnerability.

Litigation

All industries, including the technology industry, are subject to legal claims, with and without merit. The Company may in the future be involved in various legal proceedings. While the Company believes it is unlikely that the final outcome of these legal proceedings will have a material adverse effect on its financial

position or results of operations, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's future cash flows, results of operations or financial position.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company's long-term debts are collateralized by assets of the Company. The Company manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The board of directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash, short-term investments, accounts receivable, and deposits. The Company offsets these risks by depositing its cash and its short-term investments with international financial institutions with low risk credit ratings.

Risks Linked to Common Shares

The price of the Company's common shares can fluctuate for several reasons such as the exchange rate, financing and several other factors. It is possible that the price of common shares might experience significant volatility that has a negative impact on the market capitalization of the Company.

Future Financing and Access to Capital Markets

To fund its growth, the Company is dependent on securing the necessary capital through loans or issuing equity. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company's projects. The financing environment for early stage technology companies remains challenging and there is no certainty that the Company will be able to continue to raise financing as it has in the past to continue to support its business initiatives.

Foreign Exchange Rates

The functional currency of the Company is the Canadian dollar. The Company is exposed to foreign exchange risk as a portion of its monetary balances is denominated in U.S. dollars, Philippine Peso and Argentina Peso. The Company is, therefore, exposed to gains and losses due to fluctuations in these currencies. The Company does not use derivatives to manage the exposure to foreign exchange risk.

Fluctuation in Interest Rates

The Company has a bank loan and long-term debt that is exposed to risks associated to fluctuations in interest rates.

Industry competition

The technology industry is very competitive and the Company has to compete with other companies relating to access to capital, attraction of technical labour and resources, and market demand. The Company has made significant strides in developing its products over the past four years in its attempt to commercialize products with its various strategic development partners. As of the current fiscal year, the Company has completed its development efforts to the point that it has products available for sale.

For most sales in the payment industry, there are additional steps needed to certify a payment solution in order to deploy it. The Company has secured certifications in several important jurisdictions, but each market territory requires separate certifications with various payment acquirers, banks or processors. There remain uncertainties as to the Company's ultimate ability to complete necessary certifications in a timely fashion to deploy successful customer solutions.

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Company's critical accounting policies, estimates, judgments, and assumptions in the interim financial statements for the three months ended March 31, 2018.

Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period

Basis of Preparation

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.

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 receivable 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.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares. As at March 31, 2018, there were 191,575,442 common shares outstanding. As at May 30, 2018, there were 200,144,815 common shares outstanding.

The Company issues warrants from time to time in connection with financings. As at March 31, 2018, there were 29,297,220 warrants outstanding. As at May 30, 2018, there were 29,107,057 warrants outstanding.

Employees, directors, officers and consultants have been granted options to purchase common shares under the Company's stock option plan. As at March 31, 2018, there were 12,805,667 options outstanding. As at May 30, 2018 there were 12,545,667 options outstanding.

(s) Marcel Vienneau

Marcel Vienneau

Chief Executive Officer