mobi724

GLOBAL SOLUTIONS

MANAGEMENT DISCUSSION ANALYSIS

FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2019

Q3

### INTRODUCTION

*This Management Discussion and Analysis ("MD&A") for MOBI724 Global Solutions Inc. and its subsidiaries (the "Company", "MOBI724" or "we") is current as of November 28, 2019 and focuses on the significant activities of the Company which occurred during the nine-month periods ended September 30, 2019, and should be read in conjunction with the Company's condensed interim consolidated financial statements and accompanying notes for the nine-month periods ended September 30, 2019. The Company's condensed interim consolidated financial statements and comparative information have been prepared in accordance with the IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").*

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. This MD&A is the responsibility of management. Prior to its release the Company's Board of Directors (the "Board") has approved this MD&A on the Audit Committee's recommendation.

The Company's continuous disclosure materials, including interim filings, audited consolidated financial statements, management proxy circulars and various press releases issued by the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.mobi724.com.

***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 and the risks associated with bringing new technologies to the market. 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.

### CORPORATE OVERVIEW

MOBI724 is a financial technology ("Fintech") company headquartered in Montreal, Canada. The company offers a suite of technology-agnostic & fully integrated data-driven Business Intelligence ("B"I) & Artificial Intelligence ("AI") powered card-linked offers & reward solutions ("Smart Transactions") that work with any payment card, at any point of sale, both online and in physical locations. Mobi724's global processing platform enables card issuing banks, payment networks, merchants and loyalty program operators to generate incremental revenues by driving new commerce opportunities, while delivering seamless engaging and rewarding experiences to cardholders. 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 for operations in Latin America in Buenos Aires, Argentina and a sales office in Bogota, Colombia. Effective March 14, 2018, the common shares of MOBI724 trade under the symbol "MOS" on the TSX Venture Exchange (TSX-V). Prior to March 14, 2018, 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) maximizing returns to its stakeholders by focusing on generating revenues, reducing the cash burn rate and improving the balance sheet ; iii) communicating in a transparent manner with 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 transactional revenues.

In order to adequately support the management team in its objective to create value for shareholders, the Company is supported by a board of five (5) directors, composed of experienced and well-known business operators.

## COMPANY HISTORY

MOBI724 Solutions Inc. was founded on October 10, 2012, a company offering a portfolio of digital couponing solutions, including cash-back and pay-with-points capabilities at any Point of Sale. In Q3-2013, MOBI724 Solutions Inc. was acquired by the Canadian publicly-traded company, Hybrid PayTech World Inc., a payment solutions provider founded in 2005, with operations in APAC and the Caribbean.

In February 2015, the management of MOBI724 Solutions Inc. assumed control over Hybrid PayTech World Inc. Shortly thereafter, the company adopted a new corporate strategy and was renamed MOBI724 Global Solutions Inc. ("MOBI724"), the same name the company carries today.

In 2016, MOBI724 completed the acquisition of I.Q. 7/24 Inc., a Quebec based company focused on providing customized loyalty programs to small and medium-size enterprises. This strategic acquisition provided MOBI724 with Business Intelligence, digital marketing and customer retention solutions, which in 2017, were integrated with MOBI724's existing offering into a single architecture.

In 2019, MOBI724's platform was further enhanced through the adoption of machine learning, AI algorithms. As of 2019, MOBI724's corporate strategy and business development has carefully focused on offering its highly scalable Smart Transactions processing platform to card associations, payment card issuing banks, acquiring and processing networks, merchants and loyalty program operators.

## PRODUCT OFFERINGS

MOBI724 offers a suite of technology-agnostic & fully integrated data-driven card-linked offers & reward solutions (Smart Transactions) that work with any payment card, at any point of sale, both online and in physical locations. Mobi724's global processing platform enables card issuing banks, payment networks, merchants and loyalty program operators to manage, deliver, track and measure incentive campaigns worldwide in real time. MOBI724 presently has operations in North & Latin America and the Caribbean.

## SEGMENTED INFORMATION

Effective September 30, 2019, MOBI724 was restructured to consist of a single reporting and operating segment, namely, Smart Transactions Processing. Previously, the divisional structure and its three reportable and operating segments were Card-Linked Offers & Rewards ("CLO&R"), Digital Marketing & Business Intelligence ("DMBI"), and EMV Payments ("Payments"). The single segment reporting is aligned with the organizational structure and strategic direction of the Company. The Smart Transactions Processing segment is comprised of the former CLO&R and will incorporate revenues from AI enhanced products and services offering.

## TECHNOLOGY VALUE

MOBI724 offers an extensive portfolio of B2B solutions, which combines multiple payment card-linked capabilities, points-based engagement solutions, a proprietary smart business rules engine, BI augmented by AI powered data analytics and digital marketing tools, including cross-border rewards & offers processing and management tools into an all-in-one software architecture. MOBI724's Smart Transactions processing platform (PCI-DSS certified) enables card associations, card issuing banks, payment networks, merchants and loyalty program operators to generate incremental revenues by driving new commerce opportunities, while delivering seamless engaging and rewarding experiences to cardholders. The Smart Transactions processing platform offers MOBI724's clients numerous revenue generation opportunities such as:

(i) enabling card associations, payment card issuing banks, acquiring and processing networks, merchants and loyalty program operators the power to manage, deploy and measure the performance of transaction-based incentive campaigns worldwide;

(ii) materially improve profit margins associated with incentive/loyalty programs;

(iii) providing actionable and profitable insights on cardholders' purchasing behaviour through data analytics;

(iv) delivering real time meaningful and financially rewarding experiences to cardholders;

(v) enabling automated & personalized communication between offer providers and cardholders;

(vi) enabling higher digital transaction volumes and increased cardholder spend;

(vii) allowing large-scale, card-linked marketing campaigns;

(viii) enable seamless onboarding of merchants as no training of staff, and/or any changes at the point of sales, are required;

(ix) allowing for highly targeted and personalized campaigns based on purchase behavior; and,

(x) easy integration with any payment network enabled through proprietary APIs.

### GLOBAL RELATIONSHIP

Over the years, MOBI724 has worked to earn the confidence of global blue-chip brands including Visa, HSBC, RBC, Prisma Medios de Pago, and Despegar among others.

In January 2017, MOBI724 signed an agreement with Visa Inc. to integrate its solutions with the Visa Offers Platform ("VOP"). VOP provides partners access to qualified Visa transaction data of enrolled cardholders and the platform is operational in multiple countries world-wide. Visa provides MOBI724 with qualifying purchase notifications to enable the Company to operate its Smart Transactions processing platform to participating Visa-issuing banks and their cardholders.

In October 2017, MOBI724 signed a co-marketing agreement with Visa to provide Visa clients its suite of integrated software solutions through the VOP in Latin America and the Caribbean.

As part of their agreement MOBI724 helps to expand the development of co-branded card-linked offers & rewards to acquirers and issuers in Latin America and the Caribbean. This is facilitated by MOBI724's device-agnostic technology & connectivity, which enables integration with any acquiring or processing network and permits Visa clients to generate incremental revenues by leveraging the Company's services into their business models.

In Argentina, Mobi724 has integrated its solutions with Prisma, the country's largest acquiring network and in Colombia, the company has integrated with CreditbanCo, Colombia's largest acquiring network. Additional integrations with multiple payment networks are currently underway.

### OPERATIONAL HIGHLIGHTS FOR FISCAL 2019

#### Q1

**Completion of Private Placement**: On January 15, 2019, the Company completed a private placement financing for aggregate gross proceeds of $1 million. The Offering consisted of the issuance of 7,692,307 common shares at a price of $0.065 for a total amount of $0.5

million and the issuance of a non-secured debenture for the remaining amount of $0.5 million. The Debenture matures 24 months following its issuance, bears interest at a rate of 12% per annum payable semi-annually and is convertible at a price at $0.15 per share.

**Signature of Commercial Agreement**: On March 15, 2019, MOBI724 signed a new commercial agreement (the "Agreement") with a business partner with operations in multiple countries. In compliance with the terms of the Agreement, MOBI724 is precluded from disclosing the identity of the contracting party as well as the details of the Agreement. The objective sought by the Agreement is to accelerate deployment of MOBI724's solutions in several countries. Through its collaboration with the business partner, MOBI724 will offer CLO&R solutions to payment card users in the countries where the business partner operates thereby allowing MOBI724 to reduce time to market and commercialize its solutions.

**Appointment of Allan Rosenhek as CFO**: On April 19, 2019, Mr. Allan Rosenhek, a Board Director of the Company was appointed CFO. Mr. Rosenhek, co-founder of MOBI724, has served as an executive in Bell Mobility Investments, Telus, and Glentel among others, being a key figure in strategy, including merger and acquisitions, divestitures, strategic alliances and investments. He played an important role in growing Glentel (acquired in 2015 by BCE and Rogers) into one of the world's largest Cellular Retail Conglomerates and as President & CEO he repositioned and successfully exited a Location Based Mobile Advertising company, KnowledgeWhere (acquired by Liberty Media). He began his career as a practicing lawyer with Simkin Gallagher and Ladner Downs (now Borden Ladner Gervais) specializing in Mergers and Acquisitions and Taxation. Mr. Rosenhek is the founder of a boutique investment bank and also severs on the Board of Hope for Prisoners, a re-entry program that provides the formerly incarcerated with long-term support and services as they work to reclaim their lives, families and standing in the community. He holds an M.B.A. from the Richard Ivey School of Business, an LL.B. from the University of Manitoba Law School and a B.A. from the University of Manitoba.

**Completion of Bridge Loan with Investissement Québec**: On April 18, 2019 the Company completed through its wholly owned subsidiary, First Equity Strategy LLC, a $221,600 bridge loan with Investissement Québec collaterized against its development of e-business tax credits ("CDAE") for the 2018 year which totaled $310,220. To date an amount of $177,280 has been received. The bridge loan bears interest at a rate of two percent (2%) over the prevailing prime lending rate, payable monthly, and is repayable upon receipt by the Company of the 2018 CDAE payments from tax authorities, but no later than December 31, 2020. The bridge loan is also subject to other customary terms and conditions.

**Business Development Highlights:** The company continues developing commercial accounts, which are at different stages of the sales process, across Latin America. The multi-country commercial Agreement signed on March 15, 2019 is contributing to a momentum in business development. Management is confident that important revenues will be recognized due to the strategy of fully focusing the company on the Fintech business.

### Q2

**Signing a Definitive Agreement to Sell I.Q. 7/24's Loyalty Based Contracts:** On May 09, 2019, the Company's wholly owned subsidiary, iQ7/24, entered into a definitive agreement (a "Transaction") to sell certain assets associated with iQ724's loyalty programs in the retail, hospitality and automotive sectors in both Canada and the USA (the "Targeted Accounts") to Ackroo Inc. ("Ackroo") (TSX-V:AKR), an arm's length party. iQ724 will continue to service certain globally strategic accounts and Ackroo will acquire the Targeted Accounts for an amount of $2,800,000. A non-refundable deposit of $100,000 was paid by Ackroo, in trust, at the signing of the definitive agreement and the balance of $2,700,000 will be paid in full at the closing of the Transaction. The parties have agreed to transition the Targeted Accounts from iQ724's loyalty platform to Ackroo's loyalty platform over the course of a 24-month period (the "Transition Period"). Under the terms of the agreement, iQ724 will retain all intellectual property rights pertaining to its loyalty platform, however, to ensure that the quality of the service to the Targeted Accounts remains unaffected by the Transaction, the parties have entered into various support agreements that run up to a term of 24-months in order to provide product support services pursuant to which iQ724 will transition the Targeted Accounts to Ackroo's loyalty platform. In light of the various service agreements entered into with Ackroo and based on the average historical billings of the Targeted Accounts, management expects that the Transaction will result in an immediate decrease of approximately $90K per month in top line revenue. Management is fully confident, that the positive impact from focusing the Company's resources on the scalable Fintech business, rather than on individual small and medium accounts, will generate greater value for the shareholders in the medium and long term.

On July 2, 2019, the Company closed the transaction for proceeds of $3,219,300.

The Transaction has allowed the Company's key IT and business development resources to refocus all of their efforts on developing multiples leads and accounts across Latin America for Mobi724's core business – AI powered Smart Transactions Processing. The objectives sought through such realignment include an improvement in margins and an acceleration in growth.

**Terminating of the Listing on OTCQB Exchange:** On May 15, the Company voluntarily terminated the listing on the OTCQB exchange. The initial reason for this listing was to facilitate purchase of shares of MOBI724 for USA based investors, as many US brokers are precluded from buying and selling the stocks of publicly traded companies listed on The Canadian Securities Exchange (CSE). As the Company is now listed on the TSX-V Exchange, US investors can purchase the shares directly using brokerage accounts that support such trades. The termination of the listing has no impact on the Company's business.

**Commercial Agreement with Grupo Promerica:** On May 17th, 2019, the Company's wholly owned subsidiary, MOBI724 Smart Transactions Inc., signed a 3-year regional agreement with Promerica Financial Corporation ("Grupo Promerica"), a group that operates commercial banks in 9 countries in Central and South America, and the Caribbean, to enable cardholders of Grupo Promerica banks to use their accumulated points to purchase travel and entertainment products offered by the Despegar.com platform ("Despegar"), the leading online travel company in Latin America, through MOBI724's fintech platform.

Under the terms of the commercial agreement, Grupo Promerica's cardholders will be able to use MOBI724's white label platform to access Despegar's ecosystem, thereby allowing them to use their loyalty points to book and pay for Despegar products and services directly through Grupo Promerica's websites or mobile apps. MOBI724 will generate booking fees from the sales processed through the Company's platform. The commercial agreement extends to all countries where Grupo Promerica operates.

**Market Development Agreement with Despegar:** Grupo Promerica is the first client to benefit from the Market Development Agreement between MOBI724 and Despegar, which will permit the Company's clients, banks and other payment card issuers, as part of their loyalty reward strategy, to use MOBI724's platform to access Despegar's ecosystem. MOBI724 will generate booking fees from the sales processed through its platform. The Market Development Agreement extends to all 20 countries where Despegar operates.

The Travel and Entertainment segment is of great significance to the company's business. The company will be generating booking fees from the transactions when cardholders purchase products from Despegar via MObI724's platform. Additionally, the Market Development Agreement contributes to competitive advantage. MOBI724's expertise in integrations with transactions processing networks and payment cards issuers enables the Company to offer payment card issuers Despegar's platform as a white label offering. Management anticipates significant and cross-regional opportunities originating from this contract.

**Closing of Non-Brokered Private Placement:** On May 22, 2019, MOBI724 completed a non-brokered private placement (the "Private Placement") of 9,090,909 units ("Units") of the Company at of price of $0.055 per Unit for gross proceeds of $500,000. Each Unit consists of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one common share at a price of $0.075 for a period of five years from the date of issuance, subject to accelerated expiry. Insiders and employees of the Company subscribed for an aggregate of 2,181,818 Units for gross proceeds of $120,000 under the Private Placement.

## Q3

**Closure of Transaction with Ackroo:** On July 03, 2019, MOBI724 announced that the transaction, which was previously announced on May 9th, 2019 and updated on June 14th, 2019, concerning the sale of certain assets, owned by its wholly owned subsidiary, I.Q. 7/24 Inc. ("iQ7/24"), to Ackroo Canada Inc. ("Ackroo") (TSX-V: AKR), closed on July 2nd, 2019 (the "Transaction"). The final amount of the Transaction totaled $2,800,000 plus GST and QST for a total of $3,219,300. An amount of $2,800,000 was received from Ackroo at Closing with the remaining balance of $419,300, which represents the GST and QST owing on the Transaction, due within sixty (60) days of the closing date.

**Sale of Shares of the Company's Subsidiary in the Philippines:** On Sept. 03, 2019, Mobi724 announced that on August 30th, 2019, the Company had entered into an agreement according to which it sells all of the shares it holds in the capital stock of Mobi724 Asia Inc. ("MobiAsia"), its partially held subsidiary operating in the Philippines, representing 70% of all of the issued and outstanding shares of MobiAsia (the "Shares"), to QualityPay Solutions Inc. ("QualityPay"), an arm's length party (the "Transaction"). Prior to entering into the Transaction, QualityPay held 30% of all of the issued and outstanding shares of MobiAsia. Pursuant to the Transaction, QualityPay is acquiring the Shares for a total consideration of $340,000 payable in three instalments.

The sale of the majority holding in Mobi724 Asia completes the Company's operational realignment. These transactions allow the Company, moving forward, to focus on providing its highly scalable Smart Transactions processing platform to payment card issuing banks, acquiring and processing networks, merchants and loyalty program operators. The objectives sought through this realignment include an improvement in margins and an acceleration in growth of the core business solutions of the company: AI powered Smart Transactions Processing.

**Commercial Agreement with Up SiVale**: On September 12, 2019, Mobi724 Smart Transactions Inc, a wholly owned subsidiary of MOBI724 signed a 4-year commercial agreement with Up Sí Vale, the leading provider of employee benefits solutions in Mexico and a subsidiary of international cooperative Group Up, to deploy Mobi724's fintech capabilities through Up Sí Vale platform.

Up Sí Vale issues prepaid payment cards which companies, who are clients of Up Sí Vale, distribute to their employees as a part of an employee benefits program. The payment cards can be used for regular purchases among the broad network of participating merchants. As of 2019, Up Sí Vale processes over 86 million transactions annually and delivers services to over 5 million of its cardholders.

Under the agreement, Mobi724 will enable and process reward transactions within Up Sí Vale's ecosystem. This will empower merchants, which include national and international blue-chip brands, to deliver personalized and relevant offers directly to Up Sí Vale cardholders. The cardholders will be able to redeem cash-back offers directly at the point-of-sale of participating merchants, both online and in-store. Revenues from this agreement are to be generated on per-transaction basis.

This agreement signifies an important milestone for the company, as it marks the largest individual payment card issuer to-date with whom MOBI724 has signed a long-term contract. Up Si Vale offers services for an extensive network of merchants and provides a complete ecosystem in the second largest economy in Latin America. The agreement will provide numerous benefits enabled by MOBI724's Smart Transactions processing platform to all involved parties. The agreement is envisioned as a multi-phase process and is focused on generating a steady stream of recurring revenues for the Company.

## OUTLOOK FY 2019-2020

Management's objective is to grow the business and to steer operations to a cash flow positive status. Commercial production from agreements signed in, and prior to, 2019 is expected to scale-up in the near-term. During 2019 the Company has aggressively pursued numerous opportunities in a number of countries and regions in Latam. The Company simultaneously uses multiple channels to engage with prospective clients, including leveraging strategic business relationships with large blue-chip brands in the region. A number of agreements with payment card issuers and payment networks are currently being negotiated. Under the new approach, implemented earlier this year, IT teams are working on integrations, while agreements are being finalized. This allows for faster deployment after contracts are signed and reduces the length of the sale cycle. Management is actively developing strategies to accelerate the sales cycle and monetization of the Company's contracts.

### Growth Strategy:

In 2018, the Company executed its first campaigns using MOBI724's new generation of solutions in three countries in Latin America ("Latam"). These campaigns served to demonstrate the significant added-value of Smart Transactions to important stakeholders in the payment processing industry. The successful execution of these campaigns, combined with MOBI724`s ambitious approach to commercialize its processing platform in multiple countries, allowed the Company to secure new commercial agreements in 2019 with blue-chip Latam companies in the payment and Travel & Entertainment industry. Commercial production is expected to commence shortly.

Over the course of 2019/2020, management intends to launch commercial accounts with new banks and payment networks in countries where MOBI724 is already present, as well as expanding operations into new countries.

The Company's objective is to secure significant market share in its focus region of Latam through partnerships and integrations with local payment processing networks, which will expand the company's real-time visibility on transactions and provide access to payment card issuing banks. Given the alignment of the Company`s business model with that of the payment processing and acquiring networks, MOBI724 has secured commercial relationships with some of the largest networks in Latam, with a number of integrations ongoing. Management believes that such an approach will solidify MOBI724's growth strategy as access to digital transactions in real time is key to the Company's future success and will be an important differentiator. Management will continue developing MOBI724's relationship with Visa within the Latam region as it remains one of the Company`s key relationships.

In Q3-2019, MOBI724 completed the reorientation and repositioning of the company's business development and operational focus. By exiting its payment business in APAC and realigning its focus on AI powered Smart Transactions Processing business and on larger accounts, management expects an improvement in margins over the coming quarters. Throughout the realignment process, the Company has retained all of its IP, software platforms and solutions expertise, along with key relationships with blue-chip brands.

### New Products:

The Company continues to advance its proprietary AI solutions towards commercialization and important progress has been achieved in this regard. Notably, the Company has begun testing its proprietary AI algorithms against transaction data sets provided by a third party in Latam. The development of AI within MOBI724's solution set has a dual purpose: to enhance personalization of targeted offers for cardholders; and to enable our clients to better plan and optimize their marketing budgets through the use of predictive analytics, thus generating incremental transactions and revenues from their existing payment card portfolios.

**Operations:**

MOBI724 continues to successfully decrease its burn rate and increase operational efficiency by focusing on its core business: AI-powered Smart Transactions Processing. To further enhance this performance, over the course of the next 24 months, the Company's day-to-day IT operations will be transferred to its regional office in Buenos Aires, while new product and R&D-related IT services will remain at the Company's headquarters in Montreal. With the anticipated growth in business requiring larger numbers of IT resources, the large and competitively priced pool of IT talent in Buenos Aires will enable MOBI724 to better control labour costs while simultaneously satisfying the growing demand of the Latam region. In the past 3 quarters, the Company has made considerable progress in accelerating the sales cycle and monetizing its contracts. Management expects further improvement in performance going forward,

## LONGER TERM OUTLOOK

Management anticipates that recently signed agreements will have a material and positive impact on the Company's projected growth and revenues. New enhancements to products continue to be developed and deployed that we believe will function as significant revenue accelerators. Furthermore, over the last 24 months, the Company has acquired important insights in relation to working with payment cards issuers and payments processing networks that are expected to serve it well in the implementation of its growth strategy.

Management anticipates that, as its early stage development in 5 countries matures, it will serve as a base for the Company's future growth.

Following completion of the reorganization of the company in Q3-2019, management has worked to select meaningful metrics that will be used to define, plan and evaluate the business development process and anticipated revenues. Management will monitor and evaluate the accuracy and significance of its business metrics over the coming quarters, prior to sharing it with stakeholders.

**Market Trends**

Over the last 5 years, global investment in Fintech has grown exponentially. In 2018, over US$112B[1] has been invested in innovative companies across the world within the Fintech sector. Latam countries represent very unique opportunities, as the shift to digital payments from cash-based commerce (the global trend) is still in infancy in this massive geography, as compared to other regions. As noted by Deloitte: "The finance industry is undergoing an unprecedented period of disruption as a result of digital innovation. From mobile money and online lending platforms to bitcoin and the blockchain, a range of new products and players will create new opportunities to better serve customers. In Latin America, where according to the World Bank, only 51% of adults have a bank account, the impact of this disruption can be revolutionary."[2]

Acceleration of the shift from cash to digital has been shown to drive economic improvement globally; as such, it is of high interest for the stakeholders across markets. MOBI724's Smart Transactions processing platform enables new ways to pay using payment cards, and new seamless and interactive all-digital experiences for cardholders, thus driving more usage of payment cards, and higher spent. As such, the Company's market offering is fully aligned with the business models of payment cards issuers and of processing networks. Scalability of MOBI724 solutions is appreciated by the company's business partners and combined with the current penetration of the Company's business into Latin American market, creates an important competitive advantage.

As banks continue to optimize the rewards' delivery costs on their rewards programs, this focus adds new revenue opportunities for MOBI724 globally. Cardholders continue to require frictionless, personalized and flexible user experience. The millennium new market is more focused on instant gratification. Hence the market for card-linked offers continues to grow at a healthy rate. As noted by the CardLinx Association, this new segment is growing at more than 50% annually. 62% of companies employing card-linked offers in North America, Asia and Europe saw transactions growth of more than 100% in 2018. On-line to off-line ("O2O") commerce is gaining traction globally and MOBI724 delivers new revenue generating channels and cost reduction opportunities to its clients and partners (large retailers, payment cards issuers, card acquiring and processing networks). In Latin America and the Caribbean in particular, MOBI724 has a substantial edge in securing an important share of the card-linked offers market due to existing commercial relationships with the largest payment processing networks. The Company has a large and growing sales pipeline with many active accounts under development.

[1] https://www.consultancy.eu/news/2390/global-fintech-investment-more-than-doubled-to-112-billion
[2] https://events.economist.com/events-conferences/americas/finance-disrupted-latam/

Knowing customers' habits and sending them more relevant offers at the right time, requires the type of innovative solutions offered by MOBI724. Recent reports indicate that nearly 50% of cardholders are switching payment cards in a search for a better reward program. As such, MOBI724 becomes a unique end-to-end provider of fintech and customer retention solution to banks, enabling data monetization in a seamless customer journey.

Management is confident that the Company has identified a winning strategy: entering the rapidly growing Latin American market early, establishing close and strategic relationships with the largest players in the electronic payment, banking and travel industries and thereby securing a solid foundation for sustained shareholder value creation.

While the Company is committed to aggressively implementing and selling its solutions it is continuously subject to changes in regulatory requirements in its existing markets both in relation to the payment space and data privacy. These regulations are subject to change without notice and the Company must continuously adopt to these changes in the various countries where it operates.

## *FINANCIAL HIGHLIGHTS*

**Selected financial information** (Year over Year ("YoY"))

| | Three months ended September 30, | | | Nine months ended September 30 | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | | 2019 | 2018 | |
| | $ | $ | | $ | $ | |
| Revenues [1] | 342,432 | 140,441 | 144% | 702,826 | 442,747 | 59% |
| Monthly average burn rate on quarterly basis | (223,399) | (388,561) | -43% | (925,413) | (995,420) | -7% |

[1] Revenues come from the single reportable and operating segment, namely Smart Transactions Processing. A part of the revenues from the previous segments Payments, CLO&R and DMBI are presented as discontinued operations in the condensed interim consolidated financials ended September 30, 2019 and prior periods have been restated.

The revenues for the third quarter of 2019 increased by 144%, from $140K to $342K as compared to the third quarter of 2018. The revenues for the nine-month period ended September 30, 2019 increase by 59% from $443K to $703K compared to the same period of 2018.

The burn rate for the third quarter of 2019 decreased by 43%, from $389K to $223K as compared to the third quarter of 2018. The burn rate for the nine-month period ended September 30, 2019 decrease by 7% from $995K to $925K compared to the same period of 2018.

### *FINANCIAL CONDITION*

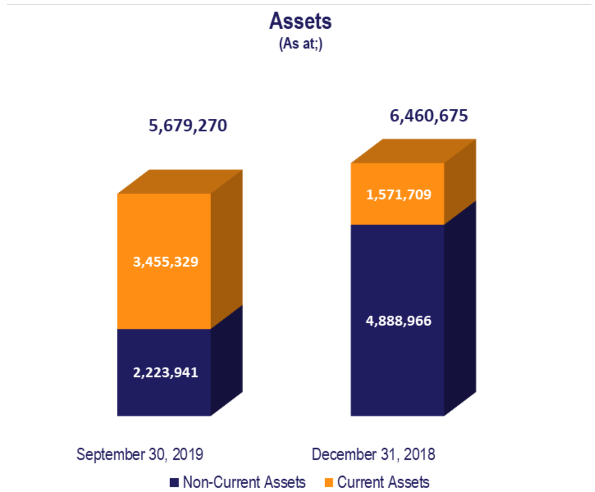
During the first nine months of 2019, Cash increased by $1,222,586 compared to December 31, 2018. The increase is mainly due to the sale of customer relationships, owned by the Company's wholly owned subsidiary, I.Q. 7/24 Inc. for the proceeds of $2.8M and by private placements financing completed by the Company for aggregate gross proceeds of $1.5M partially offset by selling, general and administrative charges and the research and development charges during the commercialization process.

Total assets decreased by $781,405 during the nine-month period ended September 30, 2019, mainly due to:

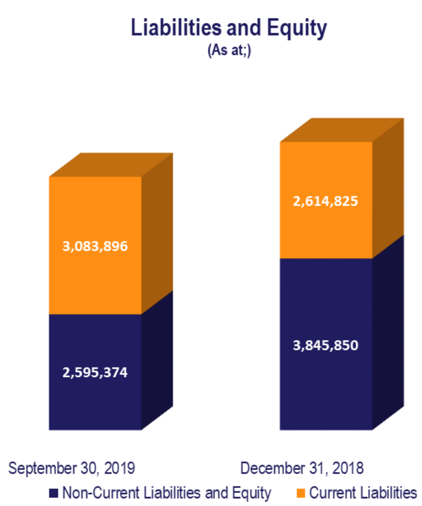
- a decrease of $662,313 in Intangibles assets due to the amortization of customer relationships, software technology and EMV payment switch ($310K) and the sale of the customer relationships ($353K).
- a decrease of $1,991,275 in Goodwill as a result of the sale of customer relationship.

*partially offset by:*

- an increase in Cash as describe above.
- an increase of $409,976 in Trade and other receivables (due mainly to increase in Tax credit receivable ($257K), in Trade receivables ($199K) and in Sales tax receivable ($65K), partially offset by the decrease in Advance receivable from an officer of a subsidiary ($111K)).
- an increase in Receivable from the sale of it's subsidiary Mobi724 Asia Inc. of $315,100 as a result of the sale of the shares it owned in the capital stock of Mobi724 Asia Inc.




Total liabilities and Equity decreased by $781,405 during the nine-month period ended September 30, 2019, mainly due to:




- a decrease of $150K in Demand debt do to the reimbursement of a loan.
- an increase of $2,967,979 in Net loss.

*partially offset by:*

- a $445K increase in Accounts payables and accrued liabilities (due mainly to the increase in Accounts payables and accrued liabilities ($66K), in Salaries and related benefits ($320K) and in Advance payable to non-controlling interest, without interest ($59K)).
- a $473K increase in Convertible debt as a result of the issuance of an Unsecured Converted Debentures as part of a private placement ($500K) plus the interest and accretion interest accrued ($29K), partially offset by the gain on initial recognition on convertible debt and the accretion interest expense ($56K).
- a $177K increase Long-term debt (including the current portion of long-term debt) as a result of the proceeds from a loan.
- a $1M increase in Share Capital and Other equity accounts as a result of the issuance of 16,783,216 common shares as part of private placements financing.

## RESULTS OF OPERATIONS

| | Three months ended September 30, 2019 | Three months ended September 30, 2018 | Variance | Nine months ended September 30, 2019 | Nine months ended September 30, 2018 | Variance |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Revenues | 342,432 | 140,441 | 201,991 | 702,826 | 442,747 | 260,079 |
| Operating expenses | | | | | | |
| Research and development charges, net of tax credits | 124,982 | 580,280 | (455,298) | 919,715 | 1,401,811 | (482,096) |
| Selling, general and administrative charges | 812,194 | 939,314 | (127,120) | 2,821,565 | 3,018,438 | (196,873) |
| Depreciation of property and equipment | 5,962 | 6,156 | (194) | 14,779 | 19,504 | (4,725) |
| Amortization of intangible assets | 79,104 | 122,440 | (43,336) | 192,313 | 568,864 | (376,551) |
| Share-based compensation | 30,549 | 77,152 | (46,603) | 179,200 | 285,999 | (106,799) |
| Gain on settlement of liabilities | - | (12,648) | 12,648 | (12,411) | (571,995) | 559,584 |
| Operating loss | (710,359) | (1,572,253) | (861,894) | (3,412,335) | (4,279,873) | (867,539) |
| Net financial expenses | 170,258 | 85,243 | 85,015 | 276,999 | 189,272 | 87,727 |
| Net loss before income taxes | (880,617) | (1,657,495) | 776,878 | (3,689,334) | (4,469,145) | 779,811 |
| Income taxes | | | | | | |
| Current | (43,990) | (83,051) | 39,061 | (87,070) | (108,760) | 21,690 |
| Deferred | - | 3,765 | (3,765) | - | (73,623) | 73,623 |
| | (43,990) | (79,286) | 35,296 | (87,070) | (182,383) | 95,313 |
| Net loss from continuing operations | (836,627) | (1,578,209) | 741,582 | (3,602,264) | (4,286,762) | 684,498 |
| Net earnings from discontinued operations | 416,043 | 129,820 | 286,223 | 634,285 | 305,168 | 329,117 |
| Net loss | (420,584) | (1,448,389) | 1,027,805 | (2,967,979) | (3,981,594) | 1,013,615 |

### REVENUES

Revenues increase for the third quarter and for the nine-month period ended September 30, 2019 by 144% and 59% respectively mainly due to new revenues from transition services ($126K) to the company who MOBI724 sold some customers. The Company also increased his revenues for the third quarter and for the nine-month period ended September 30, 2019 due to integration fees from new commercial agreements made during the last months.

### EXPENSES

The most significant contributors to the expenses variance were as follow:

| | THREE-MONTH PERIOD 2019 VS 2018 | NINE-MONTH PERIOD 2019 VS 2018 |
|---|---|---|
| Research and development | A decrease in salaries ($323K) and contract labor ($33K) and the Company received a subvention ($75K) for the commercialization of its AI solution. | A decrease in contract labor ($47K), professional fees ($49K), salaries ($160K) and professional fees (76K) and the Company received a subvention ($75K) for the commercialization of its AI solution. |
| Selling, general and administrative | **A decrease in salaries ($95K) and professional fees ($83K) as a result of cost reduction initiative**, partially offset by an increase in contract labor ($69K). | **A decrease in contract labor ($122K), professional fees ($150K) and marketing and promotion ($234K) as a result of cost reduction initiatives**, partially offset by an increase in salaries ($214K) and financing fees ($20K). |

| | | |
|---|---|---|
| Share-based compensation | A decrease of $47K as a result of a non-recurring issuance. | A decrease of $107K as a result of a non-recurring issuance. |
| Gain on settlement of liabilities | No significant variance. | A decrease in gain on settlement of liabilities of $560K mainly due to the $536,706 received from UseMyServices Inc. as a litigation settlement in Q2-2018. |
| Net financial expense | The increase in net financial expenses is mainly due to an increase in interest and accretion interest on convertible debt ($39K) and in foreign exchange loss ($49K). | The increase in net financial expenses is mainly due to an increase in interest and accretion interest on convertible debt ($26K) and in interest and banking fees ($42K) and to the decrease in interest revenue ($18K). |
| Discontinued operations | The increase in earnings from discontinued operations is mainly due to the gain on disposal of businesses ($484K) partially offset by the decrease of the operating earnings. | The increase in earnings from discontinued operations is mainly due to the gain on disposal of businesses ($484K) partially offset by the decrease of the operating earnings. |

The Company is continuously looking for cost efficiencies. Several initiatives were implemented during the last twelve months. We expect to continue to see the effect of those initiatives in the fourth quarter of 2019 which will further reduce costs and improve cash flow.

***Summary of Quarterly Results***

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

| Quarter ended | Revenues | Net loss | Quarter to quarter variance | | EPS Basic and diluted |
|---|---|---|---|---|---|
| | $ | $ | $ | | $ |
| September 30, 2019 | 342,432 | (420,584) | 1,011,579 | a) | (0.00) |
| June 30, 2019 | 211,175 | (1,432,163) | (316,931) | b) | (0.01) |
| March 31, 2019 | 149,219 | (1,115,232) | 2,178,888 | c) | (0.01) |
| December 31, 2018 | 182,084 | (3,294,120) | (1,845,730) | d) | (0.02) |
| September 30, 2018 | 140,441 | (1,448,390) | (534,693) | e) | (0.01) |
| June 30, 2018 | 178,657 | (913,697) | 705,810 | f) | (0.00) |
| Mars 31, 2018 | 123,649 | (1,619,507) | 371,525 | g) | (0.01) |
| December 31, 2017 | 318,401 | (1,991,032) | (109,014) | | (0.01) |

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

a) The decrease in net loss is mainly due to the sale of some assets and the sale of its subsidiary Mobi724 Asia Inc. for a total consideration of $3,140K and recording a total gain on disposal of businesses and other assets of $484K presented as discontinued operations and lower operating costs.

b) The increase in net loss is mainly due to the increase in professional fees, to legal fees relating to the sale by I.Q. 7/24 Inc. of its loyalty based contracts to Ackroo Canada Inc. and to severance payments made to employees.

c) The decrease in net loss is mainly due to the impairment loss on goodwill of $2,500K recorded in Q4-2018.

d) The increase in net loss is principally due to the impairment loss on goodwill of $2,500K recorded in Q4-2018 partially offset by the cost reduction initiative.

e) The increase in net loss is mainly due to the one-time gain in settlement of liabilities of $537K recorded in Q2-2018.

f) The decrease in net loss is mainly due to the one-time gain in settlement of liabilities of $537K recorded in Q2-2018 and lower operating costs.

g) The decrease in net loss is principally due to the cost reduction initiative and the absence of cost related to the settlement of a litigation.

## DISCONTINUED OPERATIONS AND DISPOSAL OF BUSINESSES AND OTHER ASSETS

### DISCONTINUED OPERATIONS

On July 2, 2019, the Company closed a transaction with Ackroo Inc. whereby certain assets including a customer list, owned by the Company's wholly owned subsidiary, I.Q. 7/24 Inc., were sold for the proceeds of $2.8 million. The Company agreed to provide transition services for a period up to 24 months.

| | |
|---|---|
| Consideration associated with the disposal of assets: | $ |
| Cash | 2,800,000 |
| Net consideration | 2,800,000 |
| | |
| Asset disposed of: | |
| Customer relationships | 352,500 |
| Goodwill | 1,991,275 |
| Net asset disposed | 2,343,775 |
| | |
| Gain on disposal of businesses and other assets | 456,225 |

The operating results are presented as discontinued operations and prior periods have been restated.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **Revenues** | 700 | 449,582 | 849,222 | 1,447,479 |
| **Operating expenses** | | | | |
| Cost of sales | - | 51,025 | 104,737 | 256,300 |
| Selling, general and administrative charges | 831 | 184,615 | 309,917 | 620,835 |
| Amortization of intangible assets | - | 58,750 | 117,500 | 176,250 |
| Operating earnings (loss) | (131) | 155,192 | 317,067 | 394,093 |
| Gain on disposal of businesses and other assets | (456,225) | - | (456,225) | - |
| Net earnings | 456,094 | 155,192 | 773,292 | 394,093 |

### DISPOSAL OF BUSINESSES AND OTHER ASSETS

On August 30, 2019, the Company sold all of the shares it owned in the capital stock of Mobi724 Asia Inc., it's partially held subsidiary operating in the Philippines, representing 70% of all the issued and outstanding shares of Mobi724 Asia Inc., for a total consideration of $340,100. The amount should be entirely repaid in 2020. As at September 30, 2019, an amount of $315,100 remained receivable.

| | |
|---|---|
| Consideration associated with the disposal of assets: | $ |
| Cash | 340,100 |
| Net consideration | 340,100 |
| | |
| Assets and liabilities disposed of: | |
| Cash | 8,835 |
| Trade and other receivables | 122,018 |
| Prepaid expenses and other current assets | 60,429 |
| Property and equipment | 2,437 |
| Accounts payable and accrued liabilities | (198,354) |
| Net liabilities disposed | (4,635) |
| | |
| Gain before derecognition of the non-controlling interest | 344,735 |
| | |
| Derecognition of the non-controlling interest | (317,168) |
| | |
| Gain on disposal of businesses and other assets | 27,567 |

The operating results are presented as discontinued operations and prior periods have been restated.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **Revenues** | 4,288 | 27,624 | 79,943 | 39,939 |
| **Operating expenses** | | | | |
| Cost of sales | - | 9,299 | 59,134 | 15,572 |
| Selling, general and administrative charges | 58,887 | 40,487 | 184,574 | 112,263 |
| Depreciation of property and equipment | 734 | 4,230 | 2,659 | 7,110 |
| Operating loss | (55,333) | (26,393) | (166,423) | (95,006) |
| Net financial expenses (income) | 12,285 | (1,021) | 151 | (6,080) |
| Gain on disposal of businesses and other assets | (27,567) | - | (27,567) | - |
| Net loss | (40,051) | (25,372) | (139,007) | (88,925) |

### CASH FLOW

Below is a representation of the cash flow and liquidity position of the Company for the nine months ended September 30, 2019.

| | Three months ended September 30, | | Variance | Nine months ended September 30, | | Variance |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | | 2019 | 2018 | |
| | $ | $ | $ | $ | $ | $ |
| Cash Flow | | | | | | |
| Operations[1] | (738,498) | (1,163,843) | 425,345 | (2,900,641) | (2,963,901) | 63,260 |
| Non-cash working capital items | (499,754) | 223,917 | (723,671) | (243,791) | (797,248) | 553,457 |
| Operating activities | (1,238,252) | (939,926) | (298,326) | (3,144,432) | (3,761,149) | 616,717 |
| Financing activities | (36,570) | (6,570) | (30,000) | 1,490,070 | 1,082,365 | 407,705 |
| Investing activities | 2,807,727 | (4,033) | 2,811,760 | 2,807,727 | (94,496) | 2,902,223 |
| Effect of the exchange rate changes on cash | 36,160 | 14,409 | 21,751 | 69,221 | 43,882 | 25,339 |
| Net change in cash | 1,569,065 | (936,120) | 2,505,185 | 1,222,586 | (2,729,398) | 3,951,984 |
| Cash, beginning of period | 133,324 | 1,942,122 | (1,808,798) | 479,803 | 3,735,400 | (3,255,597) |
| Cash, end of period | 1,702,389 | 1,006,002 | 696,387 | 1,702,389 | 1,006,002 | 696,387 |

[1]Operations cash flow is cash flows used in operating activities adjusted for certain non-cash working capital items.

A summary of cash flow activities is provided below:

| | THREE-MONTH PERIOD 2019 VS 2018 | NINE-MONTH PERIOD 2019 VS 2018 |
|---|---|---|
| Operations | ⌄ The decrease in cash flow used for operations is mainly due to lower research and development charges ($455K), selling, general and administrative charges ($293K) and revenues ($270K). | ⌄ The decrease in cash flow used for operations is mainly due to lower research and development charges ($482K), selling, general and administrative charges ($435K) and revenues ($298K), partially offset by the gain on settlement of liabilities in 2018 ($537K). |
| Non-cash working capital items | ⌄ The decrease from non-cash working capital items is mainly due to the decrease in accounts payable and accrued liabilities ($514K) for the three months ended September 30, 2019 and the decrease in tax credit receivable ($219K) for the same period in 2018. | ⌃ The increase from non-cash working capital items is mainly due to the decrease in trade receivables ($199K) and in tax credit receivable ($257K) for the nine months ended September 30, 2019 and the decrease in accounts payable ($865K), partially offset by the decrease in share subscription receivable ($239K) for the same period in 2018. |
| Financing activities | ⌄ The decrease in cash from financing activities is due to the repayment of convertible debt. | ⌃ The increase in cash from financing activities is mainly due to private placements financing for aggregate gross proceeds of $1.5 million in 2019 and the proceed from long-term debt of $177K, partially offset by the increase of the repayment debt ($100K) and the proceed from exercise of warrants of $1.1M in 2018. |
| Investing activities | ⌃ The increase in cash from investing activities is mainly due to the sale of certain assets for aggregate gross proceeds of $2.8 million. | ⌃ The increase in cash from investing activities is mainly due to the sale of certain assets for aggregate gross proceeds of $2.8 and the absence of an investment in business acquisition. |

### *LIQUIDITY AND CAPITAL RESOURCES*

As at September 30, 2019, the Company had a cash balance of $1,702,389, a positive working capital (current assets less current liabilities) of $371,433, total assets of $5,679,270, total liabilities of $3,160,644, and total liabilities and shareholder's equity of $5,679,270.

In comparison as at December 31, 2018, the Company had a cash balance of $479,803, total assets of $6,460,675, total liabilities of $2,711,283, and total liabilities and shareholder's equity of $6,460,675. The Company had a negative working capital of $1,043,116 as at December 31, 2018.

On July 2, 2019, the Company closed a transaction whereby certain assets, owned by the Company's wholly owned subsidiary, I.Q. 7/24 Inc., were sold for proceeds of $3,219,300. On August 30, 2019, the Company sold all of the shares it holds in the capital stock of Mobi724 Asia Inc., it's partially held subsidiary operating in the Philippines, representing 70% of all the issued and outstanding shares of Mobi724 Asia Inc., for a total consideration of $340,100. As at the date of this MD&A, the Company's working capital is insufficient to cover the costs to carry out its business plan. The Company is examining available options to raise funds and limit its cash outflow. If delays in reaching positive cash flows from revenues were to occur, the Company's working capital may be insufficient to meet its obligations and budgeted expenditures through September 30, 2020. The Company's sources of funding to this point has been the issuance of equity securities, debt and the, to a lesser extent, cash flows from revenues. However, if working capital proves to be insufficient, management must then secure additional source of funding for its ongoing operations until it reaches positive cash flow, to 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 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.

**Going Concern**

These condensed interim 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 from its mobile POS technology system, 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.

The Company has generated limited revenues since inception and has generated losses from continuing operations totalling $3,602,264 for the nine-months ended September 30, 2019 and an accumulated deficit of $52,505,564 since the Company's inception on February 8, 2005. During the nine-month period ended September 30, 2019, the Company completed private placements financing for aggregate gross proceeds of $1.5 million. The Company can give no assurance that it will achieve profitability or be capable of sustaining profitable operations.

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. As described above, management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast significant doubt about the Company's ability to continue as a going concern. These condensed interim 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. Such adjustments could be material.

***Share Capital Transactions***

A summary of the Company's share capital transactions for the nine months ended September 30, 2019 is listed below:

**Shares Issued for private placement**

During the period**,** 16,783,216 common shares were issued as part of private placements.

**Share-based payments**

During the period**,** 250,000 common shares were issued in exchange for services.

**Shares Issued for Settlement of Liabilities**

During the period, 1,500,000 common shares were issued to settle outstanding liabilities.

***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 September 30, 2019, the Company had not entered into any significant off-balance sheet transactions.

***Related Party Transactions***

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **Transactions:** | | | | |
| Contract labor and professional fees paid to officers and directors | **-** | - | **-** | 25,500 |

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| | $ | $ |
| **Balances outstanding:** | | |
| Amounts due to directors and other members of the Company's key management personnel, without interest | **348,989** | 212,243 |

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| Salaries, benefits, commissions and consulting fees | **115,199** | 212,758 | **480,181** | 802,674 |
| Share-based compensation | **11,393** | 29,334 | **106,689** | 78,716 |
| | **126,592** | 242,092 | **586,870** | 881,390 |

***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.

***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.

*Certification Risk*

Most products sold in the payment industry require the completion of certain additional steps to have the product certified by the relevant banking authorities and with payment acquires/processors/issuers in each country. Although the Company has developed and certified its payment solution to the point that it is being deployed for commercial use in the Philippines, it is quite likely that said payment solution will need to be certified in any other country where the Company may decide to deploy it. Additional any new payment solution developed by the Company for the Philippines market may also need to be certified in the Philippines. There remain uncertainties as to the Company's ultimate ability to complete necessary certifications in a timely fashion to successfully deploy payment solutions in other countries.

*Integration Risk*

The Card-Linked Offers ("CLO") solutions offered by the Company require the completion of certain integration steps with various payment acquires/processors/issuers in those countries where the Company wishes to deploy its CLO solutions and where Visa is not a payment acquirer/processor. Although the Company has integrated its CLO solutions in Columbia with its desired payment acquirer/processor and although the Company continues to carry out integration work with payment acquires/processors/issuers in those countries where it wishes to commercialise its CLO solutions and where Visa is not a payment acquirer/processor, there remain uncertainties as to the Company's ultimate ability to complete necessary integrations in a timely fashion to successfully deploy its CLO solutions in other countries.

*Financial Viability of Certain Development Partners*

The Company has entered into multiple joint development agreements with local partners in various countries. While this is encouraging, some of the Company's partners consist of private companies where there may be a potential risk of those companies having to secure requisite financing to support their orders and their working capital requirements.

*Qualified Technical Labour*

While the Company has been successful in attracting technical labour to develop its products, there is no guarantee moving forward that the Company will continue to be successful in this regard. 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 payment card 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 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 that 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. One of 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 additional 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 the Company cannot assure investors that financing will be available in amounts or on terms acceptable to it to support the Company's 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 Pesos and Argentina Pesos. Despite the fact that the Company mitigates some of its exposure to foreign exchange risk by pricing its products, whenever possible, in US dollars in its international contracts, the Company, nevertheless, remains exposed to gains and losses due to fluctuations in these foreign currencies. The Company does not use derivatives to manage the exposure to foreign exchange risk.

*Fluctuation in Interest Rates*

The Company has a 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 the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reported periods. Management uses historical experience, general economic conditions and trends, as well as assumptions regarding probable future outcome as the basis for determining estimates. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances available at the time estimates are made.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. There have been no changes in the significant judgements and estimates made by the management. The estimates and assumptions that have a significant risk of causing material adjustments to our financial statements were disclosed in *Note 3 – Significant accounting policies* to our 2018 annual audited consolidated financial statements available on www.sedar.com or on our website www.mobi724.com and they remain unchanged for the second quarter of 2019.

***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, 2018, with the exception of the adoption of IFRS 16 on January 1, 2019 as described below.

**Initial adoption of new accounting standards in the reporting period**

IFRS 16 – *Leases*

In January 2016, the IASB published IFRS 16, Leases which replaces IAS 17 Leases, IFRS 16 eliminates the classification as an operating lease and provides lessees to recognize a right-of-use asset and a leaser liability in the statement of financial position for all leases with exemptions permitted for leases of less than 12 months and assets of low value. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as nonlease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements.

The Company adopted this new standard on January 1, 2019 using the modified retrospective method of adoption, with the effect of initially applying this standard on January 1, 2019. The financial information for periods beginning after January 1, 2019 is presented in accordance with IFRS 16, while the comparative periods will not be restated to conform to the new IFRS 16 requirements. The adoption of this new standard did not have a material impact on the Company's condensed interim consolidated financial statements and no adjustments were made to retained earnings as at January 1, 2019.

***Outstanding Share Data***

The Company is authorized to issue an unlimited number of common shares. As at September 30, 2019, there were 218,678,031 common shares outstanding. As at November 28, 2019, there were 218,678,031 common shares outstanding.

The Company issues warrants from time to time in connection with financings. As at September 30, 2019, there were 9,318,182 warrants outstanding. As at November 28, 2019, there were 9,318,182 warrants outstanding.

Employees, directors, officers and consultants have been granted options to purchase common shares under the Company's stock option plan. As at September 30, 2019, there were 17,081,769 options outstanding. As at November 28, 2019 there were 17,073,436 options outstanding.

***Controls and Procedures***

Disclosure controls and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company maintains a set of disclosure controls and procedures 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 decisions 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 condensed interim consolidated financial statements for external purposes in accordance with the issuer's financial reporting framework.

*(s) Marcel Vienneau*
Marcel Vienneau
Chief Executive Officer