MANAGEMENT DISCUSSION ANALYSIS

FOR THE SECOND QUARTER ENDED JUNE 30, 2020

Q2

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 August 25, 2020 and focuses on the significant activities of the Company which occurred during the six-month periods ended June 30, 2020, and should be read in conjunction with the Company's condensed interim consolidated financial statements and accompanying notes for the six-month periods ended June 30, 2020. The Company's condensed interim consolidated financial statements and comparative information have been prepared in accordance with International Reporting Standards ("IFRS") 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 Global Solutions Inc. (TSXV: MOS) is a fintech company which provides a platform, that enables banks and merchants to offer their customers real-time payment card-linked incentives, in a white-label format. Mobi724's objective is to add a layer of AI-driven actionable intelligence to every payment transaction, creating engaging consumer experiences & generating incremental commercial opportunities to its clients. The Company offers a suite of technology-agnostic & fully integrated data-driven Business Intelligence ("B"I) & Artificial Intelligence ("AI") powered solutions ("Smart Transactions") that work with any payment digital method, at any point of sale, both online and in physical locations. Mobi724'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 sales office in Mexico City, Mexico. 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, VISION AND STRATEGY

The Company's mission is to enable personalized & profitable consumer experiences beyond transactions – generating incremental commercial opportunities for merchants and banks. The Company's vision is to add a layer of actionable intelligence to every payment transaction. The company is focused on: 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 ethical standards in all of its actions.

The Company seeks to achieve its corporate mission by generating revenue through the licensing of its software platform and deriving transactional revenues.

The Company focuses its operation and business development activities along the following lines:

- Providing cardholder lifecycle management & payment cards portfolio optimization capabilities through AI-enhanced, transaction-driven engagement solutions including predictive analytics.
- Offering transparent and efficient pay-per-performance advertising model, enabled through transaction history-based and transaction-driven model.
- Investing in establishing connectivity to payment networks & other transaction providers (POS, Mobile Apps, PSP) in priority regions that allows the Company to engage cardholders in real-time.
- Operating on behalf of payment cards issuers & customers through a white-label solution and providing operational support for programs built for the Company's clients on the company's platform.
- Working on finding innovative ways for Mobi724, clients and partners to monetize purchase history through improving banks' & merchants' KPIs, generating incremental transactions for payment networks, and increasing consumers' brand affinity and purchasing power.

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's 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., formerly Freeport Capital Inc., a payment solutions provider, with operations in APAC and the Caribbean, which was incorporated under the *Business Corporations Act* (Alberta) on February 8, 2005.

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 corporate strategy and business development has 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. The realignment of the Company in 2019 included sale of certain assets of I.Q. 7/24 Inc., while retaining key business relationships and technology platform.

MARKET TRENDS

Over the past 30 years banks have been issuing loyalty points (rewards currency) on their payment – debit and credit cards globally. These systems failed to evolve to meet consumer demands and are plagued with inefficiencies: high costs of logistics of rewards delivery; overly complicated redemption mechanisms for points & offers redemptions; lack of personalization. This leads to tens of billion US$ in reward currencies being dormant in customer accounts globally, meaning banks – the main target market of Mobi724, as well as payment networks and merchants – are not monetizing opportunities, which can become incremental revenue streams from existing payment card portfolios. The Global rewards market is forecasted to surpass US$200B[1] in 2022, global spent on payment cards is expected to surpass US$45T[2] in 2022. Meanwhile, nearly 50%[3] of cardholders report a willingness to switch cards in a search for better customer experience.

New generations of customers/cardholders – Millennials - require rewards systems which enable high degree of personalization, greater flexibility on how & when rewards and offers are redeemed, as well as a frictionless redemption process.

Most banks rely on depersonalized online rewards catalogs, physical shipment of items or gift cards, and/or sending mass promotions which lack personalization; hence points remain unused and complex points redemption mechanisms – leading to exuberant associated cost for those points that are redeemed. Most of financial institutions fail to engage their cardholders in a meaningful way using personalized offers, thus loosing opportunities to improve retention, and drive financial performance of their payment card portfolios.

There is a real market need for a solution that can remedy the problems crippling the antiquated banks' reward platforms. To commercialize this massive opportunity, Mobi724 has developed a portfolio of targeted solutions, integrated in a unique platform, which comprises a combination of fintech, Artificial Intelligence, business intelligence & digital marketing, in an all-in-one solution.

Acceleration of the shift from cash to digital has been shown to drive economic improvement globally. With the global pandemic further accelerating the digital currency shift[4], as Mobi724's solution provides incentives that cash cannot, we are seeing high interest in our solution for the stakeholders across markets.

Global challenge – Mobi724 opportunity

- Current prevalent advertising & customer engagement tools do not allow for results to be traced to the actual purchase.
    - Half of digital marketing spent is absorbed by middlemen
    - One-third of the supply chain fees advertisers pay cannot be traced[5]
- Traditional methods are an inefficient formula that operate as "one-to-many" with little accountability for results.
- For online marketing, click-through rates don't confirm actual purchases – there is no direct link.
- Merchants, payment card issuers and mobile wallet providers don't have a full view on their customers, as their insights are limited to their business only.
- Merchants have limited targetable consumer insights and are subject to time constraints at the POS, further challenging the merchant's ability to provide relevant targeted offers and a personalized shopping experience to consumers.
- Payment card issuers or mobile wallet (non-bank) providers do not extract full value from consumer purchase history, as their visibility on customers is limited and thus their ability and tools to monetize transactional history to its full capacity.

Mobi724 leverages the power of AI-enhanced predictive analytics to concentrate and monetize the enriched consumer transactional history for the benefits of all stakeholders within the network. The Company's processing platform enables new ways to pay using payment cards, and new seamless and interactive all-digital experiences, 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's solutions is valued by the Company's business partners and in combination with the Company's current penetration into the Latin American market, creates an important competitive advantage.

PRODUCT OFFERINGS

MOBII724 provides a fintech platform, which enables banks and merchants to offer real-time payment card-linked incentives, in a white-label format. The Company offers a proprietary software platform that enables monetization of actionable insights derived from consumer purchasing behavior. Mobi724's integrated data-driven card-linked offers & reward solutions work with any payment card, at any point of sale, both online and in physical locations, allowing card issuing banks, payment networks, merchants and loyalty program operators to manage, deliver, track and measure incentive campaigns worldwide in real time. The Company's main focus is to utilize its AI-powered portfolio of solutions to stimulate more commerce by providing an enhanced personalized user experience for card issuers, merchants and customers. Mobi724 offers transparent and efficient pay-per-performance advertising model, enabled through transaction history-based and transaction-driven model.

[1] https://www.prnewswire.com/news-releases/loyalty-programs-market-to-reach-201-billion-by-2022-according-to-beroe-inc-300794907.html

[2] https://www.atmmarketplace.com/news/contactless-payments-to-drive-global-card-spend-to-45t-by-2023/

[3] https://www.jdpower.com/business/press-releases/jd-power-2019-hong-kong-credit-card-satisfaction-study

[4] https://americasmi.com/insights/will-digital-payments-acceleration-under-covid-19-last/

[5] https://www.isba.org.uk/media/2424/executive-summary-programmatic-supply-chain-transparency-study.pdf

Mobi724's strategic vision is to create an ecosystem where the purchasing power of hundreds of millions of individual users are combined and monetized in-order to increase volume & frequency of transactions, with the objective of delivering the most rewarding digital experience.

Company's AI product strategy can be separated into 2 distinct business objectives: providing insights to banks & merchants on their customer bases purchasing behavior; and enabling predictive analytics & recommendations into the platform, more specifically as part of the Company's offer management module. Mobi724's proprietary predictive modeling allows our offer management module to provide banks & merchants with an efficient way of delivering content to the right consumers. Allowing the banks & merchants to narrow the targeted audience in order to: better control individual campaign budgets; personalize up-sell offers (next best offers); and continuously optimize campaign ROI. By utilizing our intelligent automation to attribute the right offers to the right consumer segment, participating merchants or other parties benefit from the highest possible ROI on their marketing budgets.

Mobi724 delivers an ecosystem which generates higher volume & frequency of transactions, encompassing both brick & mortar stores and e-commerce retailers while delivering personalized, relevant and financially rewarding experience to customers. Given the times, these improvements are needed more than ever.

TECHNOLOGY VALUE

Mobi724's processing platform has been designed to scale as a B2B2C business model that brings value to all stakeholders: issuers of payment tools - banks and mobile carriers' wallets, payment networks, merchants and end-users. This objective is achieved:

- By transforming raw data with AI into actionable insights to deliver personalized & profitable shopping experience for the customers
  - Our solution delivers personalized digital experience to customers while fostering affinity.
- By enabling frictionless participation for all stakeholders into a global interconnected network:
  - Our solution enables quick global scalability; and
- By delivering advertising in a transparent & efficient transaction-linked AI powered pay-per-performance model:
  - Our solution delivers clear and tangible value for participating businesses & generates proven incremental spent.

Mobi724 allows multiple stakeholders to integrate into the same network. This approach creates a truly unique opportunity for all parties within the ecosystem to propel revenues vertically. One platform within the same architecture, minimizing integrations, operations and friction points, offering a complete end-to-end purchase data monetization solution.

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, in 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. Mobi724's 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 improving performance 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 more digital transaction volumes and increased cardholder spend;

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

(viii) enabling 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;

(x) integrating easily with any payment network enabled through proprietary APIs; and

(xi) enabling personalized offers through location-based proximity marketing solution.

GLOBAL RELATIONSHIPS

Over the years, Mobi724 has worked to earn the confidence of global blue-chip brands including Visa, HSBC, RBC, Prisma Medios de Pago, Despegar, Datavalet 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.

Management continues developing Mobi724's relationship with Visa within the Latam region as it remains one of the Company`s key relationships.

OPERATIONAL HIGHLIGHTS FOR FISCAL 2020

Q1

Hiring of Two Full-Time Senior Sales Executives in Mexico: On March 05, 2020 Mobi724 announced that it has hired and completed the on-boarding of two full-time sales executives to oversee the expansion of the Company's business in Mexico and Central America.

Additionally, as was disclosed earlier, Mobi724 reconfirmed its intention to open an office in Mexico City.

Ramon Martinez has assumed the title of Regional Manager – Mexico & Central America (Banks) and has been tasked with overseeing the development of the Company's clients in the banking sector in Mexico and Central America. Ramon is a senior executive, fully bilingual in English and Spanish, with almost three (3) decades of international experience in the software, high-tech, IT and telecommunications industry both in Canada and in Latin America. Most recently, Ramon worked as General Manager Mexico for Ingenico Payment Solutions and General Manager Latin America (Software Analytics) for General Electric.

Rodrigo Zuñiga Zorrilla was named as Regional Manager – Mexico & Central America (Merchants) to spearhead the development of Mobi724's network of merchants and to establish partnerships with Content (Offer) Providers in the region. Rodrigo, who is fully bilingual in English and Spanish, has over 12 years of experience in sales management, business development and marketing strategy. Rodrigo joins the Company after having worked during the last three (3) years as Senior Sales Manager (LATAM) for InAuth Inc. (a wholly owned subsidiary of the American Express Company).

Ramon and Rodrigo work with the rest of Mobi724' team to accelerate expansion & commercialization of the existing business relationships in Mexico and Central America. They work to enhance and monetize Mobi724's already existing accounts and portfolio of leads, with a focus on medium and large clients, as consistent with the Company's vision in the region.

Acting to Maintain Progress during Unprecedented Global Economic Slowdown: On March 19, 2020 the company announced, that in light of the effects of COVID-19 pandemic on businesses around the world, including in particular the retail, travel and banking sectors, Mobi724 was implementing a contingency plan, which involves a temporarily lay-off of members of its product customization team in Canada for 30 days.

The Management made a strategic decision intended to optimize cash flows and to preserve long-term shareholder value. The Company's existing portfolio of clients will continue to receive uninterrupted service as they will continue to be served by team members located in Montreal and Buenos Aires; all of whom are working remotely. These temporarily lay-offs have been extended as the COVID-19 outbreak, particularly in the Montreal area, continues to evolve. Team members affected by this temporary lay-off remain employees of Mobi724 and can be called back to work with 1-week prior notice.

Successful Testing of White-Label Offering with Datavalet Technologies and Joint Go-To Market Strategy: On March 24, 2020 Mobi724 announced that it had successfully completed the testing phase with Datavalet Technologies Inc. ("Datavalet"), a leader in wireless network management. This successful testing completed the initial phase of a commercialization plan for a white-label proximity marketing solution, developed jointly by both companies.

The shared goal of Datavalet and Mobi724 is to provide proximity marketing solutions to Datavalet's clients, enabling retailers and restaurants to provide location-based and behavior-driven incentives to their customers in real-time. The successful completion of the test allows Datavalet to launch this new capability in the North American market in Q2 2020.

Accepting the Offer from Investissement Quebec to Finance Refundable Tax Credits: On March 27, 2020 Mobi724 announced that First Equity Strategy LLC, a wholly owned subsidiary of Mobi724, had accepted an offer from Investissement Quebec for a loan in the amount of $201,100 (the "Loan") to be secured by a first ranking hypothec on refundable tax credits and has completed all steps required for the Loan to be disbursed. This Loan bears interest at prime rate plus two and a half percent (2.5%) and matures on December 31, 2021 unless repaid earlier in accordance with the terms and conditions of the Loan.

Q2

Postponment of Annual General Meeting: On May 6, 2020 Mobi724 announced that it had decides to postpone its Annual General Meeting of Shareholders ("AGM"). The TSX-V has acknowledged that the COVID-19 outbreak presented significant challenges for reporting issuers in meeting certain of their obligations under TSX-V rules and as such had extended the delays for the holding of shareholder meetings and stock option plan approval provisions up to December 31, 2020. As the COVID-19 outbreak, particularly in the Montreal area, continued to evolve, the Company decided to rely on the relief provided by the TSX-V and postpone its AGM to Q4 2020. The health and safety of our team members and shareholders is of utmost importance to the Company and as such the new date, time and place of the AGM will be confirmed, via news release, once such date has been finalized.

Announcement of 31-Day Extension to the Term of a Convertible Debenture: On June 30, 2020 announced that it intended to seek approval from the TSX Venture Exchange in order to extend the maturity date of a $2,705,566.03 12% interest bearing debenture (the "Debenture). The Debenture was issued on September 1, 2016 by way of a private placement and was extended on July 12, 2018 and includes the Company's right to convert the Debenture into common shares of the Company at $0.35 per share at maturity.

The Company announced that it was involved in ongoing negotiations with the holder of the Debenture (the "Holder") regarding the potential restructuring of the Debenture. In order to allow the parties to complete their negotiations, the Company and the Holder had agreed to amend the terms of the Debenture by extending the maturity date of the Debenture thirty-one (31) days from the current maturity date of June 30, 2020, such that the maturity date would be amended to July 31, 2020.

Q3 – After the Reporting Period

Announcement of Private Placement Financing of $750,000: On August 4, Mobi724 announced that it had arrived at a series of agreements, all of which were subject to the final review and approval of the TSX Venture Exchange and were expected to close within 10 days, to secure a financing package of $750,000 comprised of the following components:

1. $400,000 invested by the institutional holder of the September 1, 2016 Convertible Debenture (the "Sept-2016 CD")

The Sept-2016 CD, which was set to expire on July 31, 2020, had a value at maturity of $3,976,663.19 (including principal and interest). As part of a financing package to secure additional funds, the Company had agreed to issue a new unsecured convertible debenture ("New CD") to the institutional holder of the Sept-2016 CD. The New CD will be composed of the combined principal and interest of the Sept-2016 CD and new proceeds of $400,000. The New CD, would replace the Sept-2016 CD, mature on June 30, 2022, bear interest at a rate of 6% per annum payable on the maturity date and includes the Company's right to convert the Debenture into common shares of the Company ("Share") at $0.26 per Share at maturity.

2. $350,000 invested by a Calgary based Wealth Management Firm ("New Investor")

The Company had agreed to issue an unsecured convertible debenture in the amount of $350,000 to the New Investor, a Wealth Management firm based in Calgary, which matures 36 months from its issuance, bears interest at a rate of 10% per annum payable on the maturity date and is convertible at a price of $0.05 per Share during the first year, and $0.10 per Share following the first year ("New Investor CD"). The New Investor CD also comprises 1,000,000 detachable warrants ("Warrants"). Each Warrant entitles the holder to purchase one Share for a period of 3 years after the closing date at a price of $0.075 per Share.

3. Amendment to the January 15th, 2019 Convertible Debenture (the "Jan-2019 CD"):

The Company had agreed with the holder to extend the maturity date of the $500,000 12% interest bearing debenture issued on January 15, 2019 (the "Jan-2019 CD") from January 15, 2021 to June 30, 2022 and to amend the conversion price from $0.15 to $0.10 per Share.

Announcement of Closing of Previously Announced Private Placement Financing of $750,000. On August 7, 2020, Mobi724 announced closing of the non-brokered private placement financing of $750,000 ("Private Placement") which was announced via Press Release dated August 4th, 2020 and consisted of:

1. The issuance of a new convertible debenture in the amount of $4,376,663.19 comprised of an existing debenture (the "Sept-2016 CD") issued to an institutional holder with a value at maturity (July 31, 2020) of $3,976,663.19 (including principal and interest) combined with $400,000 of new proceeds (the "New CD"). The New CD replaces the Sept-2016 CD, matures on June 30, 2022, bears interest at a rate of 6% per annum payable on the maturity date and includes the Company's right to convert the debenture into common shares of the Company ("Share") at $0.26 per Share at maturity; and

2. The issuance of a convertible debenture in the amount of $350,000 to a new investor (the "New Investor CD") which matures on August 6, 2023, bears interest at a rate of 10% per annum payable on the maturity date and is convertible at a price of $0.05 per Share during the first year, and $0.10 per Share following the first year. The New Investor CD also comprises 1,000,000 detachable warrants ("Warrants"). Each Warrant entitles the holder to purchase one Share for a period of 3 years after the closing date at a price of $0.075 per Share.

The Private Placement was sold pursuant to exemptions from prospectus requirements. The securities issued pursuant to the Private Placement are subject to a statutory hold period of four months and one day and its completion remains subject to the final approval of the TSX Venture Exchange.

The TSX Venture Exchange has approved the amendment of the $500,000 12% interest bearing debenture issued on January 15, 2019 (the "Jan-2019 CD"). The conversion price has been amended from $0.15 to $0.10 per Share.

OVERVIEW OF THE FIRST 6 MONTHS OF 2020 AND OUTLOOK FOR THE REMAINING FY 2020

While in the first 6 months of 2020 the company's revenues in the Smart Transactions Processing line of business (the one reporting segment as of Q3-2019) improved materially, over 100%, as compared to the same period of the previous year, in particular in the 2nd quarter of 2020 the total revenues generated in North and Latin America were significantly negatively impacted by the global economic crisis caused by COVID-19 pandemic, due to the associated temporary sharp contraction in business activities, such as delays in key client implementations and or suspension of activities, within the Company's network of operations.

The lockdowns led to decrease and delay of revenue generating operations with some of existing clients, and delayed certain developments with new prospects, which were expected to take place in the 2nd and the 3rd quarter of 2020.

The decline in revenues in the 2nd quarter was partially offset by material reduction, of 49% in the burn rate, as compared to the same quarter in 2019. For the 6 month-period of 2020, the burn rate declined by over 81% as compared to the same period of the previous year, while net loss decreased by 55% for the same period. The improvement in margins is a result of multiple factors, the main ones being:

- The realignment of the company in 2019 with the full focus as a fintech SAAS provider vs. agency-type services;
- Focus on larger accounts, national and international blue-chip brands;
- Strict expanses control and tight cash management implemented as a part of measures to address COVID-19 triggered crisis.

The positive trend, improvement in margins and growth of the top-line is expected to continue, while uncertainty remains in regard to the recovery from the pandemic-related crisis. Although pinpointing the exact timing of the full return of growth momentum is challenging, based on the current state of affairs within the Company's business network, recovery is anticipated to take place towards the end of 2020, and into the 1st half of 2021.

All countries where Mobi724 operates experienced strict lockdowns, namely Canada, Mexico, countries in Central America, Colombia, and Argentina, with brick & mortar retail and travel industries being among the hardest hit. The speed of economic recovery has shown to be uneven across geographies, sectors, product categories, and customer segments.

Management has taken proactive measures to protect employees, to preserve capital, to optimize cash-flows and, to support existing clients, while advancing business development.

Mobi724 is presently actively engaged in advanced discussions with important clients, partners and prospects in key markets in North and Latin America, with an objective to ramp-up business development and revenue generating activities in the near term, in 2020 and the first half of 2021.

The pandemic has acted as a catalyst for companies globally across all sectors to accelerate adoption of digital services, to focus on efficiency; and has highlighted the value of a frictionless and all-digital consumer experience, accelerating the value of Mobi724's pay for performance solution within new socio-economic reality.

Management's objective remains to grow the business and to steer operations to a cash flow positive status, with strategies in place to develop commercial opportunities as consumers and businesses adjust to the current economic and social situation. As an example, the Company's pay per performance model is an essential tool for merchants to execute targeted campaigns and drive real ROI on their marketing spend. This channel of marketing will become a preferred choice as most merchants will have limited marketing budgets to drive sales.

Over the remaining of FY 2020, Management intends to launch new commercial accounts in countries where Mobi724 is already present, as well as to expand operations into new countries. The Company continues to grow its solid sales pipeline in this challenging environment.

Operations:

Mobi724 continues to successfully decrease our burn rate and increase operational efficiency by focusing on our core business of AI-powered Smart Transactions Processing. With the anticipated growth in business, the large competitively priced pool of IT talent in Buenos Aires, the Buenos Aires operational hub of the Company, enables Mobi724's to better control labour costs while simultaneously satisfying the growing demand of the Latam region. The R&D hub remains in Montreal, the company's headquarters, where the Company employs key developers with unique expertise.

LONGER TERM OUTLOOK

Management's ultimate objective is to develop the Company into a global leader. Mobi724's vision is to create an ecosystem where the purchasing power of hundreds of millions of individual users are combined and monetized in-order to increase volume & frequency of transactions, with the objective of delivering the most rewarding digital experience for the customer. New enhancements to the Company's products continue to be developed that are to function as revenue accelerators and add barriers for entry for competitors.

The Company continues to develop and advance business relationships with largest payment processing networks in Latin America towards the commercial stage in multiple geographies across North and South Americas.

Management works 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.

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

GROWTH STRATEGY

Mobi724 creates a global AI enhanced commerce ecosystem, by extracting targetable insights from the transactional data to deliver seamless and personalized user experiences for the benefits of all parties in the ecosystem: more commerce and sales for merchants, incremental revenue streams for payment card issuers, and tangible savings and enjoyable user experiences for customers.

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.

In 2019, Mobi724 completed the reorientation and repositioning of the Company's business development by realigning its focus on AI powered Smart Transactions Processing 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.

The Company simultaneously uses multiple channels to engage with prospective clients, including leveraging strategic business relationships with large blue-chip brands in the region. IT teams work 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.

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

Mobi724 is actively working with Export Quebec, a division of Ministry of Economy and Innovation and with Export Development Canada. Both organizations offer business development services across the world. The Company collaborates with Economic verticals of Quebec and Canadian diplomatic missions (Delegations General du Quebec and Canadian Embassies & Consulates) in the countries and regions where Mobi724 has business interests.

FINANCIAL HIGHLIGHTS – PERIODS ENDED JUNE 30, 2020 VS. JUNE 30, 2019

Summary of Results

For the three and six months ended June 30, 2020, the Company recorded:

- Revenues decreased by 35% for the second quarter of 2020 from $212K to $137K as compared to the second quarter of 2019. Revenues increased by 103% for the six-month period ended June 30, 2020 from $374K to $759K compared to the same period of 2019.

- Net loss decreased by 56% for the second quarter of 2020 from $1,432K to $628K as compared to the second quarter of 2019. Net loss decreased by 55% for the six-month period ended June 30, 2020 from $2,547K to $1,158K compared to the same period of 2019.

- Burn rate decreased by 49% for the second quarter of 2020 from $665K to $340K as compared to the second quarter of 2019. Burn rate decreased by 81% for the six-month period ended June 30, 2020 from $1,894K to $362K compared to the same period of 2019.

The following tables set out selected financial information for the Company:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	$	$	$	$
Revenues from continuing operations	137,454	212,231	759,484	373,669
Net loss	627,621	1,432,163	1,158,447	2,547,395
Burn rate in operating activities	339,680	664,822	361,839	1,893,680

FINANCIAL CONDITION

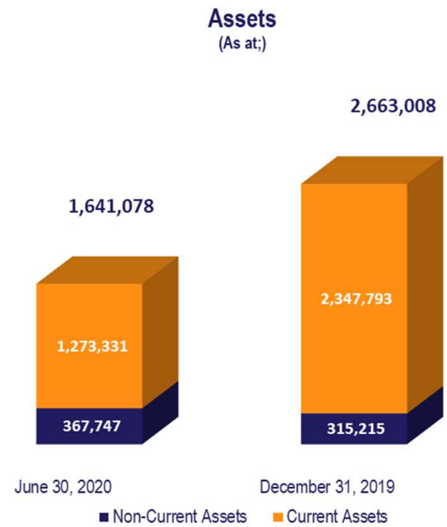
During the first six months of 2020, Cash and cash equivalents decreased by $645,162 compared to December 31, 2019. The decrease is mainly due to the selling, general and administrative charges and the technology charges during the commercialization process.

Total assets decreased by $1,021,930 during the six-month period ended June 30, 2020, mainly due to:

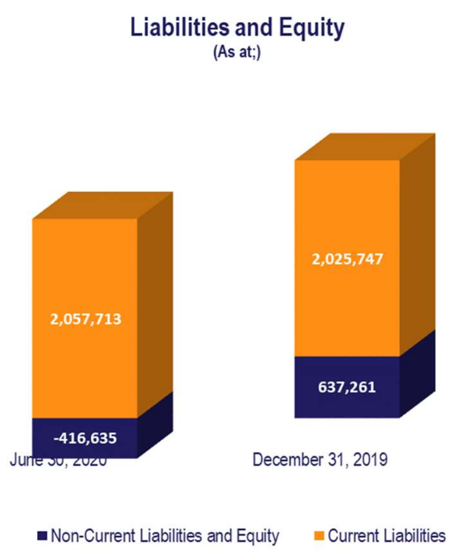
- a decrease in Cash and cash equivalents as describe above.
- a decrease of $371,558 in Trade and other receivables mainly due to the receipt of the 2018 e-business tax credits ($310K).

partially offset by:

- an increase of $151,254 in Intangibles assets due to the addition of Assets under development ($221K), offset by the amortization software technology ($70K).



Total liabilities and Equity decreased by $1,021,930 during the six-month period ended June 30, 2020, mainly due to:



- an increase of $1,158,447 in Net loss.

partially offset by:

- an increase of $104,057 in Accounts payables and accrued liabilities (Accounts payables and accrued liabilities ($261K), partially offset by Unearned revenues ($181K)).
- an increase of $161,889 in Equity component of convertible debt as a result of the accretion interest on a convertible debenture.

RESULTS OF OPERATIONS

	Three months ended June 30, 2020	Three months ended June 30, 2019	Variance	Six months ended June 30, 2020	Six months ended June 30, 2019	Variance
	$	$	$	$	$	$
Revenues	137,454	212,231	(74,777)	759,484	373,669	385,815
Operating expenses						
Selling, general and administrative charges	428,143	1,157,195	(729,052)	1,187,377	2,009,374	(821,997)
Technology	189,800	385,974	(196,174)	437,387	794,733	(357,346)
Depreciation of property and equipment	7,879	4,393	3,486	15,266	8,816	6,450
Depreciation of right-of-use assets	39,425	-	39,425	78,851	-	78,851
Amortization of intangible assets	34,993	56,539	(21,546)	69,986	113,209	(43,223)
Share-based compensation	14,470	132,456	(117,986)	32,136	148,651	(116,515)
Gain on settlement of liabilities	-	-	-	-	(12,411)	12,411
Operating Loss	(577,256)	(1,524,326)	947,070	(1,061,519)	(2,688,703)	1,627,184
Net finance expense	52,782	45,283	7,499	91,583	106,741	(15,158)
Net loss before income taxes	(630,038)	(1,569,609)	939,571	(1,153,102)	(2,795,444)	1,642,342
Income taxes						
Current	(2,417)	(20,418)	18,001	5,345	(43,080)	48,425
Deferred	-	-	-	-	-	-
	(2,417)	(20,418)	18,001	5,345	(43,080)	48,425
Net loss from continuing operations	(627,621)	(1,549,191)	921,570	(1,158,447)	(2,752,364)	1,593,917
Net earnings from discontinued operations	-	117,028	(117,028)	-	204,969	(204,969)
Net loss	(627,621)	(1,432,163)	804,542	(1,158,447)	(2,547,395)	1,388,948

Revenues

Revenues from continuing operations, namely from Smart Transaction Processing decrease for the three-month period ended June 30, 2020 by 35% as compared to the same period of 2019 mainly result from the impact of the coronavirus (COVID-19). Revenues increased for the six-month period ended June 30, 2020 by 103% compared to the same period of 2019.The single segment reporting is aligned with the organizational structure and strategic direction of the Company. The revenues include but not limited to integration fees, transaction processing fees and data processing.

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

	June 30, 2020	June 30, 2019
Sales from external customers from continuing operations	$	$
North America	**373,500**	13,275
Latin America	**385,984**	360,394
	759,484	373,669

Expenses

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

	Three-month period 2020 vs 2019	Six-month period 2020 vs 2019
Selling, general and administrative	▼ A decrease of $729K mainly results from the decrease in salaries ($343K), professional fees ($118K), travel ($78K), IT expenses ($49K), office expenses ($47K) and contract labor ($21K). Also, the decrease result from the adoption of the new accounting standard (IFRS 16) started January 1, 2019 where the Company recognized right-of-use asset from operating leases that was recorded as rent in 2019 ($44K).	▼ A decrease of $822K mainly results from the decrease in salaries ($431K), professional fees ($120K), travel ($66K), IT expenses ($94K), office expenses ($73K). Also, the decrease result from the adoption of the new accounting standard (IFRS 16) started January 1, 2019 where the Company recognized right-of-use asset from operating leases that was recorded as rent in 2019 ($88K).
Technology	▼ A decrease of $196K mainly result from the decrease in salaries and benefits ($225K), partially offset by an increase in IT expenses ($21K) and contract labor ($12K).	▼ A decrease of $357K mainly result from the decrease in salaries and benefits ($321K) and the capitalization of salaries and benefits expenses in intangible assets ($221K), partially offset by an increase in contract labor ($74K), IT expenses ($87K) and professional fees ($32K).
Depreciation of right-of-use assets	▲ The increase of $39K result from the adoption of the new accounting standard (IFRS 16) where the Company recognized the lease liability for leases that had been classified as operating leases in the three-month period ended June 30, 2019.	▲ The increase of $79K result from the adoption of the new accounting standard (IFRS 16) where the Company recognized the lease liability for leases that had been classified as operating leases in the six-month period ended June 30, 2019.
Share-based compensation	▼ A decrease of $118K as a result of a non-recurring issuance in 2019.	▼ A decrease of $117K as a result of a non-recurring issuance in 2019.
Net earnings from discontinued operations	▼ A decrease of $117K result from operating earnings of the DMBI segment ($188K) in the second quarter of 2019, partially offset by a net loss of the Payments segment ($71K) in that same period. Those two segments are no longer part of the company in 2020.	▼ A decrease of $205K result from operating earnings of the DMBI segment ($304K) in the first six months of 2019, partially offset by a net loss of the Payments segment ($99K) in that same period. Those two segments are no longer part of the company in 2020.

Summary of Quarterly Results

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

Quarter ended	Revenues	Net income (loss) ($)	Quarter to quarter variance ($)		EPS Basic and diluted ($)
June 30, 2020	137,454	(627,621)	(96,795)	a)	(0.00)
Mars 31, 2020	622,030	(530,826)	1,795,614	b)	(0.00)
December 31, 2019	348,818	(2,326,440)	(1,905,856)	c)	(0.01)
September 30, 2019	342,432	(420,584)	1,011,579	d)	(0.00)
June 30, 2019	211,175	(1,432,163)	(316,931)	e)	(0.01)
Mars 31, 2019	161,438	(1,115,232)	2,178,888	f)	(0.01)
December 31, 2018	182,084	(3,294,120)	(1,845,730)	g)	(0.02)
September 30, 2018	140,441	(1,448,390)	(534,693)		(0.01)

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

a) The small increase in net loss from Q1 is mainly due to a decrease in revenues from the impact of the coronavirus, partially offset by a reduction of expenses well controlled by the company.

b) The decrease in net loss is mainly due to the impairment loss on goodwill of $1,439K recorded in Q4-2019 and the capitalisation of technology charges of $221K in intangible assets.

c) The increase in net loss is principally due to the impairment loss on goodwill of $1,439K recorded in Q4-2019.

d) The decrease in net loss is mainly due to the sale of a business and assets for a total consideration of $3,140K and recording a total gain on disposal of business and assets of $484K presented as discontinued operations and lower operating costs.

e) 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 most of its customer relationship to Ackroo Inc. and to severance payments made to employees.

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

g) 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.

DISCONTINUED OPERATIONS AND DISPOSAL OF A BUSINESS AND ASSETS

DISPOSAL OF ASSETS

On July 2, 2019, the Company completed a transaction with Ackroo Inc. whereby most of customer relationships, owned by the Company's wholly owned subsidiary, I.Q. 7/24 Inc., were sold for proceeds of $2.8 million. The Company agreed to provide transition services for a period up to 24 months for the purposes of migrating a certain customer base from the I.Q. 7/24 Inc. licenses platform to the Ackroo Inc. platform.

Consideration for the disposal of assets:	$
Cash	2,800,000
Net consideration	2,800,000
Assets disposed of:	
Customer relationships	352,500
Goodwill	1,991,275
Net assets disposed	2,343,775
Gain on disposal of assets	456,225

The operating results are presented as Net earnings from discontinued operations in the Consolidated Statement of Comprehensive Loss and prior periods have been restated.

	Three months ended June 30, 2019	Six months ended June 30, 2019
	$	$
Revenues	475,474	835,248
Operating expenses		
Cost of sales	67,232	104,738
Selling, general and administrative charges	161,226	309,084
Amortization of intangible assets	58,750	117,500
Operating earnings	188,266	303,926

DISPOSAL OF A BUSINESS

On August 30, 2019, the Company disposed its 70% owned subsidiary, Mobi724 Asia Inc. for a net consideration of $340,100. On December 31, 2019, the Company wrote-off the remaining receivable of $215,100 because of no reasonable expectation of recovery.

Consideration for the disposal of a business:	$
Cash	125,000
Trade and other receivables	215,100
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 and the impairment loss	344,735
Derecognition of the non-controlling interest	(317,168)
Impairment loss on receivable from the sale of Mobi724 Asia Inc.	(215,100)
Loss on disposal of a business	(187,533)

The operating results are presented as Net earnings from discontinued operations in the Consolidated Statement of Comprehensive Loss and prior periods have been restated.

	Three months ended June 30, 2019	Six months ended June 30, 2019
	$	$
Revenues	7,416	75,655
Operating expenses		
Cost of sales	-	59,133
Selling, general and administrative charges	74,962	125,223
Depreciation of property and equipment	844	1,926
Operating loss	(68,390)	(110,627)
Net financial expenses (income)	2,848	(11,670)
Net loss	(71,238)	(98,957)

CASH FLOW

Below is a representation of the cash flow and liquidity position of the Company for the three and six months ended June 30, 2020.

	Three months ended June 30, 2020	Three months ended June 30, 2019	Variance	Six months ended June 30, 2020	Six months ended June 30, 2019	Variance
	$	$	$	$	$	$
Cash Flow						
Operations[1]	(485,707)	(1,350,149)	864,442	(895,196)	(2,486,538)	1,591,342
Non-cash working capital items	146,027	508,705	(362,678)	533,357	268,463	264,894
Net cash used in continuing operations	(339,680)	(841,444)	501,764	(361,839)	(2,218,075)	1,856,236
Net cash from discontinued operations	-	176,622	(176,622)	-	324,395	(324,395)
Financing activities	233,017	670,710	(437,693)	(19,661)	1,514,140	(1,533,801)
Investing activities	(4,073)	-	(4,073)	(248,135)	-	(248,135)
Effect of the exchange rate changes on cash	(16,501)	12,762	(29,263)	(15,527)	33,061	(48,588)
Net change in cash and cash equivalents	(127,237)	18,650	(145,887)	(645,162)	(346,479)	(298,683)
Cash and cash equivalents, beginning of the period	519,586	114,674	404,912	1,037,511	479,803	557,708
Cash and cash equivalents, end of the period	392,349	133,324	259,025	392,349	133,324	259,025

[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 2020 vs 2019	Six-month period 2020 vs 2019
Continuing operations	The decrease in cash flow used in continuing operations is mainly due to lower operating expenses (Selling, general and administrative charges ($729K) and Technology ($196K)), partially offset by a decrease in revenues ($75K).	The decrease in cash flow used in continuing operations is mainly due to the increase in revenues ($386K), lower operating expenses (Selling, general and administrative charges ($822K) and Technology ($357K)) and the capitalization of IT expenses ($221K) in intangible assets.
Non-cash working capital items	The decrease from non-cash working capital items is mainly due to the increase in accounts payables and accrued liabilities ($699K) in 2019, partially offset by the increase in trade and other receivables ($179K) in 2019 and the decrease in trade and other receivable ($87K) in 2020.	The increase from non-cash working capital items is mainly due to the decrease in trade and other receivables ($372K) in 2020, the increase in trade and other receivables ($255K) in 2019 and the increase in accounts payables and accrued liabilities ($104K) in 2020, partially offset by the increase in accounts payables and accrued liabilities ($563K) in 2019.
Discontinued operations	The decrease in cash flow from discontinued operations is due to net cash flows from the disposal of assets ($247K) in 2019, partially offset by a net cash flows used in the disposal of a business ($70K) in 2019.	The decrease in cash flow from discontinued operations is due to net cash flows from the disposal of assets ($421K) in 2019, partially offset by a net cash flows used in the disposal of a business ($97K) in 2019.
Financing activities	The decrease in cash from financing is mainly due to the proceeds from issuance of warrants ($383K), the proceeds from issue of common shares ($117K) and the proceeds from long-term debt ($177K) in the second quarter of 2019, partially offset by the proceeds from long-term debt ($241K) in the same period in 2020.	The decrease in cash from financing activities is mainly due to private placements financing for aggregate gross proceeds of $1.5 million and the proceed from long-term debt ($177K) in 2019, partially offset by the proceeds from long-term debt ($241K) in 2020.
Investing activities	No significant variance.	The increase in cash flow used in investing activities is mainly due the capitalization of IT expenses ($221K) in Assets under development in intangible assets.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2020, the Company had a cash and cash equivalents balance of $392,349, a negative working capital (current assets less current liabilities) of $784,382, total assets of $1,641,078, total liabilities of $2,699,869, and total liabilities and shareholder's equity of $1,641,078.

In comparison as at December 31, 2019, the Company had a cash and cash equivalents balance of $1,037,511, total assets of $2,663,008, total liabilities of $2,579,961, and total liabilities and shareholder's equity of $2,663,008. The Company had a working capital of $322,046 as at December 31, 2019.

On August 4th, the Company completed a funding of $750,000 and the Company is examining available options to raise other funds. The Company has no other committed sources of future financing as of the date of this MD&A. 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 March 31, 2021. 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 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. The application of the going concern concept is dependent on future events including amongst other things, attaining a satisfactory revenue level from its mobile POS technology system, attainment of profitable 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 losses from continuing operations totaling $1,158,447 for the six-month period ended June 30, 2020 and an accumulated deficit of $56,234,174 since the Company's inception on February 8, 2005. In addition, the Company was in breach of its debt covenants under a term loan as of June 30, 2020 which can result in the right by the lender to request immediate repayment of amounts borrowed. As at June 30, 2020, the Company had a negative working capital of $784,382 that includes the term loan reclassified to current liabilities (positive working capital of $322,046 as at December 31, 2019). As at the date of these condensed interim consolidated financial statements, 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. The Company may be unable to meet its current obligations. The Company can give no assurance that it will achieve profitability or be capable of sustaining profitable operations.

Also, an outbreak of a new strain of coronavirus (COVID-19) has resulted in a major global health crisis which continues to have impacts on the global economy and the financial markets. These events are likely to cause significant changes to the assets or liabilities in the coming year or to have a significant impact on future operations. Following these events, the Company has renegotiated the interest rate for its bank term loan to 0.00% for the next six months from March 15, 2020 up to September 14, 2020. Finally, the Company proceeded with significant temporary layoffs. However, it is impossible to determine the financial implications of these events.

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 a significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustment to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

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 June 30, 2020, 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:

	June 30, 2020	December 31, 2019
	$	$
Balances outstanding:		
Amounts due to directors and other members of the Company's key management personnel, without interest	**269,765**	212,061

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
	$	$	$	$
Salaries, benefits, commissions and consulting fees	**124,308**	183,398	**286,181**	364,982
Share-based compensation	**6,442**	86,331	**13,210**	95,296
	130,750	269,729	**299,391**	460,278

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.

Integration Risk

The Smart Transactions Processing platform offered by the Company requires completion of certain integrations with payment acquires/processors in the countries where the Company wishes to deploy its solutions. Although the Company has integrated its Smart Transaction processing pipeline with various technology platforms, there remain uncertainties as to the Company's ultimate ability to complete all necessary integrations in a timely fashion to successfully deploy its 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 and cash equivalent, Trade and other receivables (except sales tax and tax credit). The Company offsets these risks by depositing its cash with international financial institutions with low risk credit ratings. The credit risk related to Trade and other receivables is not significant due to the Company's short collection terms and the creditworthiness of its customers.

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.

Market Risks

Should the economy contract in countries where the Company is developing or doing business, Mobi724's customers in those countries may take longer to appreciate the value of the Company's offer, postpone budget expenses to a later date or decide not to pursue any new business until market conditions in their country improve.

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 are denominated in U.S, dollars and Argentinian Pesos. 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 short-term debt 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 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 solutions in order to deploy it. The Company has secured certifications in several important jurisdictions, but each market territory might require separate certifications. 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.

Comparative Figures

Certain prior period amounts have been reclassified for consistency with the current period presentation. The operations included in the disposal of a business and assets are presented separately as Net earnings from discontinued operations in the Consolidated Statement of Comprehensive Loss. These reclassifications had no effect on the reported results of operations.

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, 2019.

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	*(s) Allan Rosenhek*
Chief Executive Officer	*Chief Financial Officer*