



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

FOR THE FIRST QUARTER ENDED MARCH 31, 2021 AND 2020

A large, stylized graphic of the letters "Q1" in orange. The "Q" is significantly larger than the "1". The graphic is positioned at the bottom of the page, overlapping a dark blue horizontal band. There is also an orange curved shape in the bottom-right corner of the page.

# Mobi724 Global Solutions Inc.

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For the first quarter ended March 31, 2021 and 2020

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Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

***The accompanying unaudited condensed interim consolidated financial statements of Mobi724 Global Solutions Inc. for the first three months ended March 31, 2021, have been prepared by the Company's management and approved by the Audit Committee and Board of Directors of the Company. The accompanying unaudited condensed consolidated financial statements have not been reviewed by the Company's auditors.***

# Mobi724 Global Solutions Inc.

Condensed Interim Consolidated Statement of Financial Position (Unaudited)

As of March 31, 2021 and December 31, 2020

(in Canadian dollars)

	Note	March 31, 2021	December 31, 2020
		\$	\$
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		636,923	385,089
Trade and other receivables	3	383,886	296,440
Prepaid expenses and other current assets		75,116	39,936
Total current assets		1,095,925	721,465
Non-current assets:			
Property and equipment		29,513	34,986
Intangible assets		1	1
Total non-current assets		29,514	34,987
Total assets		1,125,439	756,452
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	4	639,389	1,027,842
Current portion of long-term debt	5	1,081,280	1,077,947
Total current liabilities		1,720,669	2,105,789
Non-current liabilities:			
Long-term debt	5	436,203	321,106
Convertible debt	6	4,154,902	3,937,026
Total non-current liabilities		4,591,105	4,258,132
<b>Equity</b>			
Equity attributable to the shareholders of the Company			
Share capital	7	37,647,837	37,015,747
Other equity accounts	7	15,208,377	14,412,249
Equity component of convertible debt	6	129,099	155,693
Deficit		(58,088,483)	(57,116,880)
Cumulative translation account		(83,165)	(74,278)
Total equity		(5,186,335)	(5,607,469)
Total liabilities and equity		1,125,439	756,452
Going concern (Note 2)			

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

# Mobi724 Global Solutions Inc.

Condensed Interim Consolidated Statement of Comprehensive Loss (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

		Three months ended	
		March 31,	
	Note	2021	2020
		\$	\$
<b>Revenue</b>		191,249	622,030
<b>Operating expenses</b>			
Selling, general and administrative charges, net of government assistance of: \$88,337 in 2021 (2020 – nil)		575,035	759,234
Technology, net of government assistance of: \$124,481 in 2021 (2020 – nil)		246,072	247,587
Depreciation of property and equipment		5,473	7,387
Depreciation of right-of-use asset		-	39,426
Amortization of intangible assets		-	34,993
Share-based compensation	7	101,870	17,666
Gain on settlement of liabilities		(56,372)	-
Operating loss		(680,829)	(484,263)
Net financial expenses	8	279,357	38,801
Net loss before income taxes		(960,186)	(523,064)
Income taxes			
Current		1,829	7,762
Deferred		9,588	-
		11,417	7,762
Net loss		(971,603)	(530,826)
<b>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</b>			
Cumulative translation adjustment		(8,887)	974
Comprehensive loss		(980,490)	(529,852)
Basic and diluted net loss per share:		(0.00)	(0.00)
Weighted average number of shares outstanding		237,289,253	218,678,031

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

# Mobi724 Global Solutions Inc.

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

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

	Note	Share capital Number	Share capital Share capital	Other equity accounts	Equity component of convertible debt	Deficit	Cumulative translation adjustment	Shareholders Equity
			\$	\$	\$	\$	\$	\$
Balance at January 1, 2021		218,678,031	37,015,747	14,412,249	155,693	(57,116,880)	(74,278)	(5,607,469)
Net loss for the period			-	-	-	(971,603)	-	(971,603)
Other comprehensive income			-	-	-	-	(8,887)	(8,887)
Comprehensive loss for the period						(971,603)	(8,887)	(980,490)
Settlement of liabilities	4, 7	900,000	20,283	24,717	-	-	-	45,000
Conversion of convertible debt	7	2,000,000	80,848	-	(36,182)	-	-	44,666
Deferred income taxes on equity portion of convertible debt	7	-	-	-	9,588	-	-	9,588
Issuance of shares for private placement	7	25,610,000	593,426	-	-	-	-	593,426
Share issuance costs	7	-	(62,467)	-	-	-	-	(62,467)
Share-based payments	7	-	-	101,870	-	-	-	101,870
Warrants issued	7	-	-	745,662	-	-	-	745,662
Warrant issue costs	7	-	-	(76,121)	-	-	-	(76,121)
Balance at March 31, 2021		247,188,031	37,647,837	15,208,377	129,099	(58,088,483)	(83,165)	(5,186,335)
Balance at January 1, 2020		218,678,031	37,015,747	14,252,696	3,844,004	(54,913,838)	(115,562)	83,047
Net loss for the period			-	-	-	(530,826)	-	(530,826)
Other comprehensive loss			-	-	-	-	974	974
Comprehensive loss for the period						(530,826)	974	(529,852)
Interest expense on convertible debenture presented as equity	6	-	-	-	80,945	(80,945)	-	-
Share-based payments	7	-	-	17,666	-	-	-	17,666
Balance at March 31, 2020		218,678,031	37,015,747	14,270,362	3,924,949	(55,525,609)	(114,588)	(429,139)

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

# Mobi724 Global Solutions Inc.

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars)

		Three months ended	
	Note	March 31,	
		2021	2020
		\$	\$
Operating activities:			
Net loss		(971,603)	(530,826)
Non-cash items:			
Depreciation of property and equipment		5,473	7,387
Depreciation of right-of-use asset		-	39,426
Amortization of intangible assets		-	34,993
Share-based payments		101,870	17,666
Professional fees		58,588	-
Gain on settlement of liabilities		(56,372)	-
Interest and accretion interest expense	8	262,542	21,865
Deferred taxes		9,588	-
		(589,914)	(409,489)
Changes in working capital items:		(409,707)	387,330
Net cash used in operating activities		(999,621)	(22,159)
Financing activities:			
Repayment of long-term debt		(6,570)	(183,850)
Repayment of convertible debt		-	(30,000)
Repayment of lease liability		-	(38,828)
Proceeds from long-term debt		125,000	-
Proceeds from issuance of warrants		687,074	-
Proceeds from issue of common shares		593,426	-
Share and warrant issue costs		(138,588)	-
Net cash generated from (used in) financing activities		1,260,342	(252,678)
Investing activities:			
Additions to property and equipment		-	(22,822)
Additions to intangibles assets		-	(221,240)
Net cash used in investing activities		-	(244,062)
Effect of the exchange rate changes on cash		(8,887)	974
Net increase (decrease) in cash and cash equivalents		251,834	(517,925)
Cash and cash equivalents, beginning of the period		385,089	1,037,511
Cash and cash equivalents, end of the period		636,923	519,586

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

# Mobi724 Global Solutions Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars except share and per share amounts)

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## 1. Statute of Incorporation and Nature of Activities

Mobi724 Global Solutions Inc. (the “Company” or “Mobi724”) was incorporated under the Business Corporations Act (Alberta) on February 8, 2005. Mobi724 is a global Fintech company, offering a suite of integrated data-driven business intelligence and artificial intelligence powered card-linked offers and reward solutions.

The Company’s registered office and its head office are located at 1275 Avenue des Canadiens-de-Montréal, Suite 500, Montreal, Quebec H3B 0G4. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries First Equity Strategy LLC (“First Equity”), incorporated in the State of Delaware, USA, Mobi724 Solutions S.R.L., incorporated in Argentina and Mobi724 Smart Transactions Inc., incorporated under the Canada Business Corporations Act.

In 2020, the condensed interim consolidated financial statements also include the results of the wholly-owned subsidiary, I.Q. 7/24 Inc. (“IQ724”). This subsidiary was wound-up on December 29, 2020.

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

## 2. Basis of preparation and going concern

### a) Statement of compliance

These condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. They do not include all of the information required in the full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2020. Results for the first three-month period may not necessarily be indicative of full year results.

The Board of Directors approved the condensed interim consolidated financial statements for the first quarter ended March 31, 2021 and authorized their publication on May 26, 2021.

### b) Going concern

These consolidated financial statements have been prepared on a going concern basis in compliance with IFRS. A going concern basis contemplates the realization of the carrying value of assets and the settlement of liabilities in the normal course of business as they come due. 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, 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 losses totaling \$971,603 and \$530,826 for the three-month period ended March 31, 2021 and 2020 respectively and an accumulated deficit of \$58,088,483 since the Company’s inception on February 8, 2005. During the three-month period ended March 31, 2021, the Company received \$1,405,500 in additional funds from equity and debt financing. In addition, the Company was in breach of its debt covenants under a term loan as of March 31, 2021 which can result in the right by the lender to request immediate repayment of amounts borrowed. As at March 31, 2021, the Company had a negative working capital of \$624,744 that includes the term loan reclassified to current liabilities (negative working capital of \$1,384,324 as at December 31, 2020). As at the date of these 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.

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.

# Mobi724 Global Solutions Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars except share and per share amounts)

## c) Functional and Presentation Currency

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

## d) Significant Accounting Policies

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the audited annual financial statements for the year ended December 31, 2020.

### 3. Trade and other receivables

	March 31, 2021	December 31, 2020
	\$	\$
Trade receivables	117,396	103,734
Sales tax receivable	39,982	35,029
Tax credits receivable	114,380	72,260
Government subsidy receivable	112,128	85,417
	<b>383,886</b>	296,440

### 4. Accounts Payable and Accrued Liabilities

	March 31, 2021	December 31, 2020
	\$	\$
Accounts payable and accrued liabilities <sup>(a)</sup>	563,900	817,780
Salaries and related benefits	75,489	210,062
	<b>639,389</b>	1,027,842

<sup>(a)</sup> During the three-month period ended March 31, 2021, the Company negotiated certain amounts due to suppliers resulting in a decrease of accounts payable and accrued liabilities in an amount of \$56,372 (2020 – nil). This gain was recorded in the Condensed Interim Consolidated Statement of Comprehensive Loss in "Gain on settlement of liabilities".

During the three-month period ended March 31, 2021, the Company settled certain amounts due resulting in a decrease of accounts payable and accrued liabilities in the amount of \$45,000 (2020 – nil) through the issuance of share capital and warrants. The Company issued 900,000 common shares at \$0.05 per share and issued 675,000 warrants exercisable at \$0.06. A total of \$24,717 of the issue price was allocated to the warrants and the difference between the settled amounts and the fair value of the warrants of \$20,283 was allocated to the share capital.

## Mobi724 Global Solutions Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars except share and per share amounts)

### 5. Long-term debt

	March 31, 2021	December 31, 2020
	\$	\$
Bank term loan, due June 2022, bearing interest at floating base rate plus 3.3% (7.60% as at March 31, 2021 - 7.85% as at December 31, 2020), capital repayable on maturity date and monthly interest payments. This debt is secured by a movable hypothec of \$1,000,000 on the universality of the Company's assets. During the year ended December 31, 2020, the Company received a moratorium on interest repayment for six months estimated at \$45,000 payable in 2021 <sup>a)</sup>	1,045,000	1,045,000
Government loan, due February 2022, without interest, repayable in monthly installments of \$2,190	35,057	41,627
Government loan, due December 2022, without interest, capital repayable in monthly installments of \$1,111 and the balance repayable on maturity date	30,000	30,000
Government loan, due December 2027, without interest, capital repayable in monthly installments of \$2,083 starting after the two years moratorium period	125,000	-
Government loan, due December 2022, without interest, capital repayable on maturity date	80,000	80,000
Government loan, due December 2030, bearing interest at floating base rate plus 0.25% (2.70% as at March 31, 2021 - 2.45% as at December 31, 2020), capital repayable in monthly installments of \$2,109 starting after the two years moratorium period, interest payable monthly	202,426	202,426
	<b>1,517,483</b>	1,399,053
Less: current portion <sup>a)</sup>	<b>(1,081,280)</b>	(1,077,947)
Non-current portion	<b>436,203</b>	321,106

<sup>a)</sup> Under the credit agreement, the Company is required to comply with the following financial ratios:

- Working Capital ratio of minimum 1.1:1;
- A Term Debt to Tangible Equity Ratio of a maximum of 0.35:1.

As at March 31, 2021 and December 31, 2020, the Company was in breach of both ratios and thus the bank term loan of \$1,000,000 was reclassified to current liabilities.

Principal payments required on long-term debt for the coming years are as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Less than one year	1,081,280	1,077,947
Between one and five years	272,263	194,590
Over 5 years	163,940	126,516
Total	<b>1,517,483</b>	1,399,053

# Mobi724 Global Solutions Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars except share and per share amounts)

## 6. Convertible Debt

The following tables summarize the components of the convertible debt:

	Liability component	Embedded conversion option reserve	Embedded warrant reserve	Total equity component	Total
	\$	\$	\$	\$	\$
Balance at January 1, 2021	3,937,026	155,693	16,263	171,956	4,108,982
Interest and accretion interest expense	262,542	-	-	-	262,542
Convertible debt converted during the period	(44,666)	(36,182)	-	(36,182)	(80,848)
Deferred income taxes on equity portion of convertible debt	-	9,588	-	9,588	9,588
Balance at March 31, 2021	4,154,902	129,099	16,263	145,362	4,300,264

	Liability component	Conversion option reserve	Embedded warrant reserve	Total equity component	Total
	\$	\$	\$	\$	\$
Balance at January 1, 2020	495,204	3,844,004	-	3,844,004	4,339,208
Interest and accretion interest expense	461,436	189,464	-	189,464	650,900
Repayment of convertible debt	(60,000)	-	-	-	(60,000)
Modification of terms of convertible debt	2,833,285	(3,968,758)	-	(3,968,758)	(1,135,473)
Convertible debt issued during the period	207,101	126,636	16,263	142,899	350,000
Deferred income taxes on equity portion of convertible debt	-	(35,653)	-	(35,653)	(35,653)
Balance at December 31, 2020	3,937,026	155,693	16,263	171,956	4,108,982

### 2020 Unsecured Convertible Debentures

During the year ended December 31, 2020, the Company issued \$350,000 Unsecured Convertible Debentures that may be converted, at the option of the holder, at any time commencing August 6, 2020 until August 6, 2023 at \$0.05 per common share if the Debentures or a portion thereof is converted during the first year from issuance of the Debentures. If a conversion occurs at anytime after the first year of issuance of the Debentures, the Conversion Price will be equal to \$0.10. The 2020 Unsecured Convertible Debentures is also comprised of 1,000,000 detachable warrants. Each warrant entitles the holder to purchase one additional share of the Company at price of \$0.075 for a period of thirty-six months from issuance. Provided that during the first year of the term, if the volume weighted average price of the common shares of the Company on the TSXV, or any such other stock exchange as the common shares of the Company are listed, is equal to or greater than \$0.20 for a period of ten consecutive trading days and \$0.25 after the first year, then the Company may at anytime thereafter accelerate the maturity date of the Debenture to the date that is thirty days following the date on which the Company issues a notice to all the Debenture holders of the new maturity date and force the Debenture holders to convert the Debenture. These Convertible Debentures bear an annual interest rate of 10%, which is payable on August 6, 2023.

On the transaction date, the fair value of the debt component of the 2020 Unsecured Convertible Debentures was estimated at \$207,101. The Company allocated the fair value of the Unsecured Convertible Debentures to the debt component by discounting the future cash flows using a discount rate of 30%. The difference between the fair value of the 2020 Unsecured Convertible Debentures and the proceeds in the amount of \$350,000 was allocated to the equity component. Within the equity component, the value is allocated to the embedded warrant feature based on its calculated fair value and the residual amount is allocated to the embedded conversion feature.

On March 19, 2021, \$100,000 of these debentures were converted into 2,000,000 common shares. \$44,666 from the liability component including accretion interest, and \$36,182 of the original embedded conversion option reserve were transferred into share capital upon the conversion for a total amount of \$80,848.

## Mobi724 Global Solutions Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars except share and per share amounts)

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### 2019 Unsecured Convertible Debentures

During the year ended December 31, 2019, the Company issued \$500,000 Unsecured Convertible Debentures that may be converted, at the option of the holder, at any time commencing February 16, 2019 until January 15, 2021 to 3,333,333 (0.15\$) common shares of the Company. This convertible debenture bears an annual interest rate of 12%, which is payable semi-annually in cash or in Common Shares at the option of the Holder.

On the transaction date, the fair value of the debt component of the convertible debenture was estimated at \$443,195. The Company allocated the fair value of the convertible debenture to the debt component by discounting the future cash flows using a discount rate of 20%. The difference between the fair value of the convertible debenture and the proceeds in the amount of \$500,000 was allocated to the equity component.

On July 31, 2020, the Company extended the maturity date until July 31, 2022 and amended the debenture conversion price from \$0.15 to \$0.10. These modifications were considered with substantially different terms and therefore have been accounted for as an extinguishment of the original debentures and the recognition of new debentures. At the date of the modification of terms, the fair value of the debt component of the convertible debenture was estimated at \$368,420. The Company allocated the fair value of the convertible debenture to the debt component by discounting the future cash flows using a discount rate of 30%. The difference between the fair value of the convertible debenture before the modification of terms and the fair value of the convertible debenture after modification of terms of \$119,088 was recorded in Net financial expenses in the Consolidated Statement of Comprehensive Loss.

### 2016 Secured Convertible Debentures

During the year ended December 31, 2016, the Company issued \$500,000 Secured Convertible Debentures that may be converted, at the option of the holder, at any time commencing October 5, 2016 until March 30, 2018 to 3,333,333 (0.15\$) common shares of the Company. This convertible debenture bears an annual interest rate of 8%, which is payable quarterly.

On the transaction date, the fair value of the debt component of the convertible debenture was estimated at \$305,562. The Company allocated the fair value of the convertible debenture to the debt component by discounting the future cash flows using a discount rate of 25%. The difference between the fair value of the convertible debenture and the proceeds in the amount of \$500,000 was allocated to the equity component.

During the year ended December 31, 2018, the remaining \$320,000 of these debentures (\$180,000 in 2017) and accrued interest of \$25,600 (\$26,135 in 2017) were fully converted into 2,304,000 common shares (1,320,898 in 2017).

On July 16, 2018, the Company extended the maturity date of a \$2,705,566 at 12% interest bearing debenture which is convertible into common shares of the Company at \$0.35 per share (the "Debenture") that was originally issued on September 1, 2016. The Debenture was extended until June 30, 2020. On June 29, 2020, the Debenture was extended a second time until July 31, 2020.

On July 31, 2020, the Company issued an Unsecured Convertible Debenture of \$4,376,663 that comprises the issuance of \$400,000 of new capital plus \$3,976,663 which represents the capital and accrued interest of the 2016 Secured Convertible debentures rolled into this new debenture. This new Unsecured Convertible Debenture bears an annual interest rate of 6%, which is payable at the maturity date on June 30, 2022. The debenture may be converted into common shares of the Company at \$0.26. The new agreement does not give the Company an unconditional right of conversion of the debenture at its option at maturity date and therefore the convertible debt portion of this new debenture is presented in liability.

On the transaction date, the fair value of the convertible debt was estimated at \$2,952,374. The Company allocated the fair value of the convertible debenture to the debt component by discounting the future cash flows using a discount rate of 30%. The difference between the fair value of the convertible debenture and the face value of the Unsecured Convertible Debenture of \$4,376,663 was allocated to the equity component. Within the equity component, the value is allocated first to the embedded conversion feature based on its calculated fair value of \$7,905 and the residual amount of \$1,416,385 is recorded as a gain on the extinction of the old debenture in Deficit.

# Mobi724 Global Solutions Inc.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

For the three-month periods ended March 31, 2021 and 2020

(in Canadian dollars except share and per share amounts)

## 7. Shareholders' Equity

### a) Share Capital Authorized

Unlimited number of common voting shares.

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

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

	March 31, 2021		March 31, 2020		
	Note	Number of common shares	Amount	Number of common shares	Amount
					\$
Balance, beginning of the year		218,678,031	37,015,747	218,678,031	37,015,747
Shares issued for private placements <sup>(a)</sup>		25,610,000	593,426	-	-
Shares issued for settlement of liabilities	4	900,000	20,283	-	-
Convertible debt converted during the period	6	2,000,000	80,848	-	-
Share issue cost		-	(62,467)	-	-
<b>Balance, end of the period</b>		<b>247,188,031</b>	<b>37,647,837</b>	218,678,031	37,015,747

<sup>(a)</sup> On January 26, 2021, in connection with a private placement, the Company issued 23,000,000 common shares at \$0.05 per share for a total cash consideration of \$1,150,000. As part of the private placement, the investors also received a total of 17,250,000 warrants of the Company exercisable at \$0.06. A total of \$631,654 of the issue price was allocated to the warrants. The Company also issued 1,600,000 warrants with the same terms for a referral fee valued at \$58,588.

On February 8, 2021, in connection with a private placement, the Company issued 2,610,000 common shares at \$0.05 per share for a total cash consideration of \$130,500. As part of the private placement, the investors also received a total of 1,957,500 warrants of the Company exercisable at \$0.06. A total of \$55,420 of the issue price was allocated to the warrants.

### b) Share Purchase Options

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

Movements in the Company's share Purchase Options are as follows:

	March 31, 2021		March 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of the year	19,244,220	0.12	14,273,590	0.13
Forfeited	(90,151)	0.08	(142,348)	0.10
Expired/cancelled	(476,314)	0.25	(1,816,666)	0.18
<b>Balance, end of the period</b>	<b>18,677,755</b>	<b>0.07</b>	12,314,576	0.12
<b>Exercisable options</b>	<b>16,100,946</b>	<b>0.07</b>	8,203,490	0.13

Outstanding share purchase options as at March 31, 2021 are as follows:

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Range of exercise prices	Weighted average residual life span (in years)	Outstanding options	Weighted average exercise price	Exercisable options	Weighted average exercise price
0.05	2.72	6,000,012	0.05	6,000,012	0.05
0.06	1.22	835,230	0.06	556,820	0.06
0.08	2.23	11,510,013	0.08	9,211,614	0.08
0.10	0.66	92,500	0.10	92,500	0.10
0.35	1.55	240,000	0.35	240,000	0.35
	2.33	18,677,755	0.07	16,100,946	0.07

Outstanding share purchase options as at March 31, 2020 are as follows:

Range of exercise prices	Weighted average residual life span (in years)	Outstanding options	Weighted average exercise price	Exercisable options	Weighted average exercise price
0.05	4.09	83,347	0.05	83,347	0.05
0.06	2.22	1,670,453	0.06	1,670,453	0.06
0.08	2.22	7,899,943	0.08	4,122,190	0.08
0.10	1.66	92,500	0.10	92,500	0.10
0.15	0.69	800,000	0.15	800,000	0.15
0.35	0.77	1,768,333	0.35	1,435,000	0.35
	1.92	12,314,576	0.12	8,203,490	0.13

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

Expiry date	Exercise price	Share options	
		March 31, 2021	March 31, 2020
May 9, 2020	0.35	-	250,000
June 30, 2020	0.35	-	360,000
September 28, 2020	0.35	-	410,000
November 28, 2020	0.35	-	150,000
December 9, 2020	0.15	-	800,000
February 26, 2021	0.35	-	333,333
May 27, 2021	0.35	-	25,000
November 26, 2021	0.10	92,500	92,500
May 29, 2022	0.08	263,400	318,300
June 21, 2022	0.08	3,462,603	7,581,643
June 21, 2022	0.06	835,230	1,670,453
October 16, 2022	0.35	240,000	240,000
December 21, 2023	0.05	5,916,665	-
December 21, 2023	0.08	7,784,010	-
May 01, 2024	0.05	83,347	83,347
		<b>18,677,755</b>	<b>12,314,576</b>

An amount of \$101,870 has been expensed as share-based payment awards for the three-month period ended March 31, 2021 (2020 – \$17,666). The offsetting credit has been recorded as option reserve. The stock-based compensation expense was calculated according to the weighted average fair value of options granted based on the Black-Scholes valuation model using the assumptions shown below based on the expected number of options expected to vest. The volatility on the Company's common shares was estimated based on historical information over the expected life of the options.

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## c) Other Equity Accounts

	March 31, 2021	March 31, 2020
	\$	\$
Contributed Surplus	13,210,671	13,133,025
Option reserve	870,170	718,686
Warrant reserve	1,127,536	418,651
<b>Balance, end of the period</b>	<b>15,208,377</b>	<b>14,270,362</b>

## d) Contributed Surplus

Changes during the three-month period in the Company's Contributed surplus are as follows:

	March 31, 2021	March 31, 2020
	\$	\$
Balance, beginning of the period	13,142,151	13,072,387
Stock options expired or cancelled	68,520	60,638
<b>Balance, end of the period</b>	<b>13,210,671</b>	<b>13,133,025</b>

## e) Option reserve

Changes during the three-month period in the Company's Option reserve are as follows:

	March 31, 2021	March 31, 2020
	\$	\$
Balance, beginning of the period	836,820	761,658
Stock based payments	101,870	17,666
Stock options expired or cancelled	(68,520)	(60,638)
<b>Balance, end of the period</b>	<b>870,170</b>	<b>718,686</b>

## f) Warrant reserve

Changes during the three-month period in the Company's Warrant reserve are as follows:

	Note	March 31, 2021			March 31, 2020		
		Number of warrants	Amount	Weighted average exercise price	Number of warrants	Amount	Weighted average exercise price
		\$	\$		\$	\$	
Balance, beginning of the period		10,290,906	433,278	0.08	9,318,179	418,651	0.08
Warrants issued for private placements <sup>a)</sup>		20,807,500	745,662	0.06	-	-	-
Warrants issued for settlement of liabilities	4	675,000	24,717	0.06	-	-	-
Warrants issue costs		-	(76,121)	-	-	-	-
<b>Balance, end of the period</b>		<b>31,773,406</b>	<b>1,127,536</b>	<b>0.07</b>	<b>9,318,179</b>	<b>418,651</b>	<b>0.08</b>

(a) On January 26, 2021, in connection with a private placement, the Company issued 17,250,000 warrants valued at \$631,654. The Company also issued 1,600,000 warrants for a referral fee valued at \$58,588.

On February 8, 2021, in connection with a private placement, the Company issued 1,957,500 warrants valued at \$55,420.

The fair value of the warrants issued was estimated using the Black-Scholes option pricing model, using the following assumptions:

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	March 31, 2021
Share price	\$0.05 to \$0.06
Exercise price	\$0.06
Risk-free interest rate	0.20% to 0.26%
Expected life	3 years
Expected estimated volatility	114% to 115%
Dividend yield	nil
Fair value of warrants issued	\$0.03 to \$0.04

The volatility on the Company's common shares was estimated based on historical information over the expected life of the warrants.

Warrants outstanding at the end of the period have the following expiry dates and exercise prices:

Expiry date	Exercise price	Warrants	
		March 31, 2021	March 31, 2020
November 21, 2020	0.08	-	27,273
December 30, 2021	0.10	200,000	200,000
August 6, 2023	0.08	1,000,000	-
May 21, 2024	0.08	9,090,906	9,090,906
January 26, 2024	0.06	19,525,000	-
February 8, 2024	0.06	1,957,500	-
		<b>31,773,406</b>	<b>9,318,179</b>

### 8. Net Financial Expenses

Financial expenses comprise of the following:

	March 31, 2021	March 31, 2020
	\$	\$
Interest income	(1,000)	(3,532)
Interest and banking fees	3,956	3,356
Interest expense on long-term debt	21,594	25,602
Interest and accretion interest expense on convertible debt	262,542	21,865
Interest on lease liabilities	-	3,172
Foreign exchange gain	(7,735)	(11,662)
<b>Total finance expenses</b>	<b>279,357</b>	<b>38,801</b>

### 9. Financial Instruments

The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

#### a) Measurement categories

The following table shows the carrying values of assets and liabilities for each category as at March 31, 2021 and December 31, 2020:

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	March 31, 2021	December 31, 2020
	\$	\$
<b>Assets</b>		
Amortized cost		
Cash and cash equivalents	636,923	385,089
Trade and other receivables (excluding sales tax, tax credit receivable and Government subsidy receivable)	117,396	103,734
Total loans and receivables	754,319	488,823
<b>Liabilities</b>		
Amortized cost		
Accounts payable and accrued liabilities (excluding salaries and related benefits)	563,900	817,780
Convertible debt	4,154,902	3,937,026
Long-term debt	1,517,483	1,399,053
Total amortized cost	6,236,285	6,153,859

## b) Fair value

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

The fair value of the long-term debt and convertible debts are not significantly different than their carrying amounts and are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. These debts have been categorized within Level 2 of the fair value hierarchy.

## 10. Related Party transactions

The following tables summarize the transactions and balances outstanding with related parties of the Company:

	March 31, 2021	December 31, 2020
	\$	\$
<b>Balances outstanding:</b>		
Amounts due to directors and other members of the Company's key management personnel, without interest	337,274	436,239

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

	March 31, 2021	March 31, 2020
	\$	\$
Salaries, benefits, commissions and consulting fees	169,283	161,873
Share-based compensation	55,618	6,768
	224,901	168,641

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## 11. Segmented Reporting

The Company operates and reports its results in a single reportable and operating segment, namely Smart Transactions processing. The reportable and operating segment is monitored by the Company's chief decision maker and is aligned with the organizational structure and strategic direction of the Company. The segments do not earn any inter-segment revenues. The Company also operates in two different geographical regions.

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

	March 31, 2021	March 31, 2020
	\$	\$
<b>Sales from external customers</b>		
North America	44,128	373,500
Latin America	147,121	248,530
	<b>191,249</b>	<b>622,030</b>