Consolidated Financial Statements of
(Expressed in Canadian dollars)

IMPAK FINANCE INC.

Year ended April 30, 2018

IMPAK FINANCE INC.

Table of Contents
(Expressed in Canadian dollars)

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Canada

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Impak Finance Inc.

We have audited the accompanying consolidated financial statements of Impak Finance Inc., which comprise the consolidated statement of financial position as at April 30, 2018, the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Impak Finance Inc. as at April 30, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Comparative Information

The consolidated financial statements of Impak Finance Inc. as at and for the year ended April 30, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 20, 2017.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Impak Finance Inc. has not yet achieved profitable operations, has an accumulated deficit and that its current liabilities exceeds its current assets. Accordingly, Impak Finance Inc. depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Impak Finance Inc.'s ability to continue as a going concern.

KPMG LLP*

January 15, 2019

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A131681

IMPAK FINANCE INC.

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

April 30, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	$ 77,068	$ 321,254
Grant receivable and other receivables	24,113	–
Sales taxes recoverable	–	64,886
Prepaid expenses	13,524	30,973
Total current assets	114,705	417,113
Non-current assets:		
Property and equipment (note 6)	18,794	24,594
Total assets	$ 133,499	$ 441,707
Liabilities		
Current liabilities:		
Trade and other payables (note 7)	$ 295,826	$ 102,802
Sales taxes payable	32,169	–
	327,995	102,802
Non-current liabilities:		
Deferred income (note 9)	1,375,962	–
Total liabilities	1,703,957	102,802
Equity:		
Share capital (note 8)	2,225,987	1,327,794
Deficit	(3,796,445)	(988,889)
Total equity (shareholders' deficiency)	(1,570,458)	338,905
Going concern (note 1)		
Commitments (note 17)		
Subsequent events (note 18)		
Total liabilities and equity	$ 133,499	$ 441,707

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

On behalf of the Board:

______________________ Director

______________________ Director

IMPAK FINANCE INC.

Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Services	$ 14,031	$ –
Expenses:		
Research and development	764,477	233,482
Sales and marketing	348,715	378,225
General and administrative	889,410	375,948
Share-based compensation (note 8(b))	876,546	–
	2,879,148	987,655
Loss before undernoted items	(2,865,117)	(987,655)
Others items:		
Financial expense	34,525	1,234
Other income from disposal of cryptoassets (note 9)	(92,086)	–
	(57,561)	1,234
Loss before income taxes	(2,807,556)	(988,889)
Income taxes (note 10)	–	–
Net loss and comprehensive loss	$ (2,807,556)	$ (988,889)
Net loss per share:		
Basis and diluted loss per share	$ (0.32)	$ (0.14)
Weighted average number of outstanding common shares	8,847,350	7,224,136

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

IMPAK FINANCE INC.

Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars)

Year ended April 30, 2018, with comparative information for 2017

	Common shares	Share capital	Contributed surplus	Deficit	Total
Balance as at April 30, 2016	–	$ –	$ –	$ –	$ –
Issuance of shares	6,400,000	64	–	–	64
Private placements	1,816,239	1,194,168	–	–	1,194,168
Shares issued for services rendered by third parties	314,227	218,737	–	–	218,737
Share issuance costs	–	(85,175)	–	–	(85,175)
Net loss and comprehensive loss	–	–	–	(988,889)	(988,889)
Balance as at April 30, 2017	8,530,466	1,327,794	–	(988,889)	338,905
Shares cancelled	(600,000)	(6)	–	–	(6)
Shares issued for services rendered by third parties	21,568	21,568	–	–	21,568
Share-based compensation	–	–	876,546	–	876,546
Shares issued pursuant to stock options exercised during the year	876,546	876,631	(876,546)	–	85
Net loss and comprehensive loss	–	–	–	(2,807,556)	(2,807,556)
Balance as at April 30, 2018	8,828,580	$ 2,225,987	$ –	$ (3,796,445)	$ (1,570,458)

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

IMPAK FINANCE INC.

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

Year ended April 30, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating:		
Net loss and comprehensive loss	$ (2,807,556)	$ (988,889)
Items not involving cash:		
Depreciation of property and equipment	9,000	1,774
Share-based compensation	876,546	–
Services paid by issuance of shares	21,568	218,737
Net change in non-cash operating items (note 11)	1,659,377	6,943
	(241,065)	(761,435)
Financing:		
Shares cancelled	(6)	–
Proceeds from exercise of stock options	85	–
Issuance of shares	–	1,194,232
Share issue costs	–	(85,175)
	79	1,109,057
Investing:		
Additions to property and equipment	(3,200)	(26,368)
Net (decrease) increase in cash during the year	(244,186)	321,254
Cash, beginning of the year	321,254	–
Cash, end of year	$ 77,068	$ 321,254

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

Impak Finance Inc. ("Impak Finance" or the "Company") was incorporated under the *Canada Business Corporations Act* on May 5, 2016. The Company's mission is to make money work for positive social, innovative and environmental impact through an online collaborative financial ecosystem powered by disruptive financial technologies developed by the Company and third-party vendors. The Company is developing impak.eco an online social network dedicated to the Impact Economy, composed of organizations and individuals that share the belief that economic activity should consider more than just its financial aspects, but also take into account the effect it has on people and the planet. The network will be promoted through MPK, a new digital currency that the Company will issue.

The head and principal office of the Company is located at 201-5605 de Gaspé Avenue, Montréal, Québec, Canada H2T 2A4. The Company incorporated its subsidiary Impak Capital Finance Inc. on March 31, 2017. The subsidiary has not yet begun commercial activities.

1. Going concern:

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. 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.

The Company had not yet achieved profitable operations, has a net loss of $2,807,556 for the year ended April 30, 2018, a deficit since inception of $3,796,445 and working capital deficiency of $213,290 as at April 30, 2018. The Company expects to incur further losses for the foreseeable future in the development of its business. In addition, the Company is committed to finance the initial cash reserve of approximately $550,000 to be maintained by the MPK Governance Body (see Note 17).

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

There can be no assurance that the Company will be successful or that sufficient funds can be raised in a timely manner and, as a result, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements were approved and authorized for issue by the Board of Directors on January 15, 2019.

(a) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except for equity-based share-based payment arrangements which are measured at fair value at the date of grant pursuant to IFRS 2.

(b) Basis of consolidation:

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Impak Capital Finance Inc.

All intercompany balances, revenues and expenses are eliminated upon consolidation including unrealized gains and losses on transactions between the Impak Finance's companies.

(c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars. The functional currency of Impak Finance and its subsidiary is the Canadian dollar.

(d) Basic and diluted loss per share:

The Company presents basic and diluted loss per share for its common shares, calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options in the weighted average number of common shares outstanding during the period, if dilutive.

For the year ended April 30, 2018, the potentially diluted loss per share was the same as the basic loss per share since the Company incurred loss and that the effect of any stock options would have been anti-dilutive.

2. Significant accounting policies (continued):

(e) Cryptoassets and Initial Coin Offering ("ICO"):

The Impak Coins ("MPK") to be issued as part of the ICO completed by the Company (see Note 9) are digital assets and treated as internally developed intangible assets which will be issued to ICO participants once the impak.eco social network platform is developed, but which have no value in the consolidated financial statements of the Company before their issuance. The consideration received in payment for the issuance of MPK is treated as other income from disposal of cryptoassets in the consolidated statement of loss and comprehensive loss when the control is transferred to the purchaser. Any payment received before the control is transferred is accounted for as deferred income in the consolidated statements of financial position.

The issuance of an internally developed intangible asset to employees or consultants in exchange of services is a non-monetary transaction to be accounted for at cost. As such, MPK to be issued as employee benefits (see Note 15) are recognized as an expense in the consolidated statements of loss and comprehensive loss based on their cost and as a liability in the consolidated statements of financial position until their issuance.

(f) Income taxes:

The Company applies the liability method of accounting for income taxes. Current tax expense is recognized based on the expected tax payable on the taxable income for the year, using the enacted tax rate at period-end, adjusted for any amendments with regards to previous years.

Deferred income tax assets and liabilities are recognized for the future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their respective tax bases, and for tax losses carried forward. Deferred income tax assets and liabilities are measured using the substantively enacted tax rates that will be in effect for the year in which the differences are expected to reverse.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the underlying tax loss or deductible temporary differences can be utilized. Deferred tax liabilities are always recognized in full. Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

2. Significant accounting policies (continued):

(f) Income taxes (continued):

Changes in deferred tax assets and liabilities are recognized as a component of tax income or expense in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(g) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

Financial assets and liabilities are classified into the following categories at their initial recognition:

Financial assets:

- financial assets at fair value through profit or loss ("FVTPL");
- held-to-maturity investments;
- loans and receivables; or
- available-for-sale investments.

Financial liabilities:

- financial liabilities at fair value through profit or loss; or
- financial liabilities measured at amortized cost.

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability.

Financial assets are subsequently measured at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method. Any interest revenue resulting from the amortization is recorded in profit and loss.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method. Any interest expense resulting from the amortization is recorded in profit and loss within general and administrative expenses.

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

All financial assets except for those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset is impaired.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry sector. Objective evidence that a financial asset is impaired could include the Company's historical collection experience, an increase in the portfolio recovery period and any domestic or local change in economic conditions in correlation with debtors' failure to pay.

Classification:

Financial instrument	Classification
Cash	Loan and receivables
Grant receivable and other receivables	Loan and receivables
Trade and other payables	Financial liabilities at amortized cost

(h) Property and equipment:

Property and equipment are recognized at cost less accumulated depreciation and impairment losses. Depreciation is calculated on their respective estimated useful life using the straight-line method and the following periods:

Asset	Period
Furniture and fixtures	5 years
Computer equipment	3 years

Gains and losses from sale of property and equipment are calculated as the difference between sale price and carrying value at the date of sale and are included in general and administrative expenses.

2. Significant accounting policies (continued):

(h) Property and equipment (continued):

Depreciation methods, residual value estimates and estimated useful lives are reviewed at least annually. Assets are depreciated once they are available for use.

(i) Operating leases:

All the Company's leases are operating leases. Where the Company is a lessee, payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(j) Equity:

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus.

Proceeds from unit placements are allocated proportionately between shares and warrants according to their respective fair values. The fair value of common shares is determined according to the market price of the shares on the issuance date and the fair value of the warrants is determined using the Black-Scholes pricing model.

Contributed surplus includes charges related to the fair value of share options and warrants until such equity instruments are exercised, in which case the amounts are transferred to share capital.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date in accordance with IFRS 2. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of comprehensive loss/income. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital. Any consideration paid is adjusted to share capital.

2. Significant accounting policies (continued):

(j) Equity (continued):

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Corporation immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. New accounting standards adopted:

IFRS 15, *Revenues from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It has replaced IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has early adopted IFRS 15 in its consolidated financial statements for the year ended April 30, 2018 and this adoption did not have an impact on the consolidated financial statements.

The Company is still in its early stage and derives limited revenues from rendering of services. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, if any. The Company recognizes revenue when the service is rendered and the performance obligation is satisfied, which is normally over time.

4. New accounting standards issued but not yet adopted:

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Company.

4. New accounting standards issued but not yet adopted (continued):

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

(a) IFRS 9, *Financial Instruments*

In July 2014, the final version of the IFRS 9 standard was published to replace IAS 39, *Financial Instruments*: *Recognition and Measurement*. It simplifies the classification and measurement of financial assets and financial liabilities by reducing the number of measurement categories. The new standard also includes new requirements with regards to general hedge accounting and impairment of financial assets. The effective date of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has yet to assess the impact of this standard on its consolidated financial statements.

(b) IFRS 16, *Leases*

In January 2016, the IASB published IFRS 16 which will replace IAS 17, *Leases*. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-to-use asset and a lease liability in the statement of financial position. An exemption is permitted for short-term leases and for leases of low-value assets. Additionally, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods, changes the accounting for sale and leaseback arrangements, largely retains IAS 17’s approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

5. Significant accounting estimates and assumptions:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

5. Significant accounting estimates and assumptions (continued):

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

– Note 1: Going concern

  The Company's ability to execute its strategy by funding future working capital requirements requires using estimates and assumptions, which are continually evaluated and are based on historical experience and other factors, such as, expectations of future events that are believed to be reasonable under the circumstances.

– Notes 2(e) and 9: Cryptoassets

  As part of the September 2017 ICO (see Note 9), the Company obtained a prospectus exemption and a dealer registration exemption from the Autorité des Marchés Financiers and other Canadian regulatory authorities in order to issue the MPK from Québec to Canadian and foreign subscribers in accordance with the various legislation applicable in Canada. The process required the preparation of a disclosure document (the Offering Memorandum) prior to issuance, continuous disclosure obligations in Canada after completion of the ICO, and management obligations regarding the MPKs after their issuance.

  Sales of MPKs outside Canada must also be made in accordance with the applicable regulatory framework in the subscriber's jurisdiction of residence, and representations to this effect have been obtained from each subscriber residing outside Canada. In that respect, the Company has notably sold MPKs to over a hundred American residents, for a total of $82,406.

  Currently, IFRS does not have any specific guidance regarding accounting for digital currencies, including initial coin offerings. The Company’s accounting for the ICO is based on interpretations of existing accounting standards. These interpretations involve judgment and may change if new standards or related guidance are issued in the future. In addition, the Company’s income tax balances and transactions, including those related to indirect taxes, are based on interpretations of applicable tax laws, which also provide limited guidance with respect to these types of transactions. Finally, the legal and regulatory environment with respect to initial coin offerings and token sales is complex and evolving in Canada and foreign jurisdictions. The Company believes that its ICO was conducted in accordance with compliance with all applicable local laws and regulations. Future legislation or regulations, or amendments to existing regulatory or tax regimes, in Canada or in other foreign jurisdictions could also impose additional requirements and/or costs. Such changes, if any, will be reflected in net earnings in the periods that such determinations are made.

(Expressed in Canadian dollars)

5. Significant accounting estimates and assumptions (continued):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

– Note 8(b): Share-based compensation

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted in accordance with IFRS 2. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the share price, expected life of the stock option, volatility and dividend yield and making assumptions about them.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any, future years affected.

6. Property and equipment:

	Furniture and fixtures	Computer equipment	Total
Cost			
Balance as at April 30, 2016	$ –	$ –	$ –
Additions	4,853	21,515	26,368
Balance as at April 30, 2017	4,853	21,515	26,368
Additions	–	3,200	3,200
Balance as at April 30, 2018	$ 4,853	$ 24,715	$ 29,568

(Expressed in Canadian dollars)

6. Property and equipment (continued):

	Furniture and fixtures	Computer equipment	Total
Accumulated depreciation			
Balance as at April 30, 2016	$ –	$ –	$ –
Additions	546	1,228	1,774
Balance as at April 30, 2017	546	1,228	1,774
Additions	971	8,029	9,000
Balance as at April 30, 2018	$ 1,517	$ 9,257	$ 10,774
Net carrying amount			
As at April 30, 2017	$ 4,307	$ 20,287	$ 24,594
As at April 30, 2018	3,336	15,458	18,794

7. Trade and other payables:

	2018	2017
Accounts payable and accrued liabilities	$ 73,247	$ 53,321
Salary payable to management	88,757	34,474
Vacation accrued	38,008	11,558
Payable to an entity controlled by a management member	95,814	3,449
	$ 295,826	$ 102,802

(Expressed in Canadian dollars)

8. Share capital:

(a) Common shares:

Authorized, an unlimited number of common shares, voting, participating and without par value

	Number of shares	Amount
Balance as at May 5, 2016	–	$ –
Common shares issued at inception	6,400,000	64
Private placements	1,816,239	1,194,168
Shares issued for services rendered by third parties	314,227	218,737
Share issuance costs	–	(85,175)
Balance as at April 30, 2017	8,530,466	1,327,794
Shares cancelled	(600,000)	(6)
Shares issued for services rendered by third parties	21,568	21,568
Stock options exercised (note 8(b))	876,546	876,631
Balance as at April 30, 2018	8,828,580	$ 2,225,987

During the year ended April 30, 2018, the Company issued 21,568 common shares (2017 - 314,227) in exchange for services valued at $21,568 (2017 - $218,737). The services were evaluated at their estimated fair value, as established by the parties.

During the year ended April 2017, the Company completed several private placements amounting to $1,194,168, for which the Company issued, between August 27, 2016 and April 30, 2017, a total of 1,816,239 common shares at a price between $0.30 and $1.00.

(b) Stock options:

The shareholders of the Company approved a share option plan (the "Plan") whereby the Board of Directors may grant to employees, officers, directors and suppliers of the Company stock options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors. The exercise price may not be lower than the market price of the common shares at the time of grant. The acquisition conditions of share purchase options are without restriction, except for grant of share purchase options to some suppliers, namely investors' relation representatives, which are acquired at 25% each quarter.

(Expressed in Canadian dollars)

8. Share capital (continued):

(b) Stock options (continued):

The Plan provides that the maximum number of common shares of the Company that may be reserved for issuance under the Plan shall not be greater than 10% of the issued shares of the Company being outstanding from time to time. These options are non-assignable and non-transferable unless by legacy or inheritance and will expire no later than five years after being granted. In the case an optionee leaves the Company, his options normally expire no later than one year following his departure, subject to the conditions established under the common share purchase option plan.

The vesting period of the share purchase options varies from immediate up to 36 months, and the life of such options varies from two to five years.

Share-based payments to employees, officers, directors and consultants

During the year ended April 30, 2018, the Company granted 876,546 stock options at an exercise price of $0.0001. These stock options vested immediately and expired one year after the grant date.

During the year ended April 30, 2018, 876,546 stock options were exercised at an exercise price of $0.0001. Following these exercises, the Company received an aggregate amount of $85 and issued a total of 876,546 common shares. When stock options were exercised, the share price was $1.00.

The fair value of stock options granted in accordance with the plan to employees, officers, directors and consultants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year ended April 30, 2018	Year ended April 30, 2017
Share price on grant date	$1.00	–
Exercise price	$0.0001	–
Expected life of options	1 year	–
Expected volatility rate	105%	–
Risk-free interest rate	2.09%	–
Expected annual dividend rate	–	–

8. Share capital (continued):

(b) Stock options (continued):

For the year ended April 30, 2018, the Company recorded share-based payments expense of $876,546 related to these options, of which $416,000 were attributed to key management personnel. The fair value of stock options granted to employees and subcontractors working in research and development amounted to $260,000, in sales and marketing amounted to $9,546 and in general and administrative amounted to $607,000 according to the functions occupied by the employees and subcontractors.

9. Initial coin offering ("ICO"):

In September 2017, the Company sold to investors the right to receive MPK when the Impak.eco platform will be launched and the tokens will be issued. The MPK cryptoasset is built on blockchain technology. It will be centrally governed by the MPK Governance Body to be established and initially funded by the Company (see Note 17). The MPK is meant to fuel the green, socially responsible and the local economies all around the globe. Anyone using the network will be validated during a mandatory onboarding process in order to truly have a community that shares the Company's values. Unlike most cryptoassets, the MPK will not be traded on exchanges (markets), but rather on a dedicated market to be developed and managed by the Company, and at a pre-established price point. This way, the MPK will be stable in value, contrary to the usual offer and demand models.

The MPK does not provide any ownership right in respect of the Company or its assets. MPK holders will have no rights to participate in the profits or the distribution of assets of the Company, nor will have the right to vote in any security holders' meeting of the Company.

During the ICO, the consideration received in payment for the MPKs to be issued amounted to $1,375,962, from which approximately $326,000 was received in Bitcoins and Etherium, initially collected by Coinpayment, a third-party payment gateway to accept cryptoassets, and subsequently transferred to Coinsquare, a third-party trading platform, allowing the Company to finally liquidate the cryptoassets for Canadian dollars, for net disposal proceeds of approximately $418,000. The $92,000 difference between the carrying amount of Bitcoins and Ether received during the ICO and their net disposal proceeds were recognized as other income from disposal of cryptoassets in the consolidated statements of loss and comprehensive loss. The Company also paid transaction fees of $33,193 which were also recognized in the consolidated statements of loss and comprehensive loss.

The consideration received during the ICO will be recognized as other income from disposal of cryptoassets in the consolidated statements of loss and comprehensive loss when the Impak.eco platform will be launched and the MPK will be usable, which is expected to be approximately 21 months after the ICO.

(Expressed in Canadian dollars)

9. Initial coin offering ("ICO") (continued):

As at April 30, 2018, the consideration received from the ICO was accounted for as deferred income in the consolidated statements of financial position.

10. Income taxes:

The income tax expense attributable to earnings differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.80% (2017 - 26.87%) to earnings before income taxes as a result of the following:

	2018	2017
Loss before income taxes	$ (2,807,556)	$ (988,889)
Expected income tax recovery	(751,489)	(265,714)
Non-deductible expenses	234,622	3,835
Difference in tax rate	7,851	3,585
Unrecognized tax assets	509,016	258,294
Income tax expenses	$ –	$ –

As at April 30, 2018, deductible timing differences for which the Company has not recognized deferred tax assets are as follows:

	Federal	Provincial
Share issue costs	$ 51,105	$ 51,105
Non-capital losses	2,944,070	2,934,171
	$ 2,995,175	$ 2,985,276

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized in respect of tax losses and other temporary differences giving rise to deferred tax assets only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Accordingly, deferred tax assets have not been recognized.

(Expressed in Canadian dollars)

10. Income taxes (continued):

The Company has the following non-capital losses which are available to reduce income taxes in future periods:

Year of expiry	Federal	Provincial
2032	$ 995,838	$ 985,939
2033	1,948,232	1,948,232
	$ 2,944,070	$ 2,934,171

11. Supplemental information on statement of cash flows:

	2018	2017
Net changes in non-cash operating items:		
Grant receivable and other receivables	$ (24,113)	$ –
Sales taxes	97,055	(64,886)
Prepaid expenses	17,449	(30,973)
Trade and other payables	193,024	102,802
Deferred income	1,375,962	–
	$ 1,659,377	$ 6,943

12. Financial instruments and financial risk management:

The Company is exposed to various financial risks resulting from both its operations and its investing activities. The Company's management monitors financial risks. The Company does not enter in financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

(a) Liquidity risk:

Liquidity risk is the risk of the Company not being able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its working capital ratio. 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.

12. Financial instruments and financial risk management (continued):

(a) Liquidity risk (continued):

As at April 30, 2018, the Company had cash of $77,068, mainly coming from the ICO. In order to maintain or adjust its capital structure, the Company may be required to issue new shares or raise debt (see Note 1).

Contractual maturities of financial liabilities (including capital and interest) are as follows:

	Current			Non-current
	0 to 6 months	6 to 12 months	Total	1 to 5 years
Trade and other payables	$ 295,826	$ –	$ 295,826	$ –

(b) Fair value:

The Company has determined that the fair value of its current financial assets and liabilities measured at amortized cost approximate their carrying amounts as at financial position date because of their short-term maturity.

13. Capital disclosures:

The Company's objective when managing its capital is to ensure sufficient equity financing to fund its mission to build an enterprise that will make money work for positive social and environmental impact through an online collaborative financial ecosystem. The capital which the Company raises will be used to fund its operations, technology infrastructure, and staffing and product design. The Company considers shareholders' equity as capital. Through the ongoing management of its capital, the Company will modify the structure of its capital based on changing economic conditions. In doing so, the Company may issue new shares. Annual budgeting is the primary tool used to manage the Company's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors proposed expenditure programs and market conditions.

(Expressed in Canadian dollars)

14. Related party transactions:

The following table summarized the information on related party transactions during the year ended April 30, 2018:

	2018	2017
Fees to an entity controlled by a management member	$ 365,673	$ 27,048

In relation with these transactions, an amount of $95,814 was payable as at April 30, 2018 (2017 - $3,449).

These transactions were carried out in the ordinary course of business and were measured at the exchange amount established and agreed to by the parties.

Key management personnel are defined as members of the Board of Directors and the principal officers of the Company.

Key management personnel compensation was as follows:

	2018	2017
Short-term benefits	$ 108,000	$ 249,522

15. Additional information on the nature of earnings components:

Employee benefits:

Expenses recognized for employee benefits are analyzed below:

	2018	2017
Salaries	$ 1,036,757	$ 215,882
Fringe benefits costs	120,094	23,859
Subcontractors	457,501	366,781
	$ 1,614,352	$ 606,522

15. Additional information on the nature of earnings components (continued):

Expenses recognized for employee benefits are allocated between research and development for $714,471, sales and marketing for $237,710 and general and administrative for $662,171 according to the functions occupied by the employees. Expenses recognized for employee benefits also include bonuses of 91,565 MPK to be issued. These bonuses are recorded at cost, which is nil for the year ended April 30, 2018.

16. Segment disclosure:

The Company currently operates in a single segment: developing an online collaborative financial ecosystem powered by disruptive financial technologies. All of the Company's revenues and non-current assets are from activities conducted in Canada.

17. Commitments:

(a) Leases:

On July 9, 2018, the Company signed an agreement to lease office space for a period of two years and nine months from September 1, 2018 to May 31, 2021, with the option to terminate the lease after the first year of this renewal. The monthly amount of the lease is $6,300.

As at April 30, 2018, the total contractual payments remaining until then, assuming the lease will not be terminated before the end of the term, amounted to $233,100.

(b) Cash reserve:

As indicated in the Offering Memorandum, in order to ensure a floor value for the MPK, the MPK Governance Body will maintain a cash reserve equal to 40% of the proceeds from the ICO in Year 1 and 30% in Year 2. This cash reserve will be initially be financed by the Company once the MPK are issued. Based on the proceeds from the ICO, the initial cash reserve will amount to approximately $550,000.

18. Subsequent events:

In May 2018, the Company completed a private placement amounting to $550,000, for which the Company issued a total of 714,281 common shares at a price of $0.77.

In July 2018, the Company completed a private placement financing amounting to $554,400, for which the Company issued a total of 719,997 common shares at a price of $0.77.

18. Subsequent events (continued):

In November 2018, the Company signed a convertible loan agreement amounting to $575,000 with several lenders, of which some are employees of the Company. The principal of the loan, including all accrued interest, bear interest at a rate of ten percent (10%) per annum, compounded monthly and capitalized annually. The loan will be converted into common shares of the Company at a price of $0.77 per share once the Company completes a $2,000,000 equity financing. In the event the Company does not raise a $2,000,000 financing, the convertible loan will either be repayable to the lenders or convertible at a price per share equal to seventy-five percent (75%) of the convertible price.