Consolidated Financial Statements of
(Expressed in Canadian dollars)

IMPAK FINANCE INC.

Year ended April 30, 2019

IMPAK FINANCE INC.

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(Expressed in Canadian dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Impak Finance Inc. :

Opinion

We have audited the accompanying financial statements of Impak Finance Inc. (the "Entity"), which comprise:

- the statement of financial position as at April 30, 2019;
- the statement of loss and comprehensive loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- as well as the notes to the financial statements, including a summary of significant accounting policies.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at April 30, 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that Impak Finance Inc. has not yet achieved profitable operations, has a net loss of $2,699,676 for the year ended April 30, 2019, a deficit since inception of $6,540,677 and a working capital deficiency of $1,581,517 as at April 30, 2019. As a result, the Entity depends on its ability to raise financing from shareholders and third parties in order to discharge its commitments and liabilities in the normal course of business.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit 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;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP*

Montréal, Canada

March 3, 2020

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

IMPAK FINANCE INC.

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

April 30, 2019, with comparative information for 2018

		2019		2018
Assets				
Current assets:				
Cash	$	22,729	$	77,068
Grant receivable and other receivables		25,716		24,113
Prepaid expenses		7,034		13,524
Total current assets		55,479		114,705
Non-current assets:				
Property and equipment (note 6)		14,125		18,794
Total assets	$	69,604	$	133,499
Liabilities				
Current liabilities:				
Trade and other payables (note 7)	$	882,635	$	295,826
Sales taxes payable (note 8)		121,289		32,169
Deferred revenue		73,840		–
Convertible loan (note 9)		545,269		–
Deferred income taxes		13,963		–
		1,636,996		327,995
Non-current liabilities:				
MPK to be issued (note 10)		1,494,722		1,375,962
Total liabilities		3,131,718		1,703,957
Equity:				
Share capital (note 11)		3,400,666		2,225,987
Equity component of the convertible loans (note 9)		61,243		–
Contributed surplus		16,654		–
Deficit		(6,540,677)		(3,796,445)
Total shareholders' deficiency		(3,062,114)		(1,570,458)
Going concern (note 1)				
Commitments (note 20)				
Subsequent events (note 21)				
Total liabilities and shareholders' deficiency	$	69,604	$	133,499

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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Services	$ –	$ 14,031
Expenses:		
Research and development	715,171	764,477
Sales and marketing	555,137	348,715
General and administrative	1,345,294	889,410
Share-based compensation (note 11(b))	9,477	876,546
	2,625,079	2,879,148
Loss before undernoted items	(2,625,079)	(2,865,117)
Others items:		
Financial expense (note 12)	95,296	34,525
Financial income	(12,629)	–
Loss on foreign exchange	275	–
Other income from disposal of cryptoassets (note 10)	–	(92,086)
	82,942	(57,561)
Loss before income taxes	(2,708,021)	(2,807,556)
Deferred income taxes (note 13)	(8,345)	–
Net loss and comprehensive loss	$ (2,699,676)	$ (2,807,556)
Net loss per share:		
Basis and diluted loss per share	$ (0.27)	$ (0.32)
Weighted average number of outstanding common shares	10,072,312	8,847,350

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, 2019, with comparative information for 2018

	Common shares	Share capital	Equity component of convertible loans	Contributed surplus	Deficit	Total
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)
Shares issued for services rendered by third parties	8,040	6,191	–	–	–	6,191
Shares issued in connection with private placements	1,505,707	1,159,400	–	–	–	1,159,400
Share issuance costs	–	–	–	–	(33,556)	(33,556)
Share-based compensation in relation to equity financing	–	–	–	11,000	(11,000)	–
Equity component of the convertible loans, net of taxes	–	–	61,243	–	–	61,243
Share-based compensation	–	–	–	9,477	–	9,477
Shares issued pursuant to stock options exercised during the year	8,100	9,088	–	(3,823)	–	5,265
Net loss and comprehensive loss	–	–	–	–	(2,699,676)	(2,699,676)
Balance as at April 30, 2019	10,350,427	$ 3,400,666	$ 61,243	$ 16,654	$ (6,540,677)	$ (3,062,114)

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, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating:		
Net loss and comprehensive loss	$ (2,699,676)	$ (2,807,556)
Items not involving cash:		
Depreciation of property and equipment	10,337	9,000
Share-based compensation	9,477	876,546
Services paid by issuance of shares	6,191	21,568
Accretion expense on convertible loan	31,177	–
Financial expense (note 12)	64,119	–
Non-monetary marketing expense	118,760	–
Deferred income taxes	(8,345)	–
Net change in non-cash operating items (note 14)	719,567	1,659,377
	(1,748,393)	(241,065)
Financing:		
Proceeds from convertible loan	568,613	–
Shares cancelled	–	(6)
Proceeds from exercise of stock options	5,265	85
Proceeds from issuance of shares	1,159,400	–
Share issue costs	(33,556)	–
	1,699,722	79
Investing:		
Additions to property and equipment	(5,668)	(3,200)
Net decrease in cash	(54,339)	(244,186)
Cash, beginning of year	77,068	321,254
Cash, end of year	$ 22,729	$ 77,068

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 $2,699,676 for the year ended April 30, 2019, a deficit since inception of $6,540,677 and a working capital deficiency of $1,581,517 as at April 30, 2019. 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 20). The Company currently has no committed sources of financing available.

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 from shareholders and third parties 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 March 3, 2020.

(a) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except for share-based compensation arrangements which are measured at fair value at the date of grant and convertible loans which are measured at fair value at the date of issuance.

(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 years ended April 30, 2019 and 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) Initial Coin Offering ("ICO"):

The Impak Coins ("MPK") to be issued as part of an ICO completed by the Company (see Note 10) are digital assets and treated as internally developed intangible assets. These will be issued to ICO participants once the impak.eco social network platform is developed, but have no value in the consolidated financial statements of the Company before their issuance. The consideration received in 2018 in payment for the issuance of MPK was accounted for at fair value will be treated as other income from disposal of cryptoassets in the consolidated statement of loss and comprehensive loss when control is transferred to the purchaser, which is when the Impak.eco platform will be launched and the MPK will be usable, now expected to be by the end of 2020. Any payment received before the control is transferred is accounted for as MPK to be issued in the consolidated statements of financial position.

Part of the consideration received in 2018 from the ICO was in the form of other digital assets, namely Bitcoins and Etherium. The fair value of the consideration received in Bitcoins and Etherium was deemed to equal their trading price on public exchanges of these cryptoassets. The difference between the carrying amount of Bitcoins and Etherium received during the ICO and their subsequent net disposal proceeds in Canadian dollars was recognized as other income from disposal of cryptoassets in the 2018 consolidated statements of loss and comprehensive loss.

Transaction fees paid during the ICO are also recognized in the consolidated statements of loss and comprehensive loss.

(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.

2. Significant accounting policies (continued):

(f) Income taxes (continued):

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.

Changes in deferred tax assets and liabilities are recognized as a component of income taxes 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) Revenues:

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 it transfers control over the good or service to a customer which is at a point in time once the services are rendered to the customer.

Cash received before the service is rendered and the performance obligation is satisfied is recorded as deferred revenues.

(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.

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

2. Significant accounting policies (continued):

(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 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 compensation 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.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company 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.

2. Significant accounting policies (continued):

(j) Equity (continued):

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.

(k) Non-monetary transactions:

The issuance of internally-developed intangible assets (MPK) to consultants or users of the impak.eco platform in exchange for services is a non-monetary transaction accounted for at fair value of the service received or of the asset given up.

The Company considers that the average price paid by participants during the ICO is a relevant estimate of the value of MPKs issued in non-monetary transactions since it is based on the most recent transaction with a third party.

3. New accounting standards adopted:

IFRS 9, *Financial Instruments*

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets, including impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

The Company adopted IFRS 9 in its financial statements for the annual period that began on May 1, 2018. The adoption of the IFRS 9 did not have an impact on the financial statements.

Classification and Measurement

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on the three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured on two categories: amortized costs or FVTPL. Under IFRS 9, derivative financial instruments in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

The following table summarizes the classification impacts upon adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in significant changes in measurement or the carrying amount of financial assets and liabilities.

3. New accounting standards adopted (continued):

IFRS 9, *Financial Instruments* (continued)

Classification and Measurement (continued)

Asset/liability	Classification under IFRS 9	Classification under IAS 39
Cash	Amortized cost	Loans and receivables
Grant receivable and other receivable	Amortized cost	Loans and receivables
Trade and other payables	Amortized cost	Other financial liabilities
Convertible loans	Amortized cost	Other financial liabilities

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

Compound financial instruments

Compound financial instruments are instruments that contain both liability component and an equity component, and the liability component can be converted into share capital at the option of the holder and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversation option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity component in proportion to their initial carrying amounts.

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments.

The ECL model applied to financial assets required judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. The ECL models applied did not have a material impact on receivables of the Company.

3. New accounting standards adopted:

IFRS 9, *Financial Instruments* (continued)

Impairment (continued)

Impairment losses, if incurred, would be recorded in the Company administration expenses in the audited consolidated statement of net loss and comprehensive loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts.

In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through the audited consolidated statement of net loss and comprehensive loss. The impairment reversal would be limited to the lesser of the decrease in impairment or to the carrying amount of the financial asset at the date the impairment is reversed as long as it does not exceed what the amortized cost would have been, had the impairment not been recognized, after the reversal.

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.

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.

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

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 April 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.

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), 10: Cryptoassets

  As part of the September 2017 ICO (see Note 10), 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.

5. Significant accounting estimates and assumptions (continued):

– Notes 2(e), 10: Cryptoassets (continued)

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.

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.

– Note 11 (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.

(Expressed in Canadian dollars)

6. Property and equipment:

	Furniture and fixtures	Computer equipment	Total
Cost			
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
Additions	800	4,868	5,668
Balance as at April 30, 2019	$ 5,653	$ 29,583	$ 35,236
Accumulated depreciation			
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
Additions	1,078	9,259	10,337
Balance as at April 30, 2019	$ 2,595	$ 18,516	$ 21,111
Net carrying amount			
As at April 30, 2018	$ 3,336	$ 15,458	$ 18,794
As at April 30, 2019	3,058	11,067	14,125

7. Trade and other payables:

	2019	2018
Accounts payable and accrued liabilities	$ 387,243	$ 73,247
Salary payable to management	60,489	88,757
Vacation accrued	36,400	38,008
Payable to an entity controlled by a management member	84,316	95,814
Payable to shareholders of the Company	83,427	–
Government remittances	230,760	–
	$ 882,635	$ 295,826

8. Sales taxes payable:

During the year ended April 30, 2018, the ICO related to MPK to be issued was treated as an exempt financial service for GST/HST and QST purposes based on interpretations of applicable tax laws, which provided limited guidance with respect to the sales tax treatment applicable to these types of transactions at that time.

In May 2019, Finance Canada published draft legislation regarding the GST/HST treatment of transactions involving cryptoassets, which specifies that cryptoassets that do not meet certain criteria are considered (retroactively) as intangible personal property and, consequently, the sales of such cryptoassets are subject to sales tax.

As a result of the new proposed legislation, the Company recorded GST/HST and QST payable amounting to $150,389 on the offering of MPK that occurred as part of the ICO in 2017 and associated interest payable amounting to $33,163.

The total liability of $183,552 was recorded in the consolidated statement of loss and comprehensive loss for the year ended April 30, 2019. The amount related to the indirect tax is recorded in sales and marketing expenses and the interest is recorded in financial expense.

The Company also recorded sales taxes receivable amounting to $19,416 for GST/HST and QST paid on expenses incurred in relation to the ICO and $9,684 for other expenses incurred during the year. Following the new draft legislation, expenses related to the ICO are now considered having been incurred in the course of commercial activities (consumed for the purposes of making a taxable sale of cryptoassets).

9. Convertible loan:

In November 2018, the Company signed a convertible loan agreement for aggregate proceeds of $568,613, of which $440,000 were received from existing shareholders and $128,613 were received from employees of the Company over time through April 30, 2019. The convertible loan, including all accrued interest, bears interest at a rate of ten percent (10%) per annum, compounded monthly and capitalized annually.

The loan is convertible into common shares of the Company at a price of $0.77 per share at the option of the holder or once the Company completes a $2,000,000 equity financing. In the event the Company does not raise a $2,000,000 financing by December 31, 2019, the convertible loan is either repayable to the lenders or convertible at a price per share equal to seventy-five percent (75%) of the convertible price. As at the date of issuance of these consolidated financial statements, the Company did not raise the $2,000,000 equity financing. The lenders did not request the reimbursement of the convertible loan and they did not exercise the conversion option.

(Expressed in Canadian dollars)

9. Convertible loans (continued):

The convertible loan is a compound financial instrument and the proceeds of the issuance was allocated between a liability for the loan and an equity component for the conversion feature. The fair value of the debt liability component at inception was $485,062 determined using estimated future cash flows discounted using a market interest rate of 25%. The residual amount of $83,551 representing the value of the conversion option equity component was classified in shareholders' equity, net of tax of $22,308.

The liability component of $485,062 is subsequently stated at amortized cost until extinguished on conversion, early partial conversion or maturity of the loans. The net carrying value is accreted to the principal amount over the estimated term of the convertible loans.

	2019	2018
Carrying amount of the liability component	$ 485,062	$ –
Interest expense	60,207	–
Balance as at April 30, 2019	$ 545,269	$ –

10. MPK to be issued:

	Number of tokens (MPK) to be issued	Amount
Balance as at April 30, 2017	–	$ –
ICO	1,640,690	1,375,962
MPK bonuses to employees	91,565	–
Balance as at April 30, 2018	1,732,255	1,375,962
MPK rewards to develop Impak ecosystem - earned	141,890	118,760
Balance as at April 30, 2019	1,874,145	$ 1,494,722

10. MPK to be issued (continued):

ICO

In September 2017, the Company sold to participants 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 20). 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 were received in Bitcoins and Etherium, the remaining portion being received in regular currencies.

The $92,086 difference between the fair value of Bitcoins and Etherium received during the ICO, based on their trading price on exchanges, and their subsequent net disposal proceeds in Canadian dollars was recognized as other income from disposal of cryptoassets in the 2018 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 now expected to be by the end of 2020. At the time of the ICO, the Company expected to finalize the Impak.eco platform and to issue the MPK within 12 months. As such, the Company concluded that no significant financing component was included in the consideration received from participants.

As at April 30, 2019 and 2018, the consideration received from the ICO was accounted for as MPK to be issued in the consolidated statements of financial position.

(Expressed in Canadian dollars)

10. MPK to be issued (continued):

MPK rewards to develop Impak ecosystem - earned

The Company also credits MPK to users for actions promoting the usage of the MPK, such as referring other users or impact businesses to the ecosystem. When the reference leads to a new users or a new business to the ecosystem, MPK are credited as a reward.

During the year ended April 30, 2019, the Company credited 141,890 MPK to users of the Impak ecosystem in exchange of promoting the ecosystem by inviting other users to join the ecosystem or referring impact businesses.

11. 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 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 11 (b))	876,546	876,631
Balance as at April 30, 2018	8,828,580	2,225,987
Private placements	1,505,707	1,159,400
Shares issued for services rendered by third parties	8,040	6,191
Stock options exercised (note 11(b))	8,100	9,088
Balance as at April 30, 2019	10,350,427	$ 3,400,666

11. Share capital (continued):

(a) Common shares (continued):

During the year ended April 30, 2019, the Company issued 8,040 common shares (2018 - 21,568) in exchange for services valued at $6,191 (2018 - $21,568). The services were evaluated at their estimated fair value, as established by the parties.

During the year ended April 2019, the Company also completed private placements amounting to $1,159,400 for which the Company issued a total of 1,505,707 common shares at prices ranging between $0.77 and $1.00 per common share.

(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 shall be established by the Board of Directors at the time of the grant, at its sole discretion. The acquisition conditions of share purchase options shall be established by the Board of Directors at the time of the grant, at its sole discretion. However, in most cases, the share purchase options shall be acquired at 33% each year.

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, the options normally expire no later than one year following 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.

(Expressed in Canadian dollars)

11. Share capital (continued):

(b) Stock options (continued):

	2019			2018	
	Options		Weighted average exercise price	Options		Weighted average exercise price
Outstanding, beginning of year	–	$	–	–	$	–
Granted	539,683		0.15	876,546		0.0001
Exercised	(8,100)		0.65	(876,546)		0.0001
Forfeited	(38,200)		0.65	–		–
Outstanding, end of year	493,383	$	0.10	–	$	–
Exercisable, end of the year	14,285	$	0.00	–	$	–

During the year ended April 30, 2019, 8,100 stock options were exercised at an exercise price of $0.65. Following these exercises, the Company received an aggregate amount of $5,265 and issued a total of 8,100 common shares. When stock options were exercised, the share price was $0.77.

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.

(Expressed in Canadian dollars)

11. Share capital (continued):

(b) Stock options (continued):

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, 2019	Year ended April 30, 2018
Share price on grant date	$0.77	$1.00
Exercise price	$0.01 - $0.65	$0.0001
Expected life of options	3 years	1 year
Expected volatility rate	69%	105%
Risk-free interest rate	1.55%	2.09%
Expected annual dividend rate	–	–

For the year ended April 30, 2019, the Company recorded share-based compensation expenses of $9,477 related to these options (2018 - $876,546), of which none were attributed to key management personnel (2018 - $416,000). The fair value of stock options granted to employees and subcontractors working in research and development amounted to $9,477 (2018 - $260,000), in sales and marketing amounted to nil (2018 - $9,546) and in general and administrative amounted to nil (2018 - $607,000) according to the functions occupied by the employees and subcontractors.

For the year ended April 30, 2019, the Company also recorded $11,000 of share-based compensation as equity financing costs in relation to the private placements completed during the year (2018 - nil).

12. Financial expense:

	2019	2018
Accretion expense on convertible loan	$ 31,177	$ –
Interest expense related to convertible loan	29,030	–
Interest expense related to sales taxes payable	33,163	–
Financial expense related to the ICO	–	33,192
Other	1,926	1,333
	$ 95,296	$ 34,525

(Expressed in Canadian dollars)

13. 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 26.70% (2018 - 26.80%) to earnings before income taxes as a result of the following:

	2019	2018
Loss before income taxes	$ (2,699,676)	$ (2,807,556)
Expected income tax recovery	(720,813)	(751,489)
Non-deductible expenses	76,308	234,622
Difference in tax rate	2,944	7,851
Unrecognized tax assets	649,906	509,016
Income tax expenses	$ (8,345)	$ –

As at April 30, 2019, deductible timing differences for which the Company has not recognized deferred tax assets are as follows:

	Federal	Provincial
Share issue costs	$ 60,915	$ 60,915
Non-capital losses	5,381,694	5,467,170
	$ 5,442,609	$ 5,528,085

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)

13. 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
2034	2,437,624	2,437,624
	$ 5,381,694	$ 5,371,795

14. Supplemental information on statement of cash flows:

	2019	2018
Non-cash items:		
Financial expense included in trade and other payables	$ 64,119	$ –
Net changes in non-cash operating items:		
Grant receivable and other receivables	(1,603)	(24,113)
Sales taxes payable	89,120	97,055
Prepaid expenses	6,490	17,449
Trade and other payables	551,720	193,024
MPK to be issued	–	1,375,962
Deferred revenue	73,840	–
	719,567	1,659,377

(Expressed in Canadian dollars)

15. 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.

As at April 30, 2019, the Company had cash of $22,729, mainly coming from the shares and convertible loans issued during the year. In order to maintain or adjust its capital structure, the Company may be required to issue new shares or raise additional debt (see Note 1).

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

	Carrying amount	Contractual cashflows	0 to 6 months	6 to 12 months
Trade and other payables	$ 882,635	$ 882,635	$ 882,635	$ –
Convertible loans	545,269	597,643	–	597,643

(b) Fair value:

As at April 30, 2019, the fair value of cash, grant receivable and other receivable and trade and other payables approximate their carrying amounts because of their short-term maturity.

The fair value of the liability component of the convertible loans was approximately equal to its carrying value, because the market conditions and the risk profile of the Company did not change significantly between the transaction date and April 30, 2019.

(Expressed in Canadian dollars)

16. 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 convertible loans and 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 loans and/or 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.

17. Related party transactions:

The following table summarizes the information on related party transactions during the year ended April 30:

	2019	2018
Fees to an entity controlled by a management member	$ 102,776	$ 365,673

In relation with these transactions, an amount of $84,316 was payable as at April 30, 2019 (2018 - $95,814).

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:

	2019	2018
Short-term benefits	$ 483,635	$ 219,070

In relation with key management personnel compensation, an amount of $61,451 was payable as at April 30, 2019 (2018 - $23,205).

(Expressed in Canadian dollars)

18. Additional information on the nature of earnings components:

Employee benefits:

Expenses recognized for employee benefits are presented below:

	2019	2018
Salaries	$ 1,502,863	$ 1,036,757
Fringe benefit costs	153,730	120,094
Subcontractors	381,887	457,501
	$ 2,038,479	$ 1,614,352

Expenses recognized for employee benefits are allocated between research and development for $715,171, sales and marketing for $262,302 and general and administrative for $1,061,006 according to the functions occupied by the employees.

19. Segment disclosure:

The Company currently operates in a single segment: commercialization of activities related to the Impact Economy, including the measurement and scoring of environmental and social impact of businesses. All of the Company's revenues and non-current assets are from activities conducted in Canada.

20. 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. The monthly amount of the lease is $6,300. As at April 30, 2019, the total contractual payments remaining, assuming the lease will not be terminated before the end of the term, amounted to $157,500.

(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 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.

21. Subsequent events:

Between May 1, 2019 and March 3, 2020, the Company completed private placements for aggregate cash proceeds of $646,003, for which the Company issued a total of 838,965 common shares at a price of $0.77.