STARTMONDAY TECHNOLOGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
StartMonday Technology Corp.

We have audited the accompanying consolidated financial statements of StartMonday Technology Corp., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 the auditors' 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, the auditor considers 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of StartMonday Technology Corp. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about StartMonday Technology Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

April 26, 2018

STARTMONDAY TECHNOLOGY CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
AS AT

	Notes	December 31, 2017	December 31, 2016
ASSETS			
Current assets			
Cash		**$ 118,618**	$ 138,856
Amounts receivable	7	**58,919**	103,189
Prepaid expenses		**6,541**	29,368
		184,078	271,413
Intangible Assets			
Intellectual property	9	**722,788**	696,351
Total assets		**$ 906,866**	$ 967,764
SHAREHOLDERS' EQUITY (DEFICIENCY) AND LIABILITIES			
Current liabilities			
Trade and other payables	10	**$ 528,564**	$ 415,255
Refundable deposit		**-**	67,303
Deferred revenue	11	**12,463**	-
Loans payable	13	**863,062**	17,003
Total current liabilities		**1,404,089**	499,561
Shareholders' equity (deficiency)			
Share capital	14	**7,399,451**	5,834,202
Subscriptions received in advance	14(b), 22	**137,500**	-
Reserves	14(e)	**1,137,049**	2,076,009
Other comprehensive income (loss)		**(14,812)**	27,869
Deficit		**(9,156,411)**	(7,469,877)
Total shareholders' equity (deficiency)		**(497,223)**	468,203
Total shareholders' equity (deficiency) and liabilities		**$ 906,866**	$ 967,764

Nature of business and going concern (Note 1)
Commitments (Note 19)
Subsequent events (Note 14(b), 19, 22)

These consolidated financial statements were approved by the board of directors of the Company on its behalf on April 25, 2018

"Raymond Gibson" — Director

"Morgan Tincher" — Director

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

STARTMONDAY TECHNOLOGY CORP. CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED

	Notes	**December 31, 2017**	December 31, 2016
Revenue	21	**$ 212,479**	$ 32,561
Operating Expenses			
Salaries and consulting fees	15	**1,270,310**	411,695
Depreciation and amortization	8, 9	**280,050**	65,368
Legal and professional		**147,125**	227,136
Software services		**98,991**	26,215
Advertising and marketing		**92,345**	59,600
Share-based payments	14(d), 15	**69,202**	599,082
General and administrative		**60,463**	47,554
Rent		**56,594**	33,502
Travel and entertainment		**48,787**	64,173
Transfer agent and filing fees		**35,972**	49,020
Loss on settlement of payables	14(b)	**35,468**	-
Telephone		**7,736**	12,183
Finance costs		**2,040**	50,799
Total operating expenses		**(2,205,083)**	(1,646,327)
Gain on deconsolidation of subsidiary	16	**208,080**	-
Foreign exchange gain (loss)		**97,990**	(34,726)
Listing expense	6	**-**	(5,154,222)
Net loss for the year		**(1,686,534)**	(6,802,714)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Reclassification on deconsolidation of subsidiary	16	**37,465**	-
Exchange differences on translation of foreign operations		**(80,146)**	21,665
Comprehensive loss for the year		**(1,729,215)**	(6,781,049)
Loss per common share – basic and diluted		**$ (0.03)**	$ (0.20)
Weighted average number of common shares outstanding – basic and diluted		**55,870,928**	33,477,163

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

STARTMONDAY TECHNOLOGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
FOR THE YEARS ENDED

		December 31, 2017		December 31, 2016
Operating activities				
Loss for the year	**$**	**(1,686,534)**	$	(6,802,714)
Items not affecting cash:				
Depreciation and amortization		**280,050**		65,368
Gain on deconsolidation of subsidiary, net of bank indebtedness		**(204,280)**		-
Loss on settlement of payables		**35,468**		-
Non-cash listing expense		**-**		4,951,047
Share-based payments		**69,202**		599,082
Change in non-cash working capital items:				
Amounts receivable		**(52,526)**		15,905
Trade and other payables		**520,149**		318,146
Refundable deposit		**(67,303)**		-
Deferred revenue		**11,889**		-
Prepaid expenses		**(7,449)**		(30,176)
Net cash flows used in operating activities		**(1,101,334)**		(883,342)
Investing activities				
Cash acquired from reverse acquisition		**-**		1,145,842
Purchase of property and equipment (Note 8)		**(11,774)**		-
Intellectual property costs		**(262,815)**		(444,931)
Net cash flows provided by (used in) investing activities		**(274,589)**		700,911
Financing activities				
Proceeds from exercise of warrants (Note 14(b))		**486,151**		-
Proceeds from bridge loan (Note 6)		**-**		370,000
Proceeds from issue of convertible notes		**-**		215,998
Proceeds from subscriptions received in advance (Notes 14(b), 22)		**137,500**		-
Proceeds from loans payable		**845,000**		-
Repayment of convertible notes		**-**		(192,241)
Repayment of long term loans		**-**		(72,831)
Net cash flows provided by financing activities		**1,468,651**		320,926
Effect of foreign exchange on cash		**(112,966)**		38,714
Change in cash		**(20,238)**		177,209
Cash (bank indebtedness), beginning of year		**138,856**		(38,353)
Cash (bank indebtedness), end of year	**$**	**118,618**	$	138,856

During the year ended December 31, 2017, the Company paid $nil for both income taxes and interest (2016 - $nil).

Supplemental information with respect to cash flows (Note 18)

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

STARTMONDAY TECHNOLOGY CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(EXPRESSED IN CANADIAN DOLLARS)

	Notes	Numbers of Shares	Share Capital	Subscriptions received in advance	Reserves (Note 14(e))	Other Comprehensive Income (loss)	Deficit	Total
As at December 31, 2015		26,872,089	$ 273,427	$ -	$ 202,065	$ 6,204	$ (667,163)	$ (185,467)
Conversion of convertible notes	12, 14(b)	3,127,911	315,623	-	-	-	-	315,623
Shares of StartMonday Technology Corp,	6	20,980,608	5,245,152	-	-	-	-	5,245,152
Share-based payments	14(d)	-	-	-	599,082	-	-	599,082
Finders' warrants issued	6	-	-	-	59,777	-	-	59,777
Warrants acquired on reverse acquisition	6	-	-	-	1,215,085	-	-	1,215,085
Loss for the year		-	-	-	-	-	(6,802,714)	(6,802,714)
Translation adjustment		-	-	-	-	21,665	-	21,665
As at December 31, 2016		50,980,608	5,834,202	-	2,076,009	27,869	(7,469,877)	468,203
Warrants exercised	14(b)	5,360,402	486,151	-	-	-	-	486,151
Transfer fair value of warrants exercised	14(c)	-	1,008,162	-	(1,008,162)	-	-	-
Subscriptions received in advance	14(b), 22	-	-	137,500	-	-	-	137,500
Share-based payments	14(d)	-	-	-	69,202	-	-	69,202
Shares issued to settle trade payables	14(b)	283,746	70,936	-	-	-	-	70,936
Loss for the year		-	-	-	-	-	(1,686,534)	(1,686,534)
Reclassification on deconsolidation of subsidiary (Note 16)		-	-	-	-	37,465	-	37,465
Translation adjustment	16	-	-	-	-	(80,146)	-	(80,146)
As at December 31, 2017		**56,624,756**	**$ 7,399,451**	**$ 137,500**	**$ 1,137,049**	**$ (14,812)**	**$ (9,156,411)**	**$ (497,223)**

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

1. NATURE OF BUSINESS AND GONG CONCERN

StartMonday Technology Corp., ("SM Technology") was incorporated on April 12, 2016 under the BCBCA as "Centennial Acquisitions Corp." Centennial Acquisitions Corp. changed its name to "StartMonday Technology Corp." on August 12, 2016. SM Technology was incorporated as a wholly-owned subsidiary of Liberty One Lithium Corp., (formerly Peace River Capital Corp. and Petro Basin Energy Corp. ("Liberty One")). SM Technology entered into an Arrangement Agreement with Liberty One, under the terms of which, Liberty One spun out SM Technology to Liberty One shareholders on April 25, 2016.

The Company is listed on the Canadian Securities Exchange ("CSE") and the Frankfurt Stock Exchange. Trading on the Canadian Securities Exchange began on October 24, 2016, and trading on the Frankfurt Stock Exchange began on November 7, 2016. Quoting on OTC (Pink) in the United States under the symbol STDMF commenced February 16, 2017 and as of February 5, 2018, the Company began trading on the OTC. The registered office and records office of the Company is located at Suite 1500, 1055 W. Georgia Street, Vancouver British Columbia, Canada, V6E 4N7.

The Company is principally engaged in candidate selection solutions for employers in the retail and hospitality sectors, who spend a significant amount of time and resources identifying potential candidates from a large pool of applicants.

SM Technology, Liberty One, and StartMonday Holding B.V., ("SM Holding") a private Netherlands company, and the shareholders of SM Holding, entered into a Share Exchange Agreement dated effective July 8, 2016, pursuant to which, the SM Holding shareholders transferred all of their common shares of SM Holding to SM Technology in exchange for 30,000,000 common shares of SM Technology (the "Transaction"). The Transaction was completed on September 23, 2016, and constituted a reverse acquisition. SM Holding has been identified for accounting purposes as the acquirer, and accordingly the Company is considered to be a continuation of SM Holding, and the net assets of SM Technology at the date of the reverse acquisition are deemed to have been acquired by SM Holding (Note 6). These consolidated financial statements include the results of operations of SM Technology from September 23, 2016.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. For the year ended December 31, 2017, the Company incurred a net loss of $1,686,534. The Company has funded ongoing operations primarily from proceeds on the issuance of convertible notes and other loans, related party funding, and the issuance of shares.

On June 9, 2017, the Company's subsidiary, StartMonday B.V., filed for bankruptcy with the Dutch court. The Company and its remaining subsidiaries (Note 2) have not filed for bankruptcy protection nor are there any plans to do so. StartMonday B.V. employed some of the Company's product and technical team in Amsterdam. This subsidiary does not control any of the Company's IP or codebase, enabling the Company to continue operations and execute its business plan through its other subsidiaries. As a result of the filing for bankruptcy protection and the appointment of a receiver, the Company has derecognized the assets and liabilities of StartMonday B.V. effective June 9, 2017 (Note 16). Results of operations of StartMonday B.V. have been included in these consolidated financial statements up to June 9, 2017.

The Company's continuing operations and its financial success is dependent upon the extent to which it can generate sufficient revenue and successfully raise the capital to implement its future plans and attain profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on a historical cost basis, except for cash flows. The Company does not have financial instruments classified as fair value through profit or loss, or available-for-sale.

These consolidated financial statements represent the results of the Company and its wholly owned subsidiaries (the "Subsidiaries"). Amounts reported are in Canadian dollars, unless otherwise indicated.

Subsidiary	Location	Proportion of interest held by the Company
StartMonday Inc.	USA	100%
StartMonday Holding B.V.	Netherlands	100%
Lean Innovations B.V.	Netherlands	100%
StartMonday Innovations Ltd.	United Kingdom	100%

StartMonday Inc. was newly incorporated in the state of Delaware, U.S.A., on January 5, 2017, and is a wholly-owned subsidiary of StartMonday Technology Corp. Lean Innovations B.V. was newly incorporated in the Netherlands on July 1, 2017, and is a wholly-owned subsidiary of StartMonday Holding B.V.

These consolidated financial statements include the revenues, expenses and results of operations of StartMonday B.V. up to the date of the appointment of the receiver (June 9, 2017). All assets and liabilities of StartMonday B.V. were deconsolidated effective June 9, 2017, the date on which the Company determined it had lost control of StartMonday B.V.

The reporting currency of the Company is Canadian dollars. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of SM Technology is Canadian dollars, while the functional currency of StartMonday Holding B.V., StartMonday B.V., StartMonday Innovations Ltd. and Lean Innovations B.V. is the Euro, and the functional currency of StartMonday Inc. is US dollars. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next fiscal year, and include, but are not limited to the following:

<u>Amortization and impairment of intangible assets</u>

The Company's intangible assets are amortized on a straight-line basis over three years, taking into account the estimated useful lives of the assets. Changes to these estimates may affect the carrying value of these assets, and net profit or loss. At the end of each financial reporting period the carrying amount of intangible assets is reviewed to determine whether there is any indication that the asset has suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

2. BASIS OF PREPARATION (cont'd)

Fair value calculation of share-based payments

The fair value of share-based payments is calculated using a Black Scholes option pricing model. There are a number of estimates used in the calculation, such as the future forfeiture rate, expected life, and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on historical information and future forecasts.

Deconsolidation of StartMonday B.V.

As at December 31, 2016, the Company held and controlled a 100% interest in StartMonday B.V. The Company has determined that effective, June 9, 2017, it has lost control of StartMonday B.V., and the resulting ability to exercise any power or significant influence over StartMonday B.V.

Critical accounting judgments

Information about significant areas of judgment considered by management in preparing these consolidated financial statements are as follows:

Going concern
The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Income taxes
Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

Functional currency
In accordance with IAS 21, management determined the functional currency of the Company and its subsidiaries based on the currency of the primary economic environment in which the Company operates.

Revenue recognition
In the recognition of revenue, the Company makes estimates with respect to the recognition of revenue over the life of contracts in the licensing of its application. The timing of satisfaction of performance obligations is determined to occur evenly over the life of the contract as disclosed in Note 3 below. The transaction price of revenues earned through contracts with customers is determined at the inception of the contract and is considered to be fixed-price, and fixed-term contracts.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 – *Revenue from contracts with customers,* and has done so since its inception.

Revenue is recognized at fair value of the consideration received or receivable less discounts, rebates and consumption taxes as specified in contracts with customers. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company currently earns revenue from Software as a Service ("SaaS") contracts to license its mobile and web application to employers.

The Company, through its subsidiaries, has entered into various software licensing agreements with companies primarily in the hospitality and service sectors who are seeking recruitment alternatives. The Company hosts the application software on third-party servers.

(a) SaaS licensing revenue

Under each license agreement, payments of upfront license fees to the Company are made for either (i) the exclusive right to use the Company's application and use of the Company's intellectual property for a defined period of time; or (ii) the purchase of a fixed number of units (i.e.: a batch of videos) to use on the Company's application. In either instance the Company is required to provide the necessary technical assistance during the license period.

When a single sales transaction requires the delivery of more than one product or service (multiple components), the revenue recognition criteria are applied to the separately identifiable components. A component is considered separately identifiable if the delivered item has value to the customer on a stand-alone basis and the fair value associated with the product or service can be measured reliably. The allocation of the revenue from a multiple component arrangement is based on the fair value of each element in relation to the fair value of the arrangement as a whole.

The Company's license fee revenue and ongoing customer support represent a single performance obligation. As a result, revenue is recognized evenly over the life of the contract for both (i) fixed term contracts, and (ii) fixed unit purchases as described above.

The Company recognizes any upfront license fee payments on a straight line basis over the life of the agreement. In particular, the Company has entered into contracts with certain customers to provide services over a twelve-month period. Payment for services under these contracts is generally received in advance. The Company records revenue for these contracts evenly throughout the twelve-month period. Revenue that will be recognized in a future period is recorded as deferred revenue on the statement of financial position.

Principles of Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries (Note 2). The accounting policies of subsidiaries are aligned with the policies adopted by the Company. Subsidiaries are entities controlled by the Company, and are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the Company ceases to control a subsidiary, assets, liabilities and translation adjustments included in other comprehensive income (loss) of the subsidiary are derecognized at their carrying amounts at the date when control is lost. The investment retained in the former subsidiary is recognized at its fair value and any gain or loss resulting from deconsolidation is recorded through profit or loss. All intra-group transactions, balances, income and expenses are eliminated in full in preparing these consolidated financial statements.

Presentation currency

Effective January 1, 2016, the Company changed its presentation currency to the Canadian dollar. These financial statements are presented in Canadian dollars. All financial information is expressed in Canadian dollars unless otherwise stated. There were no changes to the measurement basis of the financial statement line items as a result of the change in presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets

Intangible assets represent internally-generated intangible assets and are carried at cost at the time of initial recognition. Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated;

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) the intention to complete the intangible asset and use or sell it;

(c) the ability to use or sell the intangible asset;

(d) how the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet the recognition criteria listed above. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less amortization. Where no internally-generated intangible asset can be recognized, development costs are recognized as an expense in the period in which it is incurred.

Amortization is recognized on a straight-line basis over its estimated useful life which is estimated to be 3 years.

Impairment of intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered impairment losses. If any such indication exists, the recoverable amount of the cash-generating unit to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

Where a reasonable and consistent basis of allocation can be identified, assets are allocated into individual cash-generating units ("CGU"), or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

Where impairment losses subsequently reverse, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognized for the asset (or CGU) in prior years. A reversal of impairment losses is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. 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.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in shareholders' equity (deficiency). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those 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 or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest rate method.

The Company classifies its cash and amounts receivable as loans and receivables. The Company's trade and other payables, and loans payable are classified as other financial liabilities. The fair values of these financial instruments approximate their fair carrying values due to their short-terms to maturity and immediate liquidity.

Financial instruments measured at fair value are classified into one of three levels in a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

See Note 5 for additional disclosures with respect to financial risk factors of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year using local tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at December 31, 2017, and 2016, no provisions have been recorded by the Company.

Share capital

Common shares are classified as shareholders' equity (deficiency). Incremental costs directly attributable to the issue of common shares are recognized as a deduction from share capital as share issue costs. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued. Common shares issued for non-monetary consideration are recorded at their fair value on the date of issuance and classified as shareholders' equity (deficiency). The Company has adopted the residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value, and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the date of issuance. The balance, if any, is allocated to the attached warrants and recorded within reserves.

Share-based payments

The Company's stock option plan allows Company employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based payments expense with a corresponding increase in reserves. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to consultants and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loss per share

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary common shares outstanding during the period.

Diluted earnings per share amounts are calculated by adjusting net loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary common shares outstanding, for the effect of all potential dilutive ordinary shares. For the periods presented, this calculation proved to be anti-dilutive.

Currency translation

<u>Translation of foreign transactions and balances into the functional currency</u>

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

<u>Translation of the functional currency into the presentation currency</u>

The results of foreign operations which have a different functional currency than the Company are translated to Canadian dollars at appropriate average rates of exchange during the year. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of the foreign operation to Canadian dollars at period end are recognized in other comprehensive income (loss) as a foreign currency translation adjustment.

4. RECENT ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018. The Company does not expect a significant impact on its consolidated financial statements upon adoption of this standard.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. This standard has not yet been adopted by the Company and is being evaluated to determine its impact

5. FINANCIAL RISK FACTORS

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held primarily at large financial institutions in Canada and the Netherlands. The Company has no investment in asset-backed commercial paper. Management believes that the Company is not subject to significant credit risk with respect to cash.

The Company's amounts receivable primarily consists of VAT receivable from the government of the Netherlands, GST receivable from the government of Canada, and trade receivables from third parties pertaining to revenue. The Company's maximum exposure to credit risk is the carrying value of its financial assets. Management believes that the Company is not subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As at December 31, 2017, the Company had cash of $118,618 and current liabilities of $1,404,089. As such, the Company has insufficient cash to fund corporate overhead costs and the repayment of the Company's cash obligations for the next fiscal year and is significantly exposed to liquidity risk. The Company intends to continue raising funds through equity financings, exercise of warrants and entering into sales contracts with new customers that will provide increased sources of funds and liquidity in the future. Subsequent to December 31, 2017, the Company completed an equity financing (Note 22).

Market risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash held in interest bearing accounts and there is currently minimal interest rate risk. The Company's liabilities bear interest at fixed rates and are current in nature. As a result, a 1% fluctuation in market interest rates would insignificantly impact profit or loss.

Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at December 31, 2017, the assets and liabilities of the subsidiaries are denominated primarily in Euros. As at December 31, 2017, a 10% variation in the exchange rate between Canadian dollars and Euros would have an approximate $180,000 impact on loss and comprehensive loss.

Price risk

Price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

(EXPRESSED IN CANADIAN DOLLARS)

6. REVERSE ACQUISITION

As described in Note 1, on September 23, 2016, SM Technology and SM Holding completed a Transaction which constituted a reverse acquisition.

As a result of the Transaction, the shareholders of SM Holding obtained control of the combined entity by obtaining control of the voting power of the combined entity and the resulting power to govern the financial and operating policies of the combined entities. The Transaction constitutes a reverse acquisition of SM Technology by SM Holding and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2 *Share-based Payments* and IFRS 3 *Business Combinations*. As SM Technology did not qualify as a business according to the definition in IFRS 3, this reverse acquisition does not constitute a business combination; rather the Transaction was accounted for as an asset acquisition by the issuance of shares of the Company, for the net assets of SM Technology and its public listing. Accordingly, no goodwill or intangible assets were recorded with respect to the transaction as it does not constitute a business.

For accounting purposes, SM Holding was treated as the accounting parent company (legal subsidiary) and SM Technology has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As SM Holding was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. SM Technology's results of operations have been included from September 23, 2016.

Net assets of SM Technology acquired:	$
Cash	1,145,842
Amounts receivable	80,436
Note receivable from SM Holding – Bridge loan	370,000
Trade and other payables	(27,311)
Net assets acquired	1,568,967
Consideration provided in acquisition of SM Technology:	$
Fair value of 20,980,608 common shares at $0.25 per share(1)	5,245,152
Transaction costs – cash	203,175
Transaction costs – non-cash(2)	1,274,862
Total consideration paid	6,723,189
Listing expense	5,154,222

(1) The Transaction was measured at the fair value of the shares that the Company would have had to issue to shareholders of SM Technology to give shareholders of SM Technology the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of SM Holding acquiring SM Technology.

(2) The fair value of the 457,152 finders' warrants was $59,777, and the fair value of the 7,658,450 warrants assumed from SM Technology on the reverse acquisition was $1,215,085, collectively representing additional non-cash transaction costs to the Company.

The fair values of the finders' warrants, and warrants assumed from SM Technology during the year ended December 31, 2016, were estimated on the date of issuance, and date of closing respectively using the Black-Scholes option pricing model with the following weighted average inputs:

	2016
Risk-free interest rate	0.50%
Expected life of warrants	1.22 years
Annualized volatility	100%
Dividend rate	0%
Weighted average fair value per warrant	$ 0.16

The listing expense charged to profit or loss reflects the difference between the fair value of the consideration paid by SM Holding, and the fair value of the net assets acquired from SM Technology in accordance with IFRS 2 *Share-based payments.*

(EXPRESSED IN CANADIAN DOLLARS)

7. AMOUNTS RECEIVABLE

	December 31, 2017	December 31, 2016
	$	$
Trade receivables	**9,442**	12,952
Input tax credits	**49,477**	53,498
Payroll tax credit	**-**	29,272
Other receivables	**-**	7,467
	58,919	103,189

The Company's estimate for allowance for doubtful accounts as at December 31, 2017 and December 31 2016, is $nil.

8. PROPERTY AND EQUIPMENT

The following table sets forth the cost, accumulated depreciation and net book value of the Company's property and equipment:

	December 31, 2017	December 31, 2016
	$	$
COST		
Balance, beginning of year	**-**	-
Additions:		
Furniture and fixtures	**11,774**	-
Translation adjustment	**527**	-
Derecognized on deconsolidation (Note 16)	**(12,301)**	-
Balance, end of year	**-**	-

ACCUMULATED DEPRECIATION		
Balance, beginning of year	**-**	-
Additions	**1,203**	-
Translation adjustment	**27**	-
Derecognized on deconsolidation (Note 16)	**(1,230)**	-
Balance, end of year	**-**	-
NET BOOK VALUE	**-**	-

(EXPRESSED IN CANADIAN DOLLARS)

9. INTANGIBLE ASSETS

The Company's intangible assets consist of intellectual property associated with the Company's software application. The Company capitalizes development costs associated with its intellectual property.

INTELLECTUAL PROPERTY	December 31, 2017	December 31, 2016
	$	$
COST		
Balance, beginning of year	**812,517**	514,889
Additions:		
Consultants	**79,232**	117,630
Software and equipment	**-**	23,700
Salaries, wages of development team	**183,583**	153,240
Rent	**-**	5,053
Brand development	**-**	36,835
Translation adjustment	**58,577**	(38,830)
Balance, end of year	**1,133,909**	812,517

ACCUMULATED AMORTIZATION		
Balance, beginning of year	**116,166**	56,007
Additions	**278,847**	65,368
Translation adjustment	**16,108**	(5,209)
Balance, end of year	**411,121**	116,166
NET BOOK VALUE	**722,788**	696,351

10. TRADE AND OTHER PAYABLES

	December 31, 2017	December 31, 2016
	$	$
Trade payables	**413,823**	299,192
Accrued liabilities	**37,359**	48,890
Accrued wages and salaries	**23,652**	1,348
Due to related parties (Note 15)	**53,730**	65,825
	528,564	415,255

11. DEFERRED REVENUE

	December 31, 2017	December 31, 2016
	$	$
Deferred revenue	**12,463**	-
	12,463	-

The Company has entered into contracts with certain customers to provide services over a twelve-month period. Payment for services under these contracts is generally received in advance. The Company records revenue for these contracts evenly throughout the twelve-month period. Deferred revenue represents the revenue that will be recognized during fiscal 2018.

(EXPRESSED IN CANADIAN DOLLARS)

12. CONVERTIBLE NOTES

	December 31, 2017	December 31, 2016
	$	$
Opening balance	**-**	279,539
Issuance of convertible notes	-	215,998
Conversion of convertible notes (Note 14(b))	**-**	(298,898)
Repayments	**-**	(192,241)
Translation adjustment	**-**	(4,398)
Ending balance	**-**	-

(1) During the year ended December 31, 2016, the Company's opening balance of convertible notes was $279,539 (€195,707, comprising €186,000 principal, plus accrued interest of €9,707). The convertible notes bore interest at 5% per annum. Additionally, the Company issued a convertible note for $215,998 (€148,200 principal), bearing interest at 8% per annum. The convertible notes were unsecured and had an original maturity of June 2019, and original conversion terms dependent upon the market value of the Company.

On September 23, 2016, upon completion of the Transaction (Note 6), the Company issued 3,127,911 common shares for $315,623 on conversion of some of the convertible notes ($298,898 in principal, plus $16,725 in accrued interest included in trade and other payables). Subsequent to closing of the Transaction, the Company repaid the remaining convertible notes amounting to $192,241.

During the year ended December 31, 2016, included within finance costs is $15,514 of interest expense attributable to the convertible notes.

It was determined that there was no equity component associated with the convertible notes issued during the year ended December 31, 2016.

13. LOANS PAYABLE

	December 31, 2017	December 31, 2016
	$	$
Short-term loans[(1)]	**18,062**	17,003
Advances[(2)]	**845,000**	-
	863,062	17,003

(1) This balance (€12,000) comprises amounts advanced to the Company by two individuals, one of which is a member of key management (Note 15). The loans bear interest at 6% per annum, and were due on December 31, 2017. There is no security on these loans.

(2) This balance comprises amounts advanced to the Company from a third-party in the form of short-term, due on demand, unsecured, non-interest bearing advances. There is no security on these advances. A partial payment towards these advances was made subsequent to December 31, 2017 (Note 22).

Aggregate accrued interest on loans payable amounts to $2,360 (2016 - $850), included within trade and other payables (Note 10).

(EXPRESSED IN CANADIAN DOLLARS)

14. SHARE CAPITAL AND RESERVES

(a) Authorized share capital:

The Company has authorized an unlimited number of common shares and preferred shares without nominal or par value.

(b) Common shares issued:

During the year ended December 31, 2017, the Company issued common shares as follows:

- On the exercise of $0.05 warrants, 4,541,250 common shares for proceeds of $227,063.
- On the exercise of $0.25 warrants, 457,152 common shares for proceeds of $114,288.
- On the exercise of $0.40 warrants, 362,000 common shares for proceeds of $144,800.
- For the provision of $35,468 of consulting services, which were previously included in trade and other payables, 283,746 common shares with a fair value of $70,936, resulting in a loss on settlement of $35,468.

During the year ended December 31, 2016, the Company issued common shares as follows:

- On September 23, 2016, the Company issued 3,127,911 common shares on conversion of convertible notes of $298,898 plus accrued interest of $16,725 (recorded within trade and other payables), for a total value of $315,623.
- The Company completed a reverse acquisition with SM Holding as explained in Notes 1 and 6.

Subsequent to December 31, 2017, the Company issued 12,000,000 common shares in connection with a private placement (note 22). At December 31, 2017, $137,500 had been received as deposits for shares.

Escrowed shares:

In connection with the reverse acquisition of SM Holding, certain shares issued were subject to an Escrow Agreement. As at December 31, 2017, 9,999,585 (2016 – 14,999,375) common shares remained held in escrow. The common shares are subject to timed releases as follows:

- 10% (1,666,597 common shares) released upon the date of listing on the CSE (listed on October 24, 2016)
- 15% (2,499,895 common shares) released every six months thereafter until all escrow shares have been released (thirty-six months following the date of listing on the CSE being October 24, 2019) (Subsequent to December 31, 2017, 2,499,895 common shares were released from escrow)

Pooled shares:

In conjunction with the Share Exchange Agreement dated effective July 8, 2016, the SM Holding shareholders entered into a pooling agreement pursuant to which the common shares of the Company issued to the SM Holding shareholders in connection with the Transaction (30,000,000 common shares), would be pooled and released as to one-third (33.3%) on September 23, 2017, and one-third (33.3%) every six months thereafter until March 23, 2019. As at December 31, 2017, 20,000,000 common shares remain unreleased. (Subsequent to December 31, 2017, 10,000,000 pooled common shares were released).

(c) Warrants:

A summary of changes in warrants is presented below:

	Number of warrants		Weighted average Exercise price
Balance, December 31, 2015	-	$	-
Warrants of SM Technology	8,115,602		0.20
Balance, December 31, 2016	8,115,602		0.20
Exercise of warrants	(5,360,402)		0.09
Balance, December 31, 2017	2,755,200	$	0.30

(EXPRESSED IN CANADIAN DOLLARS)

14. SHARE CAPITAL AND RESERVES (cont'd)

(c) Warrants: (cont'd)

A summary of warrants outstanding as at December 31, 2017, is as follows:

Number of Warrants Outstanding	Weighted Average Exercise Prices	Expiry date	Weighted Average Remaining Contractual Life (years)
2,755,200[1]	$0.30[2]	July 25, 2018	0.82

(1) Refer to Note 6 for information regarding the valuation of these warrants acquired from SM Technology.
(2) These warrants were originally issued with an exercise price of $0.40 per share, and were reduced to $0.30 per share on August 9, 2017.

Subsequent to December 31, 2017, the Company issued 6,632,030 warrants in connection with a private placement (Note 22). Each warrant entitles the holder to acquire one common share at an exercise price of $0.50 until January 11, 2019.

(d) Stock Options:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2015	-	$	-
Granted	4,250,000		0.18
Balance, December 31, 2016	4,250,000		0.18
Granted	195,000		0.37
Forfeited	(1,681,000)		0.25
Balance, December 31, 2017	2,764,000	$	0.15

As at December 31, 2017, the following stock options were outstanding and exercisable:

Option Expiry date	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)		Weighted Average Exercise Price	Number of Options Exercisable
October 24, 2021	2,000,000	3.82	$	0.10	2,000,000
October 24, 2021	600,000	3.82		0.25	425,000
March 2, 2022	14,000	4.17		0.40	-
September 1, 2022	50,000	4.67		0.35	-
November 28, 2022	100,000	4.91		0.37	-
Outstanding, December 31, 2017	2,764,000	3.87	$	0.15	2,425,000

The Company has an incentive stock option plan (the "Plan") having terms consistent with the regulatory requirements of the CSE. Pursuant to the Plan, the Company's board of directors may grant options to purchase the number of common shares which is equivalent to up to 10% of the aggregate number of issued and outstanding common shares as at the date of grant. The Plan provides that an option can be exercisable for a maximum of 10 years from the date of grant, and the options will vest, and have exercise prices subject to directors' approval.

As at December 31, 2017, stock options in respect of an additional 2,898,476 common shares were available for issue under the Plan.

(EXPRESSED IN CANADIAN DOLLARS)

14. SHARE CAPITAL AND RESERVES (cont'd)

(d) Stock Options:

The fair value of the stock options granted during the years ended December 31, 2017 and December 31, 2016, was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average inputs:

	2017	2016
Risk-free interest rate	1.19%	0.53%
Expected life of stock options	5 years	5 years
Annualized volatility	100%	100%
Dividend rate	0%	0%
Weighted average fair value per option	$ 0.28	$ 0.23

During the year ended December 31, 2017, the Company recorded $69,202 (2016 - $599,082) of share-based payments expense for the vesting of stock options granted (Note 14(e)).

(e) Reserves:

The following is a summary of changes in reserves:

	Share-based payments	Conversion of convertible notes	Finders' warrants	Reverse acquisition warrants	**Total**
	$	$	$	$	**$**
December 31, 2015	-	202,065	-	-	**202,065**
Warrants assumed from SM Technology- reverse acquisition	-	-	-	1,215,085	**1,215,085**
Finders' warrants issued	-	-	59,777	-	**59,777**
Share-based payments	599,082	-	-	-	**599,082**
December 31, 2016	599,082	202,065	59,777	1,215,085	**2,076,009**
Share-based payments	69,202	-	-	-	**69,202**
Transfer fair value of warrants exercised to share capital	-	-	(59,777)	(948,385)	**(1,008,162)**
December 31, 2017	668,284	202,065	-	266,700	**1,137,049**

(EXPRESSED IN CANADIAN DOLLARS)

15. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and officers.

The Company entered into the following transactions with key management personnel, for the years ended December 31, 2017 and 2016:

Transactions with key management personnel:		
Years ended:	**December 31, 2017**	December 31, 2016
	$	$
Salaries and consulting fees	**329,278**	265,730
Share-based payments	**11,538**	431,088
	340,816	696,818

Balances due to related parties:		
As at:	**December 31, 2017**	December 31, 2016
	$	$
Amounts due to key management personnel included in trade and other payables (Note 10)	**53,730**	65,825
Loans due to key management personnel (Note 13)	**15,052**	14,169
	68,782	79,994

There were no other transactions with related parties during the years ended December 31, 2017, and 2016.

16. DECONSOLIDATION OF SUBSIDIARY

As a result of the filing for bankruptcy of StartMonday B.V. as detailed in Note 1, and the appointment of a receiver, the Company has derecognized the assets and liabilities of StartMonday B.V. effective June 9, 2017 upon the loss of control. The Company has received no consideration in the deconsolidation of StartMonday B.V.

Analysis of assets and liabilities derecognized	$
Current assets	
Cash (bank indebtedness)	(3,800)
Amounts receivable	102,907
Prepaid expenses	31,943
Non-current assets	
Property and equipment (Note 8)	11,071
Current liabilities	
Trade and other payables	(387,666)
Net liabilities deconsolidated	(245,545)

Gain on deconsolidation of subsidiary	$
Fair value of interest retained	-
Less: net liabilities deconsolidated	(245,545)
Add: cumulative translation adjustment	37,465
Gain on deconsolidation of subsidiary	208,080

(EXPRESSED IN CANADIAN DOLLARS)

17. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2017 and December 31, 2016 is as follows:

	December 31, 2017	December 31, 2016
	$	$
Loss for the year	**(1,686,534)**	(6,802,714)
Expected income tax (recovery)	**(438,000)**	(1,748,000)
Change in statutory, foreign tax, foreign exchange rates and other	**(95,000)**	-
Permanent differences	**137,000**	1,423,000
Share issue costs	**-**	(28,000)
Unrecognized temporary differences and other	**396,000**	353,000
Total income tax (recovery)	**-**	-

The components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2017	December 31, 2016
	$	$
Intangible assets – intellectual property	**(181,000)**	(139,000)
Share issue costs	**17,000**	22,000
Non-capital losses available for future periods	**921,000**	478,000
	757,000	361,000
Unrecognized deferred tax assets (liabilities)	**(757,000)**	(361,000)
Net deferred tax assets (liabilities)	**-**	-

Significant components of the Company's deductible temporary differences, and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	December 31, 2017	**Expiry**	December 31, 2016	Expiry
	$		$	
Non-capital losses available for future periods	**2,986,000**	**2024-2037**	1,558,000	2024-2036
Share issue costs	**63,000**	**2038 - 2040**	84,000	2037-2040

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2017, the Company incurred the following significant non-cash investing and financing activities:

- As at December 31, 2017, $5,296, (December 31, 2016 - $8,657) of intellectual property costs were included in trade and other payables.
- The Company derecognized the assets and liabilities of StartMonday B.V., on June 9, 2017 (Note 16).

During the year ended December 31, 2016, the Company incurred the following significant non-cash investing and financing activities:

- Upon completion of the Transaction, the Company issued 30,000,000 common shares with a fair value of $5,245,152 (based on 20,908,608 common shares of StartMonday Technology Corp.) (Note 6).
- During the year ended December 31, 2016, accrued interest on convertible notes of $15,514 was converted into common shares.

(EXPRESSED IN CANADIAN DOLLARS)

19. COMMITMENTS

The Company entered into an office lease commitment for office space in Amsterdam, Netherlands on December 1, 2017 for a 6-month period, with monthly rent of $1,944. The Company entered into a second office lease commitment for office space in Amsterdam, Netherlands on February 1, 2018 for a 6-month period, with monthly rent of $2,258. Both leases are renewable on a month to month basis after the six month periods and can be cancellable by the Company after the six month periods.

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash or bank indebtedness.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2017.

21. SEGMENTED INFORMATION

The Company is principally engaged in candidate selection solutions for employers in the retail and hospitality sectors. All of the Company's non-current assets were located in Europe at both December 31, 2017 and 2016.

For the year ended December 31, 2017 the Company derived revenue from four customers (2016 – two customers) totalling 71% (2016 - 54%) of the Company's total revenue for the year ended December 31, 2017. At December 31, 2017, two customers (2016 – three customers) accounted for 46% (2016 - 84%) of total trade receivables.

All of the Company's revenues were earned from operations in Europe.

	December 31, 2017	December 31, 2016
Primary geographical market	**$**	$
Europe	**212,479**	32,561
Major products/service line		
Software as a service ("SaaS") licensing services	**212,479**	32,561

All of the Company's contracts are considered to be short-term, fixed-price and fixed-time.

22. SUBSEQUENT EVENTS

a) Subsequent to December 31, 2017 the Company closed a non-brokered private placement on January 11, 2018, of 12,000,000 units (the "Units") at a price of $0.25 per Unit for proceeds of $3,000,000. Each Unit is comprised of one common share and one-half of one transferable common share purchase warrant (the "Warrants"). Each Warrant will entitle the holder to purchase an additional common share at $0.50 until January 11, 2019. In connection with the Offering, the Company has paid eligible finders a cash commission in the aggregate amount of $158,883, and issued an aggregate of 632,030 non-transferable finders' warrants with the same terms as the warrants attached to the units. All securities issued in connection with the Offering will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation which will expire on May 12, 2018. At December 31, 2017, $137,500 had been received as subscriptions received in advance.

b) Subsequent to December 31, 2017, 250,000 of the $0.30 warrants were exercised for proceeds of $75,000.

c) Subsequent to December 31, 2017, the Company repaid $200,000 of the outstanding loan payable.

d) On March 9, 2018, the Company granted stock options to certain officers, consultants and employees to purchase up to 410,000 common shares in the capital of the Company pursuant to the Company's Share Option Plan. The Options are subject to vesting clauses and exercisable at an exercise price of $0.37 per share and will expire on March 9, 2023.