



# **Hank Payments Corp.** **(formerly The Card Collaborative International Corp.)**

**Unaudited Condensed Interim Financial Statements**  
**For the Three Months Ended September 30, 2021 and 2020**  
**(Expressed in United States Dollars)**

## **INDEX**

	Page
Notice to Reader Issued by Management	2
Unaudited Condensed Interim Statements of Financial Position	3
Unaudited Condensed Interim Statements of Operations and Comprehensive Income (Loss)	4
Unaudited Condensed Interim Statements of Changes in Shareholder's Deficiency	5
Unaudited Condensed Interim Statements of Cash Flows	6
Notes to the Unaudited Condensed Interim Financial Statements	7 – 25

**Hank Payments Corp. (formerly The Card Collaborative International Corp.)**

Notice to Reader Issued by Management

The accompanying unaudited condensed interim financial statements have been prepared and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the unaudited condensed interim financial statements.

November 29, 2021

# Hank Payments Corp.

## (formerly The Card Collaborative International Corp.)

Unaudited Condensed Interim Statements of Financial Position  
As at September 30, 2021 and June 30, 2021  
(Expressed in United States Dollars)

	Note #	September 30, 2021 \$	June 30, 2021 \$
<b>ASSETS</b>			
Current			
Cash		105,742	250,533
Accounts receivable	12	930,924	903,145
Prepaid expenses and deposits		434,876	226,200
Due from shareholder	7	269,349	164,182
Total current assets		1,740,891	1,544,060
Restricted cash	4	120,000	120,000
Equipment	5	2,761	-
Intangible assets	6	282,442	311,753
Total assets		2,146,094	1,975,813
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities	11,12	1,312,749	896,402
Contract liability - current portion	9	1,140,002	1,047,947
Convertible debentures	8	207,449	189,361
Derivative liabilities	8,12	213,420	230,889
Warrant liabilities	8,12	175,738	191,938
Total current liabilities		3,049,358	2,556,537
Contract liability	9	2,384,504	2,263,029
Total liabilities		5,433,862	4,819,566
<b>SHAREHOLDER'S DEFICIENCY</b>			
Share capital	10	2,750,576	2,750,576
Contributed surplus	10	717,251	551,589
Deficit		(6,755,595)	(6,145,918)
Total shareholder's deficiency		(3,287,768)	(2,843,753)
Total liabilities and shareholder's deficiency		2,146,094	1,975,813

*Nature of operations and going concern (Note 1)*

*Related party transactions (Note 11)*

*Subsequent events (Note 15)*

**Approved on behalf of the Board:**

*"Michael Hilmer", Director*

(signed)

*"Jason Ewart", Director*

(signed)

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

## Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Unaudited Condensed Interim Statements of Operations and Comprehensive (Loss)  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

	Note #	2021 \$	2020 \$
<b>Revenue</b>			
Bank processing fees		521,171	481,301
Enrollment fees		358,386	266,338
Other revenue	11(d)	57,309	-
<b>Total revenue</b>		<b>936,866</b>	747,639
<b>Cost of sales</b>		<b>136,700</b>	127,880
<b>Gross profit</b>		<b>800,166</b>	619,759
<b>Expenses</b>			
Salaries and wages	6	873,257	446,759
Management fees	11(b)	-	172,514
Stock based compensation	10,11	165,662	-
Software and licensing fees	6	173,822	87,715
Professional fees		21,275	8,066
Office and general		123,258	35,120
Bad debts		36,793	74,640
Depreciation	5	257	228
Amortization	6	29,311	29,311
		<b>1,423,635</b>	854,353
<b>Loss from operations</b>		<b>(623,469)</b>	(234,594)
<b>Other expenses (income)</b>			
Accretion expense	8	13,658	-
Interest expense		10,715	759
Foreign exchange gain		(3,625)	(7)
Gain on debt modification	8	(871)	-
Unrealized gain on derivative liabilities	12	(33,669)	-
<b>Net loss and comprehensive loss</b>		<b>(609,677)</b>	(235,346)
<b>Loss per share - basic and diluted</b>		<b>(0.01)</b>	(0.00)
<b>Weighted average number of outstanding common shares - basic</b>		<b>62,606,293</b>	58,300,000

The accompanying notes are an integral part of these unaudited condensed interim financial statements

**Hank Payments Corp.**  
**(formerly The Card Collaborative International Corp.)**

Unaudited Condensed Interim Statements of Changes in Shareholder's Deficiency

As at September 30, 2021 and 2020

(Expressed in United States Dollars)

	Number of Common Shares (Note 10) #	Share Capital \$	Contributed Surplus \$	Deficit \$	Shareholder's Deficiency \$
<b>Balance, June 30, 2020</b>	<b>58,300,000</b>	<b>576</b>	<b>-</b>	<b>(4,521,346)</b>	<b>(4,520,770)</b>
Net loss for the period	-	-	-	(235,346)	(235,346)
<b>Balance, September 30, 2020</b>	<b>58,300,000</b>	<b>576</b>	<b>-</b>	<b>(4,756,692)</b>	<b>(4,756,116)</b>
<b>Balance, June 30, 2021</b>	<b>62,606,293</b>	<b>2,750,576</b>	<b>551,589</b>	<b>(6,145,918)</b>	<b>(2,843,753)</b>
Stock-based compensation	-	-	165,662	-	165,662
Net loss for the period	-	-	-	(609,677)	(609,677)
<b>Balance, September 30, 2021</b>	<b>62,606,293</b>	<b>2,750,576</b>	<b>717,251</b>	<b>(6,755,595)</b>	<b>(3,287,768)</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

**Hank Payments Corp.**  
**(formerly The Card Collaborative International Corp.)**

Unaudited Condensed Interim Statements of Cash Flows  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

	2021	2020
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(609,677)	(235,346)
Adjusted for non-cash items:		
Amortization	29,311	29,311
Depreciation	257	228
Accrued interest expense	10,715	-
Accretion expense	13,658	-
Gain on debt modification	(871)	-
Exchange loss	(5,414)	-
Stock based compensation	165,662	-
Unrealized loss on derivative liabilities	(33,669)	-
<b>Changes in non-cash working capital items:</b>		
Prepaid expenses and deposits	(208,676)	-
Accounts receivable	(27,779)	(135,618)
Contract liability	213,530	(81,994)
Accounts payable and accrued liabilities	416,347	230,179
Cash used in operating activities	(36,606)	(193,240)
<b>Investing activities</b>		
Additions to equipment	(3,018)	-
Cash used in investing activities	(3,018)	-
<b>Financing activities</b>		
Advances (to)/from shareholder	(105,167)	288,505
Cash (used in)/provided by financing activities	(105,167)	288,505
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(144,791)</b>	<b>95,265</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>250,533</b>	<b>88,900</b>
<b>Cash and cash equivalents, end of period</b>	<b>105,742</b>	<b>184,165</b>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

# **Hank Payments Corp. (formerly The Card Collaborative International Corp.)**

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Hank Payments Corp. (formerly The Card Collaborative International Corp.) (the “Company” or “Hank”) was incorporated on October 29, 2014 in the State of Florida. On April 12, 2018, the Company was acquired by Uptempo Inc. (the “Parent”), a Canadian-domiciled corporation and began operating under new management. On January 13, 2021, the Company filed articles of amendment to change its name to Hank Payments Corp.

Hank is a bank-sponsored provider of automated payment and budgeting financial technology solutions. The Company is focused on the payment curation space otherwise known as active budget management within the growing financial technology sector of “financial wellness.” The Company’s principal address is 1800 Pembroke Drive, Suite 300, Maitland, Orange County, Florida, 32810.

These financial statements of the Company have been prepared on a going concern basis which presumes the Company will continue in operation and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss and comprehensive loss of \$609,677 during the three month period ended September 30, 2021 (September 30, 2020 - \$235,346) and has a total accumulated deficit of \$6,755,595 as at September 30, 2021 (June 30, 2021 – \$6,145,918). The Company’s ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has profitable operations. To this point, all operational activities and overhead costs shortfalls have been funded through related party advances.

The Company believes that narrowing losses and continued funding from equity and debt issuances will provide sufficient cash flow for it to continue as a going concern in its present form. However, there can be no assurances that the Company will continue to have the required funding for its operations. These material uncertainties cast significant doubt as to the Company’s ability to continue as a going concern. As at September 30, 2021 and June 30, 2021, these financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## **2. BASIS OF PREPARATION**

### **(a) Statement of Compliance**

The Company’s condensed interim financial statements (these “financial statements”) have been prepared in conformity with IAS 34 – Interim Financial Reporting. These financial statements of the Company were prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the IASB and interpretations of the IFRS Interpretations Committee (“IFRIC”).

# **Hank Payments Corp.** **(formerly The Card Collaborative International Corp.)**

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## **2. BASIS OF PREPARATION (continued)**

The preparation of the financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgments in applying the Company's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements were authorized for issue by the Board of Directors on November 29, 2021.

### **(b) Basis of Presentation**

These financial statements have been prepared on a historical cost basis, except where otherwise disclosed. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### **(c) Functional and Presentation Currency**

These financial statements are presented in United States dollars. The functional currency of the Company, as determined by management, is in United States dollars.

### **(d) Use of Estimates and Judgements**

The preparation of these financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain.

The impacts of such estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of financial instruments, contract liabilities and revenue recognition and deferred tax assets.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are the same as those applied as at and for the year ended June 30, 2021 and are consistently applied to all periods presented except as noted below. They do not include all the information required for full annual financial statements in accordance with IFRS and should be read in conjunction with the audited financial statements for the year ended June 30, 2021.

#### **Significant accounting judgement and estimates**

##### *COVID-19*

On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus (“COVID-19”) a pandemic, which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods as well as the Company’s ability to find new business opportunities, raise capital or restructure the Company’s finances.

##### *Expected credit losses*

Determining allowance for expected credit losses (“ECLs”) requires management to make assumptions about historical patterns for probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management’s judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what historical patterns suggest.

##### *Leases*

To determine the carrying amount of right-of-use assets and lease liabilities, the Company must estimate the incremental borrowing rate for each leased asset if the interest rate implicit in the lease cannot be readily determined. Management determines the incremental borrowing rate for each leased asset by taking into account the Company’s credit standing, the guarantee, the term and the value of the underlying leased asset, as well as the economic environment in which the leased asset is operated. Incremental borrowing rates can be changed due to macroeconomic changes in the environment.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Significant accounting judgement and estimates (continued)

#### *Provisions*

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

#### *Deferred tax assets*

The Company recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Company makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether or not there will be sufficient taxable profits available to realize the tax assets when they do reverse. In making these judgments, the Company continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts.

#### *Revenue recognition*

Application of the accounting principles related to the measurement and recognition of revenue requires the Company to make judgments and estimates. Revenue arrangements may be comprised of multiple performance obligations. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables. Management also applies judgement in the calculation of the estimated life of a contract, the value of amounts recoverable on contracts and the timing of revenue recognition

#### *Capitalization of qualifying development costs*

In assessing whether development costs qualify for capitalization, management makes judgments and estimates related to expectations of technical feasibility in completing the project, the probability of future economic benefits, the availability of adequate technical and financial resources to complete the development, the ability to reliably measure the costs, and whether the Company intends to complete development, and to use or sell the assets.

In making these judgments and estimates, management has assessed various sources of information, including but not limited to, internal and external scoping and feasibility studies, forecasted cash flows associated with the developments and with operations, in general, which are used to support whether or not the Company will have sufficient resources to complete the development of the assets. Changes in management's judgments, estimates and assumptions, could have a material effect in the future on the Company's financial position and results of operations.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Amortization and impairment of non-financial assets*

The Company reviews amortized non-financial assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. It also reviews annually non-financial assets with indefinite life for impairment. If the recoverable amount of the respective non-financial asset is less than its carrying amount, it is considered to be impaired. In the process of measuring the recoverable amount, management makes assumptions about future events and circumstances. The actual results may vary and may cause significant adjustments. The amortization expense related to intangible assets and depreciation related to equipment are determined using estimates relating to the useful life of the related assets.

### *Fair value of financial assets and financial liabilities*

Fair value of financial assets and financial liabilities on the statement of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

### *Derivative liabilities*

The Company measures the embedded derivative liabilities relating to the conversion feature of the convertible debentures and warrants issued using the Black-Scholes-Merton valuation model taking into account the features of the instrument and market data as at the grant date and subsequent reporting dates on the basis of the Company's management assumptions.

## **New standards not yet adopted and interpretations issued but not yet effective**

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

### *IFRS 10 - Financial Statements ("IFRS 10")*

IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

### *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### New standards not yet adopted and interpretations issued but not yet effective (continued)

The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

#### *Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract*

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

## 4. RESTRICTED CASH

Restricted cash relates to deposits in non-interest bearing reserve accounts that are established and controlled by participating banks to cover any possible losses as a result of disputes, fraud, or embezzlement in the Company's operations. As at September 30, 2021, restricted cash was related to one deposit in the amount of \$120,000 (June 30, 2021 - \$120,000).

## 5. EQUIPMENT

Equipment is comprised of office and computer equipment and consists of the following:

<b><u>Cost</u></b>		
Balance at June 30, 2020	\$	1,829
Additions		-
<b>Balance at June 30, 2021</b>		<b>1,829</b>
Additions		3,018
<b>Balance at September 30, 2021</b>	<b>\$</b>	<b>4,847</b>
<b><u>Depreciation</u></b>		
Balance at June 30, 2020	\$	(1,143)
Additions		(686)
<b>Balance at June 30, 2021</b>		<b>(1,829)</b>
Additions		(257)
<b>Balance at September 30, 2021</b>	<b>\$</b>	<b>(2,086)</b>
<b><u>Net Book Value</u></b>		
<b>Balance, June 30, 2021</b>	<b>\$</b>	<b>-</b>
<b>Balance, September 30, 2021</b>	<b>\$</b>	<b>2,761</b>

Depreciation recorded on equipment for the three months ended September 30, 2021 amounted to \$257 (2020 - \$228).

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 6. INTANGIBLE ASSETS

Intangible assets relate to a software platform which includes costs associated with the development of the Company's internally generated proprietary software. Intangible assets are comprised of the following:

<b><u>Cost</u></b>	
Balance at June 30, 2020	\$ 586,211
Additions	-
<b>Balance at June 30, 2021</b>	<b>586,211</b>
Additions	-
<b>Balance at September 30, 2021</b>	<b>\$ 586,211</b>
<b><u>Amortization</u></b>	
Balance at June 30, 2020	\$ (157,216)
Additions	(117,242)
<b>Balance at June 30, 2021</b>	<b>(274,458)</b>
Additions	(29,311)
<b>Balance at September 30, 2021</b>	<b>\$ (303,769)</b>
<b><u>Net Book Value</u></b>	
<b>Balance, June 30, 2021</b>	<b>\$ 311,753</b>
<b>Balance, September 30, 2021</b>	<b>\$ 282,442</b>

Amortization recorded on intangible assets for the three months ended September 30, 2021 amounted to \$29,311 (2020 - \$29,311).

For the three month period ended September 30, 2021 the Company expensed \$208,821 (2020 - \$162,057) in relation to the research and maintenance of the Company's internally generated proprietary software. The amount consists of \$148,516 in salaries and wages (2020 - \$129,502) and \$60,305 in consulting fees (2020 - \$32,555). The consulting fees are recorded in software and licensing fees and salaries and wages are recorded in salaries and wages on the statement of operations.

## 7. DUE FROM SHAREHOLDER

The amount due from/to shareholder is owing to/from the Parent (the "Shareholder Loan"). The Shareholder Loan is unsecured, non-interest bearing and due on demand.

On September 29, 2020, the Company and the Parent entered into an agreement under which portions of the Shareholder Loan would be settled into a promissory note (the "Promissory Note") up to a maximum facility of US\$3,500,000, as needed by the Company. The Promissory Note bears interest at 5% per annum, is unsecured and due on September 28, 2022. On September 29, 2020, an initial tranche of \$2,750,000 was settled from the Shareholder loan into the Promissory Note.

On December 31, 2020 and as disclosed in Note 9, the \$2,750,000 Promissory Note was settled through the issuance of common shares.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

## 7. DUE TO SHAREHOLDER (continued)

During the three month period ended September 30, 2021, the Company accrued \$Nil in interest related to the Shareholder loan (September 30, 2020: \$759). As at September 30, 2021, the Shareholder Loan balance owing from the Parent was \$269,349 (June 30, 2021: \$164,182).

## 8. CONVERTIBLE DEBENTURES

Transactions related to the Company's convertible debentures during the three month periods ended September 30, 2021 and 2020 include the following:

<b>Carrying amount of debt, July 1,</b>	<b>189,361</b>	-
Issued during the period	-	-
Accretion	13,658	-
Accrued interest	10,715	-
Unrealized foreign exchange loss	(5,414)	-
Gain on debt modification	(871)	-
Converted during the period	-	-
<b>Carrying amount of debt, September 30,</b>	<b>207,449</b>	-

Convertible debentures issued during the period are comprised of the following:

	November 18, 2020 \$	December 7, 2020 \$	February 25, 2021 \$	April 16, 2021 \$	Total \$
Proceeds from issuance of convertible debentures	76,550	39,060	111,734	299,925	527,269
<i>Amounts classified as embedded derivative liability (Note 13):</i>					
Conversion feature	(24,684)	(12,311)	(48,381)	(147,792)	(233,168)
Warrants	(21,854)	(11,152)	(41,896)	(125,234)	(200,136)
<b>Amount classified as convertible debentures at amortized cost</b>	<b>30,012</b>	<b>15,597</b>	<b>21,457</b>	<b>26,899</b>	<b>93,965</b>
Gain on debt modification	(3,361)	(1,670)	-	-	(5,031)
Accreted interest	49,524	24,528	4,737	4,612	83,401
Interest expense	3,430	1,573	3,998	3,833	12,834
Foreign exchange	2,827	1,046	197	122	4,192
<b>Carrying amount of debt at June 30, 2021</b>	<b>82,432</b>	<b>41,074</b>	<b>30,389</b>	<b>35,466</b>	<b>189,361</b>
Gain on debt modification	(582)	(289)	-	-	(871)
Accreted interest	1,690	840	4,764	6,364	13,658
Interest expense	1,389	694	4,167	4,465	10,715
Foreign exchange	(2,265)	(1,129)	(937)	(1,083)	(5,414)
<b>Carrying amount of debt at September 30, 2021</b>	<b>82,664</b>	<b>41,190</b>	<b>38,383</b>	<b>45,212</b>	<b>207,449</b>

### November 18, 2020 Convertible Debenture

On November 18, 2020, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of CDN \$100,000. Each debenture unit consists of CDN \$1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on March 31, 2021 and bear interest at 7% per annum, accrued monthly and payable at maturity.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 8. CONVERTIBLE DEBENTURES (continued)

The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to a 50% discount of the Company's go-public transaction price per common share.

Each warrant entitles the holder to purchase one common share of the Company until November 18, 2022 at an exercise price equal to a 20% discount of the Company's go-public transaction price per common share.

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair values of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 12. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

On March 31, 2021, the Company entered into an amendment agreement where the maturity date for the November 18, 2020 convertible debenture, was extended to June 30, 2021. The extension was effective from March 31, 2021. Further, upon a go-public transaction, the balance outstanding on the convertible debenture will convert into common shares of the Company. This substantial modification was accounted for as an extinguishment resulting in a gain on extinguishment of \$1,828 recognized in the statement of operations. See Note 15.

On June 30, 2021, the Company entered into a second amendment agreement where the maturity date for the November 18, 2020 convertible debenture, was extended to September 30, 2021. The extension was effective from June 30, 2021. The Company realized a gain of \$1,533 as a result of this debt modification during the year ended June 30, 2021.

On September 30, 2021, the Company entered into a third amendment agreement where the maturity date for the November 18, 2020 convertible debenture, was extended to October 31, 2021. The extension was effective from September 30, 2021. The Company realized a gain of \$582 as a result of this debt modification during the three month period ended September 30, 2021.

### *December 7, 2020 Convertible Debenture*

On December 7, 2020, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of CDN \$50,000. Each debenture unit consists of CDN \$1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on March 31, 2021 and bear interest at 7% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to a 50% discount of the Company's go-public transaction price per common share. Each warrant entitles the holder to purchase one common share of the Company until December 6,

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 8. CONVERTIBLE DEBENTURES (continued)

2022 at an exercise price equal to a 20% discount of the Company's go-public transaction price per common share.

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair value of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 12. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

On March 31, 2021, the Company entered into an amendment agreement where the maturity date for the December 7, 2020 convertible debenture, was extended to June 30, 2021. The extension was effective from March 31, 2021. Further, upon a go-public transaction, the balance outstanding on the convertible debenture will convert into common shares of the Company. This substantial modification was accounted for as an extinguishment resulting in a gain on extinguishment of \$1,263 recognized in the statement of operations. See Note 15.

On June 30, 2021, the Company entered into a second amendment agreement where the maturity date for the December 7, 2020 convertible debenture, was extended to September 30, 2021. The extension was effective from June 30, 2021. The Company realized a gain of \$407 as a result of this debt modification during the year ended June 30, 2021.

On September 30, 2021, the Company entered into a third amendment agreement where the maturity date for the December 7, 2020 convertible debenture, was extended to October 31, 2021. The extension was effective from September 30, 2021. The Company realized a gain of \$289 as a result of this debt modification during the three month period ended September 30, 2021.

### *February 25, 2021 Convertible Debenture*

On February 25, 2021, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of CDN \$140,000. Each debenture unit consists of CDN \$1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on April 30, 2023 and bear interest at 7% per annum, accrued monthly and payable at maturity. On April 30, 2021, the rate of interest increased to 15% per annum as a result of the Company not completing the go-public transaction by that date. The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to a 20% discount of the Company's go-public transaction price per common share. Further, upon a go-public transaction, the balance outstanding on the convertible debenture will convert into common shares of the Company. Each warrant entitles the holder to purchase one common share of the Company until February 25, 2023 at an exercise price equal to the Company's go-public transaction price per common share. See Note 15.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

## 8. CONVERTIBLE DEBENTURES (continued)

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair value of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 12. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

### *April 16, 2021 Convertible Debenture*

On April 16, 2021, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of CDN \$375,000. Each debenture unit consists of CDN \$1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on April 16, 2024 and bear interest at 6% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to a 20% discount of the Company's go-public transaction price per common share. Further, upon a go-public transaction, the balance outstanding on the convertible debenture will convert into common shares of the Company. Each warrant entitles the holder to purchase one common share of the Company until April 16, 2023 at an exercise price equal to the Company's go-public transaction price per common share. See Note 15.

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair value of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 12. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

## 9. CONTRACT LIABILITY

The Company's contract liability is deferred revenue which relates to revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) which amounted to \$3,524,506 at September 30, 2021 (June 30, 2021 - \$3,310,976). Details of the Company's contract liability is noted as follows:

	September 30, 2021	June 30, 2021
Opening balance	\$ 3,310,976	\$ 2,606,056
Revenue recognized from contract liability	(358,035)	(1,065,018)
Additions	571,565	1,769,938
Ending balance	\$ 3,524,506	\$ 3,310,976
Current portion	\$ 1,140,002	\$ 1,047,947
Long-term portion	\$ 2,384,504	\$ 2,263,029

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 10. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

On December 17, 2020, the Company completed a 5.83 to 1 share split. All references to the number of shares and per share amounts have been retroactively restated as if the share split occurred effective July 1, 2019.

### a) Common shares

There were no share-based transactions during the three month period ended September 30, 2021.

The Company had the following share-based transactions during the year ended June 30, 2021:

- On December 31, 2020, the Company entered into a partial shares for debt settlement in relation to the Company's outstanding Shareholder Loan. The Company issued 4,306,293 common shares in exchange for the satisfaction of \$2,750,000 outstanding under the Shareholder Loan of the Company.

### b) Stock-based compensation plan

The Company has a stock option plan (the "Plan") which authorizes the board of directors to grant incentive stock options to directors, employees, and consultants. The maximum number of shares in respect of which options may be outstanding under the Plan at any given time is equivalent to 10% of the issued and outstanding shares of the Company at that time.

During the three month period ended September 30, 2021 and the year ended June 30, 2021, the Company did not issue any stock options or have any outstanding stock options.

### c) Warrants

During the three month period ended September 30, 2021, the Company did not issue any warrants.

During the year ended June 30, 2021, the Company issued 290,000 warrants with the convertible debentures disclosed in Note 8.

On May 1, 2021, Hank issued 2,000,000 warrants to an officer of the Company. Each Warrant is exercisable to acquire one common share of the Company at a price of CAD \$0.47 per share. The fair value of the warrants was valued at \$901,276 (CAD \$1,106,674) using the Black-Scholes model and the following assumptions (in Canadian dollars): share price of CAD \$0.80, expected life of 2.67 years, \$nil dividends, 100% volatility based on comparable companies, exercise price of CAD \$0.47, and a risk-free interest rate of 0.3%.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

## 10. SHARE CAPITAL (continued)

The warrants will vest in five tranches with 1,000,000 vesting on issuance and the remaining amount vesting at 250,000 warrants each quarter with the first tranche vesting September 30, 2021. For the three month period ended September 30, 2021, Hank recorded \$165,662 (2020: \$Nil) in stock based compensation related to these warrants and 1,250,000 warrants are exercisable as at September 30, 2021 (2020: Nil).

	Number of warrants	Grant Date	Expiry Date
Balance, June 30, 2020	-		
Warrants granted <sup>(i)</sup>	100,000	2020-11-18	2022-11-18
Warrants granted <sup>(i)</sup>	50,000	2020-12-07	2022-12-07
Warrants granted <sup>(ii)</sup>	140,000	2021-02-25	2023-02-25
Warrants granted <sup>(ii)</sup>	375,000	2021-04-16	2023-04-16
Warrants granted <sup>(iii)</sup>	2,000,000	2021-05-01	2023-12-31
<b>Balance, June 30, 2021</b>	<b>2,665,000</b>		
<b>Balance, September 30, 2021</b>	<b>2,665,000</b>		

- (i) These warrants are exercisable at a price equal to a 20% discount of the Company's go-public transaction price per common share.
- (ii) These warrants are exercisable at a price equal to the Company's go-public transaction price per common share.
- (iii) These warrants are exercisable \$0.47 per common share.

## 11. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control of common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. The following are related party transactions during the three month periods ended September 30, 2021 and 2020, not disclosed elsewhere in these financial statements:

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 11. RELATED PARTY TRANSACTIONS (continued)

- a) On May 1, 2018, the Company entered into a master servicing agreement with Uptempo Marketing Corp. ("Marketing Corp."), a company under common control (the "Agreement"). Under the Agreement, Hank provides processing services to end auto-loan customers procured by Marketing Corp. and assists Marketing Corp. in delivering its marketing services to attract automotive consumers.

As part of the Agreement, when Hank and Marketing Corp. enter into agreements with customers, the gross fees paid or payable by the customer are collected by the Hank banking and technology platform and then shared by Hank and Marketing Corp. based on pre-set terms agreed upon between Hank and Marketing Corp. depending on the types of customer contracts entered into and what is considered market pricing for the services provided by each respective party. Hank provides similar services to other wholesalers of the Hank platform, for similar fee structures. The total amount collected by Hank from customers and remitted to Marketing Corp. for the three month period ended September 30, 2021 amounted to \$612,164 (2020 - \$736,752);

- b) During the three month period ended September 30, 2021, the Company expensed management fees in the amount of \$Nil, (2020 - \$172,514), for expenses incurred by the Parent, to operate Hank;
- c) During the three month period ended September 30, 2021, the Company had expenses that were incurred by related entities, Marketing Corp., Uptempo Servicing Corp., a company under common control, and the Parent which were charged back to Hank. These expenses were charged back as they related to the principal operations of Hank. The total amount charged to Hank by related entities during the three month period ended September 30, 2021, amounted to \$51,517 (2020 - \$467,253); and
- d) During the three month period ended September 30, 2021, the Company charged fees in the amount of \$57,309 (2020 - \$Nil), to Marketing Corp. for sales support. The Company incurred costs in relation to these services in the amount of \$49,834, for the three month period ended September 30, 2021 (2020 - \$Nil).

### Key Management Compensation

The remuneration of directors and other key management personnel of the Company during the three month periods ended September 30, 2021 and 2020 were as follows:

- a) During the three month period ended September 30, 2021, the Company expensed \$182,027 (2020 - \$Nil) in fees payable to officers of the Company. As at September 30, 2021, the Company had amounts payable to officers of the Company in the amount of \$42,674 (June 30, 2021 - \$20,376); and

The amount payable to officers is unsecured, non-interest bearing with no fixed terms of repayment.

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 12. FINANCIAL INSTRUMENTS AND RISK FACTORS

The fair value hierarchy that reflects the significance of inputs used in making fair value measurements is as follows:

Level 1: quoted prices 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. from derived prices); and

Level 3: inputs for the asset or liability that are not based upon observable market data.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's financial instruments consisting of cash, restricted cash, accounts receivable, due from related party, accounts payable and accrued liabilities, convertible debenture and due to shareholder approximate their carrying value due to the relatively short term maturities of these instruments.

The Company uses the Black-Scholes-Merton valuation model to estimate fair value of the derivative liabilities at each reporting period. This is a level 3 reoccurring fair value measurement. The key level 3 inputs used by management to determine the fair value are the expected future volatility in the price of the Company's shares and the expected life of the convertible debentures. The Company believes that a 1% difference in the inputs used for this fair value measurement would not cause a material difference to the fair value.

The following range of assumptions were used to value the embedded derivative liabilities (Note 8) during the three month period ended September 30, 2021 and the year ended June 30, 2021:

Stock price (CDN)	\$0.80
Exercise price (CDN)	\$0.64 - \$0.80
Risk-free interest rate	0.20-0.65%
Expected life	0.08 - 3 years
Estimated volatility in the market price of the common shares	100%
Dividend yield	Nil

During the year three month period ended September 30, 2021, the Company recorded a gain of \$33,669 (2020 - \$Nil), on the revaluation of derivative liabilities included in the statement of operations. As at September 30, 2021, derivative liabilities consisted of warrants and conversion features attached to the convertible debentures as noted in Note 8. As at September 30, 2021, the value of derivative liabilities related to the conversion features of these convertible debentures amounted to \$213,420 (June 30, 2021 - \$230,889) and the value of derivative liabilities related to the attached warrants amounted to \$175,738 (June 30, 2021 - \$191,938).

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

## 12. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

### Risk Management Policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these financial statements. The following analysis provides a measurement of risks as at September 30, 2021 and June 30, 2021.

### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk through its financial asset, accounts receivables.

Management believes the identified credit risk and impairment loss related to cash and restricted cash is not significant as such amounts are held at reputable financial institutions. The Company applies the simplified approach to assess and provide for expected credit losses under IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivables.

The lifetime expected credit loss as at September 30, 2021 and June 30, 2021 was determined as follows:

	<b>September 30, 2021</b>	June 30, 2021
Gross carrying amount	\$ 979,920	\$ 950,679
Expected credit loss rate	5%	5%
Lifetime expected credit loss	\$ 48,996	\$ 47,534
Net carrying amount	\$ 930,924	\$ 903,145

  

	<b>September 30, 2021</b>	June 30, 2021
Beginning balance	\$ 47,534	\$ 35,487
Write-offs	(35,331)	(120,697)
Net remeasurement of loss allowance	36,793	132,744
Ending balance	\$ 48,996	\$ 47,534

# Hank Payments Corp. (formerly The Card Collaborative International Corp.)

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## 12. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at September 30, 2021, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses and negative working capital. Liquidity risk continues to be a key concern in the development of future operations.

The term of the Company's accounts payable and accrued liabilities are all current and consist of the following:

	<b>September 30, 2021</b>	June 30, 2021
Trade payables	\$ 332,855	\$ 277,339
Accrued liabilities	618,683	386,788
Payroll liabilities	361,211	232,275
	<b>\$ 1,312,749</b>	<b>\$ 896,402</b>

### Market Risk

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and there not currently subject to any significant interest rate risk.

#### (ii) Foreign Currency Risk

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. As at September 30, 2021 and June 30, 2021, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

#### (iii) Price Risk

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investment in other listed public companies, and therefore it is not subject to any significant stock market price risk.

# **Hank Payments Corp.**

## **(formerly The Card Collaborative International Corp.)**

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

### **13. COMMITMENTS AND CONTINGENCIES**

In the course of normal business, the Company may become involved in certain legal proceedings. In management's opinion, there are no current legal proceedings which would result in claims against the Company that would have a material adverse effect on the Company's overall financial position, results of operations, or cash flows.

The Company is party to certain management contracts. These contracts require that additional payments of up to \$897,500 upon the occurrence of employee terminations. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

### **14. CAPITAL MANAGEMENT**

The Company includes equity comprised of issued share capital, deficit and cash and cash equivalents in the definition of capital. As at September 30, 2021, the Company's shareholder's deficiency was \$3,287,768 (June 30, 2021 – \$2,843,753). The Company's objectives when managing capital are as follows:

- (i) to safeguard the Company's ability to continue as a going concern; and
- (ii) to raise sufficient capital to meet its business objectives.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's long-term and short-term capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt. There were no changes to the Company's approach to capital management during the three month period ended September 30, 2021 and year ended June 30, 2021. The Company is not exposed to externally imposed capital restrictions.

### **15. SUBSEQUENT EVENTS**

On August 13, 2021 and September 10, 2021, the Company closed two tranches of its brokered private placement financing (the "Financing") of Subscription Receipts at a price of CAD \$1.00 per Subscription Receipt for a total of CAD \$3,142,500 (USD \$2,503,827). Upon completion of the proposed qualifying on the TSX-V, each Subscription Receipt converted into one unit (the "Unit") comprised of one common share and one common share purchase warrant. The exercise price of the warrants is CAD \$1.00 and they expire three years following closing of the Transaction. In connection with the Financing, CAD \$109,988 (USD \$87,634) was paid to the agents and they were issued 219,975 compensation warrants. An additional CAD \$109,988 (USD \$87,634) will be owed and paid to the agents upon the completion of the Transaction. These warrants are exercisable to acquire one Unit at CAD \$1.00 for a period of two years from the closing of the Transaction. A corporate finance fee in the amount of CAD \$177,500 (USD \$141,840) was also paid to the agents and an additional CAD \$177,500 (USD \$141,840) will be owed and paid to the agents upon the completion of the Transaction.

# **Hank Payments Corp.** **(formerly The Card Collaborative International Corp.)**

Notes to the Unaudited Condensed Interim Financial Statements  
For the Three Months Ended September 30, 2021 and 2020  
(Expressed in United States Dollars)

---

## **15. SUBSEQUENT EVENTS (continued)**

On October 13, 2021, the Company completed a three-cornered amalgamation with Nobelium Tech Corp (the “Qualifying Transaction”). The resulting issuer, Hank Payments Corp. (the “Resulting Issuer”) and its shares started trading on the TSX-V on October 20, 2021 under the stock symbol “HANK”. As part of the Qualifying Transaction, the subscription receipts issued by the Company, on August 13, 2021 and September 10, 2021 pursuant to the Financing, were automatically converted, into shares and warrants of the Resulting Issuer.

Prior to the completion of the Qualifying Transaction, Nobelium effected a consolidation of its outstanding common shares on the basis of one post-consolidation common share for every 4 pre-consolidation common shares. The Qualifying Transaction was completed through the exchange of all of the outstanding shares of Hank into common shares of the Resulting Issuer on a one for one basis (the “Resulting Issuer Shares”). In addition, the Qualifying Transaction was completed through the conversion of all of the Company’s securities exercisable or exchangeable for, or convertible into, or other rights to acquire the Company’s securities outstanding, including those acquired by way of the private placement. This includes the conversion of convertible debentures of CAD \$665,000 (USD \$527,267) into 850,000 common shares.

As a result of the Qualifying Transaction, the security holders of the Company hold 62,606,293 Resulting Issuer Shares. A total of 70,019,551 Resulting Issuer Shares are issued and outstanding. On October 13, 2021, The Company issued 5,100,000 Registered Share Units and 4,825,500 Stock Options of the Resulting Issuer.