Hank Payments Corp.

Management Discussion and Analysis

September 30, 2023

(Expressed in Canadian Dollars)

As approved by the Board of Directors on November 28, 2023

The following management discussion and analysis ("MD&A") provides information management believes is relevant to an assessment and understanding of the consolidated financial condition and consolidated results of operations of Hank Payments Corp. (Formerly Nobelium Tech Corp) (the "Company" or "Hank") as at and for the three months ended September 30, 2023.

CAUTIONARY STATEMENT

This MD&A has been prepared taking into consideration information available to November 28, 2023 and contains forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address Hank's expectations, should be considered forward-looking statements. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements.

You should not place undue reliance on these forward-looking statements. These statements reflect management's current view of future events and are subject to certain risks and uncertainties as contained herein. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual results could differ materially from those anticipated in these forward-looking statements. Management undertakes no obligation to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although we believe that these expectations are based on reasonable assumptions, we can give no assurance that those expectations will materialize.

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Company Overview and Vision of Growth

Hank Payments Corp (formerly Nobelium Tech Corp.) (the Company or "Hank") is an emerging North American leader in the Banking-as-a-Service ("BaaS") market. Hank powers improved payment experiences and outcomes for North American consumers and the organizations that serve them. Specifically, Hank empowers consumers with the information, intuitive tools, and a platform to optimize and automate their cash and liability management, which can over time improve financial health. With the success of its consumer platform, Hank has developed a suite of Enterprise cash and payment management products that modernize legacy payment experience, in many cases, improving the organizations' cash flow.

Hank has built and integrated a proprietary banking and technology stack that allows regulated parties to handle cash flow transactions, all being triggered and managed by the Hank technology. The platform allows Hank to focus on deploying innovative industry and consumer centric experiences, all leveraging the same capabilities of modernizing and automating cash and liability management.

The Company earns recurring transaction and licensing fees from Consumers and Enterprise Partners and is active across Canada and the United States.

The Market

Hank segments its target market as follows:

1. Consumers: Consumers (also referred to as "**Users or Clients**") are US and Canadian students and adults who pay bills, have loans and/or savings and equity building goals. Clients use Hank's platform on monthly basis to automate and manage cash flow, and to optimize and automate loan and liability payments, with the additional opportunity to save for short- and long-term goals. Savings accounts expected to be enabled in 2024.

   The United States alone is a large market, with 94 million[1] households with debt. Effectively managing cash flows, debt payments and saving for goals like retirement is a struggle for many, made even more difficult by higher interest rates and inflation.

   Hank attracts these users through its Enterprise Partners, most of which, already provide some service or product to these Clients. This helps Hank leverage the existing customer base of Enterprise Partners to lower its Client acquisition costs, while also generating revenue from the Enterprise Partners.

2. Enterprise Partners: There are numerous types of businesses that regularly collect cash from and remit cash to consumers, or that support consumers with financial management and planning.

   Such businesses use Hank to accelerate cash collections and remittances, improve portfolio and treasury visibility and performance, and drive business development to enhance the client experience.

[1] https://cdn.ramseysolutions.net/media/blog/debt/managing-debt/avg-am-debt.jpg

Products & services

Consumer Segment

Hank's principal product is a client cash management platform being developed to help Users build their personal equity by:

- Managing cash flow;
- Optimizing and automating payments for loans or liabilities;
- Optimizing and automating payments to savings and investment accounts; and
- Establishing and managing financial goals and tracking performance against these goals.

Hank often acquires Clients through its Enterprise Partners, who pay licensing fees to Hank on behalf of their originated Clients or they offer the Hank platform or product suite to their clients who sign up, become Hank Clients, and pay for the service directly via transaction or subscription fees.

Enterprise Segment

Enterprise Partners use Hank to accelerate cash collections and remittances, improve portfolio visibility and performance which enhances the client experience they provide along with driving business development overall.

Clients acquired through the Enterprise Partners allow for a simpler and often a more automated on-boarding process, eliminating the need to charge enrolment fees, while increasing annual and monthly recurring revenues ("ARR" and "MRR"). Average revenue per User ("ARPU") is also expected to be higher for Clients acquired through Enterprise Partners, with virtually no upfront cost of acquisition.

Target Channels

To acquire new Clients, the Company is building products for and/or executing within the following key enterprise channels:

Auto ("Hank Auto")

- Hank Auto enables auto dealer clients to accelerate paying down their vehicle loans through automated, fractional payments, avoiding loan interest costs and faster equity building.
- Historically, all the Company's revenue came from this important channel, including enrolment and recurring processing fees earned monthly as debit and payment events occur.

Auto loan payment values are at record highs driven by vehicle supply issues and rising interest rates. Hank continues to help Clients accelerate loan payments and improve auto dealer trade cycle management.

The Auto channel is predicable and stable with low costs to operate and continues to grow year over year. The powerful Client payment performance history and experience learned through

serving this high margin market is powering the Company to new channels that are simple to launch and have low costs to scale.

FinTech and Licensing

Many FinTech companies seek strategic partnerships to accelerate their own business growth. Hank offers valuable visibility into their client cash flows, and its powerful Banking as a Service platform makes it an attractive strategic partner for many client-focused organizations looking to drive growth, cost efficiencies, and positive client experiences.

On March 28, 2023, the Company announced the signing of a national license agreement for the use of the Hank technology platform in Canada (the "National Technology License Agreement"). The licensee is focused on mortgages, auto and other products, with partners and strategies to access the Canadian market at a very low customer acquisition cost, borne by the licensee. Hank will support the licensee in closing each opportunity and growing the overall business to surpass the minimum targets. The National Technology License Agreement includes the following key terms:

- Three-year license agreement with minimum base revenue of $5 million plus 22% maintenance for a total of $6 million in revenue to be earned quarterly commencing in calendar 2023.
- Licensee is exclusive to the Canadian Territory for the term, with customary renewals to support the recurring long-term nature of Hank Users.
- Licensee has exclusive protection on several entities/partnerships outside of Canada for nine months, to allow licensee to close contracts already in discussion.
- Recurring User counts expected to exceed 130,000 by the end of year three with additional user licensing fees to be paid monthly for User counts exceeding contracted base counts.
- Additional 15% royalty to Hank on Licensee monthly revenues attributed to Hank products, in perpetuity and applied to Users exceeding base counts.

Education ("Hank EDU")

- Hank EDU is a powerful, integrated product suite that helps students save for school and make tuition payments, and helps schools efficiently collect tuition, remit excess payments back to students and collect overdue tuition payments.
- The Education channel is a priority for Hank as in the US alone there are over 5,000 colleges and universities serving 18 million students. Hank's average expected Annual Recurring Revenue (**"ARR"**) by school size, depends on products launched but approximates the following:

Hank-EDU - Revenue Opportunity			
School Size	**Average # of Students**	**Market (# of schools)**	**Potential ARR per School**
Small	2,000	3,500	$ 110,000
Medium	5,000	1,000	$ 255,000
Large	20,000	500	$ 1,000,000

- After completing the requisite market research, analysis, and business planning, the Company began development of the Hank EDU product suite in the second quarter of FY2023. Supported by an increased investment in sales and marketing, Hank EDU was launched in August 2023, with the first school signed in Summer 2023.
- The Company expects material growth in this channel in the coming years and has activated discussions with hundreds of schools. Additionally, Hank is integrating with the most prominent student records companies to accelerate the onboarding of new schools. Hank has received "approved partner status" from various national student records companies, affording Hank access to over 2,300 schools.
- Pricing in Hank EDU is principally event driven with a fee for each financial event Hank facilitates for the institution. Fees are paid by the school and not by students.
- Once Hank aggregates sufficient active student Users on the platform, Hank will offer its full suite of cash management products to student Users, driving incremental monthly subscription and transaction fees.

Landlords and Real Estate Investors ("Hank Doors")

The Company has identified the property rental market as a significant new channel opportunity where its BaaS platform can enhance Client/Tenant experiences and rental portfolio performance while providing tremendous value to landlords and investment funds. The Hank platform is expected help landlords and funds accelerate rent collections, providing valuable payment visibility and insight into individual tenants. Tenants will be offered personalized rent payment plans, enabling tenants to pick the rent payment schedule that works best for them. These features, along with automated late rent curing options, will improve cash management for all parties.

- Hank is actively exploring Proof-of-Concept partnerships with industry-leading banks, payment processors and property management companies within the rental market. Commercialization of channel-specific products is expected to begin in calendar 2024.
- There are over 20 million multi-tenant apartments ("Doors") in the US and over 2 million in Canada, with approximately 1 million addressable through proof of concepts under discussion.
- The revenue model would include licensing and transaction fees along with the potential to earn overnight interest on average daily deposits as they accumulate.

Financial Advisors ("Hank Equity Builder")

The Company is exploring the value of its BaaS platform for financial advisors and their clients. Clients are expected to use the platform to accelerate achieving their financial goals including reducing liabilities, building equity, and saving for any short or long-term goal. Advisors would benefit from an enhanced understanding of client cash flows, the opportunity to provide more comprehensive advice and solutions, and the access to a powerful business development tool.

With over 1 million financial advisors and over 50 million clients across North America, the market is significant. Hank is in discussions with advisory firms for licensing and Paid Proof of Concepts that add value to the Enterprise and the Client. This product is expected to be an upgrade to the existing Hank cash management technology and will be made available to all Hank clients as a premium product.

Revenue Model

The revenue model for each product is different and may include transaction fees, licensing fees, setup fees, subscription fees and other customary BaaS-related fees. Product revenue models are set based on 'value provided' to the Enterprise or Client, and take into account usage or event driven fees. Altogether the components of revenue and related product billings are tied to the same goal of low acquisition cost and maximizing recurring revenue over a long period of time.

Outlook

The Company is focused on driving organic growth through new Enterprise Partner agreements given the size and value of the overall opportunity and scalable Client acquisition model. The Company will continue to innovate with new features that help clients and the enterprises that serve them to better manage and monitor their respective financial goals and performance. New products and features are expected to increase retention and profitability of Client and Enterprise Partner relationships.

Priorities over the next twelve months:

The Company continues to negotiate with numerous organizations and is expected to launch several enterprise deals over the coming months with initial focus on the Education channel given the success it is experiencing in building a strong sales pipeline. Enterprise deals typically have long sales cycles but can be highly lucrative given the scale of the opportunities. The Company cannot predict the timing of announcements and launches given the nature and size of the deals being negotiated, and the resources required for integration.

Management is focused on the following specific priorities over the next twelve months:

1. ***Grow the Education channel by signing new Enterprise Partner agreements with schools in the US and accelerating their onboarding to Hank's platform.***

   The Company is targeting to launch 100 schools over the next 18-24 months, with investment consistent with the recurring revenue opportunity. This growth would have meaningful impact on cash margin growth and earnings.

2. ***Continued growth of the Auto channel.***

   The Company expects to continue healthy performance and has identified new tools for this market that have significant impact on growth, and as always, is taking a measured approach to risk reward before investing in new tools.

3. ***Become cash flow and EBITDA positive.***

   The Company is prioritizing positive cash flow and EBITDA from operations and is focussed on growth of high margin revenue while managing to a relatively low operating cost model, relative to the growth opportunities available. The Company is only planning to incur new product development and marketing costs where return on investment is expected in the short term.

4. ***Invest in Proof-of-Concept opportunities for strategic new channels.***

   The Company has designed new experiences that modernize payments in new markets including rent and tenant management as well as for financial advisors and advisory Enterprises or companies. The Company only expects to invest in these customizations as proof-of-concept ("POC") agreements are signed or where strategic investments are made into Hank by partners, providing a clear path to a more predictable return on R&D and marketing spend.

5. ***Launch Canadian Licensing Partner products.***

   The Company will continue to work on launching products and the required integrations with the Canadian License partner to acquire Users in Canada.

6. ***Collect and Consolidate Financial Behaviour Data***

   The Company will continue to collect meaningful financial performance data that will be monetizable in the coming years and support future strategic partnerships leveraging such data.

Legal and Regulatory Matters

The Company has strategic contracts with banks and payment partners based in the United States and will add Canadian partners contemporaneously with the launch of the Canadian License Agreement. These banks handle cash movement and processing as well as the Company's fee collections. All of this is managed by the Hank platform, including debits and payments, whereby the banks take instruction from Hank, and house the consumers' cash until instructions are provided to make payments. This ensures the Company is not responsible for Users' cash and the debits turn into deposits for the bank partner, attracting FDIC insurance for certain Hank Users in the USA. Hank shares fees with banks for this important service, and the banks benefit from growing daily deposits. These banking and payment relationships allow Hank to perform the services nationally. It also ensures that the Company's marketing and consumer disclosures are transparent and approved by the bank first.

Highlights for Three Months Ended September 30, 2023

Performance Highlights

The following financial information has been summarized from the Company's quarterly financial statements and additional commentary is provided in later sections:

	Quarter Ended (CAD)							
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31,2021**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total revenue	1,581,419	1,403,518	1,452,072	1,512,194	1,541,588	1,479,074	1,378,598	1,304,643
Quarterly Growth	*13%*	*-3%*	*-4%*	*-2%*	*4%*	*7%*	*6%*	
Cost of sales	171,236	171,128	163,823	164,632	137,707	109,310	148,636	160,353
Gross Profit	1,410,183	1,232,390	1,288,249	1,347,562	1,403,881	1,369,764	1,229,962	1,144,290
Quarterly Growth	*14%*	*-4%*	*-4%*	*-4%*	*2%*	*11%*	*7%*	
Operating expenses	1,917,980	1,913,268	1,607,028	1,739,785	1,826,057	2,047,436	2,185,259	2,043,599
Adjusted loss from operations (1)	**(507,797)**	**(680,878)**	**(318,779)**	**(392,223)**	**(422,176)**	**(677,672)**	**(955,297)**	**(899,309)**
Adjustments:								
Stock based compensation	(141,115)	116,400	(125,205)	(168,515)	(373,085)	149,751	(839,178)	(4,530,767)
Listing expense	0	0	0	0	0	353,674	0	(1,751,201)
Transaction costs	0	0	0	0	0	194,835	0	(1,469,883)
Amortization of Intangible Assets	(63,139)	(56,469)	(52,739)	(49,208)	(44,292)	(41,030)	(37,120)	(36,936)
Restructuring Costs	0	0	0	0	0	(227,862)	0	0
Total Adjustments	**(204,254)**	**59,931**	**(177,944)**	**(217,723)**	**(417,377)**	**429,368**	**(876,298)**	**(7,788,787)**
Loss from operations	**(712,051)**	**(620,947)**	**(496,723)**	**(609,946)**	**(839,553)**	**(248,304)**	**(1,831,595)**	**(8,688,096)**
Net Income (Loss)	**(782,574)**	**(1,389,753)**	**(529,273)**	**(733,957)**	**(833,769)**	**52,329**	**(1,864,969)**	**(8,850,289)**
Comprehensive Income (Loss)	**(876,182)**	**(1,299,929)**	**(526,970)**	**(686,564)**	**(1,080,330)**	**(82,190)**	**(1,798,200)**	**(8,703,887)**
Cash Collected from Fees	**1,241,804**	**1,220,889**	**1,167,852**	**1,338,425**	**1,413,648**	**1,284,563**	**1,120,540**	**1,342,665**
Quarterly Growth	*2%*	*5%*	*-13%*	*-5%*	*10%*	*15%*	*-17%*	

(1) This is a non-IFRS measure. Please refer to "Non-IFRS Measures" in this MD&A for the definition and reconciliation of this measure

**Cash flow for the Company is predictable and impacted by the number of 'debit' Fridays in any given quarter. This can present an increase or decrease in cash flow in any given quarter but has no material effect on annual cash received. Historically, cash collected from program fee enrollment in Q3 has always been low due to payment schedule setting and number of days in a month but will be recovered in subsequent quarters.*

Revenue for the quarter exceeded all previous individual quarters. This is primarily due to the addition of licensing revenue from the Company's Canadian licensing agreement starting in the month of September, 2023. Further, over the past several quarters, the Company focused on cost management while also investing in new initiatives with predictable returns. The operating costs fell materially quarter over quarter starting from quarter ending March 31, 2022 until the quarter ending June 30, 2023, when the Company started investing strategically for the launch of Hank EDU. The Company also temporarily increased investor relations costs in the same quarter which is not recurring. Investment in launch related costs such as marketing and advertising as well as sales expenses related to Education conferences increased overhead in the last quarter of fiscal 2023. Once the Hank EDU revenue is at reasonable scale, all direct costs are expected to be covered by margin. Operating expenses were consistent in comparison to the previous quarter and increased by 5% in comparison to the same quarter last year primarily due to the investment in sales and marketing related Hank EDU platform as well as non-recurring IR costs.

Revenue increased by 13% compared to previous quarter, with cost of sales remaining relatively same, leading to an increase of 14% in gross profit with adjusted loss from operations decreasing by $173,081.

Under IFRS, revenue amortizes enrollment fees over the expected life of the customer, whereas cash from said fees is usually received in the first twelve months. The combination of this with increasing processing fees quarterly plus new revenue categories coming online, leads to predictable growth in revenue and cash receipts. Cash collections from enrolments and bank processing are historically lower in the third quarter of every fiscal year due to shorter months and fewer processing days in February in particular reducing sweeps in that month and recovering sweeps in subsequent months thus achieving annual growth.

For the Three Months Ended *(CAD)*	September 2023 $	September 2022 $	Increase/ Decrease %
Revenue			
Bank Processing Fees	815,548	787,394	
Enrolment Fees	562,130	671,892	
Technology Licensing Fees	169,444	0	
Other Revenue	34,297	82,302	
Total Revenue	**1,581,419**	**1,541,588**	**2.6%**
Cost of Sales	(171,236)	(137,707)	24.3%
Gross Profit	**1,410,183**	**1,403,881**	**0.4%**
Gross Profit %	**89%**	**91%**	
Operating Expenses	(1,917,980)	(1,826,057)	5%
Adjusted Income (Loss) from Operations (1)	**(507,797)**	**(422,176)**	**(20.3)%**
Adjustments			
Stock based compensation	(141,115)	(373,085)	
Amortization of Intangible Assets	(63,139)	(44,292)	
	(204,254)	(417,377)	
Loss from Operations	**(712,051)**	**(839,553)**	
Cash From Operations	(393,913)	424,930	(193)%

(1) This is a non-IFRS measure presented by management to normalize that income from operations for expenses incurred outside of the normal course of business. Please refer to “Non-IFRS Measures” in this MD&A for the definition and reconciliation of this measure

The Company maintained its year over year revenue growth while continuing to demonstrate exceptional margins. The revenue growth has been bolstered by the Company starting to recognize revenue from its Canadian licensing agreement. The Company started to recognize the revenue in the month of September, 2023 and expects to continue earning this revenue on a monthly basis going forward. While net cashflow is expected to increase through new products and new contracts, as these products increase functionality and dependency, there is no certainty that the gross margin percentage will stay at these exceptional levels, which will be a purposeful choice, to drive growth and cash flow. The Company believes Enterprise Partners’ margins over 60% are very strong relative to its peer group, provided that consumer stickiness and lifetime value increases, with the overall objective of adding and keeping Clients for over three years. Over 25% of Clients have stayed more than three years historically with a limited feature set to rely on, and with new features available and more coming, the Company is confident that it will lengthen its book beyond three years and increase lifetime value and cash flow.

The increase in adjusted loss from operations is mainly due to the slight increase in operating costs resulting from investment in sales and marketing relating to the launch of the Hank EDU platform as discussed in further detail below.

For the quarter ending September 30, 2023, the Company experienced negative cash from operations of $393,913 in comparison to positive $424,930 for the quarter ending September 30, 2022. This is due to management and timing of working capital amounts where changes in working capital generated $107,668 of cash in the current quarter in comparison to $844,575 in the same quarter in 2022. This was mainly due to increase of only $169,882 in accounts payable for the quarter ending September 30, 2023 compared to an increase of $509,875 for quarter ending September 30, 2002.

Number of Common Shares

There were 73,148,651 common shares issued and outstanding as at September 30, 2023 and 73,148,651 common shares issued and outstanding as at November 28, 2023, being the date of this report. As at September 30, 2023 the Company had outstanding stock options of 4,673,333 and outstanding RSUs of 5,745,084. There were 12,538,943 warrants issued and outstanding as at September 30, 2023.

Capital and Liquidity

Capital

On June 13, 2022, the Company closed a non-brokered private placement of unsecured convertible debenture units (the “Units”) of the Company for gross proceeds of $800,000; of which $500,000 was received in cash and $300,000 was issued in settlement of outstanding payables. Each Unit consists of one $1,000 convertible debenture (“Debentures”) and 3,333 common share purchase warrants (“Warrant”). The Debentures mature on and become payable on June 13, 2025 and bear interest at a fixed rate of 10% per annum, payable quarterly. The Debentures are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. At any time before maturity, a holder of Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.15 per share (the “Conversion Price”). The Company may force the conversion of the principal amount of the then outstanding Debentures at any time after June 13, 2023, at the Conversion Price on not less than 5 days’ notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than $0.50. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per common share until June 13, 2024.

On December 16, 2022, the Company closed a non-brokered private placement of secured convertible debenture units of the Company for gross proceeds of $700,000; Each Unit consists of one $1,000 convertible debenture and 3,333 common share purchase warrants. The Debentures mature on and become payable on December 16, 2027 and bear interest at a fixed rate of 10% per annum, payable semi-annually. The Debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures. At any time before maturity, a holder of Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.075 per share during the first year and $0.10 per share thereafter the Conversion Price. The Company may force the conversion of the principal amount of the then outstanding Debentures at any time at the Conversion Price on not less than 5 days notice if the

volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than $0.35. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per common share until December 16, 2024.

On April 21, 2023, the Company closed a non-brokered private placement of 1,096 secured convertible debenture units (the “Units”) of the Company for gross proceeds of $1,096,000 of which $825,000 was received in cash and $271,000 was issued in settlement of outstanding payables. The Company paid a cash finder's fee of $18,550 and issued 185,500 finder's warrants in relation to the closing. Each Unit consists of one $1,000 convertible debenture ("Debentures") and 3,333 common share purchase warrants ("Warrant"). The Debentures mature on and become payable on April 21, 2028 and bear interest at a fixed rate of 10% per annum, payable semi-annually. The Debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures. At any time before maturity, a holder of Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.075 per share during the first year and $0.10 per share thereafter (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding Debentures at any time at the Conversion Price on not less than 5 days notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than $0.35. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per common share until April 21, 2025.

On June 15, 2023, the Company closed a non-brokered private placement of 500 secured convertible debenture units (the “Units”) of the Company for gross proceeds of $500,000. Each Unit consists of one $1,000 convertible debenture and 3,333 common share purchase warrants. The debentures mature on and become payable on June 15, 2028, and bear interest at a fixed rate of 10% per annum, payable semi-annually. The debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures. At any time before maturity, a holder of debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.085 per share during the first year and $0.10 per share thereafter (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding debentures at any time at the Conversion Price on not less than 5 days notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than $0.35. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per common share until June 15, 2025.

Liquidity

Hank’s ability to remain liquid over the long term may depend on its ability to obtain additional financing. The Company has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. Hank’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and to invest in areas that have reasonable near-term probability of generating cash flow, or attracting investment.

Results of Operations

The following table sets forth a summary of the Company's financial performance as of the dates presented:

	Three Month Period Ended		
	September 30, 2023	September 30, 2022	Change
	$	$	%
Total revenue	**1,581,419**	1,541,588	2.6%
Cost of sales	**171,236**	137,707	24.3%
Operating expenses	**1,917,980**	1,826,057	5.0%
Adjusted loss from operations (1)	**(507,797)**	(422,176)	-20.3%
Adjustments:			
Stock based compensation	**141,115**	373,085	-62.2%
Amortization of Intangible Assets	**63,139**	44,292	42.6%
Total Adjustments	**204,254**	417,377	-51.1%
Loss from operations	**(712,051)**	(839,553)	15.2%
Other expenses (income)	**70,523**	(5,784)	1319.3%
Net loss	**(782,574)**	(833,769)	6.1%
Other comprehensive gain (loss)			
Currency translation adjustment	**(93,608)**	(246,561)	62.0%
Comprehensive loss	**(876,182)**	(1,080,330)	18.9%
Loss per share - basic and diluted	**(0.01)**	(0.01)	-7%
Non-IFRS Measures			
Adjusted operating results:			
Adjusted loss from operations (1)	**(507,797)**	(422,176)	-20%

(1) This is a non-IFRS measure. Please refer to "Non-IFRS Measures" in this MD&A for the definition and reconciliation of this measure

The Company recorded an adjusted loss from operations of $507,797 for the three month ended September 30, 2023, compared to adjusted loss from operations of $422,176 for the three month ended September 30, 2022. The Company recorded a loss from operations of $712,051 for the three month ended September 30, 2023, compared to a loss from operations of $839,553 for the three month ended September 30, 2022. Changes in each key category are further discussed below.

Revenue

	Three Month Period Ended		
	September 30, 2023	September 30, 2022	Change
	$	$	%
Revenue			
Bank processing fees	**815,548**	787,394	3.6%
Enrollment fees	**562,130**	671,892	-16.3%
Technology licensing fee	**169,444**	0	100.0%
Other revenue	**34,297**	82,302	-58.3%
Total revenue	**1,581,419**	1,541,588	2.6%
Cost of sales	**171,236**	137,707	24.3%
Gross profit	**1,410,183**	1,403,881	0.4%
	89.17%	91.07%	

Revenue increased $39,831 or 2.6% for the three month period ended September 30, 2023, in comparison to the three month period ended September 30, 2022. The increase was primarily due to the launch in September 2023 of a new revenue stream from technology licensing fees. Further the Company experienced a 3.6% increase in bank processing fees (also defined as “Recurring User Processing Fees”), a 16.3% decrease in enrollment fees, and a 58.3% decrease in other revenue.

Enrollment fees are based on revenue recognized from the Company’s contract liability which stems from setup and enrollment fees charged to new customers and are recognized over the expected life of the customer. The decrease in enrollment fees is the result of Company enacting changes to upfront enrollment fee it charges a key white label customer in order to support the channel’s customer acquisition endeavours. Further, over the past few quarters, the Company has also advanced its reengagement process to account for final confirmational outreach to customers that have stopped using the program. As part of the process, customers that are unsuccessfully re-engaged are formally cancelled from the program. This resulted in a recognition of remaining contract liability associated with the cancelled customers in previous quarters where the Company finished the process to cancel legacy customers from the program, leading to lower cancellation in the current quarter, and lower contract liability recognized.

Recurring User Processing Fees are based on recurring monthly fees charged to Users and fees charged in relation to use of the platform to manage cash collection, storage and remittance to payees. The increase in such fees is mainly due to an increase in usage fees charged to new Clients.

Technology licensing fees are based on revenue recognized from the Company’s technology licensing agreement which currently includes a base fee for the use of the Company’s software program as well as fees related to the maintenance of the software program. The Company entered into a technology licensing agreement with a customer on March 27, 2023, and began recognizing revenue from the contract starting in the month of September 30, 2023.

Other revenue is the result of a fee being charged to a related party channel in relation to support services and other assistance the Company provides in order for the channel to grow efficiently. The Company has been providing reduced services in recent quarters leading to the reduction in such revenue.

Cost of sales relate mainly to bank processing fees and increased mainly due to a downward adjustment in the same quarter previous year, and higher foreign exchange rate over the current period compared to the same period of the previous year, leading to higher translated expenses.

Expenses

	Three Month Period Ended		
	September 30, 2023	September 30, 2022	Change
	$	$	%
Operating Expenses			
Salaries and wages	**1,302,854**	1,222,400	6.6%
Software and licensing fees	**201,402**	139,856	44.0%
Professional fees	**39,531**	32,161	22.9%
Office and general	**327,380**	351,975	-7.0%
Bad debts	**40,597**	77,134	-47.4%
Depreciation	**6,216**	2,531	145.6%
	1,917,980	1,826,057	5%
Adjustments			
Stock based compensation	**141,115**	373,085	-62.2%
Amortization	**63,139**	44,292	42.6%
Expenses	**2,122,234**	2,243,434	-5.4%

Operating Expenses

Salaries and wages increased 6.6% for the three month period ended September 30, 2023, as compared to the three month period ended September 30, 2022. The comparative increase is largely related to strategic investment to support new initiatives in education sector.

Software and licensing fees consist of costs for 3rd party non-core products including hosting services and data analytics tools. These fees incurred in the three month period ended September 30, 2023 were 44% higher than the prior year which is in line with new strategic investment in launching Enterprise Partners such as the Hank EDU platform.

Office and general expense decreased by $24,595 during the three month period ended September 30, 2023 compared to the three month period ended September 30, 2022. The decrease is primarily due savings of $31,566 related to office space partially offset by increase of $4,198 related to marketing and $3,902 in general expenses.

Bad debts expenses decreased by $36,537, as the Company enacted changes to how account receivable is recognized to manage the balance more efficiently.

Adjustments

The Company incurred $141,115 in stock-based compensation expense during the three month period ended September 30, 2023, resulting from $5,506 related to the vesting of stock options, and $135,609 related to the vesting of restricted stock units. These costs were related to the vested portion of such employee incentives and the initial material expense is primarily one-time in nature. As other equity incentives vest, they will be expensed on a non-cash basis.

Other Expenses

	Three Month Period Ended		
	September 30, 2023	September 30, 2022	Change
	$	$	%
Other expenses (income)			
Accretion expense	**26,750**	9,454	182.9%
Interest expense	**57,871**	17,534	230.1%
Foreign exchange loss (gain)	**(14,098)**	(32,772)	57.0%
	70,523	(5,784)	1319.3%

In the past, the Company has financed its operations partially by issuing non-brokered private placements of unsecured convertible debenture units of the Company. These convertible debentures are determined to be a compound instrument, comprising a liability and an embedded derivative liability consisting of a conversion feature and warrants. The increase in accretion expense and interest expense for the three month period ended September 30, 2023 is mainly due to new issuance of convertible debentures to fund new initiatives.

Financial Position

The following table sets forth a summary of the Company's financial position as of the dates presented:

	September 30, 2023	June 30, 2023
	$	$
ASSETS		
Current		
Cash	**120,527**	692,124
Accounts receivable	**592,158**	547,407
Prepaid expenses and deposits	**339,090**	482,076
Sales tax receivable	**131,473**	125,886
Total current assets	**1,183,248**	1,847,493
Advances to related party	**1,611,540**	1,677,092
Restricted cash	**189,307**	158,880
Equipment	**26,420**	27,361
Intangible assets	**554,153**	495,711
Total assets	**3,564,668**	4,206,537
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**5,098,542**	4,928,660
Contract liability - current portion	**1,255,255**	1,318,706
Convertible debentures	**76,587**	25,159
Total current liabilities	**6,430,384**	6,272,525
Convertible debentures	**1,422,790**	1,396,040
Contract liability	**2,468,046**	2,559,457
Total liabilities	**10,321,220**	10,228,022
SHAREHOLDERS' DEFICIENCY		
Share capital	**8,438,709**	8,438,709
Contributed surplus	**8,544,036**	8,402,921
Other comprehensive income	**21,854**	115,462
Deficit	**(23,761,151)**	(22,978,577)
Total shareholders' deficiency	**(6,756,552)**	(6,021,485)
Total liabilities and shareholders' deficie	**3,564,668**	4,206,537

Total Assets

Total assets were $3,564,668 as at September 30, 2023, a decrease of $641,869 or 15% from June 30, 2023, largely due to a decrease of $571,597 in cash, a decrease of $142,986 in prepaid expenses and deposits, a decrease of $65,552 in advances to related party, offset by an increase of $44,751 in account receivable and an increase of $30,427 in restricted cash

Current Assets

Current Assets decreased by 36% at September 30, 2023 as compared to June 30, 2023. The decrease is primarily due to decreases in cash, and prepaid expenses as the amounts are expensed over time.

Advances to Related Party

The amount advances to related party, an SME wholesaler and a shareholder, is unsecured, non-interest bearing and due on demand.

Restricted cash

Restricted cash relates to deposits in non-interest bearing reserve accounts with Hank's bank partner, that are established and controlled by participating banks to address any possible losses as a result of disputes, fraud, or embezzlement in the Company's operations. During the three month period ended September 30, 2023, the Company increased its daily bank limit, and as a result, increased the amount in the related reserve account.

Equipment

The decrease in equipment can mainly be attributed to the purchase of new equipment for our customer service team in the amount of $4,888 offset by depreciation expense in the amount of $6,216 during the three month period ended September 30, 2023.

Intangibles

Intangible assets are assets acquired that lack physical substance and meet the specified criteria for recognition apart from goodwill. The Company's intangible assets consist of software platforms which includes costs associated with the development of the Company's internally generated proprietary software. The net increase of $58,442 to the intangible assets at September 30, 2023 as compared to June 30, 2023 is due to amortization recorded in the amount of $63,139 for the period, offset by the capitalization of $111,611 of development expenditures and an unrealized gain of $9,970 from foreign exchange translation.

For the three month period ended September 30, 2023, the Company expensed $171,638 (September 30, 2022 - $200,896), in relation to the research and maintenance of the Company's internally generated proprietary software. The amount consists of $161,473 (September 30, 2022 - $197,927), in salaries and wages and $10,165 (2022 - $2,969), in consulting fees. 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.

Total liabilities

Total liabilities were $10,321,220 as at September 30, 2023, an increase of $93,198 or 1% from June 30, 2023. The increase is attributable to a $169,882 increase in accounts payable and a $78,178 increase in convertible debentures, offset by a $154,862 decrease in Contract Liability.

Accounts payable and other liabilities

Accounts payable and accrued liabilities were $5,098,542 as at September 30, 2023, an increase of $169,882 or 3% from June 30, 2023. The increase in accounts payable and other liabilities is primarily due to working capital management and the timing of payments to vendors.

Convertible Debentures and Derivative Liability

Transactions related to the Company's convertible debentures during the three month period ended September 30, 2023 and 2022 include the following:

	2023	2022
Carrying amount of debt, June 30,	**1,421,199**	652,755
Accretion	**26,750**	9,454
Accrued interest	**57,871**	17,534
Debentures converted	**-**	(240,081)
Interest paid	**(6,443)**	(233)
Carrying amount of debt, September 30,	**1,499,377**	439,429

Convertible debentures are comprised of the following:

	2020 and 2021 Issuances [1] $	**June 30, 2022** $	**December 16, 2022** $	**April 21, 2023** $	**June 15, 2023** $	**Total** $
Carrying amount of debt at June 30, 2022	**18,716**	**634,039**	**-**	**-**	**-**	**652,755**
Proceeds from issuance of convertible debentures	-	-	700,000	1,096,000	500,000	2,296,000
Amounts classified as equity instruments	-	-	(281,879)	(433,486)	(190,044)	(905,409)
Issuance costs	-	-	-	(21,445)	-	(21,445)
Accreted interest	-	106,974	16,873	9,171	850	133,868
Interest expense	-	28,424	37,589	21,019	2,055	89,087
Debentures converted	-	(240,081)	-	-	-	(240,081)
Debentures settled	-	(500,000)	-	-	-	(500,000)
Interest paid	-	(29,356)	(37,589)	(14,576)	(2,055)	(83,576)
Carrying amount of debt at June 30, 2023	**18,716**	**-**	**434,994**	**656,683**	**310,806**	**1,421,199**
Accreted interest	-	-	8,685	12,708	5,357	26,750
Interest expense	-	-	17,644	27,624	12,603	57,871
Interest paid	-	-	-	(6,443)	-	(6,443)
Carrying amount of debt at September 30, 2023	**18,716**	**-**	**461,323**	**690,572**	**328,766**	**1,499,377**
Current carrying amount at September 30, 2023	18,716	-	17,644	27,624	12,603	76,587
Long term carrying amount at September 30, 2023	-	-	443,679	662,948	316,163	1,422,790

(*1) At September 30, 2023, the Company owes $18,716 in interest payable related to historical debentures that have been fully settled.*

June 13, 2022 Convertible Debenture

On June 13, 2022, the Company closed a non-brokered private placement of 800 unsecured convertible debenture units (the “Units”) of the Company for gross proceeds of $800,000; of which $500,000 was received in cash and $300,000 was issued in settlement of outstanding payables. Each Unit consists of one $1,000 convertible debenture ("Debentures") and 3,333 common share purchase warrants ("Warrant"). The Debentures mature on and become payable on June 13, 2025 and bear interest at a fixed rate of 10% per annum, payable quarterly. The Debentures are direct, unsecured obligations of the Company, ranking equally with all other unsecured indebtedness of the Company. At any time before maturity, a holder of Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.15 per share (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding Debentures at any time after June 13, 2023, at the Conversion Price on not less than 5 days' notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than $0.50. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.25 per common share until June 13, 2024.

The Units are determined to be a compound instrument, comprising a liability, a conversion feature and warrants. Both conversion feature and warrants met the fixed for fixed criteria and were therefore presented as equity instruments in accordance with IAS 32. The fair value of the debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 19% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability. The fair value of the liability was determined to be $631,119. The residual value of $168,881 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $112,294 and $56,587, respectively. The carrying value of the Units, net of the equity components, have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

On August 29, 2022, at the option of the holder, $300,000 of the June 13, 2022, Debentures were converted into 2,000,000 common shares of the Company. On December 15, 2023, $500,000 of the June 13, 2022 Debentures were settled with cash payments.

December 16, 2022 Convertible Debenture

On December 16, 2022, the Company closed a non-brokered private placement of 700 secured convertible debenture units (the “Units”) of the Company for gross proceeds of $700,000; Each Unit consists of one $1,000 convertible debenture ("Debentures") and 3,333 common share purchase warrants ("Warrant"). The Debentures mature on and become payable on December 16, 2027, and bear interest at a fixed rate of 10% per annum, payable semi-annually. The Debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures.

At any time before maturity, a holder of Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.075 per share during the first year and $0.10 per share thereafter (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding Debentures at any time at the Conversion Price on not less than 5 days notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day
period is equal to or greater than $0.35. Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per common share until December 16, 2024.

The Units are determined to be a compound instrument, comprising a liability, a conversion feature and warrants. Both conversion feature and warrants met the fixed for fixed criteria and were therefore presented as equity instruments in accordance with IAS 32. The fair value of the debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 23% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability. The fair value of the liability was determined to be $418,121. The residual value of $281,879 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $244,298 and $37,581, respectively. The carrying value of the Units, net of the equity components, have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

April 21, 2023 Convertible Debenture

On April 21, 2023, the Company closed a non-brokered private placement of 1,096 secured convertible debenture units (the “Units”) of the Company for gross proceeds of $1,096,000 of which $825,000 was received in cash and $271,000 was issued in settlement of outstanding payables. The Company paid a cash finder's fee of $18,550 and issued 185,500 finder's warrants in relation to the closing. Each Unit consists of one $1,000 convertible debenture ("Debentures") and 3,333 common share purchase warrants ("Warrant"). The Debentures mature on and become payable on April 21, 2028 and bear interest at a fixed rate of 10% per annum, payable semi-annually. The Debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures.

At any time before maturity, a holder of Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.075 per share during the first year and $0.10 per share thereafter (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding Debentures at any time at the Conversion Price on not less than 5 days notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than $0.35.

Each Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per common share until April 21, 2025.

The Units are determined to be a compound instrument, comprising a liability, a conversion feature and warrants. Both conversion feature and warrants met the fixed for fixed criteria and were therefore presented as equity instruments in accordance with IAS 32. The fair value of the debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 23% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability. The transaction cost of $21,445 has been allocated on a pro rata basis to the liability and equity portion. The fair value of the liability was determined to be $641,069 which includes $12,794 of transactions costs. The residual value of $433,485 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $382,846 and $50,640, respectively, which includes $8,652 of transaction costs. The carrying value of the Units, net of the equity components have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

June 15, 2023 Convertible Debenture

On June 15, 2023, the Company closed a non-brokered private placement of 500 secured convertible debenture units (the “Units”) of the Company for gross proceeds of $500,000. Each Unit consists of one $1,000 convertible debenture and 3,333 common share purchase warrants. The debentures mature on and become payable on June 15, 2028, and bear interest at a fixed rate of 10% per annum, payable semi-annually. The debentures are secured by the assets of the Company through a general security agreement and rank equally with all other Debentures.

At any time before maturity, a holder of Debentures may elect to convert the outstanding net principal amount, or any portion thereof, into common shares at a conversion price of $0.085 per share during the first year and $0.10 per share thereafter (the "Conversion Price"). The Company may force the conversion of the principal amount of the then outstanding Debentures at any time at the Conversion Price on not less than 5 days notice if the volume weighted average trading price of the common shares on the TSX Venture Exchange for any 10 consecutive trading day period is equal to or greater than $0.35. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10 per common share until June 15, 2025.

The Units are determined to be a compound instrument, comprising a liability, a conversion feature and warrants. Both conversion feature and warrants met the fixed for fixed criteria and were therefore presented as equity instruments in accordance with IAS 32. The fair value of the debt component was determined by discounting the stream of future payments of interest and principal at a market interest rate of 22% which is estimated to be the borrowing rate available to the Company for similar instruments of debt having no conversion rights. Using the residual method, the carrying amount of the conversion feature and the warrants issued is the difference between the principal amount and the initial fair value of the financial liability. The fair value of the liability was determined to be $309,956. The residual value of $190,044 was allocated to the equity portion of convertible debt and warrants based on their pro-rata fair values of $123,067 and $66,977, respectively. The carrying value of the Units, net of the equity components, have been accreted using the effective interest rate method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity.

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 $3,723,301 at September 30, 2023 (June 30, 2023 - $3,878,163). Details of the Company's contract liability is noted as follows:

		September 30, 2023		June 30, 2023
Opening balance	**$**	**3,878,163**	$	4,443,474
Revenue recognized from contract liability		**(562,130)**		(2,511,875)
Additions		**329,820**		1,795,059
Currency translation adjustment		**77,448**		151,505
Ending balance	**$**	**3,723,301**	$	3,878,163
Current portion	**$**	**1,255,255**	$	1,318,706
Long-term portion	**$**	**2,468,046**	$	2,559,457

During the three month period ended September 30, 2023, the Company recognized revenue from contract liability in the amount of $562,130 and additions to contract liability of $329,820 (September 30, 2022: $671,892 and $516,395 respectively).

Revenues from customer contracts are derived entirely from customers in the United States.

Equity

On October 13, 2021, the Company completed the RTO of Hank US. As the financial statements are considered a continuance of the operations of Hank US due to the reverse takeover, all of the share numbers and share prices in the financial statements have been adjusted, on a retroactive basis, to reflect this exchange.

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

Common shares

The Company had no share-based transactions during the three month period ended September 30, 2023.

The Company had the following share-based transactions during the three month period ended September 30, 2022:

- On August 29, 2022, the Company issued 2,000,000 common shares upon conversion of the June 8, 2022 convertible debentures.

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. Options may be exercisable for a maximum period of 10 years from the date of grant. The exercise price and vesting terms of any option granted pursuant to the Plan shall be determined by the Hank Board when granted.

During the three month period ended September 30, 2023 and 2022, the Company had the following stock option activity:

- On September 6, 2023, the Company issued 50,000 stock options to a consultant of the Company. The fair value of the options were valued at $2,267 using the Black-Scholes model and the following assumptions: share price of $0.055, expected life of 8 years, $nil dividends, 100% volatility, exercise price of $0.10, and a risk-free interest rate of 4.66%. The stock options fully vested on the grant date. During the three month period ended September 30, 2023, the Company expensed $2,267 (September 30, 2022: $nil) as stock based compensation relating to the vesting of these options.

- On September 6, 2023, the Company issued 250,000 stock options to a consultant of the Company. The fair value of the options were valued at $3,104 using the Black-Scholes model and the following assumptions: share price of $0.055, expected life of 1 years, $nil dividends, 100% volatility, exercise price of $0.10, and a risk-free interest rate of 4.66%. The stock options vest in four equal tranches with one fourth vesting on issuance, one fourth vesting on December 6, 2023, one fourth vesting on March 6, 2024 and the last fourth vesting on September 5, 2024. During the three month period ended September 30, 2023, the Company expensed $1,138 (September 30, 2022: $nil) as stock based compensation relating to the vesting of these options.

- On May 26, 2023, the Company issued 50,000 stock options to employees of the Company. The fair value of the options were valued at $1,950 using the Black-Scholes model and the following assumptions: share price of $0.08, expected life of 2 years, $nil dividends, 100% volatility, exercise price of $0.10, and a risk-free interest rate of 4.31%. The stock options vest in three equal tranches with one third vesting on issuance, one third vesting on May 26, 2024 and the last third vesting on May 25, 2025. During the three month period ended September 30, 2023, the Company expensed $162 (September 30, 2022: $nil) as stock based compensation relating to the vesting of these options. On August 4, 2023, one of the employees was terminated and the related 16,667 unvested options were cancelled.

- On April 17, 2023, the Company issued 75,000 stock options to employees of the Company. The fair value of the options were valued at $966 using the Black-Scholes model and the following assumptions: share price of $0.04, expected life of 2 years, $nil dividends, 100% volatility, exercise price of $0.10, and a risk-free interest rate of 3.95%. The stock options vest in three equal tranches with one third vesting on issuance, one third vesting on April 17, 2024 and the last third vesting on April 16, 2025. During the three month period ended September 30, 2023, the Company expensed $121 (September 30, 2022: $nil) as stock based compensation relating to the vesting of these options.

- On December 1, 2022, the Company issued 100,000 stock options to an employee of the Company. The fair value of the options were valued at $1,861 using the Black-Scholes model and the following assumptions: share price of $0.05, expected life of 2 years, $nil dividends, 100% volatility, exercise price of $0.10, and a risk-free interest rate of 3.75%. The options vest in three

equal tranches with one third vesting on the grant date, one third vesting on December 1, 2023 and the last third vesting on November 22, 2024. During the three month period ended September 30, 2023, the Company expensed $233 (September 30, 2022: $nil), as stock based compensation relating to the vesting of these options.

- On November 29, 2022, the Company issued 200,000 stock options to Directors of the Company. The fair value of the options were valued at $3,729 using the Black-Scholes model and the following assumptions: share price of $0.05, expected life of 2 years, $nil dividends, 100% volatility, exercise price of $0.10, and a risk-free interest rate of 3.92%. The options vest in three equal tranches with one third vesting on the grant date, one third vesting on November 29, 2023 and the last third vesting on November 22, 2024. During the three month period ended September 30, 2023, the Company expensed $466 (September 30, 2022: $nil), as stock based compensation relating to the vesting of these options.

- On November 1, 2022, the Company issued 300,000 stock options to employees of the Company. The fair value of the options were valued at $5,791 using the Black-Scholes model and the following assumptions: share price of $0.06, expected life of 2 years, $nil dividends, 100% volatility, exercise price of $0.15, and a risk-free interest rate of 3.92%. The options vest in three equal tranches with 100,000 vesting on the grant date, 100,000 vesting on November 1, 2023 and 100,000 vesting on November 1, 2024. During the three month period ended September 30, 2023, the Company expensed $724 (September 30, 2022: $nil), as stock based compensation relating to the vesting of these options.

- On August 5, 2022, the Company issued 400,000 stock options to a consultant. The fair value of the options were valued at $16,012 using the Black-Scholes model and the following assumptions: share price of $0.11, expected life of 2 years, $nil dividends, 100% volatility, exercise price of $0.20, and a risk-free interest rate of 3.25%. The stock options vest in four equal tranches with one fourth vesting on November 5, 2022, one fourth vesting on February 5, 2023, one fourth vesting on May 5, 2023 and the last fourth vesting on August 5, 2023. During the three month period ended September 30, 2023, the Company expensed $395 (September 30, 2022: $5,090), as stock based compensation relating to the vesting of these options. On April 17, 2023, the 100,000 of these stock options were repriced to $0.10, all other terms of the options remain unchanged.

- On October 13, 2021, the Company issued 250,000 stock options to an employee. The fair value of the options were valued at $142,191 using the Black-Scholes model and the following assumptions: share price of $0.65, expected life of 10 years, $nil dividends, 100% volatility, exercise price of $1.00, and a risk-free interest rate of 1.61%. The stock options vest in three equal tranches with one third vesting on June 7, 2022, one third vesting on June 7, 2023 and the last third vesting on June 7, 2024. During the three month period ended September 30, 2023, the Company expensed $nil (September 30, 2022: $3,959) as stock based compensation relating to the vesting of these options. On August 10, 2022, the employee resigned from the Company and as a result all unvested options were cancelled and vested options expired on August 10, 2023

Stock option activity for the periods ended September 30, 2023 and 2022 are as follows:

	2023		2022	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Opening balance	4,473,333	$ 0.45	4,740,000	$ 0.97
Granted	300,000	$ 0.10	400,000	$ 0.20
Expired/Cancelled	(100,000)	$ 0.85	(1,166,667)	$ 1.00
Outstanding, September 30,	**4,673,333**	**$ 0.42**	**3,973,333**	**$ 0.89**
Exercisable, September 30,	**4019,166**	**$ 0.46**	**3,573,000**	**$ 0.96**

Details of the options outstanding and exercisable as at September 30, 2023 are as follows:

Expiry Date	**Number of Options Outstanding**	**Number of Options Vested**	**Exercise Price**
May 30, 2024	150,000	150,000	$ 0.10
August 5, 2024	400,000	400,000	$ 0.10
September 6, 2023	250,000	62,500	$ 0.10
November 1, 2024	300,000	100,000	$ 0.15
November 29, 2024	200,000	66,666	$ 0.10
December 1, 2024	100,000	33,333	$ 0.10
April 17, 2025	500,000	500,000	$ 0.10
April 17, 2025	75,000	25,000	$ 0.10
May 26, 2025	33,333	16,667	$ 0.10
September 6, 2032	50,000	50,000	$ 0.10
October 13, 2031	1,550,000	1,550,000	$ 1.00
October 13, 2031	1,045,000	1,045,000	$ 0.10
November 29, 2031	20,000	20,000	$ 1.00
Balance, September 30, 2023	**4,673,333**	**4,019,166**	

Restricted Stock Units

The Company has a Restricted Stock Unit plan ("RSUs") which authorizes the board of directors to grant incentive RSUs 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 7,001,956 shares less any shares reserved pursuant to the Company's other share compensation arrangements. The vesting terms and other conditions of any RSUs granted shall be determined by the Hank Board when granted.

During the three month periods ended September 30, 2023 and 2022 the Company had the following RSU activity:

- On September 6, 2023, the Company granted 250,000 RSUs valued at $13,750 to a consultant of the Company. The RSUs vest on September 6, 2024. During the three month period ended September 30, 2023, the Company expensed $917 (2022: $nil) as stock based compensation related to the vesting of these RSUs.

- On May 26, 2023, the Company granted 200,000 RSUs valued at $16,000 to two directors of the Company. The RSUs vest on May 25, 2024. During the three month period ended September 30, 2023, the Company expensed $4,000 (2022: $nil) as stock based compensation related to the vesting of these RSUs.

- On April 17, 2023, the Company granted 1,000,000 RSUs valued at $40,000 to an officer of the Company. The RSUs vest on April 16, 2024. During the three month period ended September 30, 2023, the Company expensed $10,000 (2022: $nil) as stock based compensation related to the vesting of these RSUs.

- On December 1, 2022, the Company granted 50,000 RSUs valued at $2,500 to an employee of the Company. The RSUs vest in three tranches with 16,666 vesting on December 1, 2023, 16,667 vesting on December 1, 2024 and 16,667 vesting on December 1, 2025. During the three month period ended September 30, 2023, the Company expensed $382 (2022: $nil) as stock based compensation related to the vesting of these RSUs.

- On November 1, 2022, the Company granted 250,000 RSUs valued at $15,000 to an employee of the Company. The RSUs vest in three tranches with 83,333 vesting on the grant date, 83,333 vesting on November 1, 2023 and 83,334 vesting on November 1, 2024. During the three month period ended September 30, 2023, the Company expensed $1,875 (2022: $nil) as stock based compensation related to the vesting of these RSUs.

- On December 13, 2021, Hank issued 25,000 RSUs to an employee of the Company valued at $7,625. The RSUs are fully vested. During the three month period ended September 30, 2023, the Company expensed $nil (September 30, 2022: $4,126) as stock based compensation related to the vesting of these RSUs.

- On November 12, 2021, Hank issued 20,000 RSUs to an employee of the Company valued at $8,000. The RSUs vest in three equal tranches with one third vesting on November 12, 2022, one third vesting on November 12, 2023 and the last third vesting on November 12, 2024. During the three month period ended September 30, 2023, the Company expensed $555 (September 30, 2022: $1,222) as stock based compensation related to the vesting of these RSUs.

- On October 13, 2021, Hank issued 4,600,000 RSUs to certain employees and consultants valued at $2,990,000. The RSUs include 3,500,000 RSUs valued at $2,275,000 that were issued to Officers and Directors. The RSUs vest in three equal tranches with one third vesting on the transaction date, one third vesting on October 13, 2022 and the last third vesting on October 13, 2023. During the three month period ended September 30, 2023, the Company expensed $117,880 (September 30, 2022: $353,641) as stock based compensation related to the vesting of these RSUs which includes $94,792 (2022: $257,292), in stock based compensation to officers and directors. On May 20, 2022, 616,583 of these RSUs with a total value of $400,779 were exercised into common shares of the Company which includes 583,250 RSUs valued at $379,113 exercised by officers and directors. During the year ended June 30, 2023, two employees resigned and as a result 200,000 RSUs were forfeited and the Company reversed $77,103 of previously recorded stock based compensation.

- On October 13, 2021, Hank issued 500,000 RSUs to an employee valued at $325,000. The RSUs vest in three equal tranches with one third vesting on June 7, 2022, one third vesting on June 7, 2023 and the last third vesting on June 7, 2024. During the three month period ended September 30, 2023, the Company expensed $nil (September 30, 2022: $8,873) as stock based compensation related to the vesting of these RSUs. On August 10, 2022, the employee resigned from the Company and as a result all unvested RSUs were forfeited and the Company reversed $85,006 of previously recorded stock based compensation.

RSU activity for the three month periods ended September 30, 2023 and 2022 are as follows:

	Number of RSUs	
	2023	**2022**
Opening balance	5,495,084	5,128,417
Granted	250,000	-
Forfeited	-	(1,120,000)
Outstanding, September 30,	**5,745,084**	**4,008,417**
Exercisable, September 30,	**2,481,666**	**1,095,084**

Details of the RSUs vested and exercised are as follows:

Issuance Date	**Number of RSUs Granted**	**Number of RSUs Vested**	**Number of RSUs Cancelled**	**Number of RSUs Exercised**
October 13, 2021	4,600,000	2,983,333	200,000	616,583
October 13, 2021	500,000	166,667	333,333	-
November 1, 2021	750,000	150,000	600,000	150,000
November 12, 2021	20,000	6,667	-	-
December 13, 2021	25,000	25,000	-	-
November 1, 2022	250,000	83,333	-	-
December 1, 2022	50,000	-	-	-
April 17, 2023	1,000,000	-	-	-
May 26, 2023	200,000	-	-	-
September 6, 2023	250,000	-	-	-
Balance, September 30, 2023	**7,645,000**	**3,415,000**	**1,133,333**	**766,583**

During the three month periods ended September 30, 2023 and 2022, the Company had no new warrant activity.

	Number of warrants	Expiry Date	Exercise Price
Balance, June 30, 2022	**8,693,875**		
Repriced warrants	(3,142,500)	2024-10-13	$ 1.00
Repriced warrants	3,142,500	2023-07-29	$ 0.075
Warrants granted	2,333,100	2024-12-16	$ 0.10
Warrants granted	3,652,968	2025-04-21	$ 0.10
Warrants granted	1,666,500	2025-06-15	$ 0.10
Warrants exercised	(100,000)		$0.075
Warrants expired	(665,000)		$ 0.95
Balance, June 30, 2023	**15,581,443**		
Warrants expired	(3,042,500)		$ 0.075
Balance, September 30, 2023	**12,538,943**		

Cash from Operating Activities

The Company used cash from operating activities in the amount of $393,913 (September 30, 2022 – cash inflow of $424,930) for the three month period ended September 30, 2023. The increase in cash outflow from operating activities is primarily due to working capital changes in contract liability and account payable and accrued liabilities.

Cash Used in Investing Activities

During the three month period ended September 30, 2023, the Company used $22,024 (September 30, 2022 - $339,866) in investing activities. Investing activities include development of the Company's software platform and purchases of equipment for new employees. Additionally, during the period the Company received $94,475 from its largest SME wholesaler and related party while the Company advanced $280,650 to the related party during the three month period ended September 30, 2022.

Cash Used in Financing Activities

During the three month period ended September 30, 2023, the Company paid $6,443 (September 30, 2022 - $233) of interest owing on the convertible debentures. The Company also increased $27,067 to its restricted cash reserve (September 30, 2022 - $nil)

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 of 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 period ended September 30, 2023 and 2022, not disclosed elsewhere in these unaudited condensed consolidated interim financial statements:

a) On May 1, 2018, the Company entered into a master servicing agreement with Uptempo Marketing Corp. ("Marketing Corp."), a company under common ownership at the time (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, 2023 amounted to $1,439,176 (September 30, 2022 - $1,001,019);

b) During the three month period ended September 30, 2023, the Company had expenses that were incurred by related entities, Marketing Corp. and Uptempo Servicing Corp., a company with the same key management personnel, and Uptempo Inc., a company with the same key management personnel, 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, 2023, amounted to $nil (2022 - $47,082);

c) During the three month period ended September 30, 2023, the Company charged fees in the amount of $34,297 (2022 - $82,302), to Marketing Corp. for sales support. The Company incurred costs in relation to these services in the amount of $29,823, for the three month period ended September 30, 2023 (2022 - $71,567);

d) Refer to Note 7 of the September 30, 2023 financial statements

Key Management Compensation

The remuneration of Directors and other key management personnel of the Company during the three month period ended September 30, 2023 and 2022 were as follows:

a) During the three month period ended September 30, 2023, the Company expensed $219,582 (September 30, 2022 - $213,683) in fees payable to officers of the Company. As at September 30, 2023, the Company had amounts payable to officers of the Company in the amount of $9,348 (June 30, 2023 - $7,801).

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

b) During the three month period ended September 30, 2023, the Company expensed $109,258 (September 30, 2022 - $284,375), in share based compensation related to Officers and Directors of the Company.

c) During the three month period ended September 30, 2023, the Company expensed $20,250 (September 30, 2022 - $10,125), in director's fees. As at September 30, 2023, the Company had amounts payable to directors of the Company in the amount of $95,463 (June 30, 2023 - $100,021).

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

Summary of Selected Quarterly Information

The following table sets out selected financial information for each of the eight most recent quarters, as originally reported, the latest of which ended September 30, 2023. This information has been prepared on the same basis as the Company's unaudited condensed interim consolidated financial statements, and all necessary adjustments have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and the related notes to those statements.

	Quarter Ended (CAD)							
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31,2021**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Total revenue	1,581,419	1,403,518	1,452,072	1,512,194	1,541,588	1,479,074	1,378,598	1,304,643
Quarterly Growth	*13%*	*-3%*	*-4%*	*-2%*	*4%*	*7%*	*6%*	
Cost of sales	171,236	171,128	163,823	164,632	137,707	109,310	148,636	160,353
Gross Profit	1,410,183	1,232,390	1,288,249	1,347,562	1,403,881	1,369,764	1,229,962	1,144,290
Quarterly Growth	*14%*	*-4%*	*-4%*	*-4%*	*2%*	*11%*	*7%*	
Operating expenses	1,917,980	1,913,268	1,607,028	1,739,785	1,826,057	2,047,436	2,185,259	2,043,599
Adjusted loss from operations (1)	**(507,797)**	**(680,878)**	**(318,779)**	**(392,223)**	**(422,176)**	**(677,672)**	**(955,297)**	**(899,309)**
Adjustments:								
Stock based compensation	(141,115)	116,400	(125,205)	(168,515)	(373,085)	149,751	(839,178)	(4,530,767)
Listing expense	0	0	0	0	0	353,674	0	(1,751,201)
Transaction costs	0	0	0	0	0	194,835	0	(1,469,883)
Amortization of Intangible Assets	(63,139)	(56,469)	(52,739)	(49,208)	(44,292)	(41,030)	(37,120)	(36,936)
Restructuring Costs	0	0	0	0	0	(227,862)	0	0
Total Adjustments	**(204,254)**	**59,931**	**(177,944)**	**(217,723)**	**(417,377)**	**429,368**	**(876,298)**	**(7,788,787)**
Loss from operations	**(712,051)**	**(620,947)**	**(496,723)**	**(609,946)**	**(839,553)**	**(248,304)**	**(1,831,595)**	**(8,688,096)**
Net Income (Loss)	**(782,574)**	**(1,389,753)**	**(529,273)**	**(733,957)**	**(833,769)**	**52,329**	**(1,864,969)**	**(8,850,289)**
Comprehensive Income (Loss)	**(876,182)**	**(1,299,929)**	**(526,970)**	**(686,564)**	**(1,080,330)**	**(82,190)**	**(1,798,200)**	**(8,703,887)**
Cash Collected from Fees	**1,241,804**	**1,220,889**	**1,167,852**	**1,338,425**	**1,413,648**	**1,284,563**	**1,120,540**	**1,342,665**
Quarterly Growth	*2%*	*5%*	*-13%*	*-5%*	*10%*	*15%*	*-17%*	

(1) This is a non-IFRS measure. Please refer to "Non-IFRS Measures" in this MD&A for the definition and reconciliation of this measure

The Company incurred an adjusted loss from operations of $507,797 in Q1, 2024 compared to an adjusted loss from operations of $680,878 in the previous quarter. The decreased adjusted loss for the quarter is due to stronger revenue growth and stable operating expenses. The Company incurred a loss from operations of $712,051 in Q1 2024 as compared to a loss from operations of $620,947 in the previous quarter. This is primarily due to increases in stock based compensation.

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, 2023, the Company's shareholders' deficiency was $6,756,151 (June 30, 2023 – $6,021,485). 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, 2023 and three month period ended September 30, 2022.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than TSX-V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2023, the Company may not be compliant with the policies of the TSX-V. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at September 30, 2023.

Summary of Significant Accounting Policies

The Company's unaudited condensed interim statements of financial position as at September 30, 2023 and September 30, 2022, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the period ended September 30, 2023 and September 30, 2022, were prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). Please refer to note 3 of the Company's unaudited condensed interim financial statements for a detailed discussion regarding the significant accounting policies relied upon in the preparation of the financial statements and recent accounting pronouncements.

Financial Instruments

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, advances from related party, accounts payable and accrued liabilities approximate their carrying value due to the relatively short term maturities of these instruments. The fair value of convertible debentures approximates their carrying value as a result of the short time that has passed since their issuance.

Risk Management

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, 2023 and June 30, 2023.

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, 2023 and June 30, 2023 was determined as follows:

		September 30, 2023		September 30, 2022
Gross carrying amount	**$**	**623,324**	$	576,218
Expected credit loss rate		**5%**		5%
Lifetime expected credit loss	**$**	**31,166**	$	28,811
Net carrying amount	**$**	**592,158**	$	547,407

		September 30, 2023		September 30, 2022
Beginning balance	**$**	**28,811**	$	54,035
Write-offs		**(38,795)**		(290,734)
Net remeasurement of loss allowance		**40,597**		267,155
Currency translation adjustment		**553**		(1,645)
Ending balance	**$**	**31,166**	$	28,811

During the three month period ended September 30, 2023, the Company recorded a net remeasurement of loss allowance in the amount of $40,597 (September 30, 2022: $77,134).

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, 2023, 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 terms of the Company's accounts payable and accrued liabilities are all current and consist of the following:

		September 30, 2023		June 30, 2023
Trade payables	$	**586,086**	$	587,936
Accrued liabilities		**1,034,137**		1,121,417
Payroll liabilities		**3,478,319**		3,219,307
	$	**5,098,542**	$	4,928,660

Accrued liabilities include a provision for estimated penalties and interest in the amount of $687,920.

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 operates in Canada and the United States. The functional currency of the Company is the Canadian dollar, and the functional currency of the Company's subsidiary is the United States dollar. Currency risk arises because the amount of the local currency revenue, expenses, cash flows, receivables and payables for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian-denominated financial statements of the Company's subsidiaries may vary on consolidation into Canadian dollars. The most significant currency exposure arises from changes in the Canadian dollar to US dollar exchange rate. The effect of a 10% change in the US dollar against the Canadian dollar at the reporting date, had all other variables remained constant, would have resulted in an insignificant change to loss for the year. As at September 30, 2023 and 2022, 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.

Litigation

The Company may become party to litigation from time to time in the ordinary course of its business which could adversely affect their respective operations. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company ability to continue operating and the value of Company Shares, and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Regulatory Risks

The company's banking relationships are consistent with regulatory approved processes followed by many payment companies. The company is subject to annual regulatory audits in the United States, through its banking partners, to ensure adherence to banking regulations. The company is also subject to review and selective audits by the Consumer Financial Protection Bureau ("CFPB") when consumer complaints arise in an abnormal quantity. The company adheres to each regulatory requirement and has passed the necessary audits in the past but there are no guarantees that future regulatory changes, if any, will not impact the business.

Use and Protection of Intellectual Property

Hank's success depends significantly upon its banking and technology platform and banking relationships in the United States. The Company generally relies on a combination of agreements and other contractual provisions to establish, maintain and protect their proprietary rights, all of which afford only limited protection. There can be no assurance that any pending or future patent or trademark applications will be granted; that any current or future patents or trademarks will not be challenged, invalidated or circumvented; or that the rights granted under such patents or trademarks will provide competitive advantages to the Company. There can be no assurance that other persons have not applied or will not apply for patent protection for products which utilize the same or similar processes as those used by Hank. The inability of the Company to adequately protect its proprietary rights could have a material adverse effect on the Company's business, results of operations and financial condition.

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are important aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use Hank's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights upon which the Company will depend at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Company.

Other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. Such licenses may not be available on terms acceptable to the Company, or at all. In addition, the Company may not be able to obtain or utilize on terms that are favourable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

History of Losses

Hank Payments has incurred operating losses in prior periods. The Company may not be able to achieve or maintain profitability and may continue to incur losses in the future. In addition, the Company expects to continue to increase its operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset its expected increases in costs and operating expenses, the Company may not be profitable.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require continued implementation and improvement of their operational and financial systems and for each to expand, train and manage their respective employee bases. The inability of the Company to deal with growth may have a material adverse effect on business, financial conditions, results of operations and prospects.

Financial Reporting

The accounting policies and estimates used by the Company determine how it reports its financial condition and results of operations; this may require management to make estimates or rely on assumptions about matters that are inherently uncertain. Such estimates and assumptions may require revisions, and changes to them may materially adversely affect the Company's results of operations and financial condition. The Company assesses the carrying value of assets at least annually. From an accounting perspective, the carrying value of Intangible Assets could be diminished in the future.

Internal Control Over Financial Reporting

The effective design of internal controls over financial reporting is essential for the Company to prevent and detect fraud or material errors that may have occurred. The Company and its management have taken reasonable steps to ensure that adequate internal controls over financial reporting are in place. However, there is a risk that a fraud or material error may go undetected and that such material fraud or error could adversely affect the Company.

Non-IFRS Measures

The Company uses certain measures to assess financial performance that are not in accordance with IFRS ("Non-IFRS measures"). The Company believes the non-IFRS measures described below are more reflective of our ongoing operating results and provide readers with a better understanding of the Company's operating performance through the eyes of management. Non-IFRS measures are intended to provide additional information only and do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should not be considered in isolation or as a substitute for measures of performance determined under IFRS. The following discussion describes the non-IFRS measures we use in evaluating our operating results.

Adjusted Loss from Operations

Adjusted Loss from operations is loss from operations excluding the impact of stock-based compensation, corporate restructuring and transaction costs, business acquisition costs, and amortization of intangible assets acquired in business combinations. Management believes it is appropriate to adjust for these items when evaluating the underlying performance of our business because amortization of intangible assets and stock-based compensation are primarily non-cash in nature; and corporate restructuring, transaction costs, and business acquisition costs are not reflective of the continuing operating activities.

Reconciliation of Non-IFRS Measures to IFRS

The following table provides a reconciliation of non-IFRS to IFRS measures related to the Company's consolidated continuing results of operations for the three month period ended September 30, 2023, and September 30, 2022:

	Three Month Period Ended		
	September 30, 2023	September 30, 2022	Change
	$	$	%
Reported and adjusted measures:			
Loss from operations	**(712,051)**	(839,553)	15.2%
Adjustments:			
Stock based compensation	**141,115**	373,085	-62.2%
Amortization of Intangible Assets	**63,139**	44,292	42.55%
Adjusted loss from operations	**(507,797)**	(422,176)	-20.3%

17. SUBSEQUENT EVENTS

On November 1, 2023, the Company granted 25,000 stock options to an employee of the Company with an exercise price of $0.10 per stock option, exercisable for a period of two years from the grant date. The stock options vest in three equal tranches with one third vesting on the grant date, one third vesting on November 1, 2024, and the last third vesting on October 31, 2025.

On November 24, 2023, the Company entered into a settlement agreement under which $236,000 of the Company's April 21, 2023 convertible debentures and 786,588 common share purchase warrants were cancelled in exchange for a cash payment of US $25,000.