



Condensed Consolidated Interim Financial Statements

Three and nine-month periods ended September 30, 2022 and 2021

Unaudited (expressed in Canadian Dollars "CAD")



September 30, 2022 and 2021

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Condensed Consolidated Statements of Financial Position

September 30, 2022 and December 31, 2021

Unaudited (Expressed in Canadian Dollars "CAD")

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	\$ 2,876,239	\$ 1,220,247
Receivables	8,972	322
Prepaid expenses (Note 5)	318,940	303,462
Total current assets	3,204,151	1,524,031
Non-current assets		
Property and equipment, net (Note 6)	953,805	294,834
Right-of-use assets, net (Note 7)	6,380,376	5,666,103
Intangible assets (Note 8)	2,776,904	2,398,202
TOTAL ASSETS	\$ 13,315,236	\$ 9,883,170

The accompanying notes form an integral part of these condensed consolidated interim financial statements



Condensed Consolidated Statements of Financial Position

September 30, 2022 and December 31, 2021

Unaudited (Expressed in Canadian Dollars "CAD")

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade and other payables (Note 9)	\$ 1,659,547	\$ 1,229,169
Current portion of government loans (Note 10)	39,017	36,209
Current portion of lease liability (Note 7)	1,216,442	815,918
Convertible debt (Note 11)	-	1,437,400
Derivative liability (Note 11)	-	375,000
Total current liabilities	2,915,006	3,893,696
Non-current liabilities		
Government loans (Note 10)	62,389	57,883
Long-term lease liability (Note 7)	6,387,994	5,376,723
TOTAL LIABILITIES	9,365,389	9,328,302
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	21,393,544	8,543,930
Contributed surplus (Note 13)	3,651,423	865,292
Accumulated deficit	(21,095,120)	(8,854,354)
TOTAL SHAREHOLDERS' EQUITY	3,949,847	554,868
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 13,315,236	\$ 9,883,170

Approved on Behalf of the Board

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The accompanying notes form an integral part of these condensed consolidated interim financial statements



Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue (Note 14)	\$ 4,656	\$ 986	\$ 9,301	\$ 1,372
Cost of revenue (Note 15)	499,635	35,673	966,107	83,084
	(494,979)	(34,687)	(956,806)	(81,712)
General and administrative	181,826	80,595	457,786	246,794
Sales and marketing costs	67,311	9,576	93,074	177,878
Salaries and benefits	1,305,462	823,958	3,385,181	1,866,656
Depreciation and amortization (Note 6, 7, 8)	528,428	292,775	1,438,145	354,608
Professional fees	311,215	7,805	641,783	33,657
Loss before other income (expenses)	(2,889,221)	(1,249,396)	(6,972,775)	(2,761,305)
Finance expenses, net (Note 18)	(223,419)	(128,089)	(1,499,414)	(137,053)
Government grant income (Note 10, 16)	-	-	-	42,437
Loss on foreign exchange	(365,098)	(97,647)	(507,953)	(175,771)
Public listing (fees) reversal (Note 19)	624,595	-	(3,260,624)	-
Net loss and comprehensive loss	\$ (2,853,143)	\$ (1,475,132)	\$ (12,240,766)	\$ (3,031,692)
Loss per share:				
Basic and diluted (Note 20)	\$ (0.05)	\$ (0.03)	\$ (0.21)	\$ (0.06)

The accompanying notes form an integral part of these condensed consolidated interim financial statements



Condensed Consolidated Statements of Shareholders' Equity (Deficit)
For the nine-month periods ended September 30, 2022 and 2021
Unaudited (Expressed in Canadian Dollars "CAD")

	Share capital	Contributed surplus	Accumulated deficit	Total equity (deficit)
Balance - January 1, 2022	\$ 8,543,930	\$ 865,292	\$ (8,854,354)	\$ 554,868
Changes				
Issuance of shares - debt conversion (Note 11)	3,847,698	-	-	3,847,698
Issuance of shares, net of issuance costs - cash (Note 12)	6,436,742	-	-	6,436,742
Issuance of shares - service (Note 12)	2,565,174	-	-	2,565,174
Issuance of options - service (Note 13)	-	988,714	-	988,714
Issuance of Restricted Share Units - service (Note 13)	-	116,982	-	116,982
Issuance of warrants, net of issuance costs - share issuance (Note 13)	-	1,680,435	-	1,680,435
Net loss and comprehensive loss	-	-	(12,240,766)	(12,240,766)
Balance - September 30, 2022	\$ 21,393,544	\$ 3,651,423	\$ (21,095,120)	\$ 3,949,847
Balance - January 1, 2021	\$ 7,968,675	\$ 305,774	\$ (3,362,408)	\$ 4,912,041
Changes				
Issuance of options - service (Note 13)	-	230,938	-	230,938
Issuance of shares, net of issuance costs - cash (Note 12)	454,563	-	-	454,563
Issuance of shares - service (Note 13)	18,612	-	-	18,612
Net loss and comprehensive loss	-	-	(3,031,692)	(3,031,692)
Balance - September 30, 2021	\$ 8,441,850	\$ 536,712	\$ (6,394,100)	\$ 2,584,462

The accompanying notes form an integral part of these condensed consolidated interim financial statements



Condensed Consolidated Statements of Cash Flows
For the three and nine-month periods ended September 30, 2022 and 2021
Unaudited (Expressed in Canadian Dollars "CAD")

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Cash flows used in operating activities				
Net loss and comprehensive loss	\$ (2,853,143)	\$ (1,475,131)	\$ (12,240,766)	\$ (3,031,691)
Adjustments to reconcile net loss and comprehensive loss				
Government grant	-	-	-	(11,714)
Depreciation of property and equipment	47,134	2,507	94,593	6,898
Depreciation of right-of-use assets	309,764	172,273	867,144	193,354
Amortization of intangible assets	171,530	115,394	476,408	151,003
Foreign exchange changes on lease liabilities	427,735	129,298	536,770	129,298
Foreign exchange changes on convertible debt	-	-	2,735	-
Accretion expense on convertible debt	-	-	204,724	-
Government loan interest	2,494	2,256	7,314	6,499
Interest on lease liability	230,151	126,076	663,450	131,107
Interest on government loans	-	-	7,395	-
Costs associated with share issuance	-	-	-	(15,136)
Share based payments	(286,160)	11,344	2,903,610	29,956
Fair value change in derivative liability	-	-	633,299	-
Options issued for services	214,256	182,655	988,714	230,938
Restricted share units - Service	116,982	-	116,982	-
Changes in non-cash working capital				
Decrease in receivables	(7,681)	(13)	(8,650)	(13)
Increase (decrease) in prepaid expenses	253,964	(7,776)	(15,478)	(1,407)
Increase in trade and other payables	554,687	851,583	430,378	1,536,106
Decrease in government grant receivable	-	-	-	71,355
Decrease in due from shareholders	-	-	-	159,050
Net cash flows from (used in) operating activities	(818,287)	110,466	(4,331,378)	(414,397)

The accompanying notes form an integral part of these condensed consolidated interim financial statements



Condensed Consolidated Statements of Cash Flows
For the three and nine-month periods ended September 30, 2022 and 2021
Unaudited (Expressed in Canadian Dollars "CAD")

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Investing activities				
Acquisition of property and equipment	(417,724)	(4,150)	(753,564)	(22,756)
Investment in intangible assets	(291,354)	(273,861)	(855,110)	(845,999)
Net cash flows used in investing activities	(709,078)	(278,011)	(1,608,674)	(868,755)
Financing activities				
Proceeds (reduction) from issuing shares, net	(223,935)	-	6,098,306	469,699
Proceeds from convertible debt issuance	-	-	1,187,145	-
Costs capitalized on right-of-use assets	(1,801)	(105,696)	(29,217)	(131,426)
Payments of lease liabilities	(479,247)	(18,700)	(1,340,625)	(39,576)
Proceeds from government loan	-	-	-	20,000
Proceeds (reduction) from warrants issued, net	(114,500)	-	1,680,435	-
Net cash flows from (used in) financing activities	(819,483)	(124,396)	7,596,044	318,697
Net increase (decrease) in cash	(2,346,848)	(291,941)	1,655,992	(964,455)
Cash at beginning of the period	5,223,087	2,491,376	1,220,247	3,163,890
Cash at end of period	\$ 2,876,239	\$ 2,199,435	\$ 2,876,239	\$ 2,199,435

The accompanying notes form an integral part of these condensed consolidated interim financial statements



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Clip Money Inc. and its wholly owned subsidiary, Clip Money USA Inc., are principally in the business of providing a proprietary deposit network to businesses and financial institutions located across North America. The Common shares of the Company are traded on the TSX V under the stock symbol "CLIP".

Incorporation

Clip Money Inc. was incorporated on October 12, 2018 under the Canada Business Corporations Act. The Company's registered office is located at 333 Bay Street, Bay Adelaide Centre - West Tower, Suite 3400 Toronto, ON M5H 2S7.

Private placement, amalgamation and reverse takeover

On May 20, 2022, former Clip Money Inc. ("Former Clip Money") completed a "reverse takeover" (the "RTO") of 13842053 Canada Corp. ("138"). In furtherance of the RTO, Former Clip Money and 138 amalgamated under the federal laws of Canada pursuant to an amalgamation agreement dated May 20, 2022 (the "Amalgamation Agreement"). The amalgamated entity continued under the name "Clip Money Inc." (the "Company").

Prior to the completion of the RTO and pursuant to the Amalgamation Agreement: (i) 138 implemented a split of all of its outstanding common shares based on a ratio of 1.2727:1 resulting in an aggregate of 1,400,000 post-split common shares of 138 outstanding ("138 Split") and (ii) Former Clip Money implemented a split of all of its outstanding common shares (the "Former Clip Money Common Shares") based on a ratio of 31.3325:1 resulting in an aggregate of 51,152,511 Former Clip Money Common Shares outstanding (the "Former Clip Money Split"). Following completion of the 138 Split, the Former Clip Money Split and the RTO (see below and Note 12), the Company had 66,230,194 Common Shares, 2,838,946 options to acquire common shares and 4,087,220 warrants outstanding.

On October 22, 2021, December 22, 2021, January 24, 2022 and February 10, 2022, Former Clip Money completed the first, second, third and fourth tranche, respectively, of a non-brokered private placement of unsecured convertible notes ("the Convertible Notes") for aggregate gross proceeds to Former Clip Money of \$3,000,000 (the "Convertible Note Financing"). The Convertible Notes bear interest at a rate of 8% per annum and, are due and payable on the date that is 12 months from the date the Convertible Notes were issued. The principal amount of the Convertible Notes and the interest accruing thereon were converted into 3,847,489 Common Shares of the Company on completion of the RTO.

On May 13, 2022, Former Clip Money closed a private placement of subscription receipts (the "Subscription Receipts") of Former Clip Money at a price of \$1.00 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of approximately \$8,090,425, which included a lead order from a strategic investor for \$3,000,000 (the "Subscription Receipt Financing"). Immediately prior to the completion of the RTO, the net proceeds from the sale of the Subscription Receipt Financing were released from escrow to Former Clip Money, resulting in the issuance of 5,174,439 common shares of Former Clip Money (the "Former Clip Money Shares") and 2,587,220 common share purchase warrants of Former Clip Money (the "Former Clip Money Warrants"). Pursuant to the Amalgamation Agreement, the Former Clip Money Shares and the Former Clip Money Warrants issued on conversion of the Subscription Receipts were automatically exchanged for Common Shares and Warrants of the Company (as defined below) on a 1:1 basis.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

1. NATURE OF OPERATIONS AND GOING CONCERN

Private placement, amalgamation and reverse takeover

For accounting purposes, it has been determined that 138 was the accounting acquiree and the Former Clip Money was the accounting acquirer as the shareholders of the Former Clip Money now control the Company based upon the guidance in IFRS 10, Consolidated Financial Statements and IFRS 3, Business Combinations, to identify the accounting acquirer (refer to Note 3). Since the Company is considered the accounting acquirer, these consolidated financial statements are prepared as a continuation of the financial statements of the Former Clip Money. As a result, 2021 comparative information and the information up to the date of the RTO included herein is solely that of the Former Clip Money. For simplicity, transactions undertaken by 138 are referred to as being undertaken by the Company in these consolidated financial statements.

Going Concern

These consolidated financial statements have been prepared using International Financial Reporting Standards (IFRS) that are applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's future operations are dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment sufficient to meet current and future obligations.

The Company incurred a net loss for the nine months ended September 30, 2022 of \$12,240,766, has an accumulated deficit of \$21,095,120 and incurred negative cash flows from operations of \$4,331,378. There is material uncertainty about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses and negative cash from operations since inception and has not yet achieved profitability from the commercialisation of its products which casts significant doubt on the Company's ability to continue as a going concern. As the Company is working on developing markets, completing its software platform, and building its distribution network, it will require additional financing to meet its working capital requirements.

These condensed consolidated interim financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, revenues and expenses, and the statements of financial position classifications used, that would be necessary if the going concern assumptions were not appropriate. Such adjustments could be material.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

1. NATURE OF OPERATIONS AND GOING CONCERN

Impact of COVID-19

The outbreak of the COVID-19 pandemic and the worldwide governments response to mitigate the pandemic's spread have influenced the overall performance of the Company. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and impact on the Company's customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact the Company's financial condition or results of operations is uncertain. As of the date of the issuance of the financial statements, the Company had to forgo potential opportunities due to the inability to travel. The Company cannot reasonably estimate the length or severity of this pandemic, but it does not anticipate a material adverse impact on its financial position, its results of operations or cash flows through at least the next twelve months from when these financial statements are issued.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed consolidated interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021.

These condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2022 were approved and authorised for issue by the Board of Directors on November 23, 2022.

Basis of Presentation

The condensed consolidated interim financial statements are prepared under the historical cost convention, except for the revaluation of certain financial instruments, which are recognized at fair value.

Basis of Consolidation

The condensed consolidated interim financial statements incorporate the accounts of the Company and its wholly owned subsidiary, Clip Money USA Inc. All transactions and balances between companies are eliminated upon consolidation.

The subsidiary is controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entity.

The financial statements of the subsidiary are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those adopted by the Company.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

2. BASIS OF PREPARATION

Functional and Presentation Currency

All figures presented in the condensed consolidated interim financial statements are reflected in Canadian dollars, which is the functional currency of the parent. The subsidiary uses United States dollars ("USD") as its functional currency.

The financial statements of the entities are translated from their functional currency into the reporting currency as follows: assets and liabilities are translated at the exchange rates at the period end date, expenses and other income (expense), net are translated at the average exchange rate for the period and shareholders' equity is translated based on historical exchange rates. Translation adjustments are not included in determining net loss but are included as a foreign exchange adjustment to other comprehensive income, a component of shareholders' equity.

Company Information

The condensed consolidated interim financial statements of the Company include:

	Principal activities	Incorporated	Equity interest
Clip Money Inc.	Deposit processing	Canada	100%
Clip Money USA Inc.	Consulting	Delaware, USA	100%

Reverse takeover

In a reverse takeover, the identifiable assets, liabilities and contingent liabilities of the acquired Company are recorded at their fair values. The determination of fair value of these assets and liabilities require estimates to establish the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Any difference in the fair value of the shares deemed to have been issued at the fair value of the acquiree's identifiable net assets, represents a service received by the accounting acquirer for the net assets of the accounting acquiree, that service being the listing of shares.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

2. BASIS OF PREPARATION

Use of management estimates, judgements and measurement uncertainty

Use of estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of these condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of these condensed consolidated interim financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these condensed consolidated interim financial statements are outlined below.

a Critical estimates

Calculation of share-based payments

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

Convertible debentures with derivative liabilities

In determining the fair value for the convertible debenture conversion feature considered to be a derivative liability, the Company uses various valuation techniques, which include the Monte Carlo model, and makes estimates of the expected volatility of the shares, risk-free interest rate, effective discount rate, share price, and major event expected date and probability (as the conversion feature is dependent on these estimates). The expected volatility is based on volatilities of comparable companies. The risk-free rate assumed in valuing the conversion feature is based on the Canadian treasury yield curve in effect at the time of grant for the expected term of the convertible debentures issued. The discount rate is based on the estimated rate for a debenture without a conversion feature. The major event expected date and probability are based on management's best estimate at the time of valuation based on current internal Company information and market conditions. Changes to these estimates could result in the fair value of the derivative liability being less than or greater than the amount recorded.

Fair value of financial instruments

The fair values attributed to the different components of a financial transaction are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

2. BASIS OF PREPARATION

Use of management estimates, judgements and measurement uncertainty

a Critical estimates

measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Leases

The Company cannot readily determine the interest rate implicit in its leases; therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similarly security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company would have to pay with requires estimation when no observable rates are available or when they need to be adjusted which reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates, when available and is required to make certain entity-specific estimates, such as the cost of raising capital.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

2. BASIS OF PREPARATION

Use of management estimates, judgements and measurement uncertainty

b Critical judgements

Going Concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment-based assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to Note 1 for further information.

Intangible assets

Significant judgements are made in determining the useful lives and recoverable amounts of the Company's intangible assets, and in evaluating whether certain events or circumstances represent objective evidence of impairment. Estimates of the recoverable amounts of the intangible assets rely on certain factors such as future cash flows and discount rates. Future cashflows are based on sales projections and costs which are estimated based on forecasted results while discount rates are based on the Company's cost of capital. Future outcomes may be materially different than those assumptions used in the impairment assessment and therefore could have a significant effect on the results of the Company.

Management uses its judgment to determine whether costs incurred meet the criteria to be recorded as an intangible asset.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.



Notes to the Condensed Consolidated Interim Financial Statements

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Unaudited (Expressed in Canadian Dollars "CAD")

3. REVERSE TAKEOVER ACCOUNTING

On May 20, 2022, the Former Clip Money completed an amalgamation with 13842053 Canada Corp. ("138"), pursuant to an agreement signed on August 6, 2021. The Former Clip Money and 138 carried out a business combination by way of an amalgamation where the companies, both existing under the laws of Canada, amalgamated and formed one company under the provisions of the Canada Business Company's Act and, upon the amalgamation taking effect, Former Clip Money shareholders and 138 shareholders have received shares of the Company continuing from the amalgamation. Immediately following the transaction, 2.66% of shares were owned by former shareholders of 138 and 97.34% were owned by the shareholders of Former Clip Money. Under the terms of the Agreement, the shareholders of Former Clip Money received 0.7857 of a 138 common share (each whole share, a "138 Share") for everyone (1) Share (the "Exchange Ratio").

As 138 does not meet the definition of a business under IFRS 3, Business Combinations, the acquisition of 138 was accounted for under IFRS 2, Share Based Payment. Under a reverse acquisition accounting, any difference in the fair value of the consideration and the fair value of 138's net asset acquired is recorded as a listing expense charge in the statement of loss and comprehensive loss. The listing expense was as follows:

	<u>September 30,</u> <u>2022</u>
Common share consideration	
Number of common shares assumed to be issued to 138 shareholders	1,400,000
Fair value of common shares	<u>\$0.7956</u>
	1,113,840
138's net assets at fair value	
Cash	<u>86</u>
Excess (public listing fees)	<u>\$ 1,113,754</u>

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Bank balances	\$ 232,921	\$ 395,822
Bank balances (\$1,198,890 USD, 2021 - \$650,280 USD)	1,643,318	824,425
Guaranteed investment certificates	1,000,000	-
Total	<u>\$ 2,876,239</u>	<u>\$ 1,220,247</u>



Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine-month periods ended September 30, 2022 and 2021
Unaudited (Expressed in Canadian Dollars "CAD")

5. PREPAID EXPENSES

Details of the Company's prepaid expenses are as follows:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Share incentive - shares issued in advance of service provided	\$ 48,333	\$ 78,333
Prepaid rent, net discount	28,516	130,641
Insurance	232,091	67,713
Prepaid service from shareholder	-	26,775
Other	10,000	-
Total	\$ 318,940	\$ 303,462

6. PROPERTY AND EQUIPMENT

Details of the Company's equipment and fixtures and its carrying amounts are as follows:

	<u>September 30,</u> <u>2022</u>
Cost	
Balance at January 1, 2022	\$ 317,418
Additions	753,564
Balance at September 30, 2022	1,070,982
Accumulated depreciation	
Balance at January 1, 2022	(22,584)
Depreciation	(94,593)
Balance at September 30, 2022	(117,177)
Carrying value at September 30, 2022	\$ 953,805



Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine-month periods ended September 30, 2022 and 2021
Unaudited (Expressed in Canadian Dollars "CAD")

6. PROPERTY AND EQUIPMENT

	<u>December 31,</u> <u>2021</u>
Cost	
Balance at January 1, 2021	\$ 34,603
Additions	<u>282,815</u>
Balance at December 31, 2021	317,418
Accumulated depreciation	
Balance at January 1, 2021	(4,233)
Depreciation	<u>(18,351)</u>
Balance at December 31, 2021	<u>(22,584)</u>
Carrying value at December 31, 2021	<u>\$ 294,834</u>



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

7. LEASES

The Company has lease agreements for ClipDrop boxes at shopping mall locations and retail stores. Leases generally have lease terms between 2 years to 5 years with an option to renew the lease after that date. The Company assesses at the lease commencement date whether it is reasonably certain to exercise the extension option. The Company re-assesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The Company has not made any re-assessment related to the extension option as at September 30, 2022.

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities recognized and the movements during the nine months ended September 30, 2022 and the year ended December 31, 2021. Amounts recognized in the condensed consolidated statements of financial position are as follows:

	Right-of-use assets	Lease liabilities
As at January 1, 2021	\$ 104,794	\$ 103,091
Additions	254,759	237,648
Additions (\$4,512,808 USD)	-	5,638,839
Additions (\$4,524,396 USD)	5,755,687	-
Depreciation expense	(449,137)	-
Foreign exchange	-	98,115
Interest expense	-	321,466
Payments	-	(206,518)
As at December 31, 2021	5,666,103	6,192,641
Additions	159,980	136,152
Additions (\$1,110,739 USD)	1,421,437	-
Additions (\$1,106,463 USD)	-	1,416,048
Depreciation expense	(867,144)	-
Foreign exchange	-	536,770
Interest expense	-	663,450
Payments	-	(1,340,625)
As at September 30, 2022	\$ 6,380,376	\$ 7,604,436

The IBR used in the calculations of the lease obligation was 12.00% - 23.7% (2021 - 12.6%).



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

7. LEASES

Amounts recognized in the condensed consolidated statements of loss and comprehensive loss for the three and nine months ended are as follows:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Depreciation expense of right-of-use assets	\$ 309,764	\$ 172,273	\$ 867,144	\$ 193,354
Interest expense on lease liabilities	230,151	126,076	663,450	131,107
Expenses relating to short-term leases	1,554	2,009	6,300	2,800
Variable lease payments	17,908	599	19,418	770
Sales tax on rent payments	8,802	2,474	22,996	4,721
COVID related concessions	-	(750)	(3,250)	(3,750)
	\$ 568,179	\$ 302,681	\$ 1,576,058	\$ 329,002

Depreciation of right-of-use assets is included in depreciation expenses. Interest expense related to lease liabilities is included in financing expenses. Sales tax related to lease payments, expenses related to short-term leases, variable lease payments and COVID related concessions are included in cost of revenues.

Changes in foreign exchange related to the lease liability are included in gain (loss) on foreign exchange.

The Company in its cash flow has classified cash payments of \$1,340,625 (2021 - \$39,576) related to the principal portion of lease payments as financing activities and cash payments of \$663,450 (2021 - \$131,107) related to the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company.

Maturity analysis

Annual lease payments due per the terms of the lease agreements:

Year 1	\$ 2,175,185
Year 2	2,129,185
Year 3	2,091,882
Year 4	2,058,085
Year 5	1,707,374
Year 6	229,216
	10,390,927
Discounting	(2,786,491)
Present value of minimum lease payments	7,604,436
Less: Current portion	(1,216,442)
	\$ 6,387,994



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

7. LEASES

Commitments

Contract with Brookfield Properties Retail, LLC

In August 2022, the Company entered into a license agreement with Brookfield Properties Retail, LLC. The agreement provides the Company with the right to install ClipDrop Boxes at 29 additional shopping centres in the United States. The commitment commences on October 1, 2022. The Company expects to install these ClipDrop Boxes in the fourth quarter of 2022.

Contract with Tanger Management, LLC

In August 2022, the Company entered into a license agreement with Tanger Management, LLC. The agreement provides the Company with the right to install a ClipDrop Box at 22 shopping centres in the United States. The commitment commences on October 1, 2022. The Company expects to install the ClipDrop Box in the shopping centre in the fourth quarter of 2022.

Renewed Contract With Oxford Properties Group

In October 2022, the Company renewed a license agreement with Oxford Properties Group for three locations in Canada.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

8. INTANGIBLE ASSETS

Details of the Company's intangible assets and their carrying amounts are as follows:

	Applications and dashboard			
	Clip platform	Patents	dashboard	Total
2022				
Cost				
Balance at January 1, 2022	\$ 1,666,637	\$ 31,355	\$ 986,894	\$ 2,684,886
Additions, internally generated	579,217	7,033	268,860	855,110
Balance at September 30, 2022	2,245,854	38,388	1,255,754	3,539,996
Accumulated amortization				
Balance at January 1, 2022	(98,572)	(392)	(187,720)	(286,684)
Amortization	(145,776)	(1,397)	(329,235)	(476,408)
Balance at September 30, 2022	(244,348)	(1,789)	(516,955)	(763,092)
Carrying value at September 30, 2022	\$ 2,001,506	\$ 36,599	\$ 738,799	\$ 2,776,904
	Applications and dashboard			
	Clip platform	Patents	dashboard	Total
2021				
Cost				
Balance at January 1, 2021	\$ 1,087,971	-	\$ 591,032	\$ 1,679,003
Additions, internally generated	578,666	31,355	395,862	1,005,883
Balance at December 31, 2021	1,666,637	31,355	986,894	2,684,886
Accumulated amortization				
Amortization	(98,572)	(392)	(187,720)	(286,684)
Carrying value at December 31, 2021	\$ 1,568,065	\$ 30,963	\$ 799,174	\$ 2,398,202

Amortization for the Clip platform, applications and dashboard commenced on June 1, 2021. Amortization for the patents commenced on October 1, 2021.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

9. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	September 30,	December 31,
	2022	2021
Trade payables and accrued liabilities	\$ 317,006	\$ 801,959
Trade payables and accrued liabilities \$438,047 USD (2021 - \$47,525)	600,431	60,252
Accrued bonus	698,669	155,877
Credit cards payable	2,142	40
Services payable to director	-	50,000
Government remittances payable	41,299	161,041
Total	\$ 1,659,547	\$ 1,229,169

All trade and other payables are due within one year.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

10. GOVERNMENT LOANS

During 2021, the Company received a \$20,000 loan from the Canada Emergency Business Account ("CEBA Loan"). This was in addition to the \$40,000 loan received in 2020. The CEBA Loan bears 0% interest until December 31, 2023. If the balance is not paid by December 31, 2023, the remaining balance will be converted to a 3-year term loan at 5% annual interest paid monthly, effective January 1, 2024. The full balance must be repaid by no later than December 31, 2025. No principal payments are required until December 31, 2023. Principal repayments can be voluntarily made at any time without fees or penalties. \$20,000 loan forgiveness is available, provided the outstanding balance is \$60,000 at March 31, 2021, and \$40,000 is paid back between January 1, 2021 and December 31, 2023. The loan was recognized at the fair value based on an estimated market interest rate of 10%. In 2021, the difference between the loan amount of \$20,000 and the fair value of the loan of \$8,286 was recognized as a government grant during in 2021.

In 2020, the Company received a \$83,000 loan from the Regional Relief and Recovery Fund from Economic Development Canada. This loan bears 0% interest. No principal payments are required until April 1, 2023. The loan was recognized at the fair value based on an estimated market interest rate of 10%.

	September 30, 2022	December 31, 2021
CEBA Loan - interest free, unsecured, discounted 10%	\$ 39,017	\$ 36,209
Economic Development Loan - interest free, unsecured, discounted 10%	62,389	57,883
	101,406	94,092
Amount payable within one year	(39,017)	(36,209)
Total	\$ 62,389	\$ 57,883

Principal payments required to be paid are as follows:

Year	Amount
Year 1	\$ 39,017
Year 2	3,362
Year 3	11,183
Year 4	12,357
Thereafter	35,487
	\$ 101,406



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

11. CONVERTIBLE DEBT

On May 20, 2022, the \$3,000,000 principal outstanding of convertible debentures and \$237,588 accrued interest were converted into common shares of the Company at a conversion price of \$3,870,888.

2022	Liability component	Derivative liability	Total
<u>Convertible debt issued October 22, 2021</u>			
Balance, January 1, 2022	\$ 621,179	\$ 161,000	\$ 782,179
Accretion expense	61,060	-	61,060
Change in fair market value	-	169,327	169,327
Effects of foreign exchange	2,735	-	2,735
Legal fees - expensed	1,893	-	1,893
Conversion of debenture to shares	(686,867)	(330,327)	(1,017,194)
Balance, September 30, 2022	-	-	-
<u>Convertible debt issued December 22, 2021</u>			
Balance, January 1, 2022	816,221	214,000	1,030,221
Accretion expense	77,383	-	77,383
Change in fair market value	-	218,792	218,792
Legal fees - expensed	2,563	-	2,563
Conversion of debenture to shares	(896,167)	(432,792)	(1,328,959)
Balance, September 30, 2022	-	-	-
<u>Convertible debt issued January 24, 2022</u>			
Funding received	558,000	142,000	700,000
Accretion expense	43,805	-	43,805
Change in fair market value	-	145,494	145,494
Legal fees - expensed	1,732	-	1,732
Conversion of debenture to shares	(603,537)	(287,494)	(891,031)
Balance, September 30, 2022	-	-	-



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

11. CONVERTIBLE DEBT

2022

Convertible debt issued February 10, 2022

	Liability component	Derivative liability	Total
Funding received	389,000	98,145	487,145
Accretion expense	22,476	-	22,476
Change in fair market value	-	99,686	99,686
Legal fees - expensed	1,207	-	1,207
Conversion of debenture to shares	(412,683)	(197,831)	(610,514)
Balance September 30, 2022	-	-	-
Total	\$ -	\$ -	\$ -

2021

Convertible debt issued October 22, 2021

	Liability component	Derivative liability	Total
Funding received	\$ 422,411	\$ 112,589	\$ 535,000
Funding received (\$190,000 USD)	184,780	49,665	234,445
Legal fees - issuance costs	(17,255)	-	(17,255)
Legal fees - expensed	4,652	-	4,652
Accretion expense	28,284	-	28,284
Change in fair market value	-	(2,000)	(2,000)
Effects of foreign exchange	(1,693)	746	(947)
Balance, December 31, 2021	621,179	161,000	782,179

Convertible debt issued December 22, 2021

	Liability component	Derivative liability	Total
Funding received	822,555	214,000	1,036,555
Legal fees - issuance costs	(23,246)	-	(23,246)
Legal fees - expensed	6,267	-	6,267
Accretion expense	4,647	-	4,647
Effects of foreign exchange	5,998	-	5,998
Balance, December 31, 2021	816,221	214,000	1,030,221
Total	\$ 1,437,400	\$ 375,000	\$ 1,812,400



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

12. SHARE CAPITAL

Share capital

The Company is authorized to issue an unlimited number of Common shares and an unlimited number of Preferred shares, issuable in series. As of September 30, 2022, the Company has 66,230,194 Common shares outstanding. The Company has no Preferred shares outstanding.

Common Shares

Voting - Each holder of Common shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Common share held by such holders.

Dividends - Subject to the rights of the holders of the Preferred shares and the rights of the holders of any other class or series of shares ranking senior to the Common shares, the holders of Common shares shall be entitled to receive dividends if and when declared by the Board.

Liquidation - In the event of any liquidation, dissolution or winding-up of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of Common shares shall be entitled, subject to the rights of the holders of the Preferred shares and the rights of holders of any other class or series of shares ranking senior to the Common shares, to receive the remaining property or assets of the Company.

Preferred Shares

The Preferred shares may be issued in one or more series, each series to consist of such number of shares be fixed by the directors of the Company before issuance. The directors of the Company may determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred shares of each series including dividends, rights of redemption, voting rights, conversion rights and liquidation rights.

Reconciliation of movement in capital

Prior to the completion of the RTO and pursuant to the Amalgamation Agreement: (i) 138 implemented a split of all of its outstanding common shares based on a ratio of 1.2727:1 resulting in an aggregate of 1,400,000 post-split common shares of 138 outstanding ("138 Split") and (ii) the Former Clip Money implemented a split of all of its outstanding common shares (the "Former Clip Money Common Shares") based on a ratio of 31.3325:1 resulting in an aggregate of 51,152,511 Former Clip Money Common Shares outstanding (the "Former Clip Money Split"). Following completion of the 138 split, the Former Clip Money split and the RTO, the Company had 66,230,194 Common shares.



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

12. SHARE CAPITAL

Reconciliation of movement in capital

The share capital of the Company:

	Common shares		Class Seed preferred shares	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	Issued at January 1	38,204,387	38,061,881	12,891,255
Issued for cash	8,090,425	-	-	1,195,051
Converted from convertible note	3,847,489	-	-	-
Equity-settled transactions	3,196,638	-	-	75,574
Class Seed preferred shares converted to common during RTO	12,891,255	-	(12,891,255)	-
Options exercised	-	142,406	-	-
Issue at nine-months and year ended - fully paid	66,230,194	38,204,344	-	12,891,255

The value of the share capital of the Company:

	Common shares	Class Seed preferred shares	Total Equity
Balance at January 1, 2022	\$ 1,333,046	\$ 7,210,884	\$ 8,543,930
Issued for cash	6,436,742	-	6,436,742
Converted from convertible note	3,847,698	-	3,847,698
Equity-settled transactions	2,565,174	-	2,565,174
Class Seed preferred shares converted to common during RTO	7,210,884	(7,210,884)	-
Balance at September 30, 2022	\$ 21,393,544	\$ -	\$ 21,393,544

	Common shares	Class Seed preferred shares	Total Equity
Balance at January 1, 2021	\$ 1,253,633	\$ 6,715,042	\$ 7,968,675
Issued for cash	-	469,699	469,699
Options exercised	79,413	-	79,413
Equity-settled transactions	-	41,279	41,279
Issuance costs	-	(15,136)	(15,136)
Balance at December 31, 2021	\$ 1,333,046	\$ 7,210,884	\$ 8,543,930



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

12. SHARE CAPITAL

Shares issued for service

During the nine months ended September 30, 2021, the Company issued 2,412 Class Seed preferred shares to a contractor for services provided of \$41,279.

During the nine months ended September 30, 2022, the Company issued 56,868 Common shares for 2021 contracted services of \$50,000, 1,739,770 Common shares to RTO advisors related services of \$1,401,334 and 1,400,000 Common shares to the former shareholders of 138, as outlined in Note 3, valued at \$1,113,840.

13. SHARE-BASED PAYMENTS

Equity Incentive Plan

Stock options and Restricted Share Unit options ("RSU"s) may be granted to directors, officers, employees and service providers of the Company on terms that the Governance, Human Resources and Compensation Committee (the "Plan Administrator") may determine within the limitations set forth in the Equity Incentive Plan or by security regulators. Stock options and RSUs shall not be granted for a term exceeding 10 years. The Plan Administrator has the authority to determine the vesting terms applicable to the grants of stock options and RSUs.

Under the Equity Incentive Plan adopted on May 20, 2022, the Company may issue a combination of stock options and RSUs equal to no more than 10% of outstanding shares of the Company.

a Stock Options

For the nine months ended September 30, 2022, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to \$988,714 (2021 - \$638,930).

Stock option changes for the nine months ended September 30, 2022:

	September 30, 2022		December 31, 2021	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	2,838,946	\$ 0.14	592,842	\$ 0.00
Granted	1,521,350	0.51	2,388,510	0.17
Exercised	-		(142,406)	0.00
Balance, end of period	4,360,296	\$ 0.44	2,838,946	\$ 0.14



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

13. SHARE-BASED PAYMENTS

a Stock Options

Stock options outstanding at September 30, 2022, consisted of the following:

Exercise Price	Number Outstanding	Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable
\$ 0.00	2,338,946	8.63	\$ -	1,385,305
0.80	500,000	1.21	0.80	500,000
1.00	1,521,350	9.69	1.00	658,000
\$ 0.00 - 1.00	4,360,296	8.15	\$ 0.44	2,543,305

For the nine months ended September 30, 2022, the Company recorded an expense to recognize stock option compensation expense for options granted to employees and directors of the Company equal to \$926,851 (2021 - \$638,930).

During the nine months ended September 30, 2022, the Company granted 2,171,350 (2021 - 2,388,510) stock options to employees and directors. The stock option compensation expense for options issued in normal course to employees and directors was determined based on the fair value of the options at the date of measurement using the Black Scholes option pricing model with the following weighted average assumptions:

	September 30, 2022	December 31, 2021
Expected option life	10 years	2 years
Vesting Period	0 - 3 years	0 - 4 years
Risk-free interest rate	3.35%	0.65%
Dividend Yield	Nil	Nil
Forfeiture rate	Nil	Nil
Volatility factor of expected market price of the Company's shares	126%	116%



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Unaudited (Expressed in Canadian Dollars "CAD")

13. SHARE-BASED PAYMENTS

b Restricted Share Units

For the nine months ended September 30, 2022, the Company recorded an expense to recognize option compensation expense for Restricted Share Units (RSUs) granted to employees and directors of the Company equal to \$116,982 (2021 - Nil)

Restricted share units changes for the nine months ended September 30, 2022:

	September 30, December 31,	
	2022	2021
Balance, beginning of period	-	-
Granted	650,000	-
Balance, end of period	650,000	-

During the nine months ended September 30, 2022, the Company granted 650,000 (2021 - Nil) RSUs to employees and directors. The RSU compensation expense for RSUs issued in normal course to employees and directors was determined based on the fair value of the RSUs at the date of measurement using the Black Scholes option pricing model with the following weighted average assumptions

	September 30, December 31,	
	2022	2021
Expected option life	10 years	Nil
Vesting period	3 years	Nil
Risk-free interest rate	3.35%	Nil
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Volatility factor of expected market price of the Company's shares	126%	Nil

c Warrants

On May 20, 2022, the Company completed a private placement of 8,090,425 units at a price of \$1.00 each for total gross proceeds of \$8,090,425. Each unit consisted of one (1) common share and one half (1/2) common share purchase warrant. Each warrant entitles the holder to purchase one half (1/2) common share at a price of \$1.50 per common share for a period of 24 months. The Company allocated \$6,436,742 of the proceeds to common shares and \$1,653,683 of the proceeds to warrants.

In connection with the May 20, 2022 private placement, the Company issued 42,007 common share



Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended September 30, 2022 and 2021

Unaudited (Expressed in Canadian Dollars "CAD")

13. SHARE-BASED PAYMENTS

c Warrants

purchase warrants to the agents. The units issued to agents were valued at \$26,752.

	Number	Amount	Weighted average exercise price
Balance, January 1, 2022	-	\$ -	\$ -
Issued - private placement	4,045,213	1,653,683	1.50
Issued - agents	42,007	26,752	1.00
Balance, September 30, 2022	4,087,220	\$ 1,680,435	1.49

The fair value of the warrants was determined based on the fair value of the options at the date of measurement using the Black Scholes option pricing model with the following weighted average assumptions:

	September 30, 2022
Expected warrant life	2 years
Risk-free interest rate	2.64%
Dividend yield	Nil
Forfeiture rate	Nil
Volatility factor of expected market price of the Company's shares	126%

14. REVENUE

Revenue consists of the following:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Deposit fees	\$ 7,410	\$ 1,073	\$ 14,037	\$ 1,459
Discounts and promotions	(2,754)	(87)	(4,736)	(87)
Net	\$ 4,656	\$ 986	\$ 9,301	\$ 1,372

15. COST OF REVENUE

Cost of revenue was primarily comprised of software and web services necessary to support and maintain the platform, site maintenance, installation costs and retailer rents at the ClipDrop box locations.



Notes to the Condensed Consolidated Interim Financial Statements

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Unaudited (Expressed in Canadian Dollars "CAD")

16. GOVERNMENT GRANT INCOME

Details of government grant income received by the Company are as follows:

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
Government grant income				
Wage subsidy	\$ -	\$ -	\$ -	\$ 30,709
CEBA - grant portion	-	-	-	1,728
CEBA - forgivable portion	-	-	-	10,000
Total	\$ -	\$ -	\$ -	\$ 42,437

17. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel consist of independent board members and executive officers.

Share-based payments below are measured at the grant date fair value of the options and awards issued in the period.

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
Independent board members				
Director fees	\$ 7,836	\$ -	\$ 10,399	\$ -
Share-based payments - options	69,415	-	74,620	-
	77,251	-	85,019	-
Executive officers				
Wages and benefits	763,199	501,083	1,172,296	803,543
Consulting fees	81,892	157,343	379,151	402,747
Share-based payments - options	160,167	157,450	921,629	230,938
	1,005,258	815,876	2,473,076	1,437,228
Total	\$ 1,082,509	\$ 815,876	\$ 2,558,095	\$ 1,437,228



Notes to the Condensed Consolidated Interim Financial Statements

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Unaudited (Expressed in Canadian Dollars "CAD")

17. KEY MANAGEMENT COMPENSATION

Prepayment of services

During the nine months ended September 30, 2021, the Company prepaid \$26,775 for services performed by a director. These prepayments were classified as prepaid expense.

Services payable to director

In 2021, the Company owed a director \$50,000 for services performed in 2021. On December 16, 2021, the director agreed to receive 50,000 post-split common shares in connection with the proposed reverse takeover transaction to settle the debt owed.

18. FINANCE EXPENSE AND FINANCE INCOME

Details of the Company's financing income and expenses are as follows:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Financing income:				
Bank	\$ 9,225	\$ 243	\$ 9,372	\$ 567
Financing expense:				
Change in fair market value of convertible debt	-	-	633,299	-
Interest - convertible debt	-	-	204,724	-
Interest - government loans	2,493	2,256	7,313	6,513
Interest - lease liabilities	230,151	126,076	663,450	131,107
Total	232,644	128,332	1,508,786	137,620
Net financing expenses	\$ 223,419	\$ 128,089	\$ 1,499,414	\$ 137,053

19. PUBLIC LISTING (FEES) REVERSAL

Subsequent to the reporting of the reverse takeover transaction in the second quarter ended June 30, 2022, it became apparent that the public listing fees had been overstated in the amount of \$624,595. This overstatement resulted from the initial excess valuation of the 138 Company shares and shares issued related to the transaction success fee. This non-cash expense reversal had no effect on the Company's total stockholders' equity as of September 30, 2022.

20. LOSS PER SHARE

Loss per share has been calculated using the weighted average number of common shares outstanding during the nine months ended which amount to 58,468,885 shares in 2022 (2021 - 50,953,235 shares).

Diluted earnings per share equates to basic earnings per share as all common stock equivalents and convertible instruments are antidilutive.



Notes to the Condensed Consolidated Interim Financial Statements

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Unaudited (Expressed in Canadian Dollars "CAD")

21. SEGMENTS

The Company has one operating segment, which is providing a proprietary deposit network to businesses located across North America.

The Company's property and equipment, intangible assets and right-of-use assets are located in the following countries:

	<u>September 30, December 31,</u>	
	<u>2022</u>	<u>2021</u>
Canada	\$ 3,210,825	\$ 2,986,715
United States	6,900,260	5,372,424
Total	\$ 10,111,085	\$ 8,359,139

The Company's revenues are located in the following countries:

	<u>September 30 September 30,</u>	
	<u>2022</u>	<u>2021</u>
Canada	\$ 9,176	\$ 1,372
United States	125	-
Total	\$ 9,301	\$ 1,372