



CLIP MONEY INC.

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND
2022**

(Expressed in U.S. Dollars, unless otherwise noted)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Clip Money Inc.

Condensed Consolidated Interim Statements of Financial Position

As at

(Unaudited, expressed in US Dollars)

	Note	September 30, 2023	December 31, 2022 (Note 2)	January 1, 2022 (Note 2)
Assets				
Current assets				
Cash and cash equivalents		\$ 7,943,712	\$ 1,482,529	\$ 962,492
Receivables		110,311	338	254
Prepaid expenses		67,711	162,575	239,361
Total current assets		8,121,734	1,645,442	1,202,107
Non-current assets				
Property and equipment, net	5	690,043	775,712	232,555
Right-of-use assets, net	7	4,488,327	5,304,586	4,469,240
Intangible assets, net	6	2,179,543	2,129,643	1,891,625
Total assets		\$ 15,479,647	\$ 9,855,383	\$ 7,795,527
Liabilities				
Current liabilities				
Trade and other payables		\$ 693,973	\$ 1,564,525	\$ 969,528
Government loans	8	37,796	34,452	28,560
Lease liabilities	7	1,158,502	1,053,221	643,570
Convertible debt	9	-	-	1,133,775
Derivative liability	9	702,935	-	295,788
Total current liabilities		2,593,206	2,652,198	3,071,221
Non-current liabilities				
Long-term lease liabilities	7	4,264,921	5,099,705	4,240,987
Government loans	8	36,135	42,294	45,657
Convertible debt	9	5,796,650	-	-
Total liabilities		12,690,912	7,794,197	7,357,865
Shareholders' equity				
Share capital	10	23,794,183	17,454,347	6,629,388
Contributed surplus		5,697,177	3,771,962	673,864
Accumulated other comprehensive income (loss)		(202,549)	(139,492)	28,813
Accumulated deficit		(26,500,076)	(19,025,631)	(6,894,403)
Total shareholders' equity		2,788,735	2,061,186	437,662
Total liabilities and shareholders' equity		\$ 15,479,647	\$ 9,855,383	\$ 7,795,527

Going concern (note 1)

Subsequent events (note 17)

Approved and authorized for issue by the Board of Directors on November 27, 2023.

Peter Dorsman
Director

Jeff Gibson
Director

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

Clip Money Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue					
Revenue		\$ 148,965	\$ 3,486	\$ 225,337	\$ 7,124
Cost of revenue		640,427	374,595	1,804,681	739,952
Gross loss		(491,462)	(371,109)	(1,579,344)	(732,828)
Operating expenses					
General and administrative		80,587	90,232	286,232	229,715
Sales and marketing		26,539	51,107	121,691	71,287
Salaries and benefits		400,549	963,845	2,181,077	2,592,751
Depreciation and amortization	5,6,7	500,087	388,970	1,476,707	1,101,489
Professional fees		304,446	276,928	860,748	612,507
Loss from operations		(1,803,670)	(2,142,191)	(6,505,799)	(5,340,577)
Other (expense) income					
Finance expenses, net		(461,963)	(149,016)	(798,401)	(1,148,418)
Foreign exchange (loss) gain		9,873	(276,640)	62,851	(388,403)
Fair value change of derivative liabilities	9	39,061	-	39,061	-
Loss on early extinguishment of convertible debt	9	(272,157)	-	(272,157)	-
Public listing fees	4	-	545,688	-	(2,497,345)
Net loss		(2,488,856)	(2,022,159)	(7,474,445)	(9,374,743)
Other comprehensive loss					
Foreign exchange translation adjustment		(106,659)	(856,932)	(63,057)	(372,694)
Comprehensive loss		\$ (2,595,515)	\$ (2,879,091)	\$ (7,537,502)	\$ (9,747,437)
Net loss per share	12	\$ (0.03)	\$ (0.03)	\$ (0.10)	\$ (0.16)
Weighted average common shares outstanding	12	76,083,925	58,468,885	76,083,925	58,468,885

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

Clip Money Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars)

	Note	Number of Shares		Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total
		Common	Preferred					
Balance, January 1, 2023	2	70,754,831	-	\$ 17,454,347	\$ 3,771,962	\$ (139,492)	\$ (19,025,631)	\$ 2,061,186
Issuance of stock options	11	-	-	-	381,614	-	-	381,614
Issuance of shares and warrants, net of costs	10, 11	32,480,586	-	5,697,421	432,765	-	-	6,130,186
Issuance of finders warrants	11	-	-	-	10,052	-	-	10,052
Conversion of stock options	11	1,495,475	-	642,415	(642,415)	-	-	-
Issuance of RSUs	11	-	-	-	158,330	-	-	158,330
Equity portion of convertible debentures		-	-	-	1,584,869	-	-	1,584,869
Other comprehensive income		-	-	-	-	(63,057)	-	(63,057)
Net loss		-	-	-	-	-	(7,474,445)	(7,474,445)
Balance, September 30, 2023		104,730,892	-	\$ 23,794,183	\$ 5,697,177	\$ (202,549)	\$ (26,500,076)	\$ 2,788,735
Balance, January 1, 2022	2	38,204,400	12,891,255	\$ 6,629,388	\$ 673,864	\$ 28,813	\$ (6,889,831)	\$ 442,234
Issuance of stock options	2, 11	-	-	-	771,294	-	-	771,294
Issuance of RSUs	11	-	-	-	89,598	-	-	89,598
Conversion of preferred shares	2, 10, 11	12,891,255	(12,891,255)	-	-	-	-	-
Issuance of shares and warrants, net of costs	2, 11	8,090,425	-	5,017,337	1,289,019	-	-	6,306,356
Issuance of shares and warrants for service	2, 11	1,796,637	-	1,131,358	20,853	-	-	1,152,211
Issuance of shares on RTO	2, 4, 11	1,400,000	-	868,153	-	-	-	868,153
Issuance of shares on conversion of debentures	2, 9	3,847,489	-	2,999,219	-	-	-	2,999,219
Other comprehensive income	2	-	-	-	-	(372,694)	-	(372,694)
Net loss	2	-	-	-	-	-	(9,374,743)	(9,374,743)
Balance, September 30, 2022		66,230,206	-	\$ 16,645,455	\$ 2,844,628	\$ (343,881)	\$ (16,264,574)	\$ 2,881,628

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

Clip Money Inc.

Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2023 and 2022
(Unaudited, expressed in US dollars)

	Note	Nine months ended	
		September 30, 2023	September 30, 2022
CASH FROM OPERATING ACTIVITIES			
Net loss for the period		\$ (7,474,445)	\$ (9,374,743)
Items not affecting cash:			
Depreciation of property and equipment	5	144,194	72,449
Depreciation of right-of-use assets	7	884,011	664,155
Amortization of intangible assets	6	448,502	364,886
Foreign exchange on lease liabilities		(4,608)	411,118
Loss on early extinguishment of convertible debt	9	103,861	-
Accretion and interest on convertible debt	9	229,104	160,347
Costs associated with debt issuances		-	5,840
Fair value change of derivative liability	9	(39,061)	496,021
Interest on government loans		3,202	5,602
Interest on lease liability	7	561,378	508,143
Shares issued for services		-	1,999,511
Effects of foreign exchange		(96,898)	(253,590)
Options issued for services		381,614	771,294
Restricted share units issued for services		158,330	89,598
Warrants issued for services	11	10,052	1,309,872
Changes in non-cash working capital items:			
Increase (decrease) in prepayments		94,864	(115,392)
Increase in receivables		(109,973)	(3,191)
Increase (decrease) in accounts payable and accrued liabilities		(870,552)	363,269
Cash used in operating activities		(5,576,425)	(2,524,811)
CASH FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(56,733)	(577,162)
Investment in intangible assets	6	(506,206)	(654,938)
Cash used in investing activities		(562,939)	(1,232,100)
CASH FROM FINANCING ACTIVITIES			
Net change in right-of-use assets and lease liabilities		(244)	(22,378)
Proceeds from issuance of shares, net	10	5,697,421	5,017,337
Proceeds from issuance of warrants, net	11	432,765	-
Proceeds from issuance of convertible debt, net	9	8,856,373	937,568
Repayment of convertible debt	9	(1,032,579)	-
Payment of lease liabilities	7	(1,350,183)	(1,026,799)
Payment of government loans		(6,167)	-
Cash provided by financing activities		12,597,529	4,905,728
Effect of exchange rate changes		3,018	(9,836)
Increase in cash		6,461,183	1,138,981
Cash, beginning of period		1,482,529	962,492
Cash, end of period		\$ 7,943,712	\$ 2,101,473

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

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

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 Venture Exchange 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, the Company had 66,230,206 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 \$2,365,008 (\$3,000,000 CAD) (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 \$0.77 (\$1.00 CAD) per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of approximately \$6,503,584 (\$8,090,425 CAD), which included a lead order from a strategic investor for \$2,316,065 (\$3,000,000 CAD) (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 Share 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.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Private placement, amalgamation and reverse takeover (continued)

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, 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, 2023, of \$7,474,445, has an accumulated deficit of \$26,500,076 and incurred negative cash flows from operations of \$5,576,425. 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 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. The Company's ability to obtain additional financing is enough to assume that the Company will continue as a going concern, however there is no certainty this will occur in the future at terms acceptable to the Company.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2023 and 2022 have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretation of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements meet the requirements of International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at December 31, 2022.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 27, 2023.

(b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the derivative liabilities and contingent consideration which have been recorded at fair value.

(c) Principles of consolidation

The Company consolidates its interest in entities which it controls. Control is defined by the power to govern an entity's financial and operating policies to be able to obtain benefits from its activities. All intercompany balances and transactions have been eliminated on consolidation. The subsidiaries (the "Subsidiaries") of the Company that have been consolidated are as follows:

Name of entity	Principal place of business	%	Functional currency
Clip Money USA Inc.	United States	100%	US dollar

(d) Change in presentation currency

Effective January 1, 2023, the Company has changed its reporting currency from Canadian dollars ("CAD") to US dollars ("USD"). This change in reporting currency has been applied retroactively from January 1, 2022, such that all amounts in the condensed consolidated interim financial statements of the Company and the accompanying notes thereto are expressed in US dollars. References to "\$" and "USD" are to U.S dollars and references to "CAD \$" and "CAD" are to Canadian dollars. For comparative purposes, historical consolidated financial statements were recast in US dollars by translating assets and liabilities at the closing exchange rate in effect at the end of the respective period, revenues, expenses and cash flows at the average exchange rate in effect for the respective period and equity transactions at historical exchange rates. Translation gains and losses are included as part of the cumulative foreign currency translation adjustment, which is reported as a component of shareholders' equity under accumulated other comprehensive loss.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

2. BASIS OF PREPARATION (continued)

(d) Change in presentation currency (continued)

The Company used the following exchange rates as at and for the period ended September 30, 2023:

Statement of Financial Position	Non-shareholders' equity	0.7861
Statement of Financial Position	Share capital	0.7700
Statement of Financial Position	Contributed surplus	0.7508
Statement of Financial Position	Accumulated other comprehensive Income	Calculated
Statement of Financial Position	Accumulated deficit	0.7673
Statement of Loss and Comprehensive Loss	All accounts except for foreign exchange translation adjustment	0.7432

The Company used the following exchange rates as at December 31, 2022 and for the period ended September 30, 2022:

Statement of Financial Position	Non-shareholders' equity	0.7383
Statement of Financial Position	Share capital	0.7758
Statement of Financial Position	Contributed surplus	0.7862
Statement of Financial Position	Accumulated other comprehensive Income	Calculated
Statement of Financial Position	Accumulated deficit	0.7781
Statement of Loss and Comprehensive Loss	All accounts except for foreign exchange translation adjustment	0.7832

The Company used the following exchange rates as at January 1, 2022:

Statement of Financial Position	Non-shareholders' equity	0.7888
Statement of Financial Position	Share capital	0.7775
Statement of Financial Position	Contributed surplus	0.7788
Statement of Financial Position	Accumulated other comprehensive Income	Calculated
Statement of Financial Position	Accumulated deficit	0.7475

(e) Functional and presentation currency

The Company's functional currency is the Canadian dollar. The functional currency for its subsidiary is US dollars. For financial reporting purposes, the condensed consolidated interim financial statements of the Company have been presented in the US dollar, the presentation 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, revenue, expenses and other income (expense) 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 translation adjustment to other comprehensive income, a component of shareholders' equity.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

2. BASIS OF PRESENTATION (continued)

(f) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The significant estimates and judgements are consistent with those set out in the Company's consolidated financial statements for the year ended December 31, 2022.

Management has applied significant estimates and assumptions related to the following:

i. Calculation of share-based payments

The Company measures the cost of equity-settled transactions using the Black Scholes Options Pricing Model. This model 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 assumptions about them.

ii. Convertible debt with derivative liabilities

In determining the fair value for the convertible debt 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.

iii. 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 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.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

2. BASIS OF PRESENTATION (continued)

iv. Leases

The Company cannot readily determine the interest rate implicit in the lease, 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 a similar amount at a similar term with a similar security. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates. The Company also makes certain assumptions whether it expects to exercise any renewal options on the leases.

v. Going concern

The evaluation of the Company's ability to continue as a going concern, which is dependent on the Company's ability to raise additional financing in order to cover its operating expenses and its 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.

vi. Intangible assets

Significant judgments are made in determining the useful lives and recoverable amounts of the Company's intangible assets, and in evaluating whether certain occurrences 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 cash flows 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.

vii. 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 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.

3. FUTURE ACCOUNTING STANDARDS

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Company, are as follows:

IFRS 16 Leases

Amendments to IFRS 16, issued in September 2022, add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments are effective for transactions for annual reporting periods beginning on or after January 1, 2024. The Company does not expect the amendments to have a material impact on its consolidated financial statements.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

3. FUTURE ACCOUNTING STANDARDS (continued)

IAS 1 Presentation of Financial Statements

Amendments to IAS 1, issued in January 2020, provide clarification on the requirements for classifying liabilities as either current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not expect these amendments to have a material impact on its consolidated financial statements.

4. 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 one (1) common share (each whole share, a "138 Share") for every one (1) common share (the "Split 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 assets acquired is recorded as public listing fees in the statement of loss and comprehensive loss. The listing expense was as follows:

Common share consideration	
Number of common shares issued to 138 shareholders	1,400,000
Fair value of common shares	0.6201
	\$ 868,153
138's net assets at fair value	
Cash	67
Excess (public listing fees)	\$ 868,086

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

5. PROPERTY AND EQUIPMENT

Details of the Company's property and equipment and its carry amounts are as follows:

Cost	
Balance, January 1, 2022	\$ 250,369
Additions	699,615
Exchange realignment	(43,455)
Balance, December 31, 2022	906,529
Additions	56,733
Exchange realignment	1,343
Balance, September 30, 2023	\$ 964,605
Accumulated depreciation	
Balance, January 1, 2022	\$ (17,814)
Depreciation	(118,803)
Exchange realignment	5,800
Balance, December 31, 2022	(130,817)
Depreciation	(144,194)
Exchange realignment	449
Balance, September 30, 2023	\$ (274,562)
Net book value	
At December 31, 2022	\$ 775,712
At September 30, 2023	\$ 690,043

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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6. INTANGIBLE ASSETS

Details of the Company's intangible assets and its carry amounts are as follows:

	Clip Platform	Patents	Applications & Dashboards	Total
Cost				
Balance, January 1, 2022	\$1,314,590	\$ 24,732	\$ 778,430	\$2,117,752
Additions, internally generated	627,050	5,405	247,500	879,955
Exchange realignment	(108,653)	(1,794)	(59,483)	(169,930)
Balance, December 31, 2022	1,832,987	28,343	966,447	2,827,777
Additions, internally generated	298,593	200	207,413	506,206
Exchange realignment	(7,951)	5,335	(6,066)	(8,682)
Balance, September 30, 2023	\$ 2,123,629	\$ 33,878	\$ 1,167,794	\$ 3,325,301
Accumulated amortization				
Balance, January 1, 2022	\$ (77,750)	\$ (309)	\$ (148,068)	\$ (226,127)
Amortization	(158,126)	(1,442)	(346,761)	(506,329)
Exchange realignment	11,174	76	23,072	34,322
Balance, December 31, 2022	(224,702)	(1,675)	(471,757)	(698,134)
Amortization	(145,955)	(1,070)	(301,477)	(448,502)
Exchange realignment	290	2	586	878
Balance, September 30, 2023	\$ (370,367)	\$ (2,743)	\$ (772,648)	\$ (1,145,758)
Net book value				
At December 31, 2022	\$ 1,608,285	\$ 26,668	\$ 494,690	\$ 2,129,643
At September 30, 2023	\$ 1,753,262	\$ 31,135	\$ 395,146	\$ 2,179,543

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

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.

Clip Money Inc.

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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Company has not made any re-assessment related to the extension option as at September 30, 2023. Right-of-use assets recognized, and the movements are as follows:

Balance, January 1, 2022	\$ 4,469,240
Additions	2,192,192
Lease terminated	(28,330)
Depreciation expense	(996,977)
Exchange realignment	(331,539)
Balance, December 31, 2022	5,304,586
Additions	77,068
Lease terminated	(13,029)
Depreciation expense	(884,011)
Exchange realignment	3,713
Balance, September 30, 2023	\$ 4,488,327

Lease liabilities

Lease liabilities recognized and movements are as follows:

Balance, January 1, 2022	\$ 4,884,557
Additions	2,096,521
Lease terminated	(28,382)
Payments	(1,501,537)
Interest expense	696,470
Exchange realignment	5,297
Balance, December 31, 2022	6,152,926
Additions	74,208
Lease terminated	(10,413)
Payments	(1,350,183)
Interest expense	561,378
Exchange realignment	(4,493)
Balance, September 30, 2023	\$ 5,423,423

The IBR used in the calculations of the lease obligation was 12.0% to 19.5% (2022 – 12.0% to 15.5%).

The minimum lease payments for the next five years are expected to be as follows:

Minimum payments under lease liabilities	
Within 1 year	\$ 1,786,777
2 to 3 years	3,489,177
4 to 5 years	1,625,110
Over 5 years	-
	6,901,094
Effect of discounting	(1,477,671)
Present value of minimum lease payments	5,423,423
Less: current portion	(1,158,502)
Non-current portion of lease liabilities	\$ 4,264,921

Payments for short-term leases are expensed as incurred \$12,652 (2022 - \$4,825).

Clip Money Inc.

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8. GOVERNMENT LOANS

During 2021, the Company received a \$14,793 (\$20,000 CAD) loan from the Canada Emergency Business Account (“CEBA Loan”). This was in addition to the \$29,586 (\$40,000 CAD) 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. \$14,793 (\$20,000 CAD) loan forgiveness is available, provided the outstanding balance of \$44,379 (\$60,000 CAD) is paid back prior to December 31, 2023. The loan was recognized at the fair value based on an estimated market interest rate of 10%.

In 2020, the Company received a \$61,391 (\$83,000 CAD) 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, 2023	December 31, 2022
CEBA Loan – interest free, unsecured, discounted 10%	\$ 29,533	\$ 31,551
Economic Development Loan – interest free, unsecured, discounted 10%	44,266	50,437
Exchange realignment	132	(5,242)
	73,931	76,746
Amount payable within one year	(37,796)	(34,452)
Balance, end of period	\$ 36,135	\$ 42,294

Principal payments required to be paid are as follows:

Year	Amount
2023	\$ 37,796
2024	9,070
2025	10,020
2026	11,069
Thereafter	5,976
Total	\$ 73,931

Clip Money Inc.

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9. CONVERTIBLE DEBT

Past Convertible Debentures

On May 20, 2022, all the convertible debentures outstanding at the time converted into common shares with a fair value of \$2,993,614.

\$0.50 Convertible Debentures

On May 4, 2023, the Company closed the first tranche of a non-brokered private placement ("Private Placement") of approximately 483 Note Units ("Tranche 1") of the Company (each a "Note Unit") at a price of CAD\$1,000 per Note Unit for gross proceeds of \$356,529 (CAD\$483,668). The Company incurred \$11,057 of issuance costs related to Tranche 1.

On June 14, 2023, the Company closed the second tranche ("Tranche 2") of a non-brokered private placement of approximately 3,420 Note Units of the Company at a price of CAD\$1,000 per Note Unit for gross proceeds of \$2,572,043 (CAD\$3,420,046). The Company incurred \$101,930 of issuance costs related to Tranche 2.

Each Note Unit consists of one CAD\$1,000 convertible note (the "Note"), and 1,000 common share purchase warrants (the "Warrants"). Each Note issued under the Private Placement will be due and payable on the date that is 36 months from the date of issuance (the "Maturity Date"). On the Maturity Date, payment of the principal amount of each Note plus accrued and unpaid interest thereon will be satisfied in cash. Each Note will bear interest at the rate of 12% per annum, accruing monthly and in kind onto the principal amount of the Note and will be due and payable in full on the Maturity Date. The Company may elect, at its sole discretion, to pay all or a portion of any accrued and unpaid interest in cash or shares of the Company. As of September 30, 2023, accrued interest for the Note Units was \$121,302.

The principal amount of each Note can be converted into common shares of the Company at the option of the holder, either in whole or in part, at any time up until the business day immediately preceding the Maturity Date. The conversion price for the Notes to common shares is CAD\$0.50 per share (the "Conversion Price"), subject to adjustments in specific events and approval from the TSXV. The Company has the option (but not the obligation) to force the conversion of the outstanding Notes into common shares at the Conversion Price, if the daily volume weighted average trading price of the common shares on the TSXV is greater than CAD\$1.00 for 20 consecutive trading days. The Notes shall, upon notice, automatically convert into common shares if the Company raises a minimum of US\$5 million in an equity financing, with the conversion price being the lesser of the CAD\$0.50 or 80% of the price per security of such financing (the "Qualified Financing").

Each Warrant issued under the Note Unit grants the holder the right to purchase one common share at an exercise price of CAD \$0.70 within 36 months following the issuance of the Note Units. The expiry date of the Warrants can be accelerated, at the option of the Company, if the Company's volume weighted average price per share is at or above \$1.40 on the TSXV for 20 consecutive trading days, leading to an expiration 30 days after the Company's announcement of the acceleration.

As a condition to a particular investor subscribing for \$1 million worth of convertible notes in the second tranche of the private placement, the Company entered into an investor rights agreement with that investor which provides for, among other things, the investor's ability to participate in and/or consent to future debt or convertible debt financings above a given threshold. On September 21, 2023, the \$1 million worth of convertible notes plus accrued interest was redeemed, and the investor rights agreement was terminated. As a result of the redemption, the Company incurred a loss on early extinguishment of convertible notes of \$272,157, of which \$168,296 were cash costs.

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9. CONVERTIBLE DEBT (continued)

Each Note Unit and Warrant in combination was considered a compound financial instrument consisting of both liability and equity components. As the conversion feature may be converted into a varying number of shares due to the force conversion on a Qualified Financing, the conversion feature is considered a derivative liability (the "Conversion Feature"). Each Note Unit is bifurcated into the Conversion Feature classified as a derivative liability measured at fair value through profit or loss, the host debt classified as a liability measured at amortized cost, and the Warrants classified as an equity component.

Accordingly, under IFRS, the Company is required to first value its derivative liability, followed by the convertible note principal, with the residual allocated to the equity component.

The derivative liability was valued using a Monte Carlo simulation. In applying the Monte Carlo simulation, the Company used the following key inputs and assumptions:

- the Company's share price;
- the Company will force convert if it has the opportunity;
- assumptions related to the likelihood of a Qualified Financing over different periods;
- the Company's historical volatility; and
- the risk-free rate.

September Convertible Debentures

On September 21, 2023, the Company closed a non-brokered private placement of convertible debentures for gross proceeds of \$6,132,271, maturing on September 21, 2028 (the "September Debentures"), receiving \$5,100,000 from a strategic investor, and the remainder from a second investor. The Company incurred \$91,483 of issuance costs related to the issuance of the September Debentures. The September Debentures bear interest at a rate of 8%, non compounding and is fully payable on maturity. The September Debentures are convertible at \$0.19 (\$0.26 CAD) per common share, and upon conversion, any accrued interest is automatically forgiven. As of September 30, 2023, accrued interest for the September Debentures was \$12,067.

As a condition to the strategic investor subscribing for \$5.1 million worth of the September Debentures, the Company entered into an investor rights agreement with that investor which provides for, among other things, the investor's ability to participate in and/or consent to future debt or convertible debt financings above a given threshold. The September Debentures issued to the strategic investor and the second investor are secured by a first and second lien security interest, respectively, in all of the assets of the Company.

Financial Summary

The Company has allocated the initial allocations net of issuance costs, as follows:

	Tranche 1	Tranche 2	September Debentures
Initial recognition (net of issuance costs)			
Derivative liability	\$ 121,141	\$ 886,029	\$ Nil
Convertible debt	224,331	1,584,084	4,455,919
Contribute surplus (warrants)	Nil	Nil	Nil
Contribute surplus (equity portion of debt)	Nil	Nil	1,584,869
Total	\$ 345,472	\$ 2,470,113	\$ 6,040,788

Clip Money Inc.

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9. CONVERTIBLE DEBT (continued)

Convertible debt and derivative conversion option liability recognized, and movements are as follows:

	Convertible debt	Derivative liability
Balance, January 1, 2022	\$ 1,133,775	\$ 295,788
Issuance of convertible debt	746,216	189,229
Accretion expense	167,145	-
Fair value loss on revaluation of derivatives	-	499,026
Exchange realignment	(21,058)	(10,901)
Conversion to shares	(2,026,078)	(973,142)
Balance, December 31, 2022	\$ -	\$ -
Issuance of convertible debt Tranche 1, net of costs	224,331	121,141
Issuance of convertible debt Tranche 2, net of costs	1,584,084	886,029
Issuance of September Debentures, net of costs	4,455,919	-
Redemption of portion of Tranche 2	(642,985)	(252,973)
Accretion expense	95,102	-
Fair value loss (gain) on revaluation of derivatives	-	(39,061)
Exchange realignment	(53,170)	(12,201)
	5,663,281	702,935
Accrued interest	133,369	-
Balance, September 30, 2023	\$5,796,650	\$702,935

As at September 30, 2023, \$133,369 (December 31, 2022 - \$Nil) of interest has been accrued and recorded as convertible debt.

10. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. The par value of each share is \$0.0001.

Outstanding share capital

Prior to the completion of the RTO, the Company implemented a split of all its outstanding shares based on a ratio of 31.3325:1, which has been reflected on all share numbers contained within these condensed consolidated interim financial statements.

	Note	Number of Shares		Amount	
		Common	Preferred	Common	Preferred
Balance, January 1, 2022		38,204,387	12,891,255	\$ 1,007,354	\$ 5,622,033
Issuance of shares for debt conversion	1	3,847,489	-	2,999,220	-
Conversion of preferred shares to common		12,891,255	(12,891,255)	5,622,033	(5,622,033)
Issuance of shares, net of issuance costs	2,5	12,615,062	-	5,826,229	-
Issuance of shares for services	4	1,796,638	-	1,131,358	-
Issuance of shares for RTO	3	1,400,000	-	868,153	-
Balance, December 31, 2022		70,754,831	-	17,454,347	-
Issuance of shares, net of issuance costs	6,8	32,480,586	-	5,697,421	-
Conversion of stock options	7	1,495,475	-	642,415	-
Balance, September 30, 2023		104,730,892	-	\$ 23,794,183	\$ -

Clip Money Inc.

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10. SHARE CAPITAL (continued)

- (1) On May 20, 2022, in conjunction with the RTO, the Company's convertible debt converted into 3,847,489 common shares (see Note 9).
- (2) On May 20, 2022, the Company completed a private placement financing of 8,090,425 units at a price of \$0.7795 (CAD \$1.00) per unit, raising gross proceeds of \$6,306,357. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CAD \$1.50 for a period of 24 months. The Company incurred \$65,488 in issuance costs, including the issuance of 42,007 broker warrants valued at \$20,853. The Company allocated \$1,323,258 of the proceeds to warrants and issuance costs of \$13,386.
- (3) On May 20, 2022, the Company issued 1,400,000 common shares to the former shareholders of 138 valued at \$868,153 (see Note 4).
- (4) On May 20, 2022, in conjunction with the RTO, the Company issued 1,796,638 common shares to certain advisors valued at \$1,131,358.
- (5) On December 23, 2022, the Company completed a private placement of 4,524,637 units at a price of \$0.33 (CAD \$0.45) per unit raising gross proceeds of \$1,419,816. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD \$0.65 per common share for a period of 36 months. The Company incurred \$119,110 in issuance costs, including the issuance of 122,502 broker warrants valued at \$15,360. The Company allocated \$496,779 of the gross proceeds to warrants and issuance costs of \$4,965.
- (6) On February 10, 2023, the Company completed a private placement of 3,883,760 units at a price of \$0.3358 (CAD \$0.45) per unit raising gross proceeds of \$1,304,179. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD \$0.65 per common share for a period of 36 months. The Company incurred \$50,906 in issuance costs, including the issuance of 68,250 broker warrants valued at \$7,937. The Company allocated \$450,343 of the proceeds to warrants less issuance costs of \$17,578.
- (7) On February 23, 2023, 1,495,475 options valued at \$642,415 were converted to common shares.
- (8) On September 21, 2023, the Company completed a private placement with a strategic investor of 28,596,826 common shares at a price of \$0.17 (CAD \$0.23) per common share raising gross proceeds of \$4,900,000. The Company incurred \$23,087 in issuance costs.

11. SHARE-BASED PAYMENTS

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.

Clip Money Inc.

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11. SHARE-BASED PAYMENTS (continued)

Stock Options

The following table summarizes the Company's stock option activity for the period indicated:

	September 30, 2023		December 31, 2022	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance, beginning of period	4,400,296	\$ 0.10 (0.14 CAD)	2,838,946	\$ 0.00 (0.00 CAD)
Granted	1,752,000	0.19 (0.26 CAD)	1,561,350	0.13 (0.17 CAD)
Cancelled	(15,000)	1.13 (1.50 CAD)	-	-
Exercised	(1,495,475)	0.00 (0.00 CAD)	-	-
Balance, end of period	4,641,821	\$ 0.38 (0.52 CAD)	4,400,296	\$ 0.05 (0.06 CAD)

The fair value of the Company's stock options was estimated using the Black-Scholes option pricing model using the following assumptions for the periods ended:

	September 30, 2023	September 30, 2022
Volatility	108% to 126%	126%
Risk-free interest rate	3.26% to 3.67%	3.26% to 3.35%
Expected life (years)	10 years	10 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Vesting period	0 to 3 years	0 to 3 years

Volatility is calculated by using the historical volatility of other public companies that the Company considers comparable and that have adequate trading and volatility history.

The following table presents information related to stock options outstanding as at September 30, 2023:

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number of Options Exercisable
\$ 0.00 (0.00 CAD)	843,471	7.59	-
0.19 (0.26 CAD)	1,752,000	9.92	-
0.59 (0.80 CAD)	500,000	0.21	500,000
0.74 (1.00 CAD)	1,521,350	8.69	658,000
1.11 (1.50 CAD)	25,000	9.12	-
\$ 0.51 (0.68 CAD)	4,641,821	7.95	1,158,000

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11. SHARE-BASED PAYMENTS (continued)

Restricted Share Units

Restricted share units changes are as follows as at:

	September 30, 2023	December 31, 2022
Balance, beginning of period	650,000	-
Granted	-	650,000
Balance, end of period	650,000	650,000

The RSU compensation expense for RSUs issued in normal course to employees 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 during the periods ended:

	September 30, 2023	September 30, 2022
Volatility	126%	126%
Risk-free interest rate	3.35%	3.35%
Expected life (years)	10 years	10 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Vesting period	3 years	3 years

Warrants

The following table summarizes the Company's warrants activity for the periods indicated:

	Number of Warrants	Amount	Exercise Price
Balance, January 1, 2022	-	\$ -	\$ -
Issued – private placement	4,045,213	1,289,019	1.11 (1.50 CAD)
Issued – private placement	4,524,637	491,814	0.48 (0.65 CAD)
Issued – agents	42,007	20,853	0.74 (1.00 CAD)
Issued – agents	122,502	15,360	0.48 (0.65 CAD)
Balance, December 31, 2022	8,734,359	1,817,046	0.78 (1.05 CAD)
Issued – private placement	3,883,760	432,765	0.48 (0.65 CAD)
Issued – agents	68,250	8,391	0.52 (0.70 CAD)
Issued – agents	13,510	1,661	0.48 (0.65 CAD)
Issued – convertible notes	3,903,714	-	0.52 (0.70 CAD)
Balance, September 30, 2023	16,603,593	\$ 2,259,863	\$ 0.62 (0.83 CAD)

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 for the periods ended:

	September 30, 2023	September 30, 2022
Volatility	102% to 126%	126%
Risk-free interest rate	2.64% to 4.05%	2.64% to 3.57%
Expected life (years)	2 to 3 years	2 to 3 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

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12. LOSS PER SHARE

Basic and diluted net loss per share attributable to common shareholders is determined as follows:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Numerator:				
Net loss attributable to shareholders - basic and diluted	\$ (2,488,856)	\$ (2,022,159)	\$ (7,474,445)	\$ (9,374,743)
Denominator:				
Weighted-average number of common shares	76,083,925	58,468,885	76,083,925	58,468,885

The Company's potentially dilutive securities which include stock options, RSUs and warrants granted have been excluded from the computation of diluted net loss per share as the effect would be anti-dilutive. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

13. 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, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Short-term compensation	\$ 290,907	\$ 539,152	\$ 1,429,607	\$ 1,248,071
Share-based payments	66,243	29,436	308,694	796,103
Total	\$ 357,150	\$ 568,588	\$ 1,738,301	\$ 2,044,174

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14. SEGMENT REPORTING

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 as follows:

	As at September 30, 2023	As at December 31, 2022
Canada	\$ 2,423,916	\$ 2,435,260
United States	4,933,997	5,774,681
Total	\$ 7,357,913	\$ 8,209,941

The Company's revenues are in the following countries for the following periods:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Canada	\$ 15,420	\$ 3,486	\$ 23,197	\$ 7,124
United States	133,545	-	202,140	-
Total	\$ 148,965	\$ 3,486	\$ 225,337	\$ 7,124

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritises their significance. The three levels of the fair value hierarchy are:

- Level 1 ("L1") includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 ("L2") includes inputs that are observable other than quoted prices included within L1.
- Level 3 ("L3") includes inputs that are not based on observable market data (supported by little or no market activity).

As at September 30, 2023, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent due to their short-term nature.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Cash consists of cash on hand deposited with reputable financial institutions which is closely monitored by management. Receivables are amounts typically received within 30 - 60 days from reputable sources. Management believes credit risk with respect to financial instruments included in cash and receivables is minimal.

Clip Money Inc.

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15. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The Company's maximum exposure to credit risk is the carrying value of cash and receivables are as follows:

	As at September 30, 2023	As at December 31, 2022
Cash	\$ 7,943,712	\$ 1,482,529
Receivables	110,311	338
Total	\$ 8,054,023	\$ 1,482,867

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. The contractual cash flows of the Company's undiscounted financial liabilities are as follows:

As at September 30, 2023	Less than 1 year	1 year to 5 years	Greater than 5 years	Contractual cash flows
Trade and other payables	\$ 693,973	\$ -	\$ -	\$ 693,973
Government loans	37,796	36,135	-	73,931
Convertible debt	-	5,796,650	-	5,796,650
Derivative liability	702,935	-	-	702,935
Lease liabilities	1,158,502	4,264,921	-	5,423,423
	\$ 2,593,206	\$ 10,097,706	\$ -	\$ 12,690,912

As at December 31, 2022	Less than 1 year	1 year to 5 years	Greater than 5 years	Contractual Cash flows
Trade and other payables	\$ 1,564,525	\$ -	\$ -	\$ 1,564,525
Government loans	34,452	53,285	3,078	90,815
Lease liabilities	1,053,221	5,099,705	-	6,152,926
	\$ 2,652,198	\$ 5,152,990	\$ 3,078	\$ 7,808,266

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. The Company is not exposed to any significant interest rate price risk.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

(Unaudited, expressed in US dollars, unless otherwise noted)

15. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Foreign currency risk

The Company is exposed to foreign currency risk due to the timing of its trade and other payables, receivables, lease liabilities and cash balances. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company is exposed to unrealized foreign exchange risk through its Canadian Dollar ("CAD") holdings.

A 10% change in the CAD foreign exchange rate would result in the following changes:

	As at September 30, 2023		As at December 31, 2022	
	Increase	Decrease	Increase	Decrease
Foreign currency risk				
Cash	\$ 34,146	\$ (31,042)	\$ 94,580	\$ (85,982)
Receivables	287	(261)		
Trade and other payables	(33,189)	30,172	(47,755)	43,413
Government loans	(7,393)	6,721	(7,675)	6,977
Lease liabilities	(16,505)	15,004	(23,877)	21,707
Total	\$ (22,654)	\$ 20,594	\$ 15,273	\$ (13,885)

16. CAPITAL MANAGEMENT

The Company monitors "adjusted capital" which comprises of equity including share capital and deficit. The Company assesses capital requirements to maintain an efficient financing structure while avoiding unneeded debt. The Company manages its capital structure through assessing economic conditions and adjusting in light of changes and risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may implement cost cutting and downsizing efforts in attempt to mitigate those risks.

The Company's objectives when maintaining capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

17. RELATED PARTY LOANS

On August 15, 2023, the Company issued secured promissory notes to two executives of the Company in exchange for cash loans in the aggregate amount of approximately \$497,333 (\$670,505 CAD). The promissory notes were repaid in full, inclusive of interest of \$6,399 by the Company on September 21, 2023.

Clip Money Inc.

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(Unaudited, expressed in US dollars, unless otherwise noted)

18. SUBSEQUENT EVENTS

RSU Redemption

On October 22, 2023, 216,645 RSUs issued to executives of the Company, which vested on June 7, 2023, converted into common shares.

Repayment of Government Loan

On November 7, 2023, the Company repaid in full the \$29,586 (\$40,000 CAD) CEBA government loan. As the full balance was repaid before January 18, 2024, this resulted in loan forgiveness of \$14,793 (\$20,000 CAD).