



**CLIP MONEY INC.**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE-MONTHS ENDED SEPTEMBER 30, 2024 AND 2023**

**(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 September 30, 2024 and December 31, 2023

(Unaudited, expressed in US Dollars)

|   | Note | September 30, 2024   | December 31, 2023    |
|---|------|----------------------|----------------------|
| <b>Assets</b>   |      |                      |                      |
| <b>Current assets</b>                                       |      |                      |                      |
| Cash and cash equivalents                                   |      | \$ 3,437,481         | \$ 6,150,309         |
| Due from customers  |      | 33,539               | -                    |
| Receivables   |      | 220,468              | 153,006              |
| Prepaid expenses  |      | 39,533               | 57,790               |
| <b>Total current assets</b>                                 |      | <b>3,731,021</b>     | <b>6,361,105</b>     |
| <b>Non-current assets</b>                                   |      |                      |                      |
| Property and equipment, net                                 | 3    | 605,924              | 684,634              |
| Right-of-use assets, net                                    | 5    | 4,278,614            | 4,638,698            |
| Intangible assets, net                                      | 4    | 1,977,857            | 2,177,227            |
| <b>Total assets</b>   |      | <b>\$ 10,593,416</b> | <b>\$ 13,861,664</b> |
| <b>Liabilities</b>  |      |                      |                      |
| <b>Current liabilities</b>                                  |      |                      |                      |
| Trade and other payables                                    | 6    | \$ 670,663           | \$ 521,068           |
| Customer advances   |      | -                    | 74,854               |
| Current portion of long-term government loans               | 7    | 9,084                | 8,982                |
| Lease liabilities   | 5    | 1,387,828            | 1,235,947            |
| Derivative liability  | 8    | 540,509              | 607,215              |
| <b>Total current liabilities</b>                            |      | <b>2,608,084</b>     | <b>2,448,066</b>     |
| <b>Non-current liabilities</b>                              |      |                      |                      |
| Long-term lease liabilities                                 | 5    | 3,802,103            | 4,282,803            |
| Long-term government loans                                  | 7    | 397,505              | 42,267               |
| Convertible debt  | 8    | 9,782,408            | 6,240,341            |
| <b>Total liabilities</b>                                    |      | <b>16,590,100</b>    | <b>13,013,477</b>    |
| <b>Shareholders' equity (deficit)</b>                       |      |                      |                      |
| Share capital   | 9    | 24,089,827           | 23,942,305           |
| Contributed surplus   |      | 5,738,161            | 5,347,110            |
| Accumulated other comprehensive loss                        |      | (211,694)            | (94,458)             |
| Accumulated deficit   |      | (35,612,978)         | (28,346,770)         |
| <b>Total shareholders' equity (deficit)</b>                 |      | <b>(5,996,684)</b>   | <b>848,187</b>       |
| <b>Total liabilities and shareholders' equity (deficit)</b> |      | <b>\$ 10,593,416</b> | <b>\$ 13,861,664</b> |

Going concern (note 1)

Subsequent event (note 18)

Approved and authorized for issue by the Board of Directors on November 18, 2024.

'Peter Dorsman'  
Director

'John Desmond'  
Director

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

# Clip Money Inc.

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2024 and 2023

(Unaudited, expressed in US dollars)

|  | Note  | Three months ended    |                       | Nine months ended     |                       |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |       | September 30,<br>2024 | September 30,<br>2023 | September 30,<br>2024 | September 30,<br>2023 |
| <b>Revenue</b>                                   |       |                       |                       |                       |                       |
| Revenue  |       | \$ 521,316            | \$ 148,965            | \$ 1,208,447          | \$ 225,337            |
| Cost of revenue                                  |       | 837,252               | 640,427               | 2,299,178             | 1,804,681             |
| <b>Gross loss</b>                                |       |                       |                       |                       |                       |
|  |       | (315,936)             | (491,462)             | (1,090,731)           | (1,579,344)           |
| <b>Operating expenses</b>                        |       |                       |                       |                       |                       |
| General and administrative                       |       | 84,921                | 80,588                | 261,943               | 286,232               |
| Sales and marketing                              |       | 62,696                | 26,539                | 149,346               | 121,691               |
| Salaries and benefits                            |       | 752,480               | 400,549               | 2,560,543             | 2,181,077             |
| Depreciation and amortization                    | 3,4,5 | 492,808               | 500,087               | 1,444,164             | 1,476,707             |
| Professional fees                                |       | 204,276               | 304,446               | 575,630               | 860,748               |
| <b>Loss from operations</b>                      |       |                       |                       |                       |                       |
|  |       | (1,913,117)           | (1,803,671)           | (6,082,357)           | (6,505,799)           |
| <b>Other (expense) income</b>                    |       |                       |                       |                       |                       |
| Finance expenses, net                            | 12    | (496,782)             | (367,101)             | (1,373,827)           | (798,401)             |
| Foreign exchange gain (loss)                     |       | (84,278)              | 9,873                 | 135,971               | 62,851                |
| Fair value gain (loss) on derivative liability   | 8     | 110,921               | (55,801)              | 54,005                | 39,061                |
| Loss on early extinguishment of convertible debt |       | -                     | (272,157)             | -                     | (272,157)             |
| <b>Net loss</b>                                  |       |                       |                       |                       |                       |
|  |       | (2,383,256)           | (2,488,856)           | (7,266,208)           | (7,474,445)           |
| <b>Other comprehensive income (loss)</b>         |       |                       |                       |                       |                       |
| Foreign exchange translation adjustment          |       | 65,077                | (106,659)             | (117,236)             | (63,057)              |
| <b>Comprehensive loss</b>                        |       |                       |                       |                       |                       |
|  |       | \$ (2,318,179)        | \$ (2,595,515)        | \$ (7,383,444)        | \$ (7,537,502)        |
|  |       |                       |                       |                       |                       |
| Net loss per share                               | 11    | \$ (0.02)             | \$ (0.03)             | \$ (0.07)             | \$ (0.10)             |
| Weighted average common shares outstanding       | 11    | 105,024,237           | 76,083,925            | 105,024,237           | 76,083,925            |

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

# Clip Money Inc.

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)

For the nine months ended September 30, 2024 and 2023

(Unaudited, expressed in US dollars)

|  | Note | Number of<br>Common<br>Shares | Share Capital        | Contributed<br>Surplus | Accumulated<br>Other<br>Comprehensive<br>Loss | Accumulated<br>Deficit | Total                 |
|--|------|-------------------------------|----------------------|------------------------|---|------------------------|-----------------------|
| <b>Balance, January 1, 2024</b>                    |      | <b>104,947,537</b>            | <b>\$ 23,942,305</b> | <b>\$ 5,347,110</b>    | <b>\$ (94,458)</b>                            | <b>\$ (28,346,770)</b> | <b>\$ 848,187</b>     |
| Stock options – value of service received          | 10   | -                             | -                    | 469,364                | -   | -                      | 469,364               |
| Restricted stock units – value of service received | 10   | -                             | -                    | 69,209                 | -   | -                      | 69,209                |
| Conversion of RSU's                                | 10   | 216,657                       | 147,522              | (147,522)              | -   | -                      | -                     |
| Other comprehensive loss                           |      | -                             | -                    | -                      | (117,236)                                     | -                      | (117,236)             |
| Net loss   |      | -                             | -                    | -                      | -   | (7,266,208)            | (7,266,208)           |
| <b>Balance, September 30, 2024</b>                 |      | <b>105,164,194</b>            | <b>\$ 24,089,827</b> | <b>\$ 5,738,161</b>    | <b>\$ (211,694)</b>                           | <b>\$ (35,612,978)</b> | <b>\$ (5,996,684)</b> |
| <b>Balance, January 1, 2023</b>                    |      | <b>70,754,831</b>             | <b>\$ 17,454,347</b> | <b>\$ 3,771,962</b>    | <b>\$ (139,492)</b>                           | <b>\$ (19,025,631)</b> | <b>\$ 2,061,186</b>   |
| Stock options – value of service received          | 10   | -                             | -                    | 381,614                | -   | -                      | 381,614               |
| Issuance of restricted stock units                 | 10   | -                             | -                    | 158,330                | -   | -                      | 158,330               |
| Issuance of shares and warrants, net of costs      | 10   | 32,480,586                    | 5,697,421            | 432,765                | -   | -                      | 6,130,186             |
| Issuance of agent warrants                         | 10   | -                             | -                    | 10,052                 | -   | -                      | 10,052                |
| Conversion of stock options                        | 10   | 1,495,475                     | 642,415              | (642,415)              | -   | -                      | -                     |
| Equity portion of convertible debentures           | 10   | -                             | -                    | 1,584,869              | -   | -                      | 1,584,869             |
| Other comprehensive income                         |      | -                             | -                    | -                      | (63,057)                                      | -                      | (63,057)              |
| Net loss   |      | -                             | -                    | -                      | -   | (7,474,445)            | (7,474,455)           |
| <b>Balance, September 30, 2023</b>                 |      | <b>104,730,892</b>            | <b>\$ 23,794,183</b> | <b>\$ 5,697,177</b>    | <b>\$ (202,549)</b>                           | <b>\$ (26,500,076)</b> | <b>\$ 2,788,735</b>   |

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

# Clip Money Inc.

## Condensed Consolidated Interim Statements of Cash Flows

For the three and nine months ended September 30, 2024 and 2023

(Unaudited, expressed in US dollars)

|   | Note | Three months ended    |                       | Nine Months Ended     |                       |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |      | September 30,<br>2024 | September 30,<br>2023 | September 30,<br>2024 | September 30,<br>2023 |
| <b>CASH FROM OPERATING ACTIVITIES</b>                   |      |                       |                       |                       |                       |
| Net loss  |      | <b>(\$2,383,256)</b>  | (\$2,488,856)         | <b>(\$7,266,208)</b>  | (\$7,474,445)         |
| <b>Items not affecting cash:</b>                        |      |                       |                       |                       |                       |
| Depreciation of property and equipment                  | 3    | 49,146                | 48,727                | 149,359               | 144,194               |
| Depreciation of right-of-use assets                     | 5    | 321,974               | 298,664               | 912,445               | 884,011               |
| Amortization of intangible assets                       | 4    | 121,629               | 152,696               | 427,908               | 448,502               |
| Accretion and interest on convertible debt              | 8    | 332,131               | 180,142               | 949,972               | 229,104               |
| Loss on early extinguishment of convertible debt        | 8    | -                     | 103,861               | -                     | 103,861               |
| Change in fair value of derivative liability            | 8    | (110,921)             | 55,801                | (54,005)              | (39,061)              |
| Interest on government loans                            | 12   | 2,534                 | (2,787)               | 8,934                 | 3,202                 |
| Interest on lease liabilities                           | 5    | 169,204               | 179,633               | 497,000               | 561,378               |
| Effects of foreign exchange                             |      | 118,406               | (26,854)              | (301,553)             | (101,506)             |
| Stock options – value of service received               |      | 98,674                | 135,191               | 469,364               | 381,614               |
| Restricted share units issued for services              | 10   | 12,310                | 31,277                | 69,209                | 158,330               |
| Warrants issued for services                            | 10   | -                     | -                     | -                     | 10,052                |
| <b>Changes in working capital items:</b>                |      |                       |                       |                       |                       |
| Increase (decrease) in prepaid expenses                 |      | 4,288                 | 40,286                | 18,257                | 94,864                |
| Increase in receivables                                 |      | (41,273)              | (92,881)              | (67,462)              | (109,973)             |
| Change in due / advances from customers                 |      | (16,294)              | (67,464)              | (108,393)             | (72,024)              |
| (Decrease) increase in trade and other payables         |      | 31,373                | (1,014,881)           | 149,595               | (870,552)             |
| <b>Cash used in operating activities</b>                |      | <b>(1,290,074)</b>    | (2,467,445)           | <b>(4,145,578)</b>    | (5,648,449)           |
| <b>CASH FROM INVESTING ACTIVITIES</b>                   |      |                       |                       |                       |                       |
| Additions to property and equipment                     | 3    | (54,067)              | (10,046)              | (84,996)              | (56,733)              |
| Additions to intangible assets                          | 4    | (73,197)              | (101,202)             | (273,770)             | (506,206)             |
| Initial direct costs capitalized on right-of-use assets |      | (94)                  | (2,860)               | (47,542)              | (244)                 |
| <b>Cash used in investing activities</b>                |      | <b>(127,358)</b>      | (114,108)             | <b>(406,308)</b>      | (563,183)             |
| <b>CASH FROM FINANCING ACTIVITIES</b>                   |      |                       |                       |                       |                       |
| Proceeds from issuance of shares, net                   | 9    | -                     | 4,876,914             | -                     | 5,697,421             |
| Proceeds from issuance of warrants, net                 | 10   | -                     | -                     | -                     | 432,765               |
| Proceeds from convertible debt                          | 8    | 2,689,955             | 6,040,788             | 2,689,955             | 8,856,373             |
| Proceeds from government loans                          | 12   | 362,990               | -                     | 362,990               | -                     |
| Repayment of convertible debt                           | 8    | -                     | (1,032,579)           | -                     | (1,032,579)           |
| Payment of lease liabilities                            | 5    | (468,495)             | (452,271)             | (1,341,056)           | (1,350,040)           |
| Payment of government loans                             | 7    | (4,696)               | (575)                 | (15,548)              | (6,167)               |
| <b>Cash provided by financing activities</b>            |      | <b>2,579,754</b>      | 9,432,277             | <b>1,696,341</b>      | 12,597,733            |
| <b>Effect of exchange rate changes</b>                  |      | <b>(16,006)</b>       | (56)                  | <b>142,717</b>        | 3,018                 |
| <b>Increase (decrease) in cash and cash equivalents</b> |      | <b>1,146,316</b>      | 6,850,668             | <b>(2,712,828)</b>    | 6,389,159             |
| <b>Cash and cash equivalents, beginning of period</b>   |      | <b>2,291,165</b>      | 1,023,479             | <b>6,150,309</b>      | 1,484,988             |
| <b>Cash and cash equivalents, end of period</b>         |      | <b>\$3,437,481</b>    | \$7,874,147           | <b>\$3,437,481</b>    | \$7,874,147           |

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

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 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.

#### Going Concern

These condensed 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, 2024 of \$7,266,208, has an accumulated deficit of \$35,612,978 and incurred negative cash flows from operations of \$4,145,578. There is material uncertainty about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses and negative cashflow 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. Thus far, the Company has demonstrated a successful track record of raising funds through equity-based private placements and convertible note offerings. The Company will continue to leverage these capital markets tools as well as additional options as they become available.

These condensed consolidated 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, 2024 and 2023

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

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

These condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2024 and 2023 have been prepared by management in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on November 18, 2024.

#### (b) Basis of presentation

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

#### (c) Principles of consolidation

The Company consolidates its interest in entities which it controls. Control is achieved over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intercompany balances and transactions have been eliminated on consolidation. The subsidiary (the “Subsidiary”) of the Company that has been consolidated is as follows:

| <b>Name of entity</b> | <b>Principal place of business</b> | <b>% ownership</b> | <b>Functional currency</b> |
|-----------------------|------------------------------------|--------------------|----------------------------|
| Clip Money USA Inc.   | United States                      | 100%               | US dollar                  |

#### (d) Presentation currency

The Company used the following exchange rates as at and for the nine months ended September 30, 2024:

|   |   |            |
|---|---|------------|
| <b>Statement of Financial Position</b>          | Non-shareholders' equity  | 0.7410     |
| <b>Statement of Financial Position</b>          | Share capital   | 0.7695     |
| <b>Statement of Financial Position</b>          | Contributed surplus   | 0.7561     |
| <b>Statement of Financial Position</b>          | Accumulated other comprehensive Income                          | Calculated |
| <b>Statement of Financial Position</b>          | Accumulated deficit   | 0.7608     |
| <b>Statement of Loss and Comprehensive Loss</b> | All accounts except for foreign exchange translation adjustment | 0.7350     |

The Company used the following exchange rates as at and for the year ended December 31, 2023 and for the nine months ended September 30, 2023:

|   |   |            |
|---|---|------------|
| <b>Statement of Financial Position</b>          | Non-shareholders' equity  | 0.7561     |
| <b>Statement of Financial Position</b>          | Share capital   | 0.7698     |
| <b>Statement of Financial Position</b>          | Contributed surplus   | 0.7535     |
| <b>Statement of Financial Position</b>          | Accumulated other comprehensive Income                          | Calculated |
| <b>Statement of Financial Position</b>          | Accumulated deficit   | 0.7748     |
| <b>Statement of Loss and Comprehensive Loss</b> | All accounts except for foreign exchange translation adjustment | 0.7409     |

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 2. BASIS OF PREPARATION (continued)

#### *(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 financial statements of the Company have been presented in US dollars, the presentation currency. Foreign currency transactions are translated into functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translations of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in the condensed consolidated statements of loss and comprehensive loss.

The financial statements of the Company, which conducts the majority of its operations in its Subsidiary in USD, are translated from their functional currency into the presentation 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. This approach ensures that the financial performance of the Company is accurately reflected in the Company's condensed consolidated financial statements. The Company has decided on USD as the presentation currency since it is more helpful to investors of Company. Most investors are based in US and transact in US currency and hence expect to see the condensed consolidated financial statements in USD.

#### *(f) Use of estimates and judgments*

The preparation of the condensed consolidated 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.

Management has applied significant judgments, 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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 2. BASIS OF PRESENTATION (continued)

#### 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.

The identification of the financial liability and the equity instrument components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including contractual future cash flows, discount rates, credit spreads and volatility.

#### 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.

#### 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 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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 2. BASIS OF PRESENTATION (continued)

#### *vi. Intangible assets*

Significant judgments are made in determining the useful lives, costs to be capitalised 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. Judgments on costs to be capitalised depend on time spent by the developer and the nature of activity performed i.e., maintenance or development. 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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 3. PROPERTY AND EQUIPMENT

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

|                                    | Equipment and fixtures |
|------------------------------------|------------------------|
| <b>Cost</b>                        |                        |
| Balance, January 1, 2023           | \$ 906,529             |
| Additions                          | 85,437                 |
| Foreign currency translation       | 23,546                 |
| <b>Balance, December 31, 2023</b>  | <b>1,015,512</b>       |
| Additions                          | 84,996                 |
| Foreign currency translation       | (19,876)               |
| <b>Balance, September 30, 2024</b> | <b>\$ 1,080,632</b>    |
| <b>Accumulated depreciation</b>    |                        |
| Balance, January 1, 2023           | \$ (130,817)           |
| Depreciation                       | (192,966)              |
| Foreign currency translation       | (7,095)                |
| <b>Balance, December 31, 2023</b>  | <b>(330,878)</b>       |
| Depreciation                       | (149,359)              |
| Foreign currency translation       | 5,529                  |
| <b>Balance, September 30, 2024</b> | <b>\$ (474,708)</b>    |
| <b>Net book value</b>              |                        |
| At December 31, 2023               | \$ 684,634             |
| <b>At September 30, 2024</b>       | <b>\$ 605,924</b>      |

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 4. INTANGIBLE ASSETS

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

|                                    | Clip Platform       | Patents           | Applications & Dashboards | Total                 |
|------------------------------------|---------------------|-------------------|---------------------------|-----------------------|
| <b>Cost</b>                        |                     |                   |                           |                       |
| Balance, January 1, 2023           | \$ 1,832,987        | \$ 28,343         | \$ 966,447                | \$ 2,827,777          |
| Additions, internally generated    | 319,781             | 5,494             | 249,017                   | 574,292               |
| Foreign currency translation       | 50,624              | 794               | 28,340                    | 79,758                |
| <b>Balance, December 31, 2023</b>  | <b>2,203,392</b>    | <b>34,631</b>     | <b>1,243,804</b>          | <b>3,481,827</b>      |
| Additions, internally generated    | 164,050             | -                 | 109,720                   | 273,770               |
| Foreign currency translation       | (43,284)            | (700)             | (24,300)                  | (68,284)              |
| <b>Balance, September 30, 2024</b> | <b>\$ 2,324,158</b> | <b>\$ 33,931</b>  | <b>\$ 1,329,224</b>       | <b>\$ 3,687,313</b>   |
| <b>Accumulated amortization</b>    |                     |                   |                           |                       |
| Balance, January 1, 2023           | \$ (224,702)        | \$ (1,675)        | \$ (471,757)              | \$ (698,134)          |
| Amortization                       | (198,096)           | (1,422)           | (378,335)                 | (577,853)             |
| Foreign currency translation       | (9,457)             | (70)              | (19,086)                  | (28,613)              |
| <b>Balance, December 31, 2023</b>  | <b>(432,255)</b>    | <b>(3,167)</b>    | <b>(869,178)</b>          | <b>(1,304,600)</b>    |
| Amortization                       | (166,974)           | (1,058)           | (259,876)                 | (427,908)             |
| Foreign currency translation       | 7,442               | 56                | 15,554                    | 23,052                |
| <b>Balance, September 30, 2024</b> | <b>\$ (591,787)</b> | <b>\$ (4,169)</b> | <b>\$ (1,113,500)</b>     | <b>\$ (1,709,456)</b> |
| Net book value                     |                     |                   |                           |                       |
| At December 31, 2023               | \$ 1,771,137        | \$ 31,464         | \$ 374,626                | \$ 2,177,227          |
| <b>At September 30, 2024</b>       | <b>\$ 1,732,371</b> | <b>\$ 29,762</b>  | <b>\$ 215,724</b>         | <b>\$ 1,977,857</b>   |

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 5. 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 6 years with an option to renew the leases after that date.

The Company has not made any re-assessment related to the extension option as at September 30, 2024. Right-of-use assets recognized and the changes are as follows:

|                                    |                     |
|------------------------------------|---------------------|
| Balance, January 1, 2023           | \$ 5,304,586        |
| Additions                          | 470,439             |
| Lease terminated                   | (18,451)            |
| Depreciation expense               | (1,192,782)         |
| Foreign currency translation       | 74,906              |
| <b>Balance, December 31, 2023</b>  | <b>4,638,698</b>    |
| Additions                          | 975,445             |
| Lease terminated                   | (347,950)           |
| Depreciation expense               | (912,445)           |
| Foreign currency translation       | (75,134)            |
| <b>Balance, September 30, 2024</b> | <b>\$ 4,278,614</b> |

#### *Lease liabilities*

Lease liabilities recognized, and movements are as follows:

|                                    |                     |
|------------------------------------|---------------------|
| Balance, January 1, 2023           | \$ 6,152,926        |
| Additions                          | 466,181             |
| Lease terminated                   | (20,112)            |
| Payments                           | (1,823,189)         |
| Interest expense                   | 744,461             |
| Foreign currency translation       | (1,517)             |
| <b>Balance, December 31, 2023</b>  | <b>5,518,750</b>    |
| Additions                          | 974,606             |
| Lease terminated                   | (394,653)           |
| Payments                           | (1,341,056)         |
| Interest expense                   | 497,000             |
| Foreign currency translation       | (64,716)            |
| <b>Balance, September 30, 2024</b> | <b>\$ 5,189,931</b> |

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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

The IBR used in the calculations of the lease obligation was 12.0% to 19.5% (2023 – 12.0% to 19.5%). The minimum lease payments for the next five years are expected to be as follows:

| <b>Minimum payments under lease liabilities</b> |                     |
|---|---------------------|
| Within 1 year                                   | \$ 1,970,785        |
| 2 to 3 years                                    | 3,652,611           |
| 4 to 5 years                                    | 769,450             |
| Over 5 years                                    | 28,600              |
|   | 6,421,446           |
| Effect of discounting                           | (1,231,515)         |
| <b>Present value of minimum lease payments</b>  | <b>5,189,931</b>    |
| Less: current portion                           | (1,387,828)         |
| <b>Non-current portion of lease liabilities</b> | <b>\$ 3,802,103</b> |

Payments for short-term leases of \$26,929 (2023 - \$12,652) are expensed as incurred for the nine months ended September 30, 2024.

### Commitments

In 2024, the Company entered into lease agreements with several mall operators to install ClipDrop devices at shopping centers across the United States. These agreements allows installation at 48 new locations with anticipated installations in the fourth quarter of 2024 and the first quarter of 2025.

### 6. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

|                                | <b>September 30, 2024</b> | December 31, 2023 |
|--------------------------------|---------------------------|-------------------|
| Trade payables                 | \$ 213,782                | \$ 187,286        |
| Accrued liabilities            | 183,342                   | 180,053           |
| Accrued bonuses                | 261,383                   | 152,480           |
| Government remittances payable | 12,156                    | 1,249             |
| <b>Total</b>                   | <b>\$ 670,663</b>         | <b>\$ 521,068</b> |

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 7. GOVERNMENT LOANS

In 2020, the Company received a \$61,255 (\$83,000 CAD) loan from the Regional Relief and Recovery Fund from Economic Development Canada. This loan bears 0% interest. No principal payments were required prior to April 1, 2023. The loan was recognized at a value based on an estimated market interest rate of 10%.

In 2023, the Company received a \$7,380 (\$10,000 CAD) loan from Business Development Bank of Canada ("BDC"). In 2024, the Company received the balance of this loan, \$362,990 USD (\$490,000 CAD) available. This loan bears variable interest of 1% plus the BDC's floating base rate for a current rate of 10.3%. Interest only payments are due monthly. The principal is due in a lump sum in November 2026 or can be paid in advance at the Company's discretion. The loan is secured with a General Security Agreement in all present and after-acquired personal property, subject to existing and future registered charges.

The balance of the loans as at September 30, 2024 and December 31, 2023 is as follows:

|  | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Economic Development Loan – interest free, unsecured, discounted 10%                       | \$ 36,191          | \$ 42,293         |
| BDC Loan – Floating base variable plus 1%, secured (general security on personal property) | 370,398            | 7,753             |
| Foreign currency translation   | -                  | 1,203             |
|  | <b>406,589</b>     | 51,249            |
| Amount payable within one year   | (9,084)            | (8,982)           |
| <b>Balance, end of period</b>  | <b>\$ 397,505</b>  | <b>\$ 42,267</b>  |

Future payments required to be paid are as follows:

| Year         | Amount            |
|--------------|-------------------|
| Year 1       | \$ 9,084          |
| Year 2       | 10,035            |
| Year 3       | 381,484           |
| Year 4       | 5,986             |
| <b>Total</b> | <b>\$ 406,589</b> |

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 7. GOVERNMENT LOANS (continued)

Loan activity is as follows:

|                                    |                   |
|------------------------------------|-------------------|
| Balance, January 1, 2023           | \$ 76,746         |
| Accrued interest                   | 4,657             |
| Additions                          | 7,409             |
| Repayments                         | (38,859)          |
| Foreign currency translation       | 1,296             |
| <b>Balance, December 31, 2023</b>  | <b>51,249</b>     |
| Accrued interest                   | 8,934             |
| Additions                          | 362,990           |
| Repayments                         | (15,548)          |
| Foreign currency translation       | (1,036)           |
| <b>Balance, September 30, 2024</b> | <b>\$ 406,589</b> |

### 8. CONVERTIBLE DEBT

#### ***Past Convertible Debentures***

On May 20, 2022, all the convertible debentures outstanding at the time were converted into common shares with a fair value of \$2,999,219.

#### ***Convertible Debentures issued in May and June 2023***

On May 4, 2023, the Company closed the first tranche ("Tranche 1") of a non-brokered private placement ("Private Placement") of approximately 483 note units of the Company (each a "Note Unit 1") 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 (together with Note Unit 1, "Note Unit") 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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 8. CONVERTIBLE DEBT (continued)

The principal amount of each Note Unit 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 Note 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 Note Units 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"). The holder will further have the right to require the Company to convert Note Unit, at the lesser value of the Conversion Price of 80% of the price per Note Unit of a change of control (as defined in unsecured convertible note agreement). The price of such conversion will be subject to approval of the TSXV at time of conversion.

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.

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"). One of the embedded conversion features was classified as equity. 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 along with one of the conversions features were 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 amount allocated to the equity component. The host debt component is fair valued using a discount rate that is based on the estimated rate for a debenture without a conversion feature. The debt component is subsequently accreted to the face value of the debt portions of the convertible debentures at the effective interest rate.

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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 8. CONVERTIBLE DEBT (continued)

#### ***September 2023 Convertible Debentures***

On September 21, 2023, the Company closed a non-brokered private placement of convertible debentures for gross proceeds of \$6,132,217, maturing on September 21, 2028 (the “September 2023 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 2023 Debentures. The September 2023 Debentures bear interest at a rate of 8%, non compounding and is fully payable on maturity. The September 2023 Debentures are convertible at CAD\$0.26 per common share, and upon conversion, any accrued interest is automatically forgiven. As of September 30, 2024, accrued interest for the September 2023 Debentures was \$501,185 (December 31, 2023 – \$137,772).

As a condition to a strategic investor subscribing for \$5.1 million worth of the September 2023 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.

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 were 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 \$271,340, of which \$168,534 were cash costs. The redemption of convertible notes issued in the second tranche of the private placement and issuance of new convertible note as part of non-brokered private placement of convertible debentures on September 21, 2023, worth \$1,032,579 was done as non-cash transaction.

The conversion feature of the September 2023 Debentures was valued at \$1,584,869. A deferred tax liability of \$419,990 was recognized in respect of the equity portion of the debenture.

#### ***September 2024 Convertible Debentures***

On September 17, 2024, the Company closed a non-brokered private placement of convertible debentures for gross proceeds of \$2,800,000, maturing on September 17, 2029 (the “September 2024 Debentures”), receiving \$800,000 from a strategic investor, and the remainder from a second investor. The Company incurred \$68,647 of issuance costs related to the issuance of the September 2024 Debentures. The September 2024 Debentures bear interest at a rate of 13% compounding annually. Half, or 6.5% per annum, is payable on a quarterly basis, starting December 17, 2024. The other half, or 6.5% per annum is payable on maturity. The September 2024 Debentures are convertible at CAD\$0.55 per common share.

# Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine months ended September 30, 2024 and 2023  
(Unaudited, expressed in US dollars, unless otherwise noted)

## 8. CONVERTIBLE DEBT (continued)

### Financial Summary

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

| Initial recognition (net of issuance costs)  | Tranche 1         | Tranche 2           | September 2023 debenture | September 2024 debenture |
|--|-------------------|---------------------|--------------------------|--------------------------|
| Derivative liability                         | \$ 121,141        | \$ 886,029          | \$ Nil                   | \$ Nil                   |
| Convertible debt                             | 224,331           | 1,584,084           | 4,455,919                | 2,692,155                |
| Contributed surplus (warrants)               | Nil               | Nil                 | Nil                      | Nil                      |
| Contributed surplus (equity portion of debt) | Nil               | Nil                 | 1,584,869                | 39,183                   |
| <b>Total</b>                                 | <b>\$ 345,472</b> | <b>\$ 2,470,113</b> | <b>\$6,040,788</b>       | <b>\$2,731,338</b>       |

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

|  | Convertible debt    | Derivative liability |
|--|---------------------|----------------------|
| <b>Balance, January 1, 2023</b>                      | \$ -                | \$ -                 |
| 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 2023 Debentures, net of costs  | 4,455,919           | -                    |
| Redemption of portion of Tranche 2                   | (642,985)           | (252,973)            |
| Accretion expense                                    | 217,481             | -                    |
| Fair value gain on derivative liability              | -                   | (148,055)            |
| Foreign currency translation                         | 75,515              | 1,073                |
|  | 5,914,345           | 607,215              |
| Accrued interest                                     | 325,996             | -                    |
| <b>Balance, December 31, 2023</b>                    | <b>\$ 6,240,341</b> | <b>\$ 607,215</b>    |
| Issuance of September 2024 Debentures, net of costs  | 2,689,955           | -                    |
| Accretion expense                                    | 383,889             | -                    |
| Fair value gain on derivative liability              | -                   | (54,005)             |
| Foreign currency translation                         | (97,860)            | (12,701)             |
|  | <b>9,216,325</b>    | <b>540,509</b>       |
| Accrued interest                                     | <b>566,083</b>      | -                    |
| <b>Balance, September 30, 2024</b>                   | <b>\$ 9,782,408</b> | <b>\$ 540,509</b>    |

As at September 30, 2024, \$892,079 (December 31, 2023 - \$325,996) of interest has been accrued and recorded as convertible debt.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 9. 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 financial statements.

|   | Note | Number of Shares   | Amount              |
|---|------|--------------------|---------------------|
| <b>Balance, January 1, 2023</b>           |      | 70,754,831         | \$ 17,454,347       |
| Issuance of shares, net of issuance costs | a,c  | 32,480,586         | 5,697,421           |
| Conversion of stock options               | b    | 1,495,475          | 642,415             |
| Conversion of restricted stock units      | d    | 216,645            | 148,122             |
| <b>Balance, December 31, 2023</b>         |      | <b>104,947,537</b> | <b>23,942,305</b>   |
| Conversion of restricted stock units      | e    | 216,657            | 147,522             |
| <b>Balance, September 30, 2024</b>        |      | <b>105,164,194</b> | <b>\$24,089,827</b> |

- 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 81,760 agent warrants valued at \$7,937. The Company allocated \$450,343 of the proceeds to warrants less issuance costs of \$17,578 (See Note 10).
- On February 23, 2023, 1,495,475 options valued at \$642,415 were converted into common shares (See Note 10).
- On September 21, 2023, the Company completed a strategic investment 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.
- On October 22, 2023, 216,645 restricted stock units issued to executives of the Company, which vested on June 7, 2023, valued at \$148,122, were converted into common shares (see Note 10).
- On June 25, 2024, 216,657 restricted stock units issued to executives of the Company, which vested on June 7, 2024, valued at \$147,522, were converted into common shares (see Note 10).

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 10. 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. Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The exercise price is determined when the options are granted and is usually based on the market value of shares on the grant date.

#### Stock Options

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

|                                     | September 30, 2024 |                                 | December 31, 2023 |                                 |
|-------------------------------------|--------------------|---------------------------------|-------------------|---------------------------------|
|                                     | Options            | Weighted Average Exercise Price | Options           | Weighted Average Exercise Price |
| <b>Balance, beginning of period</b> | 4,229,321          | \$ 0.35 (0.48 CAD)              | 4,400,296         | \$ 0.33 (0.45 CAD)              |
| Granted                             | 1,835,000          | 0.15 (0.20 CAD)                 | 1,839,500         | 0.19 (0.26 CAD)                 |
| Cancelled or expired                | -                  | -                               | (515,000)         | 0.61 (0.82 CAD)                 |
| Exercised                           | -                  | -                               | (1,495,475)       | 0.00 (0.00 CAD)                 |
| <b>Balance, end of period</b>       | <b>6,064,321</b>   | <b>\$ 0.29 (0.39 CAD)</b>       | <b>4,229,321</b>  | <b>\$ 0.35 (0.48 CAD)</b>       |

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, 2024    | December 31, 2023 |
|-------------------------|-----------------------|-------------------|
| Volatility              | <b>108% to 126%</b>   | 126%              |
| Risk-free interest rate | <b>3.25% to 3.54%</b> | 3.26% to 3.35%    |
| Expected life (years)   | <b>10 years</b>       | 10 years          |
| Dividend yield          | <b>Nil</b>            | Nil               |
| Forfeiture rate         | <b>Nil</b>            | Nil               |
| Vesting period          | <b>0 to 3 years</b>   | 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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 10. SHARE-BASED PAYMENTS (continued)

The following table presents information related to stock options outstanding as at September 30, 2024:

| Exercise Price            | Number Outstanding | Weighted Average Remaining Contractual Life | Number of Options Exercisable |
|---------------------------|--------------------|---|-------------------------------|
| \$ 0.00 (0.00 CAD)        | 843,471            | 6.59  | -                             |
| 0.13 (0.18 CAD)           | 1,190,000          | 9.45  | -                             |
| 0.15 (0.20 CAD)           | 262,500            | 9.35  | 175,000                       |
| 0.16 (0.22 CAD)           | 300,000            | 9.74  | -                             |
| 0.18 (0.24 CAD)           | 87,500             | 9.94  | -                             |
| 0.19 (0.26 CAD)           | 1,747,000          | 8.92  | 1,115,667                     |
| 0.22 (0.30 CAD)           | 87,500             | 9.09  | 87,500                        |
| 0.74 (1.00 CAD)           | 1,521,350          | 7.69  | 1,035,716                     |
| 1.11 (1.50 CAD)           | 25,000             | 8.12  | 6,250                         |
| <b>\$ 0.29 (0.39 CAD)</b> | <b>6,064,321</b>   | <b>8.10</b>                                 | <b>2,420,133</b>              |

#### Restricted Share Units

Restricted share units changes are as follows as at:

|                              | September 30, 2024 | December 31, 2023 |
|------------------------------|--------------------|-------------------|
| Balance, beginning of period | 433,355            | 650,000           |
| Redeemed                     | (216,657)          | (216,645)         |
| Balance, end of period       | 216,698            | 433,355           |

The compensation expense for RSUs issued in the normal course of business to employees was determined based on the fair value at the date of measurement using the Black Scholes option pricing model with the following weighted average assumptions for the periods ended:

|                         | September 30, 2024 | December 31, 2023 |
|-------------------------|--------------------|-------------------|
| 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           |

# Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine months ended September 30, 2024 and 2023  
(Unaudited, expressed in US dollars, unless otherwise noted)

## 10. SHARE-BASED PAYMENTS (continued)

### Warrants

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

|                                    | Number of Warrants | Amount              | Exercise Price            |
|------------------------------------|--------------------|---------------------|---------------------------|
| Balance, January 1, 2023           | 8,734,359          | \$ 1,817,046        | \$ 0.77 (1.05 CAD)        |
| Issued – private placement         | 3,883,760          | 432,765             | 0.48 (0.65 CAD)           |
| Issued – agents                    | 81,760             | 10,052              | 0.52 (0.70 CAD)           |
| Issued – convertible notes         | 3,903,714          | -                   | 0.52 (0.70 CAD)           |
| <b>Balance, December 31, 2023</b>  | <b>16,603,593</b>  | <b>\$ 2,259,863</b> | <b>\$ 0.61 (0.83 CAD)</b> |
| <b>Balance, September 30, 2024</b> | <b>16,603,593</b>  | <b>\$ 2,259,863</b> | <b>\$ 0.61 (0.83 CAD)</b> |

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 indicated below:

|                         | September 30, 2024 | December 31, 2023 |
|-------------------------|--------------------|-------------------|
| 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               |

## 11. LOSS PER SHARE

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

|   | Three months ended |                    | Nine months ended  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| <b>Numerator:</b>   |                    |                    |                    |                    |
| Net loss attributable to shareholders - basic and diluted | \$ (2,383,256)     | \$ (2,488,856)     | \$ (7,266,208)     | \$ (7,474,445)     |
| <b>Denominator:</b>                                       |                    |                    |                    |                    |
| Weighted-average number of common shares                  | 105,024,237        | 76,083,925         | 105,024,237        | 76,083,925         |

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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 12. FINANCE EXPENSE

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

|   | Three months ended    |                       | Nine months ended     |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | September 30,<br>2024 | September 30,<br>2023 | September 30,<br>2024 | September 30,<br>2023 |
| <b>Financing income:</b>                            |                       |                       |                       |                       |
| Interest income                                     | \$ 7,087              | \$ -                  | \$ 82,079             | \$ -                  |
| <b>Financing expense:</b>                           |                       |                       |                       |                       |
| Interest expense                                    | -                     | 10,113                | -                     | 4,717                 |
| Accretion and interest on convertible debt (Note 8) | 332,131               | 180,142               | 949,972               | 229,104               |
| Interest on government loans (Note 7)               | 2,534                 | (2,787)               | 8,934                 | 3,202                 |
| Interest on lease liabilities (Note 5)              | 169,204               | 179,633               | 497,000               | 561,378               |
| Total   | 503,869               | 367,101               | 1,455,906             | 798,401               |
| <b>Net financing expenses</b>                       | <b>\$ 496,782</b>     | <b>\$ 367,101</b>     | <b>\$ 1,373,827</b>   | <b>\$ 798,401</b>     |

### 13. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having oversight or authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management compensation consists 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. Key management compensation incurred for the three months and nine months ended September 30, 2024 and 2023 are as follows:

|                         | Three months ended    |                       | Nine months ended     |                       |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                         | September 30,<br>2024 | September 30,<br>2023 | September 30,<br>2024 | September 30,<br>2023 |
| Short-term compensation | \$ 422,848            | \$ 290,907            | \$ 1,264,945          | \$ 1,429,607          |
| Share-based payments    | 76,808                | 66,243                | 329,779               | 308,694               |
| <b>Total</b>            | <b>\$ 499,656</b>     | <b>\$ 357,150</b>     | <b>\$ 1,594,724</b>   | <b>\$ 1,738,301</b>   |

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023 (Unaudited, expressed in US dollars, unless otherwise noted)

### 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 stated below as at September 30, 2024 and 2023:

|               | September 30, 2024  | September 30, 2023  |
|---------------|---------------------|---------------------|
| Canada        | \$ 2,116,737        | \$ 2,423,916        |
| United States | 4,745,658           | 4,933,997           |
| <b>Total</b>  | <b>\$ 6,862,395</b> | <b>\$ 7,357,913</b> |

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

|               | Three months ended |                    | Nine months ended   |                    |
|---------------|--------------------|--------------------|---------------------|--------------------|
|               | September 30, 2024 | September 30, 2023 | September 30, 2024  | September 30, 2023 |
| Canada        | \$ 10,730          | \$ 15,420          | \$ 27,684           | \$ 23,197          |
| United States | 510,586            | 133,545            | 1,180,763           | 202,140            |
| <b>Total</b>  | <b>\$ 521,316</b>  | <b>\$ 148,965</b>  | <b>\$ 1,208,447</b> | <b>\$ 225,337</b>  |

### 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments that are measured at fair value use inputs which are classified within a hierarchy that prioritizes 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, 2024 and December 31, 2023, the fair value measurement for derivative liability has been categorized as a Level 2 based on the inputs to the valuation technique used. The valuation is based on forward rates considering the market price, rate of interest, credit spread and volatility.

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 cash equivalents and receivables. Cash and cash equivalents consist 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 cash equivalents and receivables is minimal. Credit risk of receivables is mitigated through active collections management and working with organizations with good reputations and who are in good standing.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

### 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, 2024  | December 31, 2023   |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 3,437,481        | \$ 6,150,309        |
| Receivables               | 220,468             | 153,006             |
| <b>Total</b>              | <b>\$ 3,657,949</b> | <b>\$ 6,303,315</b> |

#### 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, 2024 | Less than 1 year    | 1 year to 5 years    | Greater than 5 years | Contractual Cash flows |
|--------------------------|---------------------|----------------------|----------------------|------------------------|
| Trade and other payables | \$ 670,663          | \$ -                 | \$ -                 | \$ 670,663             |
| Government loans         | 12,294              | 401,133              | -                    | 413,427                |
| Convertible debt         | -                   | 11,704,918           | -                    | 11,704,918             |
| Lease liabilities        | 1,970,785           | 4,422,061            | 28,600               | 6,421,446              |
|                          | <b>\$ 2,653,742</b> | <b>\$ 16,528,112</b> | <b>\$ 28,600</b>     | <b>\$ 19,210,454</b>   |

| As at December 31, 2023  | Less than 1 year    | 1 year to 5 years    | Greater than 5 years | Contractual cash flows |
|--------------------------|---------------------|----------------------|----------------------|------------------------|
| Trade and other payables | \$ 521,068          | \$ -                 | \$ -                 | \$ 521,068             |
| Customer advances        | 74,854              | -                    | -                    | 74,854                 |
| Government loans         | 12,926              | 48,343               | -                    | 61,269                 |
| Convertible debt         | -                   | 8,124,578            | -                    | 8,124,578              |
| Lease liabilities        | 1,875,381           | 5,063,770            | 49,500               | 6,988,651              |
|                          | <b>\$ 2,484,229</b> | <b>\$ 13,236,691</b> | <b>\$ 49,500</b>     | <b>\$ 15,770,420</b>   |

#### 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 risk.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements For the three and nine months ended September 30, 2024 and 2023 (Unaudited, expressed in US dollars, unless otherwise noted)

### 15. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### *Concentrations risk*

An approximately 69% (2023: 31%) of the revenue of the Company is earned from three customers.

#### *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 and cash equivalent 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 CAD holdings.

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

|                              | September 30, 2024 |                     | December 31, 2023   |                   |
|------------------------------|--------------------|---------------------|---------------------|-------------------|
|                              | Increase           | Decrease            | Increase            | Decrease          |
| <b>Foreign currency risk</b> |                    |                     |                     |                   |
| Cash and cash equivalents    | \$ (260,642)       | \$ 286,706          | \$ (635,070)        | \$ 698,315        |
| Receivables                  | -                  | -                   | (4,267)             | 1,307             |
| Trade and other payables     | 16,502             | (18,152)            | 15,717              | (17,282)          |
| Lease liabilities            | 403,223            | (443,545)           | 490,002             | (538,801)         |
| <b>Total</b>                 | <b>\$ 159,083</b>  | <b>\$ (174,991)</b> | <b>\$ (133,618)</b> | <b>\$ 143,539</b> |

### 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 considering 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. 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.

# Clip Money Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2024 and 2023

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

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### 17. RELATED PARTY TRANSACTION

#### *Promissory Notes*

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 on September 21, 2023.

#### *Units issued in February 2023*

On February 13, 2023, certain insiders of the Company participated in the private placement of 452,167 units (each comprising of a common share and one common share purchase warrant). The total units issued as part of February 2023 private placement were 3,883,760 units for aggregate gross proceeds of \$1,307,957 (CAD \$1,752,771).

#### *Convertible Debentures issued in June 2023*

On June 14, 2023, certain insiders of the Company participated in the convertible debenture for approximately 1,107 Note Units in the aggregate of the 3,903 total Note Units issued for gross proceeds of \$2,935,786 (CAD\$3,903,714).

#### *Convertible Debentures issued in September 2024*

On September 17, 2024, certain insiders of the Company participated in the convertible note debenture of the Company and subscribed for \$800,000 (CAD\$1,087,440) of the \$2,800,000 (CAD\$3,806,040) In aggregate principal amount of convertible notes that were issued by the Company.

#### *Cardtronics, Inc.*

Cardtronics Inc., a related party being a significant shareholder of the Company, holds 27% of the Company's issued share capital. As of September 30, 2024, Cardtronics Inc. has an outstanding convertible debenture with the Company in the amount of \$4,459,492 (CAD\$6,019,868). Additionally, there is an accrued accretion and interest payable of \$339,664 (CAD\$458,513) (2023 - \$178,392 or CAD\$240,769) associated with this debt. The accretion and interest have been accrued in accordance with the terms of the convertible debt agreement outlined in Note 8, September Convertible Debenture. The Company has recognized this accretion and interest expense in the financial statements, assuming that payment is reasonably assured.

### 18. SUBSEQUENT EVENT

#### **Secured Promissory Note**

On October 28, 2024, Clip Money USA Inc, the Company's subsidiary, received a secured revolving promissory note for \$1 Million USD. This note carries an interest rate of the term SOFR interest rate plus 3.5%. Interest only payments are payable monthly for the duration of the note and until paid in full or converted into permanent financing. The note matures on October 15, 2027.

If moved to permanent financing, the promissory note would convert into a 24-month term loan. This permanent loan would be paid in level monthly installments plus interest of the term SOFR interest rate plus 3.5%.

It is secured against \$1 Million USD cash on deposit.