MUST CAPITAL INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the six-month period ended June 30, 2023

(expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed 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 condensed interim financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

Must Capital Inc.
Condensed Interim Statements of Financial Position (unaudited)
As at June 30, 2023 and December 31, 2022
(expressed in Canadian Dollars)

		June 30, 2023		December 31, 2022
ASSETS				
Current assets				
Cash	**$**	**8,105**	$	59,336
Prepaid amount (note 4)		**51,000**		51,000
Promissory note (note 5)		**25,000**		25,000
Secured loan (note 6)		**225,000**		225,000
	$	**309,105**	$	360,336
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 7)	**$**	**51,555**	$	46,179
Shareholders' equity				
Share Capital (note 9)		**11,643,395**		11,643,395
Contributed surplus (note 10)		**13,562,402**		13,562,402
Deficit		**(24,948,247)**		(24,891,640)
		257,550		314,157
	$	**309,105**	$	360,336

Nature of operations and going concern (note 1)

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

Approved by the Board of Directors on August 29, 2023

Signed: "Bradley Scharfe”   Signed: "Vikas Ranjan”

Must Capital Inc.
Condensed Interim Statements of Loss and Comprehensive Loss (unaudited)
For the six-month period ended June 30,
(expressed in Canadian Dollars)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Expenses				
Consulting (note 8)	**$ 15,750**	$ 15,750	**$ 31,500**	$ 31,500
Filing and transfer agent	**5,729**	5,669	**11,472**	8,105
Office	**111**	44	**158**	80
Professional fees	**7,313**	10,321	**13,477**	10,448
Loss and comprehensive loss for the period	**(28,903)**	(31,784)	**(56,607)**	(50,133)
Weighted average number of common shares - basic and diluted	**27,564,812**	27,564,812	**27,564,812**	27,564,812
Loss per share - basic and diluted	**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)

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

Must Capital Inc.
Condensed Interim Statements of Cash Flows (unaudited)
For the six-month period ended June 30,
(expressed in Canadian Dollars)

		2023		2022
Cash used in operating activities				
Loss for the period	**$**	**(56,607)**	$	(50,133)
Net changes in non-cash working capital items;				
Accounts payable and accrued liabilities		**5,376**		14,850
Cash used in operating activities		**(51,231)**		(35,283)
Decrease in cash		**(51,231)**		(35,283)
Cash, beginning of period		**59,336**		517,510
Cash, end of period	**$**	**8,105**	$	482,227

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

Must Capital Inc.
Condensed Interim Statements of Shareholders' Equity (Deficiency) (unaudited)
For the period ended June 30, 2023
(expressed in Canadian Dollars)

	Shares		Share Capital		Contributed Surplus		Deficit		Total
Balance, December 31, 2021	27,564,812	$	11,643,395	$	13,562,402	$	(24,694,655)	$	511,142
Loss for the period	-		-		-		(50,133)		(50,133)
Balance, June 30, 2022	**27,564,812**	**$**	**11,643,395**	**$**	**13,562,402**	**$**	**(24,744,788)**	**$**	**461,009**
Balance, December 31, 2022	**27,564,812**	**$**	**11,643,395**	**$**	**13,562,402**	**$**	**(24,891,640)**	**$**	**314,157**
Loss for the period	-		-		-		(56,607)		(56,607)
Balance, June 30, 2023	**27,564,812**	**$**	**11,643,395**	**$**	**13,562,402**	**$**	**(24,948,247)**	**$**	**257,550**

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

1. Nature of operations and going concern

Must Capital Inc. ("Must Capital" or the "Company") was incorporated under the Ontario Business Corporations Act on September 7, 2010 and its common shares are listed on the NEX under the symbol "MUST". The address of the Company's registered office is 121 King Street West, Suite 2150, Toronto, Ontario, M5H 3T9. As at the date of these financial statements, the Company does not carry on any business activities.

Letter of Intent with Clarity IOT Services & Technology Inc.

On September 6, 2022, the Company entered into a letter of intent (the "Clarity LOI") pursuant to which the Company agreed to acquire all of the issued and outstanding shares of Clarity IOT Services & Technology Inc. ("Clarity") pursuant to a reverse-takeover transaction (the "RTO") which is expected to result in Clarity becoming a wholly-owned subsidiary of the Company and the Company changing its name to Clarity IOT Services & Technology Inc. The Clarity LOI postulates that all Clarity shares outstanding at the time of the RTO are to be converted to a total of 110,259,248 shares of the Company, being 4 times the number of shares that the Company currently has outstanding. The expected closing date for the RTO has been extended to July 31, 2023 from the originally agreed February 1, 2023 and the parties have agreed to a final termination date of August 31, 2023 for closing the RTO.

The Clarity LOI also states that the Company will undertake a brokered private placement offering (the "Offering") of subscription receipts (each a "Subscription Receipt") at an issue price of $0.10 per subscription receipt to raise between $2,000,000 and $2,500,000. Pursuant to this Offering, the Company has entered into an agency agreement with Leede Jones Gable Inc. (the "Agent") whereby the Company will grant the Agent a commission of up to 9% of the proceeds of the Offering in cash along with broker warrants for the purchase of a number of shares of the Company equal to 9% of the number of Subscription Receipts sold in the Offering exercisable for a period of 24 months from the date of issuance. The Agent will also receive an overallotment option equal to 9% of the number of Subscription Receipts sold in the Offering. Pursuant to this agency agreement, the Company has agreed to pay a corporate finance fee of $40,000 plus GST ($21,000 advanced on September 8, 2022) and advance $30,000 to cover disbursements (advanced September 8, 2022). Each Subscription Receipt, upon completion of the RTO and all conditions thereto will be exchanged for one unit in the capital of the Company where each unit will consist of one share of the Company plus one half of one common share purchase warrant where each full warrant shall be exercisable into one share of the Company at a price of $0.15 per share for a period of 24 months from its issue. If the RTO is not completed, the proceeds of the Offering will be returned to holders of Subscription Receipts on a pro-rata basis.

Clarity was expected to undertake a pre-closing non-brokered private placement of units at a price of $0.234 per unit for gross proceeds of up to $500,000 where each unit consisted of one share in the capital of Clarity and one warrant, each of which may be exercised to purchase 4.06 shares of the resulting issuer of the RTO at a price per share of the lesser of $0.08 or 20% less than the issue price of one Subscription Receipt. In an amended LOI agreement dated May 24, 2023, this contemplated pre-closing non-brokered private placement was eliminated from the RTO transaction.

To fund a portion of this transaction, the Company advanced $25,000 to Clarity on September 8, 2022 pursuant to an unsecured promissory note (note 5). Also, on October 14, 2022, pursuant to the Clarity LOI, the Company agreed to advance $225,000 to Clarity (note 6).

These condensed interim financial statements were approved for issuance by the Board of Directors on August 29, 2023.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. As at June 30, 2023, the Company had an accumulated deficit of $24,948,247. The Company has no sources of cash from operations. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on its ability to obtain necessary financing to meet its ongoing expenses and discharge its liabilities in the normal course of business. Although the Company has been successful in obtaining financing in the past, there can be no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

1. Nature of operations and going concern (continued)

Should the Company be unable to continue as a going concern, asset realization values may be substantially different from their carrying values. These condensed interim financial statements do not give effect to adjustments that would be necessary to carrying values, and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of presentation

a) Statement of compliance

The Company prepared these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

b) Basis of measurement

These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. These condensed interim financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar.

3. Significant Accounting Policies

The same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as were followed in the preparation of and as described in note 3 of the annual financial statements as at and for the year ended December 31, 2022, with the exception of new and revised standards along with any consequential amendments. Accordingly, these condensed interim financial statements for the six-month period ended June 30, 2023 should be read together with the annual financial statements as at and for the year ended December 31, 2022.

4. Prepaid amount

The Company's prepaid amount consists of an advance to the Company's Agent to cover disbursements plus one half of the agreed upon corporate finance fee for the Offering.

5. Promissory note

On September 8, 2022 the Company advanced $25,000 to Clarity pursuant to an unsecured promissory note that carries an annual interest rate of 15% calculated daily and compounded annually and had a period of no interest that ended March 31, 2023. On October 14, 2022, this promissory note was re-issued with the same terms but secured by a general security agreement granting security in all of Clarity's presently held and future acquired assets, property and undertaking. On January 1, 2023 the period of no interest and the maturity date were extended to June 30, 2023, and on March 30, 2023 they were extended to August 31, 2023.

6. Secured loan

October 14, 2022, pursuant to the Clarity LOI, the Company agreed to advance $225,000 to Clarity (advanced November 2, 2022) pursuant to a loan agreement that also carries an annual interest rate of 15% calculated daily and had a period of no interest ending March 31, 2023 and is secured by the same security agreement as the above re-issued promissory note (note 5). On January 1, 2023 the end date for the no interest period for the loan and the maturity date were extended to June 30, 2023, and on March 30, 2023 they were extended to August 31, 2023.

(expressed in Canadian dollars)

7. Accounts payable and accrued liabilities

		June 30, 2023		December 31, 2022
Accounts payable	$	51,555	$	3,679
Accrued liabilities		-		42,500
	$	51,555	**$**	46,179

8. Related party transactions

Key management includes members of the board, the President and Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

During the six-month period ended June 30, 2023, the Company was charged fees in the amount of $22,050 (2022 - $22,050) by Pacific West Mercantile Corp., a company owned by the President and Chief Executive Officer of the Company. As at June 30, 2023, $3,675 (2022 - $3,675) was owed to Pacific West Mercantile Corp.

During the six-month period ended June 30, 2023, the Company was charged fees in the amount of $9,450 (2022 - $9,450) by the Chief Financial Officer of the Company. As at June 30, 2023, $1,575 (2022 - $1,689) was owed to the Chief Financial Officer.

9. Share capital

Authorized

Unlimited number of common shares without par value

Issued and outstanding

As at June 30, 2023 and December 31, 2022 the Company had 27,564,812 common shares outstanding. During the six-month period ended June 30, 2023 no shares were issued or cancelled by the Company.

10. Warrants

The following is a summary of the activity of warrants:

	Six-month period ended June 30, 2023			Year ended December 31, 2022		
	Number of warrants		**Weighted average exercise price**	Number of warrants		Weighted average exercise price
Balance, beginning	-		-	7,500,000	$	0.20
Issued	-		-	-		-
Expired	-		-	7,500,000		0.20
Balance, ending	**-**	**$**	**-**	**-**	**$**	**-**

11. Financial instruments

Fair value

Financial instruments of the Company consist of cash, prepaid amounts, a promissory note, a secured loan, accounts payable and accrued liabilities. There are no significant differences between the carrying amounts of the items reported on the statements of financial position and their estimated fair values.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash balance, promissory note and secured loan. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short-term nature of interest-bearing cash.

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing (see note 1).

Foreign exchange risk

The Company's functional currency is the Canadian dollar and all major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk is negligible and therefore does not hedge its foreign exchange risk. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

Credit risk

The Company's credit risk is primarily attributable to cash, promissory note and secured loan. The Company has no significant concentration of credit risk arising from any operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company's credit risk lies predominantly with the ability of Clarity to repay the promissory note and the secured loan in the event that the RTO does not close when expected or at all. Management believes that the credit risk concentration with respect to these items is significant.

12. Capital management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain an optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, contributed surplus and deficit. The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company is operating at a loss. As such, the Company is dependent on external financing to fund its activities. In order to pay for its operating expenses, the Company will spend its existing working capital and raise additional amounts as needed and if available. Management reviews its capital management approach on an ongoing basis.