Hank Payments Corp.
(formerly Nobelium Tech Corp.)

Unaudited Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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Hank Payments Corp. (formerly Nobelium Tech Corp.)

Notice to Reader Issued by Management

The accompanying unaudited condensed consolidated interim financial statements have been prepared and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of the unaudited condensed consolidated interim financial statements.

February 28, 2022

Hank Payments Corp.
(formerly Nobelium Tech Corp.)

Unaudited Condensed Consolidated Interim Statements of Financial Position
As at December 31, 2021, June 30, 2021 and July 1, 2020
(Expressed in Canadian Dollars)

	Note	December 31, 2021	Restated June 30, 2021	Restated July 1, 2020
	#	$	$	$
ASSETS				
Current				
Cash		**982,028**	310,511	121,153
Accounts receivable	13	**1,105,300**	1,119,358	918,873
Prepaid expenses and deposits		**466,843**	280,352	9,619
HST receivable		**40,630**	-	-
Due from shareholder	8	**718,393**	203,488	-
Total current assets		**3,313,194**	1,913,709	1,049,645
Restricted cash	5	**152,136**	148,728	163,536
Equipment	6	**15,534**	-	934
Intangible assets	7	**320,921**	386,387	584,634
Total assets		**3,801,785**	2,448,824	1,798,749
LIABILITIES				
Current				
Accounts payable and accrued liabilities	12,13	**1,614,342**	1,111,001	592,676
Contract liability - current portion	10	**1,461,531**	1,298,826	1,235,602
Convertible debentures	9	**20,772**	235,295	-
Derivative liabilities	9,13	**-**	286,164	-
Warrant liabilities	9,13	**-**	237,888	-
Due to shareholder	8	**-**	-	3,815,445
Total current liabilities		**3,096,645**	3,169,174	5,643,723
Contract liability	10	**3,044,389**	2,804,798	2,315,931
Total liabilities		**6,141,034**	5,973,972	7,959,654
SHAREHOLDER'S DEFICIENCY				
Share capital	11	**7,757,623**	3,502,097	797
Contributed surplus	11	**7,292,060**	677,295	-
Other comprehensive income		**318,166**	381,881	(158,469)
Deficit		**(17,707,098)**	(8,086,421)	(6,003,233)
Total shareholder's deficiency		**(2,339,249)**	(3,525,148)	(6,160,905)
Total liabilities and shareholder's deficiency		**3,801,785**	2,448,824	1,798,749

Nature of operations and going concern (Note 1)
Related party transactions (Note 12)
Subsequent events (Note 16)

Approved on behalf of the Board:

"Michael Hilmer", Director
(signed)

"Jason Ewart", Director
(signed)

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

Hank Payments Corp.
(formerly Nobelium Tech Corp.)

Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive (Loss)
For the Three and Six Months Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Note	**Three Month Period Ended December 31, 2021**	Restated Three Month Period Ended December 31, 2020	**Six Month Period Ended December 31, 2021**	Restated Six Month Period Ended December 31, 2020
	#	**$**	$	**$**	$
Revenue					
Bank processing fees		**716,268**	621,104	**1,372,943**	1,262,245
Enrollment fees		**501,991**	385,799	**953,557**	740,588
Other revenue	12(d)	**86,384**	82,424	**158,593**	82,424
Total revenue		**1,304,643**	1,089,327	**2,485,093**	2,085,257
Cost of sales		**160,353**	176,428	**332,595**	346,776
Gross profit		**1,144,290**	912,899	**2,152,498**	1,738,481
Expenses					
Salaries and wages	6	**1,313,019**	843,455	**2,413,323**	1,438,583
Management fees	12(b)	**-**	237,031	**-**	466,836
Stock based compensation	11,12	**4,530,767**	-	**4,739,501**	-
Software and licensing fees	7	**183,461**	113,322	**402,477**	230,168
Professional fees		**81,645**	110,432	**108,451**	121,177
Office and general		**455,325**	38,316	**610,630**	85,099
Listing expense	4	**1,751,201**	-	**1,751,201**	-
Transaction costs	4	**1,469,883**	-	**1,469,883**	-
Bad debts		**8,736**	8,299	**55,095**	107,727
Depreciation	6	**1,413**	296	**1,737**	600
Amortization	7	**36,936**	38,194	**73,868**	77,239
		9,832,386	1,389,345	**11,626,166**	2,527,429
Loss from operations		**(8,688,096)**	(476,446)	**(9,473,668)**	(788,948)
Other expenses (income)					
Accretion expense	9	**430,078**	18,271	**447,287**	18,271
Interest expense		**1,885**	46,698	**15,386**	47,709
Foreign exchange gain		**5,352**	1,323	**784**	1,313
Gain on debt modification	9	**-**	-	**1,097**	-
Unrealized gain on derivative liabilities	13	**(275,122)**	(505)	**(317,545)**	(505)
Net loss		**(8,850,289)**	(542,233)	**(9,620,677)**	(855,736)
Other Comprehensive loss					
Currency translation adjustment		68,444	303,671	**(63,715)**	433,897
Comprehensive loss		**(8,781,845)**	(238,562)	**(9,684,392)**	(421,839)
Loss per share - basic and diluted		**(0.13)**	(0.01)	**(0.15)**	(0.01)
Weighted average number of outstanding common shares - basic		**68,972,040**	58,346,808	**65,789,167**	58,323,404

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

Hank Payments Corp.
(formerly Nobelium Tech Corp.)

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholder's Deficiency
As at December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Number of Common Shares (Note 10) #	Share Capital $	Contributed Surplus $	Accumulated Other Comprehensive Income (Loss) $	Deficit $	Shareholder's Deficiency $
Balance, June 30, 2020	**58,300,000**	**797**	**-**	**(158,469)**	**(6,003,233)**	**(6,160,905)**
Shares issued for debt settlement	4,306,293	3,501,300	-	-	-	3,501,300
Currency translation adjustment	-	-	-	433,897	-	433,897
Net loss for the period	-	-	-	-	(855,738)	(855,738)
Balance, December 31, 2020	**62,606,293**	**3,502,097**	**-**	**275,428**	**(6,858,971)**	**(3,081,446)**
Balance, June 30, 2021	**62,606,293**	**3,502,097**	**677,295**	**381,881**	**(8,086,421)**	**(3,525,148)**
Stock-based compensation	-	-	4,739,501	-	-	4,739,501
Warrants issued with convertible debentures	-	-	212,604	-		212,604
Conversion of debt (Note 9)	850,000	665,000	-	-	-	665,000
Reverse merger (Note 4)	2,121,875	1,697,500	105,025	-	-	1,802,525
Shares issued on finder's fees Note 4)	1,298,900	1,039,120	-	-	-	1,039,120
Prlvate placement	3,142,500	853,906	1,557,635	-	-	2,411,541
Currency translation adjustment	-	-	-	(63,715)	-	(63,715)
Net loss for the period	-	-	-	-	(9,620,677)	(9,620,677)
Balance, December 31, 2021	**70,019,568**	**7,757,623**	**7,292,060**	**318,166**	**(17,707,098)**	**(2,339,249)**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statement

Hank Payments Corp.
(formerly Nobelium Tech Corp.)

Unaudited Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended December 31, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
	$	$
Operating activities		
Net loss for the period	**(9,620,677)**	(855,736)
Adjusted for non-cash items:		
Amortization	**73,868**	77,239
Depreciation	**1,737**	600
Accrued interest expense	**15,386**	47,709
Accretion expense	**447,287**	18,271
Gain on debt modification	**1,097**	-
Listing expense	**1,751,201**	-
Finders fee	**1,039,120**	-
Stock based compensation	**4,739,501**	-
Unrealized loss on derivative liabilities	**(317,545)**	(505)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	**(186,491)**	(2,562)
Accounts receivable	**14,058**	5,312
HST receivable	**(20,642)**	-
Contract liability	**402,296**	182,552
Accounts payable and accrued liabilities	**459,485**	(22,511)
Cash used in operating activities	**(1,200,319)**	(549,631)
Investing activities		
Additions to equipment	**(17,702)**	-
Cash acquired in reverse takeover	**75,192**	-
Cash used in investing activities	**57,490**	-
Financing activities		
Interest paid on debentures	**(11,099)**	-
Private placement	**2,411,541**	-
Proceeds from convertible debentures	-	150,000
Advances (to)/from shareholder	**(514,906)**	(140,600)
Cash provided by financing activities	**1,885,536**	9,400
Effect of currency translation	**(71,190)**	479,408
Net increase (decrease) in cash and cash equivalents	**671,517**	(60,823)
Cash and cash equivalents, beginning of period	**310,511**	121,153
Cash and cash equivalents, end of period	**982,028**	60,330

Supplemental Information:

Shares issued for debt settlement (Note 9)	-	3,501,300
Shares and options issued for reverse takeover	1,802,525	-
Shares issued for finder's fees	1,039,120	-
Shares issued on conversion of debentures	665,000	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Hank Payments Corp. (formerly Nobelium Tech Corp.) (the "Company" or "Hank") was incorporated under the Canada Business Corporations Act on February 26, 2015, as Aconi Capital Corporation and changed its name to Nobelium Tech Corp. on January 8, 2016, and to Hank Payments Corp. on October 13, 2021. The Company's head office is located at 1969 Upper Water St. Suite 2108, Halifax, NS, B3J 3R7. The Company's shares trade on the TSX-V under the stock symbol "HANK".

On October 13, 2021, the Company completed the reverse takeover ("RTO") of Hank Payments Corp. (formerly The Card Collaborative Corp.) ("Hank US"). Hank US was incorporated on October 29, 2014, in the State of Florida. On April 12, 2018, the Company was acquired by Uptempo Inc. (the "Parent"), a Canadian-domiciled corporation and began operating under new management. On January 13, 2021, the Company filed articles of amendment to change its name to Hank Payments Corp. These unaudited condensed consolidated interim financial statements are presented as a continuation of Hank US as the deemed acquirer (Note 4).

Hank is a bank-sponsored provider of automated payment and budgeting financial technology solutions. The Company is focused on the payment curation space otherwise known as active budget management within the growing financial technology sector of "financial wellness."

These financial statements of the Company have been prepared on a going concern basis which presumes the Company will continue in operation and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss and comprehensive loss of $8,781,845 and $9,684,392 during the three and six month periods ended December 31, 2021 (December 31, 2020 - $238,562 and $421,841), respectively, and has a total accumulated deficit of $17,707,098 as at December 31, 2021 (June 30, 2021 – $8,086,421). The Company's ability to continue as a going concern is dependent upon its ability to access sufficient capital until it has profitable operations. To this point, all operational activities and overhead costs shortfalls have been funded through related party advances.

The Company believes that narrowing losses and continued funding from equity and debt issuances will provide sufficient cash flow for it to continue as a going concern in its present form. However, there can be no assurances that the Company will continue to have the required funding for its operations. These material uncertainties cast significant doubt as to the Company's ability to continue as a going concern. As at December 31, 2021 and June 30, 2021, these financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The Company's condensed consolidated interim financial statements (these "financial statements") have been prepared in conformity with IAS 34 – Interim Financial Reporting. These financial statements of the Company were prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC").

The preparation of the financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgments in applying the Company's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements were authorized for issue by the Board of Directors on February 28, 2022.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of its wholly owned subsidiary, Hank US.

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

(c) Basis of Presentation

These financial statements have been prepared on a historical cost basis, except where otherwise disclosed. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(d) Functional and Presentation Currency

These financial statements are presented in Canadian dollars. The functional currency of the Company, as determined by management, is Canadian dollars and the functional currency of the Company's subsidiary is United States dollars.

2. BASIS OF PREPARATION (continued)

The Company has elected to change the presentation currency from United States dollars to Canadian Dollars effective from July 1, 2020. The change in presentation currency is a voluntary change which is accounted for retrospectively. The comparative periods have been restated to Canadian dollars using the procedures outlined below:

1. Statements of Operations and Comprehensive Loss and Statement of Cash Flows have been translated into Canadian dollars using average foreign currency rates for the relevant period.
2. Assets and liabilities in the Statement of Financial Position have been translated into Canadian dollars at the closing currency rates on the relevant balance sheet dates.
3. The equity section of the Statement of Financial Position, including foreign currency translation reserve, deficit, share capital and reserves, have been translated into Canadian dollars using historical rates.
4. Earnings per share has also been restated to Canadian dollars to reflect the change in presentation currency.
5. Translation differences are recorded in Other comprehensive income as currency translation adjustments.

(e) Use of Estimates and Judgements

The preparation of these financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain.

The impacts of such estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key assumptions concerning the future, and other key sources of estimation uncertainty as of the date of the statement of financial position that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next fiscal year arise in connection with the valuation of financial instruments, contract liabilities and revenue recognition and deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company are the same as those applied as at and for the year ended June 30, 2021 and are consistently applied to all periods presented except as noted below. They do not include all the information required for full annual financial statements in accordance with IFRS and should be read in conjunction with the audited financial statements for the year ended June 30, 2021.

Share based Payments

The fair value of the estimated number of stock options and restricted share units ("RSUs") awarded to employees, officers and directors that will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense in the Consolidated Statements of (Loss) Earnings over the vesting period of the stock options and RSUs, with a corresponding increase to equity. The fair value of stock options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of RSUs is the market value of the underlying shares as of the date of grant. Changes to the estimated number of awards that will eventually vest are accounted for prospectively.

Significant accounting judgement and estimates

COVID-19
On March 11, 2020, the World Health Organization declared the outbreak of the novel strain of coronavirus ("COVID-19") a pandemic, which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods as well as the Company's ability to find new business opportunities, raise capital or restructure the Company's finances.

Expected credit losses
Determining allowance for expected credit losses ("ECLs") requires management to make assumptions about historical patterns for probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what historical patterns suggest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases
To determine the carrying amount of right-of-use assets and lease liabilities, the Company must estimate the incremental borrowing rate for each leased asset if the interest rate implicit in the lease cannot be readily determined. Management determines the incremental borrowing rate for each leased asset by taking into account the Company's credit standing, the guarantee, the term and the value of the underlying leased asset, as well as the economic environment in which the leased asset is operated. Incremental borrowing rates can be changed due to macroeconomic changes in the environment.

Provisions
Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Deferred tax assets
The Company recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Company makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether or not there will be sufficient taxable profits available to realize the tax assets when they do reverse. In making these judgments, the Company continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts.

Revenue recognition
Application of the accounting principles related to the measurement and recognition of revenue requires the Company to make judgments and estimates. Revenue arrangements may be comprised of multiple performance obligations. Judgment is required in determining the performance obligations that exist in an arrangement and the nature of these deliverables. Management also applies judgement in the calculation of the estimated life of a contract, the value of amounts recoverable on contracts and the timing of revenue recognition

Capitalization of qualifying development costs
In assessing whether development costs qualify for capitalization, management makes judgments and estimates related to expectations of technical feasibility in completing the project, the probability of future economic benefits, the availability of adequate technical and financial resources to complete the development, the ability to reliably measure the costs, and whether the Company intends to complete development, and to use or sell the assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In making these judgments and estimates, management has assessed various sources of information, including but not limited to, internal and external scoping and feasibility studies, forecasted cash flows associated with the developments and with operations, in general, which are used to support whether or not the Company will have sufficient resources to complete the development of the assets. Changes in management's judgments, estimates and assumptions, could have a material effect in the future on the Company's financial position and results of operations.

Amortization and impairment of non-financial assets
The Company reviews amortized non-financial assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. It also reviews annually non-financial assets with indefinite life for impairment. If the recoverable amount of the respective non-financial asset is less than its carrying amount, it is considered to be impaired. In the process of measuring the recoverable amount, management makes assumptions about future events and circumstances. The actual results may vary and may cause significant adjustments. The amortization expense related to intangible assets and depreciation related to equipment are determined using estimates relating to the useful life of the related assets.

Fair value of financial assets and financial liabilities
Fair value of financial assets and financial liabilities on the statement of financial position that cannot be derived from active markets, are determined using a variety of techniques including the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to established fair values. The judgments include, but are not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Derivative liabilities
The Company measures the embedded derivative liabilities relating to the conversion feature of the convertible debentures and warrants issued using the Black-Scholes-Merton valuation model taking into account the features of the instrument and market data as at the grant date and subsequent reporting dates on the basis of the Company's management assumptions.

New standards not yet adopted and interpretations issued but not yet effective

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

IFRS 10 - Financial Statements ("IFRS 10")
IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards not yet adopted and interpretations issued but not yet effective (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition.

The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract
The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

4. REVERSE TAKEOVER

On October 13, 2021, an aggregate of 63,456,293 shares of the Company were issued to the shareholders of Hank US in exchange for their shares in Hank US on a one for one basis. In addition, all of the Hank US securities exercisable or exchangeable for, or convertible into, or other rights to acquire the Company's securities outstanding, including those acquired by way of the private placement were also converted. This includes the conversion of convertible debentures of $665,000 into 850,000 common shares.

As a result of the acquisition, Hank US is deemed to be the acquirer for accounting purposes and therefore its assets, liabilities and operations are included in the consolidated financial statements at their historical carrying value. Hank US' operations were a continuance of the business and operations. The Company's results of operations are those of Hank US, with the operations of the Company being included from October 13, 2021, the closing date of the acquisition, and onwards.

At the time of the RTO, the Company did not constitute a business as defined under IFRS 3; therefore, the RTO is accounted for under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a listing expense to profit and loss. As Hank US is deemed to be the accounting acquirer for accounting purposes, these consolidated financial statements present the historical financial information of Hank US up to the date of the RTO.

(Expressed in Canadian Dollars)

4. REVERSE TAKEOVER (continued)

The fair value of the consideration issued for the net assets of the Company is as follows:

Purchase consideration shares	$	1,697,500
Options assumed		105,025
Fair value of consideration	**$**	**1,802,525**
Identifiable assets acquired		
Cash and cash equivalents	$	75,192
Other current assets		19,988
Accounts payable and accrued liabilities		(43,856)
Net Assets acquired	**$**	**51,324**
Listing expense	**$**	**1,751,201**

During the three and six month periods ended December 31, 2021, the Company incurred transaction costs in the amount of $1,469,883 which include finders fees and legal costs related to the RTO.

5. RESTRICTED CASH

Restricted cash relates to deposits in non-interest bearing reserve accounts that are established and controlled by participating banks to cover any possible losses as a result of disputes, fraud, or embezzlement in the Company's operations. As at December 31, 2021, restricted cash was related to one deposit in the amount of $152,136 (June 30, 2021 - $148,728).

(Expressed in Canadian Dollars)

6. EQUIPMENT

Equipment is comprised of office furniture and computer equipment and consists of the following:

Cost		
Balance at June 30, 2020	$	2,493
Additions		-
Currency translation		(226)
Balance at June 30, 2021		**2,267**
Additions		17,702
Currency translation		(371)
Balance at December 31, 2021	**$**	**19,598**
Depreciation		
Balance at June 30, 2020	$	(1,558)
Additions		(878)
Currency translation		169
Balance at June 30, 2021		**(2,267)**
Additions		(1,737)
Currency translation		(129)
Balance at December 31, 2021	**$**	**(4,064)**
Net Book Value		
Balance, June 30, 2021	**$**	**-**
Balance, December 31, 2021	**$**	**15,534**

Depreciation recorded on equipment for the three and six months ended December 31, 2021 amounted to $1,413 and $1,737 (2020 - $296 and $600), respectively.

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

Intangible assets relate to a software platform which includes costs associated with the development of the Company's internally generated proprietary software. Intangible assets are comprised of the following:

Cost		
Balance at June 30, 2020	$	798,888
Additions		-
Currency translation		(72,338)
Balance at June 30, 2021		**726,550**
Additions		-
Currency translation		16,649
Balance at December 31, 2021	**$**	**743,199**
Amortization		
Balance at June 30, 2020	$	(214,254)
Additions		(150,339)
Currency translation		24,430
Balance at June 30, 2021		**(340,163)**
Additions		(73,868)
Currency translation		8,247
Balance at December 31, 2021	**$**	**(422,278)**
Net Book Value		
Balance, June 30, 2021	**$**	**386,387**
Balance, December 31, 2021	**$**	**320,921**

Amortization recorded on intangible assets for the three and six months ended December 31, 2021 amounted to $36,936 and $73,868 (2020 - $38,194 and $77,239), respectively.

For the three and six month periods ended December 31, 2021 the Company expensed $254,378 and $517,492 (2020 - $215,754 and $388,264), respectively, in relation to the research and maintenance of the Company's internally generated proprietary software. The amount consists of $187,158 and $374,288 (2020 -$215,754 and $388,264), respectively, in salaries and wages and $67,220 and $143,204 (2020 - $nil), respectively, in consulting fees. The consulting fees are recorded in software and licensing fees and salaries and wages are recorded in salaries and wages on the statement of operations.

8. DUE FROM SHAREHOLDER

The amount due from/to shareholder is owing to/from the Parent (the "Shareholder Loan"). The Shareholder Loan is unsecured, non-interest bearing and due on demand.

On September 29, 2020, the Company and the Parent entered into an agreement under which portions of the Shareholder Loan would be settled into a promissory note (the "Promissory

(Expressed in Canadian Dollars)

8. DUE FROM SHAREHOLDER (continued)

Note") up to a maximum facility of $4,445,000 (US$3,500,000), as needed by the Company. The Promissory Note bears interest at 5% per annum, is unsecured and due on September 28, 2022. On September 29, 2020, an initial tranche of $3,501,300 (US$2,750,000) was settled from the Shareholder loan into the Promissory Note.

On December 31, 2020 and as disclosed in Note 11, the $3,501,300 (US$2,750,000) Promissory Note was settled through the issuance of common shares.

During the three and six month periods ended December 31, 2021, the Company accrued $Nil in interest related to the Shareholder loan (December 31, 2020: $45,646 and $46,657, respectively). As at December 31, 2021, the Shareholder Loan balance owing from the Parent was $718,393 (June 30, 2021: $203,488).

9. CONVERTIBLE DEBENTURES

Transactions related to the Company's convertible debentures during the six-month periods ended December 31, 2021 and 2020 include the following:

	2021	2020
Carrying amount of debt, July 1,	**235,295**	-
Issued during the period	-	58,687
Accretion	447,287	18,271
Accrued interest	15,386	1,052
Gain on debt modification	(1,097)	-
Interest paid	(11,099)	-
Converted during the period	(665,000)	-
Carrying amount of debt, December 31,	**20,772**	78,010

The carrying amount at December 31, 2021 consists of accrued interest not yet settled.

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9. CONVERTIBLE DEBENTURES (continued)

Convertible debentures issued during the period are comprised of the following:

	November 18, 2020 $	December 7, 2020 $	February 25, 2021 $	April 16, 2021 $	Total $
Proceeds from issuance of convertible debentures	100,000	50,000	140,000	375,000	665,000
Amounts classified as embedded derivative liability (Note 13):					
Conversion feature	(32,245)	(19,223)	(60,621)	(184,787)	(296,876)
Warrants	(28,549)	(14,276)	(52,495)	(156,581)	(251,901)
Amount classified as convertible debentures at amortized cost	**39,206**	**16,501**	**26,884**	**33,632**	**116,223**
Gain on debt modification	(4,195)	6,471	-	-	2,276
Accreted interest	62,860	25,971	5,842	5,640	100,313
Interest expense	4,301	1,966	5,528	4,688	16,483
Carrying amount of debt at June 30, 2021	**102,172**	**50,909**	**38,254**	**43,960**	**235,295**
Gain on debt modification	(733)	(364)	-	-	(1,097)
Accreted interest	2,863	1,422	107,274	335,729	447,287
Interest expense	1,995	997	5,984	6,410	15,386
Debentures converted	(100,000)	(50,000)	(140,000)	(375,000)	(665,000)
Interest paid	-	-	-	(11,099)	(11,099)
Carrying amount of debt at December 31, 2021	**6,297**	**2,964**	**11,511**	**-**	**20,772**

November 18, 2020 Convertible Debenture
On November 18, 2020, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of $100,000. Each debenture unit consists of $1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on March 31, 2021 and bear interest at 7% per annum, accrued monthly and payable at maturity.

The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to a 50% discount of the Company's go-public transaction price per common share.

Each warrant entitles the holder to purchase one common share of the Company until November 18, 2022 at an exercise price equal to a 20% discount of the Company's go-public transaction price per common share.

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair values of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 13. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

On March 31, 2021, the Company entered into an amendment agreement where the maturity date for the November 18, 2020 convertible debenture, was extended to June 30, 2021. The extension was effective from March 31, 2021. Further, upon a go-public transaction, the balance

9. CONVERTIBLE DEBENTURES (continued)

outstanding on the convertible debenture will convert into common shares of the Company. This substantial modification was accounted for as an extinguishment resulting in a gain on extinguishment of $2,299 recognized in the statement of operations.

On June 30, 2021, the Company entered into a second amendment agreement where the maturity date for the November 18, 2020 convertible debenture, was extended to September 30, 2021. The extension was effective from June 30, 2021. The Company realized a gain of $1,897 as a result of this debt modification during the year ended June 30, 2021.

On September 30, 2021, the Company entered into a third amendment agreement where the maturity date for the November 18, 2020 convertible debenture, was extended to October 31, 2021. The extension was effective from September 30, 2021. The Company realized a gain of $733 as a result of this debt modification during the three month period ended December 31, 2021.

On October 13, 2021, the November 18, 2020 convertible debentures were converted into 200,000 common shares of the Company. At December 31, 2021, accrued interest in the amount of $6,296 remains owing on these debentures.

December 7, 2020 Convertible Debenture
On December 7, 2020, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of $50,000. Each debenture unit consists of $1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on March 31, 2021 and bear interest at 7% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to a 50% discount of the Company's go-public transaction price per common share. Each warrant entitles the holder to purchase one common share of the Company until December 6, 2022 at an exercise price equal to a 20% discount of the Company's go-public transaction price per common share.

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair value of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 13. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

On March 31, 2021, the Company entered into an amendment agreement where the maturity date for the December 7, 2020 convertible debenture, was extended to June 30, 2021. The extension was effective from March 31, 2021. Further, upon a go-public transaction, the balance outstanding on the convertible debenture will convert into common shares of the Company. This substantial modification was accounted for as an extinguishment resulting in a gain on extinguishment of $6,968 recognized in the statement of operations.

9. CONVERTIBLE DEBENTURES (continued)

On June 30, 2021, the Company entered into a second amendment agreement where the maturity date for the December 7, 2020 convertible debenture, was extended to September 30, 2021. The extension was effective from June 30, 2021. The Company realized a gain of $496 as a result of this debt modification during the year ended June 30, 2021.

On September 30, 2021, the Company entered into a third amendment agreement where the maturity date for the December 7, 2020 convertible debenture, was extended to October 31, 2021. The extension was effective from September 30, 2021. The Company realized a gain of $364 as a result of this debt modification during the three month period ended December 31, 2021

On October 13, 2021, the December 7, 2020 convertible debentures were converted into 100,000 common shares of the Company. At December 31, 2021, accrued interest in the amount of $2,964 remains owing on these debentures.

February 25, 2021 Convertible Debenture
On February 25, 2021, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of $140,000. Each debenture unit consists of $1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on April 30, 2023 and bear interest at 7% per annum, accrued monthly and payable at maturity. On April 30, 2021, the rate of interest increased to 15% per annum as a result of the Company not completing the go-public transaction by that date. The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to a 20% discount of the Company's go-public transaction price per common share. Further, upon a go-public transaction, the balance outstanding on the convertible debenture will convert into common shares of the Company. Each warrant entitles the holder to purchase one common share of the Company until February 25, 2023 at an exercise price equal to the Company's go-public transaction price per common share.

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair value of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 13. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

On October 13, 2021, the February 25, 2021 convertible debentures were converted into 175,000 common shares of the Company. At December 31, 2021, accrued interest in the amount of $11,512 remains owing on these debentures.

(Expressed in Canadian Dollars)

9. CONVERTIBLE DEBENTURES (continued)

April 16, 2021 Convertible Debenture

On April 16, 2021, the Company closed a non-brokered private placement of unsecured convertible debenture units of the Company for gross proceeds of $375,000. Each debenture unit consists of $1,000 principal amount of unsecured convertible debentures and 1,000 common share purchase warrants of the Company. The debentures mature on April 16, 2024 and bear interest at 6% per annum, accrued monthly and payable at maturity. The outstanding principal amount of the debentures and any accrued interest is convertible into common shares of the Company at the option of the holder at any time prior to the maturity at a conversion price equal to the Company's go-public transaction price per common share. Further, upon a go-public transaction, the balance outstanding on the convertible debenture will convert into common shares of the Company. Each warrant entitles the holder to purchase one common share of the Company until April 16, 2023 at an exercise price equal to the Company's go-public transaction price per common share.

These convertible debentures are determined to be a compound instrument, comprising of a liability and embedded derivative liabilities consisting of a conversion feature and warrants. The fair value of the embedded derivative liability components were estimated using the Black-Scholes-Merton valuation model using the assumptions disclosed in Note 13. Using the residual method, the carrying amount of the debt component is the difference between the principal amount and the initial fair value of the embedded derivative liabilities.

On October 13, 2021, the April 16, 2021 convertible debentures were converted into 375,000 common shares of the Company. During the six months ended December 31, 2021, the Company paid all accrued interest owing on these debentures in the amount of $11,099.

10. CONTRACT LIABILITY

The Company's contract liability is deferred revenue which relates to revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) which amounted to $4,505,920 at December 31, 2021 (June 30, 2021 - $4,103,624). Details of the Company's contract liability is noted as follows:

		December 31, 2021		June 30, 2021
Opening balance	**$**	**4,103,624**	$	3,551,533
Revenue recognized from contract liability		**(970,238)**		(1,319,983)
Additions		**1,278,503**		2,193,661
Currency translation adjustment		**94,031**		(321,587)
Ending balance	**$**	**4,505,920**	$	4,103,624
Current portion	**$**	**1,461,531**	$	1,298,826
Long-term portion	**$**	**3,044,389**	$	2,804,798

11. SHARE CAPITAL

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

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

a) Common shares

The Company had the following share-based transactions during the six month period ended December 31, 2021:

- On October 13, 2021, the Company issued 300,000 common shares at a price of $0.50 per share upon conversion of the November 18 and December 7 convertible debentures (Note 9).
- On October 13, 2021, the Company issued 175,000 common shares at a price of $0.80 per share upon conversion of the February 25 convertible debentures (Note 9).
- On October 13, 2021, the Company issued 375,000 common shares at a price of $1.00 per share upon conversion of the April 16 convertible debentures (Note 9).
- On October 13, 2021, 2,121,875 common shares valued at $1,697,500 were issued in connection with the RTO between the Company and Hank US (Note 4).
- On October 13, 2021, the Company issued 1,298,900 common shares at a price of $0.80 per share for finder's fees. The finder's fees in the amount of $1,039,120 have been expensed as transaction costs.
- On October 13, 2021, the Company issued 3,142,500 common shares related to its brokered private placement at a price of $1.00 per unit for a total of $3,142,500. Each unit is comprised of one common share and one common share purchase warrant. The fair value of the warrants were valued at $1,442,411, the remaining proceeds of $1,700,809, less agent's fees of $690,199 and other share issuance costs of $155,984 have been allocated to share capital in the net amount of $853,906. The fee paid to the agents consist of cash payments in the amount of $574,975 and 219,975 warrants valued at $115,224.

The Company had the following share-based transactions during the six month period ended December 31, 2020:

- On December 31, 2020, the Company entered into a partial shares for debt settlement in relation to the Company's outstanding Shareholder Loan. The Company issued 4,306,293 common shares in exchange for the satisfaction of $3,501,300 outstanding under the Shareholder Loan of the Company.

11. SHARE CAPITAL (continued)

b) Stock Options

The Company has a stock option plan (the "Plan") which authorizes the board of directors to grant incentive stock options to directors, employees, and consultants. The maximum number of shares in respect of which options may be outstanding under the Plan at any given time is equivalent to 10% of the issued and outstanding shares of the Company at that time. Options may be exercisable for a maximum period of 10 years from the date of grant. The exercise price and vesting terms of any option granted pursuant to the Plan shall be determined by the Hank Board when granted.

During the six month period ended December 31, 2021 the Company had the following stock option activity:

- On October 13, 2021, the Company issued 4,320,000 stock options to certain employees and consultants. The fair value of the options were valued at $2,457,067 using the Black-Scholes model and the following assumptions: share price of $0.80, expected life of 5 years, $nil dividends, 100% volatility, exercise price of $1.00, and a risk-free interest rate of 0.69%. The stock options fully vested on issuance and are recorded as stock-based compensation. These stock options include 1,000,000 options valued at $568,766 that were issued to Officers and Directors.

- On October 13, 2021, the Company issued 250,000 stock options to an employee. The fair value of the options were valued at $142,191 using the Black-Scholes model and the following assumptions: share price of $0.80, expected life of 5 years, $nil dividends, 100% volatility, exercise price of $1.00, and a risk-free interest rate of 0.69%. The stock options vest in three equal tranches with one third vesting on June 7, 2022, one third vesting on June 7, 2023 and the last third vesting on June 7, 2024.. During the three and six month period ended December 31, 2021, the Company expensed $25,887 as stock based compensation relating to the vesting of these options.

- On November 29, 2021, the Company issued 20,000 stock options to a sales agent. The fair value of the options were valued at $6,168 using the Black-Scholes model and the following assumptions: share price of $0.37, expected life of 10 years, $nil dividends, 100% volatility, exercise price of $1.00, and a risk-free interest rate of 1.9%. The stock options vest on issuance. During the three and six month period ended December 31, 2021, the Company expensed $6,168 as stock based compensation related these options.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

Stock option activity for the six months ended December 31, 2021 is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, June 30, 2021	-	-
Granted [(1)]	4,845,500	$ 0.97
Outstanding, December 31, 2021	**4,845,500**	**$ 0.97**
Exercisable, December 31, 2021	**4,595,500**	**$ 0.97**

(1) Includes 255,500 options assumed by the Company on October 13, 2021, as a result of the RTO (Note 4). The fair value of the options was calculated using the Black-Scholes model and the following assumptions: share price of $0.80, expected life of 0.25 years, $nil dividends, 100% volatility, exercise price of $0.40, and a risk-free interest rate of 0.69%. As a result, the fair value of $105,025 for these options has been recorded in reserves.

Details of the options outstanding and exercisable as at December 31, 2021 are as follows:

Expiry Date	Number of Options Outstanding	Number of Options Vested	Exercise Price
November 29, 2031	20,000	20,000	$1.00
October 13, 2026	4,320,000	4,320,000	$ 1.00
October 13, 2026	250,000	-	$ 1.00
January 11, 2022	255,500	255,500	$ 0.40
Balance, December 31, 2021	**4,845,500**	**4,595,500**	

c) Restricted Stock Units

The Company has a Restricted Stock Unit plan (“RSUs”) which authorizes the board of directors to grant incentive RSUs to directors, employees, and consultants. The maximum number of shares in respect of which options may be outstanding under the Plan at any given time is 7,001,956 shares less any shares reserved pursuant to the Company’s other share compensation arrangements. The vesting terms and other conditions of any RSUs granted shall be determined by the Hank Board when granted.

- On October 13, 2021, Hank issued 4,600,000 RSUs to certain employees and consultants valued at $3,680,000. The RSUs include 3,500,000 RSUs valued at $2,800,000 that were issued to Officers and Directors. The RSUs vest in three equal tranches with one third vesting on the transaction date, one third vesting on July 1, 2022 and the last third vesting on July 1, 2023. During the three and six month period ended December 31, 2021, the Company expensed $1,749,305 as stock based compensation related to the vesting of these RSUs. which includes $1,379,434 in stock based compensation to Officers and Directors.

11. SHARE CAPITAL (continued)

- On October 13, 2021, Hank issued 500,000 RSUs to an employee valued at $400,000. The RSUs vest in three equal tranches with one third vesting on June 7, 2022, one third vesting on June 7, 2023 and the last third vesting on June 7, 2024. During the three and six month period ended December 31, 2021, the Company expensed $72,215 as stock based compensation related to the vesting of these RSUs.

- On November 1, 2021, Hank issued 750,000 RSUs to an officer of the Company valued at $337,500. The RSUs vest in four tranches with 150,000 vesting 30 days from issuance, 200,000 vesting on November 1, 2022, 200,000 vesting on November 1, 2023 and the last 200,000 vesting on November 1, 2024. During the three and six month period ended December 31, 2021, the Company expensed $95,000 as stock based compensation related to the vesting of these RSUs.

- On November 12, 2021, Hank issued 20,000 RSUs to an employee of the Company valued at $8,000. The RSUs vest in three equal tranches with one third vesting on November 12, 2022, one third vesting on November 12, 2023 and the last third vesting on November 12, 2024. During the three and six month period ended December 31, 2021, the Company expensed $652 as stock based compensation related to the vesting of these RSUs.

- On December 13, 2021, Hank issued 25,000 RSUs to an employee of the Company valued at $7,625. The RSUs vest in four tranches with 5,000 vesting 30 days from issuance, 6,666 vesting on December 13, 2022, 6,666 vesting on December 13, 2023 and the last 6,668 vesting on December 13, 2024. During the three and six month period ended December 31, 2021, the Company expensed $1,059 as stock based compensation related to the vesting of these RSUs.

d) Warrants

During the six month period ended December 31, 2021, the Company had the following warrant activity:

- On October 13, 2021, the Company granted 3,142,500 warrants as part of the units issued pursuant to the private placement. Each warrant is exercisable into one common share for a period of three years at an exercise price of $1.00. The fair value of the warrants were valued at $1,442,411 using the Black-Scholes model and the following assumptions; Unit price of $0.80, expected life of 3 years, $nil dividends, 100% volatility, exercise price of $1.00, and a risk-free interest rate of 0.69%.

- On October 13, 2021, in connection with the private placement, the Company granted 219,975 non-transferable compensation warrants to the financing agents. Each warrant will be exercisable to acquire one unit comprised of one common share plus one warrant exercisable for a period of 2 years at an exercise price of CAD $1.00.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

The fair value of the warrants were valued at $115,224 using the Black-Scholes model and the following assumptions: Unit price of CAD $1.00, expected life of 2 years, $nil dividends, 100% volatility, exercise price of CAD $1.00, and a risk-free interest rate of 0.69%. The warrants are recorded as a reduction in issued capital.

- On October 13, 2021, as a result of the RTO, the Company assumed the 665,000 warrants granted with debenture issuances (note 9). The fair value of the warrants was determined using the Black-Scholes model and the following assumptions: share price of CAD $0.80, expected life of 1.11 to 1,51 years, $nil dividends, 100% volatility based on comparable companies, exercise price of CAD $0.80 to $1.00, and a risk-free interest rate of 0.69%. As a result, the fair value of $212,604 for these warrants has been recorded in reserves.

During the year ended June 30, 2021, the Company had the following warrant activity:

- On May 1, 2021, Hank issued 2,000,000 warrants to an officer of the Company. Each Warrant is exercisable to acquire one common share of the Company at a price of $0.47 per share. The fair value of the warrants was valued at $1,106,674 using the Black-Scholes model and the following assumptions: share price of $0.80, expected life of 2.67 years, $nil dividends, 100% volatility based on comparable companies, exercise price of $0.47, and a risk-free interest rate of 0.3%.

  The warrants will vest in five tranches with 1,000,000 vesting on issuance and the remaining amount vesting at 250,000 warrants each quarter with the first tranche vesting September 30, 2021. For the three and six month period ended December 31, 2021, Hank recorded $203,417 and $332,148 (2020: $Nil), respectively, in stock based compensation related to these warrants and 1,500,000 warrants are exercisable as at December 31, 2021 (2020: Nil).

	Number of warrants	Expiry Date	Exercise Price
Balance, June 30, 2020	-		
Warrants granted	100,000	2022-11-18	$ 0.80
Warrants granted	50,000	2022-12-07	$ 0.80
Warrants granted	140,000	2023-02-25	$ 1.00
Warrants granted	375,000	2023-04-16	$ 1.00
Warrants granted	2,000,000	2023-12-31	$ 0.47
Balance, June 30, 2021	**2,665,000**		
Warrants granted	3,142,500	2024-10-13	$ 1.00
Warrants granted	219,975	2023-10-13	$ 1.00
Balance, December 31, 2021	**6,027,475**		

12. RELATED PARTY TRANSACTIONS

Parties are considered related if the party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control of common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources of obligations between related parties. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. The following are related party transactions during the six month periods ended December 31, 2021 and 2020, not disclosed elsewhere in these financial statements:

a) On May 1, 2018, the Company entered into a master servicing agreement with Uptempo Marketing Corp. ("Marketing Corp."), a company under common control (the "Agreement"). Under the Agreement, Hank provides processing services to end auto-loan customers procured by Marketing Corp. and assists Marketing Corp. in delivering its marketing services to attract automotive consumers.

   As part of the Agreement, when Hank and Marketing Corp. enter into agreements with customers, the gross fees paid or payable by the customer are collected by the Hank banking and technology platform and then shared by Hank and Marketing Corp. based on pre-set terms agreed upon between Hank and Marketing Corp. depending on the types of customer contracts entered into and what is considered market pricing for the services provided by each respective party. Hank provides similar services to other wholesalers of the Hank platform, for similar fee structures. The total amount collected by Hank from customers and remitted to Marketing Corp. for the three and six month periods ended December 31, 2021 amounted to $786,955 and $1,715,262 (2020 - $890,354 and $1,695,584), respectively;

b) During the three and six month periods ended December 31, 2021, the Company expensed management fees in the amount of $Nil, (2020 - $237,031 and $466,836, respectively), for expenses incurred by the Parent, to operate Hank;

c) During the six month period ended December 31, 2021, the Company had expenses that were incurred by related entities, Marketing Corp., Uptempo Servicing Corp., a company under common control, and the Parent which were charged back to Hank. These expenses were charged back as they related to the principal operations of Hank. The total amount charged to Hank by related entities during the three and six month periods ended December 31, 2021, amounted to $47,172 and $101,788 (2020 - $300,110 and $767,363), respectively; and

d) During the three and six month periods ended December 31, 2021, the Company charged fees in the amount of $86,384 and $158,593 (2020 - $82,424 and $82,424), respectively, to Marketing Corp. for sales support. The Company incurred costs in relation to these services in the amount of $75,117 and $137,907, for the three and six month periods ended December 31, 2021 (2020 - $71,673 and $71,673), respectively.

12. RELATED PARTY TRANSACTIONS (continued)

Key Management Compensation

The remuneration of directors and other key management personnel of the Company during the three and six month periods ended December 31, 2021 and 2020 were as follows:

a) During the three and six month periods ended December 31, 2021, the Company expensed $322,213 and $551,567 (2020 - $Nil) in fees payable to officers of the Company. As at December 31, 2021, the Company had amounts payable to officers of the Company in the amount of $62,134 (June 30, 2021 - $20,376); and

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

b) During the three and six months ended December 31, 2021, the Company expensed $2,297,417 and $2,501,055 (2020 - $Nil), respectively, in share based compensation related to an officer of the Company.

c) During the three and six month periods ended December 31, 2021, the Company expensed $20,250 in director's fees.

13. FINANCIAL INSTRUMENTS AND RISK FACTORS

The fair value hierarchy that reflects the significance of inputs used in making fair value measurements is as follows:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3: inputs for the asset or liability that are not based upon observable market data.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's financial instruments consisting of cash, restricted cash, accounts receivable, due from related party, accounts payable and accrued liabilities, convertible debenture and due to shareholder approximate their carrying value due to the relatively short term maturities of these instruments.

The Company uses the Black-Scholes-Merton valuation model to estimate fair value of the derivative liabilities at each reporting period. This is a level 3 reoccurring fair value measurement. The key level 3 inputs used by management to determine the fair value are the expected future volatility in the price of the Company's shares and the expected life of the convertible debentures. The Company believes that a 1% difference in the inputs used for this fair value measurement would not cause a material difference to the fair value.

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

The following range of assumptions were used to value the embedded derivative liabilities (Note 9) during the six month period ended December 31, 2021 and the year ended June 30, 2021:

Stock price (CDN)	$0.80
Exercise price (CDN)	$0.64 - $1.00
Risk-free interest rate	0.20-0.69%
Expected life	0.08 - 3 years
Estimated volatility in the market price of the common shares	100%
Dividend yield	Nil

During the year three and six month periods ended December 31, 2021, the Company recorded a gain of $275,122 and $317,545 (2020: $Nil), on the revaluation of derivative liabilities included in the statement of operations. The derivative liabilities consisted of warrants and conversion features attached to the convertible debentures as noted in Note 9. During the six month period ended December 31, 2021, the convertible debentures were converted, therefore at December 31, 2021 the value of the derivative liabilities related to the conversion features of the convertible debentures amounted to $Nil (June 30, 2021 - $230,889). On October 13, 2021, the warrants related to the convertible debentures were assumed by the Company from Hank US as a result of the RTO, therefore, at December 31, 2021, the value of derivative liabilities related to the attached warrants amounted to $Nil (June 30, 2021 - $191,938).

Risk Management Policies

The Company, through its financial assets and liabilities, is exposed to various risks. The Company has established policies and procedures to manage these risks, with the objective of minimizing any adverse effect that changes in these variables could have on these financial statements. The following analysis provides a measurement of risks as at December 31, 2021 and June 30, 2021.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk through its financial asset, accounts receivables.

Management believes the identified credit risk and impairment loss related to cash and restricted cash is not significant as such amounts are held at reputable financial institutions. The Company applies the simplified approach to assess and provide for expected credit losses under IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivables.

The lifetime expected credit loss as at December 31, 2021 and June 30, 2021 was determined as follows:

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

		December 31, 2021		June 30, 2021
Gross carrying amount	$	**1,163,474**	$	1,178,272
Expected credit loss rate		**5%**		5%
Lifetime expected credit loss	$	**58,174**	$	58,914
Net carrying amount	$	**1,105,300**	$	1,119,358

		December 31, 2021		June 30, 2021
Beginning balance	$	**58,914**	$	48,362
Write-offs		**(54,485)**		(154,770)
Net remeasurement of loss allowance		**55,095**		170,218
Currency translation adjustment		**(1,350)**		(4,896)
Ending balance	$	**58,174**	$	58,914

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at December 31, 2021, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses and negative working capital. Liquidity risk continues to be a key concern in the development of future operations.

The term of the Company's accounts payable and accrued liabilities are all current and consist of the following:

		December 31, 2021		June 30, 2021
Trade payables	$	**537,274**	$	343,734
Accrued liabilities		**263,220**		479,385
Payroll liabilities		**813,848**		287,882
	$	**1,614,342**	$	1,111,001

13. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and there not currently subject to any significant interest rate risk.

(ii) Foreign Currency Risk

The Company operates in Canada and the United States. The functional currency of the Company is the Canadian dollar and the functional currency of the Company's subsidiary is the United States dollar. Currency risk arises because the amount of the local currency revenue, expenses, cash flows, receivables and payables for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the non-Canadian-denominated financial statements of the Company's subsidiaries may vary on consolidation into Canadian dollars. The most significant currency exposure arises from changes in the Canadian dollar to US dollar exchange rate. The effect of a 10% change in the US dollar against the Canadian dollar at the reporting date, had all other variables remained constant, would have resulted in an insignificant change to loss for the year. As at December 31, 2021 and June 30, 2021, the Company did not use derivative instruments to hedge its exposure to foreign currency risk.

(iii) Price Risk

The Company's operations do not involve the direct input or output of any commodities and therefore it is not subject to any significant commodity price risk. In addition, the Company does not have any equity investment in other listed public companies, and therefore it is not subject to any significant stock market price risk.

14. COMMITMENTS AND CONTINGENCIES

In the course of normal business, the Company may become involved in certain legal proceedings. In management's opinion, there are no current legal proceedings which would result in claims against the Company that would have a material adverse effect on the Company's overall financial position, results of operations, or cash flows.

The Company is party to certain management contracts. These contracts require that additional payments of up to $1,391,411 upon the occurrence of employee terminations. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

15. CAPITAL MANAGEMENT

The Company includes equity comprised of issued share capital, deficit and cash and cash equivalents in the definition of capital. As at December 31, 2021, the Company's shareholder's deficiency was $2,339,249 (June 30, 2021 – $3,525,148). The Company's objectives when managing capital are as follows:

(i) to safeguard the Company's ability to continue as a going concern; and

(ii) to raise sufficient capital to meet its business objectives.

The Company manages its capital structure and makes adjustments to it, based on the general economic conditions, the Company's long-term and short-term capital requirements. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or debt. There were no changes to the Company's approach to capital management during the six month period ended December 31, 2021 and year ended June 30, 2021. The Company is not exposed to externally imposed capital restrictions.

16. SUBSEQUENT EVENTS

The Company reviewed the events subsequent to December 31, 2021 and determined that there were no such events requiring recognition or disclosure in the financial statements.