



CLIP MONEY INC.

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**
(Expressed in U.S. Dollars, unless otherwise noted)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

Clip Money Inc.

Condensed Consolidated Interim Statements of Financial Position

March 31, 2023, December 31, 2022 and December 31, 2021

(Unaudited, expressed in US Dollars)

	Note	March 31, 2023	December 31, 2022 (Note 2)	December 31, 2021 (Note 2)
Assets				
Current assets				
Cash		\$ 496,939	\$ 1,482,529	\$ 962,492
Receivables		15,060	338	254
Prepaid expenses		67,042	162,575	239,361
Total current assets		579,041	1,645,442	1,202,107
Non-current assets				
Property and equipment, net	5	767,923	775,712	232,555
Right-of-use assets, net	7	5,092,420	5,304,586	4,469,240
Intangible assets, net	6	2,215,804	2,129,643	1,891,625
Total assets		\$ 8,655,188	\$ 9,855,383	\$ 7,795,527
Liabilities				
Current liabilities				
Trade and other payables		\$ 1,555,173	\$ 1,564,525	\$ 969,528
Current portion of government loans	8	37,696	34,452	28,560
Current portion of lease liabilities	7	1,089,721	1,053,221	643,570
Convertible debt	9	-	-	1,133,775
Derivative liability	9	-	-	295,788
Total current liabilities		2,682,590	2,652,198	3,071,221
Non-current liabilities				
Long-term lease liabilities	7	4,804,228	5,099,705	4,240,987
Government loans	8	40,303	42,294	45,657
Total liabilities		7,527,121	7,794,197	7,357,865
Shareholders' Equity				
Share capital		18,917,269	17,454,347	6,629,388
Contributed surplus		3,771,390	3,771,962	673,864
Accumulated other comprehensive income (loss)		(56,531)	(139,492)	28,813
Accumulated deficit		(21,504,061)	(19,025,631)	(6,894,403)
Total Shareholders' Equity		1,128,067	2,061,186	437,662
Total liabilities and shareholders' equity		\$ 8,655,188	\$ 9,855,383	\$ 7,795,527

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

Going concern (note 1)

Subsequent events (note 17)

Approved and authorized for issue by the Board of Directors on May 30, 2023.

John Desmond
Director

Joe Arrage
Director

Clip Money Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2023 and 2022

(Unaudited, expressed in US dollars)

	Note	Three months ended March 31, 2023	Three months ended March 31, 2022 (Note 2)
Revenue			
Revenue		\$ 31,465	\$ 1,856
Cost of revenue		566,349	62,017
Gross loss		(534,884)	(60,161)
Operating expenses			
General and administration		114,553	38,158
Sales and marketing		47,852	7,419
Salaries and benefits		975,111	651,891
Depreciation	5,6,7	489,542	338,748
Professional fees		230,538	31,547
Loss from operations		(2,392,480)	(1,127,924)
Other (expense) income			
Finance expenses, net		(195,033)	(242,778)
Foreign exchange gain		109,083	68,728
Public listing fees	4	-	(371,389)
Net loss		(2,478,430)	(1,673,363)
Other comprehensive income (loss)			
Foreign exchange translation adjustment		82,961	(19,337)
Comprehensive loss		\$ (2,395,469)	\$ (1,692,700)
Net loss per share		\$ (0.03)	\$ (0.04)
Weighted average common shares outstanding		73,467,513	38,204,400

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

Clip Money Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2023 and 2022

(Unaudited, expressed in US dollars)

		Number of Shares		Share	Contributed	Accumulated Other Comprehensive	Accumulated	Total
	Note	Common	Preferred	Capital	Surplus	(Loss) Income	Deficit	
Balance, January 1, 2023	2	70,754,831	-	\$17,454,347	\$ 3,771,962	\$ (139,492)	\$(19,025,631)	\$2,061,186
Issuance of stock options	11	-	-	-	132,859	-	-	132,859
Issuance of shares and warrants, net of costs	10, 11	3,883,760	-	820,507	432,765	-	-	1,253,272
Issuance of finders warrants	11	-	-	-	7,937	-	-	7,937
Conversion of stock options	11	1,495,475	-	642,415	(642,415)	-	-	-
Issuance of RSU's	11	-	-	-	68,282	-	-	68,282
Other comprehensive loss		-	-	-	-	82,961	-	82,961
Net loss		-	-	-	-	-	(2,478,430)	(2,478,430)
Balance, March 31, 2023		76,134,066	-	\$18,917,269	\$ 3,771,390	\$ (56,531)	\$(21,504,061)	\$1,128,067
Balance, January 1, 2022	2	38,204,400	12,891,255	\$ 6,629,388	\$ 673,864	\$ 28,813	\$ (6,894,403)	\$ 437,662
Issuance of stock options	2, 11	-	-	-	73,934	-	-	73,934
Other comprehensive loss	2	-	-	-	-	(14,048)	-	(14,765)
Net loss	2	-	-	-	-	-	(1,673,363)	(1,673,363)
Balance, March 31, 2022	2	38,204,400	12,891,255	\$ 6,629,388	\$ 747,798	\$ 9,476	\$ (8,563,766)	\$(1,176,532)

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

Clip Money Inc.

Condensed Consolidated Interim Statements of Cash Flows For the three months ended March 31, 2023 and 2022 (Unaudited, expressed in US dollars)

	Note	Three months ended March 31, 2023	Three months ended March 31, 2022 (Note 2)
CASH FLOW USED IN OPERATING ACTIVITIES			
Net loss for the period		\$ (2,478,430)	\$ (1,673,363)
Items not affecting cash:			
Depreciation of property and equipment	5	47,155	13,751
Depreciation of right-of-use assets	7	298,800	210,254
Amortization of intangible assets	6	149,246	114,744
Foreign exchange on lease liabilities	7	(5,923)	-
Accretion and interest on convertible debt		-	84,544
Costs associated with debt issuances		-	5,840
Fair value change of derivative liability		-	196,486
Interest on government loans		1,253	1,886
Interest on lease liability	7	195,450	156,405
Effects of foreign exchange		(113,960)	(260,557)
Options issued for services		132,859	73,934
Restricted share units issued for services		68,282	-
Warrants issued for services	10	7,937	-
Changes in non-cash working capital items:			
Increase in prepaid expenses		91,554	134,816
Decrease (increase) in receivables		(14,722)	194
Increase (decrease) in accounts payable and accrued liabilities		(9,352)	283,413
Cash flow used in operating activities		(1,629,851)	(657,653)
CASH FLOW USED IN INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(38,730)	(36,313)
Investment in intangible assets	6	(125,657)	(204,204)
Cash flow used in investing activities		(164,387)	(240,517)
CASH FLOW FROM FINANCING ACTIVITIES			
Costs capitalized on right-of-use assets		-	(10,464)
Proceeds from issuance of shares, net of costs	10	820,507	-
Proceeds from issuance of warrants, net of costs	11	432,765	-
Proceeds from issuance of convertible debt	9	-	937,568
Payment of lease liabilities	7	(448,504)	(314,972)
Cash flow from financing activities		804,768	612,132
Effect of exchange rate changes		3,880	(7,239)
Decrease in cash		(989,470)	(286,038)
Cash, beginning of period		1,482,529	962,492
Cash, end of period		\$ 496,939	\$ 669,215

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

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

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

Incorporation

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

Private placement, amalgamation and reverse takeover

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

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

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

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

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

Private placement, amalgamation and reverse takeover

For accounting purposes, it has been determined that 138 was the accounting acquiree and the Former Clip Money was the accounting acquirer as the shareholders of the Former Clip Money now control the Company based upon the guidance in IFRS 10, Consolidated Financial Statements and IFRS 3, Business Combinations, to identify the accounting acquirer (refer to Note 4). Since the Company is considered the accounting acquirer, these consolidated financial statements are prepared as a continuation of the financial statements of the Former Clip Money. As a result, 2021 comparative information and the information up to the date of the RTO included herein is solely that of the Former Clip Money. For simplicity, transactions undertaken by 138 are referred to as being undertaken by the Company in these consolidated financial statements.

Going Concern

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company's future operations are dependent upon its ability to attain profitable operations and generate funds therefrom, and to continue to obtain equity investment sufficient to meet current and future obligations.

The Company incurred a net loss for the three months ended March 31, 2023 of \$2,478,430, has an accumulated deficit of \$21,504,061 and incurred negative cash flows from operations of \$1,629,851. 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, completing its software platform, and building its distribution network, it will require additional financing to meet its working capital requirements.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated interim financial statements of the Company for three months ended March 31, 2023 and 2022 have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretation of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements meet the requirements of International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

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

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on May 30, 2023.

(b) Basis of presentation

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

(c) Principles of consolidation

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

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

(d) Change in presentation currency

Effective March 31, 2023, the Company has changed its reporting currency from Canadian dollars ("CAD") to US dollars ("USD"). This change in reporting currency has been applied retrospectively such that all amounts in the consolidated financial statements of the Company and the accompanying notes thereto are expressed in US dollars. References to "\$" and "USD" are U.S dollars and references to "CAD \$" and "CAD" are to Canadian dollars. For comparative purposes, historical consolidated financial statements were recast in US dollars by translating assets and liabilities at the closing exchange rate in effect at the end of the respective period, revenues, expenses and cash flows at the average exchange rate in effect for the respective period and equity transactions at historical exchange rates. Translation gains and losses are included as part of the cumulative foreign currency translation adjustment, which is reported as a component of shareholders' equity under accumulated other comprehensive loss.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

2. BASIS OF PREPARATION (continued)

(d) Change in presentation currency (continued)

The Company used the following exchange rates as at and for the period ended March 31, 2023:

Statement of Financial Position	Non-shareholders' equity	0.7389
Statement of Financial Position	Share capital	0.7754
Statement of Financial Position	Contributed surplus	0.7584
Statement of Financial Position	Accumulated other comprehensive Income (loss)	Calculated
Statement of Financial Position	Accumulated deficit	0.7693
Statement of loss and comprehensive loss	All accounts except for foreign exchange translation adjustment	0.73935

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

Statement of Financial Position	Non-shareholders' equity	0.7383
Statement of Financial Position	Share capital	0.7758
Statement of Financial Position	Contributed surplus	0.7862
Statement of Financial Position	Accumulated other comprehensive Income (loss)	Calculated
Statement of Financial Position	Accumulated deficit	0.7781
Statement of loss and comprehensive loss	All accounts except for foreign exchange translation adjustment	0.7898

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

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

(e) Functional and presentation currency

The Company's functional currency is the Canadian dollar. The functional currencies for its subsidiary is US dollars. For financial reporting purposes, the condensed consolidated financial statements of the Company have been presented in the US dollar, the presentation currency. The financial statements of the entities are translated from their functional currency into the reporting currency as follows: assets and liabilities are translated at the exchange rates at the period end date, revenue, expenses and other income (expense) are translated at the average exchange rate for the period and shareholders' equity is translated based on historical exchange rates. Translation adjustments are not included in determining net loss but are included as a foreign exchange translation adjustment to other comprehensive income, a component of shareholders' equity.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

2. BASIS OF PRESENTATION (Continued)

(f) Use of estimates and judgements

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

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

i. Calculation of share-based payments

The Company measures the cost of equity-settled transactions using the Black Scholes Options Pricing Model. This model also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

ii. Convertible debentures with derivative liabilities

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

iii. Fair value of financial instruments

The fair values attributed to the different components of a financial transaction are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

2. BASIS OF PRESENTATION (Continued)

iv. Leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow a similar amount at a similar term with a similar security. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates. The Company also makes certain assumptions whether it expects to exercise any renewal options on the leases.

v. Going concern

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

vi. Intangible assets

Significant judgments are made in determining the useful lives and recoverable amounts of the Company's intangible assets, and in evaluating whether certain occurrences represent objective evidence of impairment. Estimates of the recoverable amounts of the intangible assets rely on certain factors such as future cash flows and discount rates. Future cashflows are based on sales projections and costs which are estimated based on forecasted results while discount rates are based on the Company's cost of capital. Future outcomes may be materially different than those assumptions used in the impairment assessment and therefore could have a significant effect on the results of the Company. Management uses its judgment to determine whether costs incurred meet the criteria to be recorded as an intangible asset.

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 of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Company's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

3. FUTURE ACCOUNTING STANDARDS

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

IFRS 16 Leases

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

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

3. FUTURE ACCOUNTING STANDARDS (continued)

IAS 1 Presentation of Financial Statements

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

4. REVERSE TAKEOVER ACCOUNTING

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

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

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

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

5. PROPERTY AND EQUIPMENT

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

Cost	
Balance, January 1, 2022	\$ 250,369
Additions	699,615
Exchange realignment	(43,455)
Balance, December 31, 2022	906,529
Additions	38,730
Exchange realignment	717
Balance, March 31, 2023	\$ 945,976
Accumulated depreciation	
Balance, January 1, 2022	\$ (17,814)
Depreciation	(118,803)
Exchange realignment	5,800
Balance, December 31, 2022	(130,817)
Depreciation	(47,155)
Exchange realignment	(81)
Balance, March 31, 2023	\$ (178,053)
Net book value	
At December 31, 2022	775,712
At March 31, 2023	767,923

6. INTANGIBLE ASSETS

	Clip Platform	Patents	Applications & Dashboards	Total
Cost				
Balance, January 1, 2022	\$ 1,314,590	\$ 24,732	\$ 778,430	\$ 2,117,752
Additions, internally generated	627,050	5,405	247,500	879,955
Exchange realignment	(108,653)	(1,794)	(59,483)	(169,930)
Balance, December 31, 2022	1,832,987	28,343	966,447	2,827,777
Additions, internally generated	44,670	200	80,787	125,657
Exchange realignment	101,998	15	(2,319)	99,694
Balance, March 31, 2023	\$ 1,979,655	\$ 28,558	\$ 1,044,915	\$ 3,053,128
Accumulated amortization				
Balance, January 1, 2022	\$ (77,750)	\$ (309)	\$ (148,068)	\$ (226,127)
Amortization	(158,126)	(1,442)	(346,761)	(506,329)
Exchange realignment	11,174	76	23,072	34,322
Balance, December 31, 2022	(224,702)	(1,675)	(471,757)	(698,134)
Amortization	(46,546)	(355)	(96,687)	(143,588)
Exchange realignment	4,728	(1)	(329)	4,398
Balance, March 31, 2023	\$ (266,520)	\$ (2,031)	\$ (568,773)	\$ (837,324)
Net book value				
At December 31, 2022	\$ 1,608,285	\$ 26,668	\$ 494,690	\$ 2,129,643
At March 31, 2023	\$ 1,713,135	\$ 26,527	\$ 476,142	\$ 2,215,804

Clip Money Inc.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

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

The Company has not made any re-assessment related to the extension option as at March 31, 2023. Right-of-use assets recognized, and movements are as follows:

Balance, January 1, 2022	\$ 4,469,240
Additions	2,192,192
Lease terminated	(28,330)
Depreciation expense	(996,977)
Exchange realignment	(331,538)
Balance, December 31, 2022	5,304,587
Additions	-
Depreciation expense	(298,800)
Exchange realignment	86,633
Balance, March 31, 2023	\$ 5,092,420

Lease liabilities

Lease liabilities recognized and movements are as follows:

Balance, January 1, 2022	\$ 4,884,557
Additions	2,096,521
Lease terminated	(28,382)
Payments	(1,501,537)
Interest expense	696,470
Exchange realignment	5,297
Balance, December 31, 2022	6,152,926
Additions	-
Payments	(448,504)
Interest expense	195,450
Exchange realignment	(5,923)
Balance, March 31, 2023	\$ 5,893,949

The IBR used in the calculations of the lease obligation was 12.0% to 15.5%.

Clip Money Inc.

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

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

Minimum payments under lease liabilities	
Within 1 year	\$ 1,785,275
2 to 3 years	3,467,534
4 to 5 years	2,473,435
Over 5 years	-
Effect of discounting	(1,832,295)
Present value of minimum lease payments	5,893,949
Less: current portion	(1,089,721)
Non-current portion of lease liabilities	\$ 4,804,228

Payments for short-term leases are expensed as incurred during the three-months ended March 31, 2023 were \$4,713 (2022 - \$1,614).

8. GOVERNMENT LOANS

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

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

	March 31, 2023	December 31, 2022
CEBA Loan – interest free, unsecured, discounted 10%	\$ 29,557	\$ 31,551
Economic Development Loan – interest free, unsecured, discounted 10%	48,442	50,437
Exchange realignment	-	(5,242)
	77,999	76,746
Amount payable within one year	(37,696)	(34,452)
Non-current portion	\$ 40,303	\$ 42,294

Clip Money Inc.

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8. GOVERNMENT LOANS (continued)

Principal payments required to be paid are as follows:

Year	Amount
2023	\$ 37,696
2024	8,621
2025	9,524
2026	10,521
Thereafter	11,637
Total	\$ 77,999

9. CONVERTIBLE DEBT

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

	Convertible debentures	Derivative conversion option liability	Total
Balance, January 1, 2022	\$ 1,133,775	\$ 295,788	\$ 1,429,563
Issuance of convertible debentures	746,216	189,229	935,445
Accretion expense	161,318	-	161,318
Legal fees	2,316	-	2,316
Fair value loss on revaluation of derivatives	-	499,026	499,026
Exchange realignment	(23,153)	(10,901)	(34,054)
Conversion to shares	(2,020,472)	(973,142)	(2,993,614)
Balance, December 31, 2022 and March 31, 2023	\$ -	\$ -	\$ -

10. SHARE CAPITAL

Authorized share capital

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

Clip Money Inc.

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10. SHARE CAPITAL (continued)

Outstanding share capital

Prior to the completion of the RTO, the Company implemented a split of all of 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.

	Number of shares		Amount	
	Common	Preferred	Common	Preferred
Balance, January 1, 2022	38,204,400	12,891,255	\$ 1,007,354	\$ 5,622,034
Issuance of shares for debt conversion	3,847,489	-	2,999,220	-
Conversion of preferred shares to common	12,891,255	(12,891,255)	5,622,033	(5,622,034)
Issuance of shares, net of issuance costs	12,615,049	-	5,826,229	-
Issuance of shares for services	1,796,638	-	1,131,358	-
Issuance of shares for RTO	1,400,000	-	868,153	-
Balance, December 31, 2022	70,754,831	-	17,454,347	-
Issuance of shares, net of issuance costs	3,883,760	-	820,507	-
Conversion of stock options	1,495,475	-	642,415	-
Balance, March 31, 2023	76,134,066	-	\$ 18,917,269	\$ -

- (1) On May 20, 2022, in conjunction with the RTO, the Company's convertible debt converted into 3,847,489 common shares (see Note 9).
- (2) On May 20, 2022, the Company completed a private placement financing of 8,090,425 units at a price of \$0.78 (CAD\$1.00) per unit, raising gross proceeds of \$6,371,844. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CAD\$1.50 for a period of 24 months. The Company incurred \$65,488 in issuance costs, including the issuance of 42,007 broker warrants valued at \$20,853. The Company allocated \$1,302,405 of the proceeds to warrants less issuance costs of \$13,386.
- (3) On May 20, 2022, the Company issued 1,400,000 common shares to the former shareholders of 138 valued at \$868,153 (see Note 4).
- (4) On May 20, 2022, in conjunction with the RTO, the Company issued 1,796,638 common shares to certain advisors valued at \$1,131,358.
- (5) On December 23, 2022, the Company completed a private placement of 4,524,637 units at a price of \$0.33 (CAD\$0.45) per unit raising gross proceeds of \$1,419,816. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD\$0.65 per common share for a period of 36 months. The Company incurred \$119,110 in issuance costs, including the issuance of 122,502 broker warrants valued at \$15,360. The Company allocated \$496,779 of the proceeds to warrants less issuance costs of \$4,965.
- (6) On February 10, 2023, the Company completed a private placement of 3,883,760 units at a price of \$0.3358 (CAD \$0.45) per unit raising gross proceeds of \$1,304,178. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD\$0.65 per common share for a period of 36 months. The Company incurred \$50,906 in issuance costs, including the issuance of 68,250 broker warrants valued at \$7,937. The Company allocated \$450,343 of the proceeds to warrants less issuance costs of \$17,578.
- (7) On February 23, 2023, 1,495,475 options valued at \$642,415 were converted to common shares.

Clip Money Inc.

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11. SHARE-BASED PAYMENTS

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

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

Stock Options

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

	March 31, 2023		December 31, 2022	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	4,400,296	\$ 0.10 (0.14 CAD)	2,838,946	\$ 0.00 (0.00 CAD)
Granted	-	-	1,561,350	0.13 (0.17 CAD)
Cancelled	(15,000)	1.12 (1.50 CAD)	-	-
Exercised	(1,495,475)	0.00 (0.00 CAD)	-	-
Balance, end of period	2,889,821		4,400,296	\$ 0.10 (0.14 CAD)

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

	Period ended March 31, 2023	Year ended December 31, 2022
Volatility	109% to 126%	126%
Risk-free interest rate	3.26% to 3.67%	3.26% to 3.35%
Expected life (years)	10 years	10 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Vesting period	0 to 3 years	0 to 3 years

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

The following table presents information related to stock options outstanding as at March 31, 2023:

Exercise Price (\$)	Number Outstanding	Remaining Contractual Life	Number of options exercisable
0.00 (0.00 CAD)	843,471	8.09	-
0.59 (0.80 CAD)	500,000	0.71	500,000
0.74 (1.00 CAD)	1,521,350	9.19	658,000
1.11 (1.50 CAD)	25,000	9.62	-
0.33 (0.45 CAD)	2,889,821	7.58	1,158,000

Clip Money Inc.

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11. SHARE-BASED PAYMENTS (continued)

Restricted Share Units

Restricted share units changes are as follows:

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

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

	Period ended March 31, 2023	Year ended December 31, 2022
Volatility	126%	126%
Risk-free interest rate	3.35%	3.35%
Expected life (years)	10 years	10 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Vesting period	3 years	3 years

Warrants

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

	Number of Warrants	Amount	Exercise Price
Balance, January 1, 2022	-	-	-
Issued – private placement	4,045,213	\$ 1,289,019	\$ 1.11 (1.50 CAD)
Issued – private placement	4,524,637	491,814	0.48 (0.65 CAD)
Issued – agents	42,007	20,853	0.74 (1.00 CAD)
Issued – agents	122,502	15,360	0.48 (0.65 CAD)
Balance, December 31, 2022	8,734,359	1,817,046	0.77 (1.05 CAD)
Issued – private placement	3,883,760	432,765	0.48 (0.65 CAD)
Issued – agents	68,250	7,937	0.48 (0.65 CAD)
Balance, March 31, 2023	12,686,369	\$ 2,257,748	\$ 0.68 (0.93 CAD)

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

	Period ended March 31, 2023	Year ended December 31, 2022
Volatility	126%	126%
Risk-free interest rate	2.64% to 3.57%	2.64% to 3.57%
Expected life (years)	2 to 3 years	2 to 3 years
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil

Clip Money Inc.

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

12. LOSS PER SHARE

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Numerator:		
Net loss attributable to shareholders - basic and diluted	(\$2,478,430)	(\$1,673,363)
Denominator:		
Weighted-average number of common shares	73,467,513	38,204,400

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

13. KEY MANAGEMENT COMPENSATION

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

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Short-term compensation	\$ 532,959	\$ 260,276
Share-based payments	136,177	73,933
Total	\$ 669,136	\$ 334,209

(a) In 2021, the Company owed a director \$50,000 for services provided in 2021. On December 16, 2021, the director agreed to receive 50,000 common shares in connection with the proposed reverse takeover transaction to settle the debt owed. These shares were issued in 2022.

(b) As at March 31, 2023, a balance of \$225,770 (December 31, 2022 - \$Nil) was due to directors and officers of the Company, which was included in accounts payable and accrued liabilities. The amounts were non-interest bearing, unsecured and repayable on demand.

Clip Money Inc.

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14. SEGMENT REPORTING

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

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

	March 31, 2023	December 31, 2022
Canada	\$ 2,505,398	\$ 2,435,260
United States	5,570,749	5,774,681
Total	\$ 8,076,147	\$ 8,209,941

The Company's revenues are located in the following countries for each of the three-month periods ended:

	March 31, 2023	March 31, 2022
Canada	\$ 3,294	\$ 1,856
United States	28,174	-
Total	\$ 31,465	\$ 1,856

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

As at March 31, 2023, both the carrying and fair value amounts of all the Company's financial instruments are approximately equivalent due to their short-term nature.

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

Credit Risk

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

The Company's maximum exposure to credit risk as at March 31, 2023 and December 31, 2022 is the carrying value of cash and receivables.

	March 31, 2023	December 31, 2022
Cash	\$ 496,939	\$ 1,482,529
Receivables	15,060	338
Total	\$ 511,999	\$ 1,482,867

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15. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 March 31, 2023	Less than 1 year	1 year to 5 years	Greater than 5 years	Contractual cash flows
Trade and other payables	\$ 1,555,173	\$ -	\$ -	\$ 1,555,173
Government loans	37,646	53,169	-	90,815
Lease liabilities	1,089,721	4,804,228	-	5,893,949
	\$ 2,682,540	\$ 4,857,397	\$ -	\$ 7,539,937

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

Market risk

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

Interest rate risk

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

Foreign currency risk

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

Clip Money Inc.

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15. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

At March 31, 2023 and December 31, 2022, a 10% change in the CAD foreign exchange rate would result in the following changes:

	March 31, 2023		December 31, 2022	
	Increase	Decrease	Increase	Decrease
Foreign currency risk				
Cash	\$ 13,993	\$ (12,721)	\$ 94,580	\$ (85,982)
Trade and other payables	(47,239)	42,218	(47,755)	43,413
Lease Liabilities	(21,637)	19,337	(23,877)	21,707
Total	\$ 54,883	\$ 48,834	\$ 22,948	\$ (20,862)

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 making adjustments in light of changes and risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may implement cost cutting and downsizing efforts in attempt to mitigate those risks.

The Company's objectives when maintaining capital are:

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

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

17. SUBSEQUENT EVENTS

Convertible Note Announcement and Issuance of First Tranche

On April 13, 2023, the Company announced it had modified the structure of its previously announced non-brokered private placement of convertible notes and warrants. The modified private placement will be for note units of the Company at a price of \$1,000 per Note Unit for gross proceeds of up to CAD\$4,000,000. Each Note Unit will consist of one 12% unsecured convertible note, maturing 36 months from the date of issuance, with a principal amount of \$1,000 and 1,000 common share purchase warrants of the Company. Each warrant is exercisable at CAD\$0.70 for a period of 36 months from the date of issuance.

On May 4, 2023, the Company closed the first tranche of the convertible note raising gross proceeds of \$483,000.