



1CM INC.
Consolidated Interim Consolidated Financial Statements
Three Months Ended November 30, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)



1CM INC.

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Notice to Reader Issued by Management

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice to this effect. The accompanying unaudited condensed interim consolidated 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 interim consolidated financial statements.

January 29, 2025

1CM INC.

Condensed Interim Consolidated Statements of Financial Position

As at November 30, 2024 and August 31, 2024

(Unaudited - Amounts Expressed in Canadian Dollars)

	November 30, 2024	August 31, 2024
	\$	\$
Assets		
Current Assets		
Cash	5,789,113	4,968,699
Accounts receivable and other receivables	609,461	407,168
Inventories (Note 5)	4,696,592	4,429,269
Prepaid expenses and deposits (Note 15)	2,033,324	2,176,376
	13,128,490	11,981,512
Investment	25,000	25,000
Goodwill and intangibles (Note 6)	20,571,337	20,493,806
Right-of-use assets (Note 7)	5,426,208	5,281,918
Property, plant and equipment (Note 8)	2,150,804	2,084,049
	41,301,839	39,866,285
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	2,645,940	2,223,703
Sales tax payable	1,037,789	839,056
Income tax payable	435,727	435,727
Current portion of lease liabilities (Note 9 (b))	500,719	413,161
Current portion of long-term debt (Note 9 (a))	2,205,430	2,172,302
	6,825,605	6,083,949
Deferred tax liabilities	764,728	796,088
Lease liabilities (Note 9 (b))	5,371,209	5,260,555
	12,961,542	12,140,592
Shareholders' Equity		
Share capital (Note 10(a))	65,946,030	65,946,030
Options reserve (Note 10(b))	2,499,340	2,292,580
Accumulated deficit	(40,105,073)	(40,512,917)
Total shareholders' equity	28,340,297	27,725,693
Total liabilities and shareholders' equity	41,301,839	39,866,285

Going Concern (Note 1), Commitments and Contingencies (Note 15)

Approved on behalf of the Board:

"Lucas Leone", Director
(signed)

"Tanvi Bhandari", Director
(signed)

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

1CM INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three Months Ended November 30, 2024 and 2023
(Unaudited - Amounts Expressed in Canadian Dollars)

	November 30	November 30
	2024	2023
	\$	\$
Revenue		
Sales (Note 14)	17,555,219	12,321,858
Cost of sales (Note 5, 14)	13,866,190	9,862,686
Gross profit	3,689,029	2,459,172
Expenses		
Salaries, wages and consulting fees (Note 13)	1,553,915	1,193,732
Office and general	621,155	562,239
Operational and utilities	206,901	358,684
Share-based compensation (Note 10(b))	206,760	90,450
Professional fees	176,394	200,316
Interest on lease liabilities (Note 9 (b))	161,877	120,115
Amortization of right-of-use assets (Note 7)	142,518	110,049
Amortization of intangible assets (Note 6)	124,469	124,469
Depreciation (Note 8)	60,396	64,859
Interest expense (Note 9 (a))	33,128	26,553
Investors relations and fees	25,032	16,620
Accretion (Note 9 (a))	-	19,268
	3,312,545	2,887,354
Income (loss) before income tax recovery	376,484	(428,182)
Deferred tax recovery (Note 18)	31,360	22,914
Net income (loss) and comprehensive income (loss)	407,844	(405,268)
Weighted average number of common shares outstanding – basic and diluted	117,736,935	116,967,704
Basic and diluted earnings (loss) per share (Note 12)	0.00	(0.00)

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

1CM INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended November 30, 2024 and 2023
(Unaudited - Amounts Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscriptions Received	Options Reserve	Accumulated Deficit	Total Shareholders' Equity
Balance, August 31, 2023	114,403,602	\$ 60,946,030	\$ 3,000,000	\$ 1,777,875	\$ (41,128,823)	\$ 24,595,082
Vesting of stock options <i>(Note 10(b))</i>	-	-	-	90,450	-	90,450
Issuance of shares on private placement <i>(Note 10(a))</i>	3,333,333	5,000,000	(3,000,000)	-	-	2,000,000
Net loss and comprehensive loss	-	-	-	-	(405,268)	(405,268)
Balance, November 30, 2023	117,736,935	\$ 65,946,030	\$ -	\$ 1,868,325	\$ (41,534,091)	\$ 26,280,264
Balance, August 31, 2024	117,736,935	\$ 65,946,030	\$ -	\$ 2,292,580	\$ (40,512,917)	\$ 27,725,693
Vesting of stock options <i>(Note 10(b))</i>	-	-	-	206,760	-	206,760
Net income and comprehensive income	-	-	-	-	407,844	407,844
Balance, November 30, 2024	117,736,935	\$ 65,946,030	\$ -	\$ 2,499,340	\$ (40,105,073)	\$ 28,340,297

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

1CM INC.

Condensed Interim Consolidated Statements of Cash Flows For the Three Months Ended November 30, 2024 and 2023 (Unaudited - Amounts Expressed in Canadian Dollars)

	November 30 2024 \$	November 30 2023 \$
Cash flows from (used in) operating activities		
Net income (loss)	407,844	(405,268)
Add-back (deduct) non-cash items		
Interest on lease liability (Note 9 (b))	161,877	120,115
Share-based compensation (Note 10(b))	206,760	90,450
Amortization of right-of-use assets (Note 7)	142,518	110,049
Amortization of intangible assets (Note 6)	124,469	124,469
Depreciation (Note 8)	60,396	64,859
Accretion (Note 9 (a))	-	19,268
Interest expense (Note 9 (a))	33,128	26,553
Deferred tax recovery	(31,360)	(22,914)
Changes in non-cash working capital:		
Accounts receivables and other receivables	(202,293)	(111,370)
Prepaid expenses and deposits	143,052	11,184
Sales tax payable	198,733	(16,228)
Income tax payable	-	-
Inventories	(267,323)	103,644
Accounts payable and accrued liabilities	422,237	(46,155)
Cash flows from operating activities	1,400,038	68,656
Cash flows from (used in) financing activities		
Payments of lease liabilities	(250,473)	(191,234)
Proceeds from private placement (Note 10(a))	-	2,000,000
Repayments of long-term debt (Note 9(a))	-	(500,000)
Cash flows (used in) from financing activities	(250,473)	1,308,766
Cash flows from (used in) investing activities		
Additions to intangible assets (Note 15)	(202,000)	(724,500)
Additions to property, plant and equipment, net	(127,151)	(7,096)
Cash flows (used in) from investing activities	(329,151)	(731,596)
Increase in cash	820,414	645,826
Cash, beginning of year	4,968,699	3,079,183
Cash, end of year	5,789,113	3,725,009

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

1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements For the Three Months Ended November 30, 2024 and 2023 (Unaudited - Amounts Expressed in Canadian Dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of Business

1CM Inc. (the "Company") is a multi-jurisdictional cannabis company, focused on becoming a leader in the cannabis and other complementary and substitutable retail industries including liquor. The Company is focused on expanding its current operations through organic growth and by way of merger and acquisition transactions. The Company's current operations are located in Canada. On September 7, 2022, the Company changed its name from Leviathan Natural Products Inc. to 1CM Inc.

The Company is a publicly traded company incorporated and domiciled in Canada. The Company's registered office is 625 Cochrane Drive, Suite 802, Markham, ON L3R 9R9. The Company's common shares are listed on the Canadian Securities Exchange (CSE) under the symbol "EPIC," on the OTCQB Venture Market under the symbol "MILFF," and on the Frankfurt Stock Exchange under the symbol "IQ70."

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

For the three months ended November 30, 2024, the Company reported net income of \$407,844 (November 30, 2023 – net loss of \$405,268) and as at November 30, 2024, had an equity of the Company had an accumulated deficit of \$40,105,073 (August 31, 2024 – \$40,512,917) and working capital surplus of \$6,302,885 (August 31, 2024 – \$5,897,563). Management has forecasted that the expected expenditure levels and contracted commitments will not significantly exceed the Company's net cash inflows and working capital for the next 12 months. Additional sources of funding will be required to carry on operations and/or to realize on investment opportunities. The Company's future operations are dependent upon its ability to secure additional funds and to become cash flow positive. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be realized, or such sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding from the issuance of common shares, proceeds from the exercise of share purchase warrants, and through issuances of short-term and long-term debt, however, there can be no assurances that the Company will be able to continually achieve this. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the condensed interim consolidated statements of financial position classifications used. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - *Interim Financial Reporting*, prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on January 29, 2025.

Basis of presentation and consolidation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's subsidiaries are listed in Note 11.

Functional and presentation currency

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the consolidated statements of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in the consolidated statements of operations and comprehensive income (loss).

1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements For the Three Months Ended November 30, 2024 and 2023 (Unaudited - Amounts Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Significant accounting estimates, judgements, and assumptions

The preparation of the Company's condensed interim consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the 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 condensed interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key estimate and assumption uncertainties:

Valuation of inventories

All inventories are reviewed for impairment for any slow-moving, obsolete, and redundant inventory. The provision for obsolete, slow moving and redundant inventories are recognized in the condensed interim consolidated statements of operations and comprehensive income (loss). Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

Warrants and stock options

Warrants and stock options are initially valued at fair value, based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected life of the share purchase warrant or stock option and risk-free interest rate.

Carrying values of tangible assets

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss) as an impairment expense. Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. Depreciation is dependent upon estimates of useful lives and the residual values. These are determined through the exercise of judgement and are dependent upon estimates that consider factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological estimates. Management reviews the useful lives for tangible assets at the end of each reporting period based on expected utility with changes in such estimates accounted prospectively. A material change in the assumptions may significantly impact the potential impairment of these assets.

Carrying values of goodwill and other intangible assets

The values associated with goodwill and other intangible assets involve significant estimates and assumptions, including those with respect to the determination of cash generating units ("CGUs"), future cash inflows and outflows, discount rates and useful asset lives. At least annually, the carrying amount of goodwill and other intangible assets are reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. Further, the determination of an intangible asset having a definite or an indefinite useful life, and if determined to be a definite life intangible asset, amortization based on the useful life, which are reviewed at each reporting period based on the expected utility of the asset, with changes in such estimates accounted prospectively. These significant estimates require considerable judgment which could affect the Company's future results if the current estimates of future performance and fair value change.

Deferred tax assets

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. 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.

1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements For the Three Months Ended November 30, 2024 and 2023 (Unaudited - Amounts Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Significant accounting estimates, judgements, and assumptions (continued)

Income taxes

Income taxes and tax exposures recognized in the condensed interim consolidated financial statements reflect management's best estimate based on facts known at the reporting date. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to consider certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Functional presentation and currency

In determining the functional currency of the parent and its subsidiary, the Company considers the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction the Company's subsidiaries operate in. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

Business combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Going concern assumption

Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. Management's assessment is based on the evaluation of the Company's current financial position, positive cash-flow and net income for the year, forecasted cash flows, and access to financing, as well as other relevant considerations, as disclosed in Note 1.

Share-based payments

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

Contingencies

Due to the nature of the Company's operations, various legal matters can arise from time to time in the normal course of business. Management assesses its contingencies based upon the best information available at the end of each reporting period. In the event that management's estimate of the future resolution of these matters' changes, the Company will recognize the effects of the changes in its condensed interim consolidated financial statements for the period in which such changes occur.

1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended November 30, 2024 and 2023
(Unaudited - Amounts Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICIES (continued)

Adoption of new accounting pronouncements

Amendments to IAS 1 - Presentation of Financial Statements

This amendment clarifies that entities are required to disclose material accounting policies rather than significant accounting policies. The amendment provides guidance on identifying material accounting policies, stating that an accounting policy is material if it can reasonably be expected to influence decisions that the primary users of the general purpose financial statements make on the basis of those consolidated financial statements. The Company adopted this amendment effective September 1, 2023, and the Company has reviewed its accounting policies and has included only those accounting policies which are considered to be material.

Recent and future accounting pronouncements

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.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

This amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statements 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, 2024. The Company is currently evaluating the potential impact of this amendment on the Company's condensed interim consolidated financial statements.

Amendments to IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”) and IAS 7 – Statements of Cash Flows (“IAS 7”)

In May 2023, the IASB issued disclosure-only amendments to IFRS 7 and IAS 7. The amendments require entities to disclose sufficient information necessary for users of financial statements to understand the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as on its liquidity risk and risk management. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of this amendment on the Company's condensed interim consolidated financial statements.

3. FINANCIAL INSTRUMENT RISK FACTORS

The Company's risk exposure and the impact on its financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment or contractual obligations. The Company has deposited its cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimal. The Company's maximum credit risk exposure to credit risk associated with its customers as at November 30, 2024 is \$609,461 (August 31, 2024 - \$407,168), representing the balance of the accounts receivable and other receivables.

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 November 30, 2024, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses (Note 1). Liquidity risk continues to be a key concern in the development of future operations.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

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 the Company's long-term debt is fixed, and are not currently subject to any significant interest rate risk.

1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended November 30, 2024 and 2023
(Unaudited - Amounts Expressed in Canadian Dollars)

4. ACQUISITIONS AND DISPOSALS

During the three months ended November 30, 2024, and year ended August 31, 2024, the Company had no acquisitions or disposals.

5. INVENTORIES

As at November 30, 2024 and August 31, 2024, the components of the Company's inventories are as follows:

	November 30, 2024	August 31, 2024
Accessories	\$ 315,093	\$ 313,580
Finished goods	4,381,499	4,115,689
	\$ 4,696,592	\$ 4,429,269

Inventories recognized as an expense, included in cost of sales, during the three months ended November 30, 2024 and 2023 amounted to \$13,866,190 and \$9,862,686, respectively, as presented on the condensed interim consolidated statements of operations and comprehensive income (loss).

6. GOODWILL AND INTANGIBLES

The Company's goodwill and intangible assets were comprised of the following:

	Licenses \$	Technology Platform \$	Trade Name \$	Retail Permits \$	Goodwill \$	Total goodwill and intangibles \$
Cost						
As at August 31, 2023	335,250	505,000	3,298,257	618,100	14,735,751	19,492,358
Additions during the year	-	-	-	1,980,300	-	1,980,300
Disposals during the year	-	-	-	-	-	-
As at August 31, 2024	335,250	505,000	3,298,257	2,598,400	14,735,751	21,472,658
Additions during the period	-	-	-	202,000	-	202,000
Disposals during the period	-	-	-	-	-	-
As at November 30, 2024	335,250	505,000	3,298,257	2,800,400	14,735,751	21,674,658
Accumulated Amortization						
As at August 31, 2023	50,150	101,000	329,826	-	-	480,976
Amortization during the year	67,050	101,000	329,826	-	-	497,876
Disposals during the year	-	-	-	-	-	-
As at August 31, 2024	117,200	202,000	659,652	-	-	978,852
Amortization during the period	16,763	25,250	82,456	-	-	124,469
Disposals during the period	-	-	-	-	-	-
As at November 30, 2024	133,963	227,250	742,108	-	-	1,103,321
Net Book Value						
As at August 31, 2023	285,100	404,000	2,968,431	618,100	14,735,751	19,011,382
As at August 31, 2024	218,050	303,000	2,638,605	2,598,400	14,735,751	20,493,806
As at November 30, 2024	201,287	277,750	2,556,149	2,800,400	14,735,751	20,571,337

Intangible Assets

The Company's licenses were comprised of the following:

- The Company's licenses in the amount of \$335,250 are in relation to a cannabis retail license in British Columbia, Canada, in connection with the Fresh Cannabis Acquisition. These licenses are considered to be an intangible asset with a definite life and are being amortized straight-line over their useful life of five years. The carrying value of these licenses amounted to \$201,287 as at November 30, 2024 (August 31, 2024 - \$218,050).

1CM INC.

Notes to the Condensed Interim Consolidated Financial Statements For the Three Months Ended November 30, 2024 and 2023 (Unaudited - Amounts Expressed in Canadian Dollars)

6. GOODWILL AND INTANGIBLES (continued)

The Company's technology platform is a definite life intangible asset and is being amortized straight-line over a five-year period which reflects the useful life of the asset.

The Company's trade name is in relation to a previous acquisition of Tirthankar Limited. The trade name was determined to be a definite life intangible asset and is being amortized straight-line over a ten-year period, which reflects the useful life of the asset.

During the three months ended November 30, 2024, the amortization on intangible assets amounted to \$124,469 (November 30, 2023 – \$124,469).

Liquor Permits

The Company's retail permits are comprised of retail liquor permits that were acquired during the years ended August 31, 2024 and 2023.

During the year ended August 31, 2023, the Company had the following retail liquor permit additions:

- a retail store permit in Creighton, Saskatchewan, for an aggregate price of \$601,100; and
- a retail store permit in Lloydminster, Saskatchewan, for an aggregate price of \$17,000.

During the year ended August 31, 2024, the Company had the following retail liquor permit additions:

- a retail liquor permit in Watrous, Saskatchewan, for an aggregate purchase price of \$724,500 (the "Watrous Liquor Permit"). The Watrous Liquor Permit prepaid balance amounted to \$181,125 as at August 31, 2023 (Note 15) which was transferred to intangible assets during the year ended August 31, 2024; and
- a retail liquor permit in Saskatoon, Saskatchewan, for an aggregate purchase price of \$1,255,800 (the "Saskatoon Liquor Permit"). The Saskatoon Liquor Permit prepaid balance amounted to \$313,950 as at August 31, 2023 (Note 15) which was transferred to intangible assets during the year ended August 31, 2024.

During the three months ended November 30, 2024, the Company had the following retail liquor permit additions:

- a retail liquor permit in Assiniboia, Saskatchewan, for an aggregate purchase price of \$202,000 (the "Assiniboia Liquor Permit") (Note 15). The Assiniboia Liquor Permit prepaid balance amounted to \$151,500 as at August 31, 2024 which was transferred to intangible assets during the three months ended November 30, 2024.

These retail liquor permits were determined to have an indefinite life and, as a result, there was no amortization charged on these retail liquor permits during the three months ended November 30, 2024 and 2023. On August 31, 2024, and due to these retail liquor permits having an indefinite life, the Company performed an annual impairment test on these retail liquor permits. The Company performed its impairment analysis by comparing the carrying amount to the recoverable amount of the CGU calculated using the value-in-use approach. The Company aggregated the retail liquor permits as a single CGU for the purposes of this testing. The key assumptions used for the value in use approach was the five-year discounted cash flow model with a terminal value applied, which included various significant unobservable inputs.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy are subject to volatility and several uncontrollable factors which would significantly affect the present value of the discounted cash flows, were used by management as part of this model:

- Revenue growth rate of 5%, and a terminal growth rate of 2%, represents the ability of the Company to generate revenue, based on past performance and its expectation of future performance;
- Cost of sales percentage commencing at 85% and declining evenly to 81% – calculated as a percentage of revenue, based on past results and its expectation of future results;
- Weighted average cost of capital of 15.5% – calculated as weighted average cost of the Company's cost of equity and cost of debt; and
- Earnings before interest, taxes, depreciation and amortization rate between 4.8% - 8.8% – calculated as projected gross profit less projected total operating expenses.

There was no impairment recorded in relation to these retail liquor permits during the three months ended November 30, 2024 and 2023.

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6. GOODWILL AND INTANGIBLES (continued)

Goodwill

The Company's goodwill is in relation to the acquisition of Tirthankar Limited during the year ended August 31, 2022. On August 31, 2024, the Company performed its annual impairment test on the goodwill amount. The Company performed its goodwill impairment analysis by comparing the carrying amount to the recoverable amount of the CGU calculated using the value in use approach. The Company identified its Ontario retail operation as a separate CGU due to its integrated operations for the sale of retail cannabis. The key assumptions used for the value in use approach was the five-year discounted cash flow model with a terminal value applied, which included various significant unobservable inputs.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy are subject to volatility and several uncontrollable factors which would significantly affect the present value of the discounted cash flows, were used by management as part of this model:

- v. Revenue growth rate of 15% for the fiscal year 2025, 5% incremental for the subsequent four fiscal years, and a terminal growth rate of 2.02%, represents the ability of the Company to generate revenue, based on past performance and its expectation of future performance;
- vi. Cost of sales percentage of 81% – calculated as a percentage of revenue, based on past results and its expectation of future results;
- vii. Weighted average cost of capital of 11% – calculated as weighted average cost of the Company's cost of equity and cost of debt; and
- viii. Earnings before interest, taxes, depreciation and amortization rate between 8% - 8.5% – calculated as projected gross profit less projected total operating expenses.

There was no impairment recorded in relation to the goodwill during the three months ended November 30, 2024 and 2023.

7. RIGHT-OF-USE ASSETS

The Company's right-of-use assets were comprised of the following:

As at August 31, 2023	\$ 4,321,688
Additions	1,459,113
Depreciation	(498,883)
As at August 31, 2024	\$ 5,281,918
Additions	286,808
Depreciation	(142,518)
As at November 30, 2024	\$ 5,426,208

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8. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment was comprised of the following:

	Land and Building \$	Machinery Equipment \$	Furniture and Fixtures \$	Vehicle \$	Total \$
Cost					
At August 31, 2023	1,957,559	208,890	76,001	26,482	2,268,932
Additions	101,430	59,622	65,128	-	226,180
Disposals	-	-	-	-	-
At August 31, 2024	2,058,989	268,512	141,129	26,482	2,495,112
Additions	64,170	48,000	14,981	-	127,151
Disposals	-	-	-	-	-
At November 30, 2024	2,123,159	316,512	156,110	26,482	2,622,263
Accumulated Depreciation					
At August 31, 2023	73,858	38,632	21,491	7,944	141,925
Depreciation for the year	157,013	71,611	32,569	7,945	269,138
At August 31, 2024	230,871	110,243	54,060	15,889	411,063
Depreciation for the period	38,839	13,671	7,092	794	60,396
Disposals	-	-	-	-	-
At November 30, 2024	269,710	123,914	61,152	16,683	471,459
Net Book Value					
At August 31, 2023	1,883,701	170,258	54,510	18,538	2,127,007
At August 31, 2024	1,828,118	158,269	87,069	10,593	2,084,049
At November 30, 2024	1,853,449	192,598	94,958	9,799	2,150,804

There were no disposals or impairment recorded during the three months ended November 30, 2024 and 2023.

9. LONG-TERM DEBT

a) Bridge Loan

On October 15, 2019, the Company signed an agreement with a shareholder to provide unsecured financing of up to \$5,500,000 (the "Bridge Loan") bearing interest at a rate of ten percent (10%) per annum from the date of each advance, payable three times per year (on April 30, August 31, and December 31). The Company, at its discretion, is able to repay the balance of principal and/or interest owing of the Bridge Loan at any time without penalty. In October 2020, the Bridge Loan was increased to \$7,500,000. The Company determined that the interest rate provided as part of the Bridge loan was preferential and discounted the future cash flows at an effective rate of 16% per annum. The resulting discount on initial recognition was recognized directly in equity as a shareholder contribution. In February 2021, the due date of the Bridge Loan was extended to December 31, 2023 with annual interest payments payable on December 31 of each respective year. As of the date of these condensed interim consolidated financial statements, the Bridge Loan is due on demand.

	November 30, 2024	August 31, 2024
Opening balance	\$ 2,172,302	\$ 1,898,797
Draws	-	500,000
Interest expense	33,128	93,104
Accretion expense	-	180,401
Payments	-	(500,000)
Closing balance	\$ 2,205,430	\$ 2,172,302
Less: current portion	(2,205,430)	(2,172,302)
Non-current portion	\$ -	\$ -

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9. LONG-TERM DEBT (continued)

b) Lease liabilities

The following is a reconciliation of the Company's lease liabilities as at November 30, 2024 and August 31, 2024:

	November 30, 2024	August 31, 2024
Opening balance	\$ 5,673,716	\$ 4,495,411
Additions	286,808	1,459,113
Interest expense	161,877	592,663
Lease payments	(250,473)	(873,471)
Closing balance	\$ 5,871,928	\$ 5,673,716
Less: current portion	500,719	413,161
Non-current portion	\$ 5,371,209	\$ 5,260,555

As at November 30, 2024, the following table presents the contractual undiscounted cash flows for lease obligations:

Less than or equal to one year	\$ 1,042,096
Greater than one year and less than five years	\$ 3,955,525
Greater than five years	\$ 4,559,198

10. SHARE CAPITAL AND RESERVES

a) Share Capital

Authorized:

Unlimited number of common shares.

Issued and outstanding:

117,736,935 (August 31, 2024 – 117,736,935)

Three Months Ended November 30, 2024

- On September 21, 2023, the Company closed a non-brokered private placement financing through the issuance of 3,333,333 common shares at a price of \$1.50 per common share for gross aggregate proceeds of \$5,000,000. The Company received \$3,000,000, from these expected gross proceeds of \$5,000,000, during the year ended August 31, 2023, which was classified as shares subscription received as at August 31, 2023. The Company received the proceeds of \$2,000,000 (net of \$3,000,000 previously recorded as subscription receivable) on the closing of this non-brokered private placement.

b) Stock options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers, employees and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued and outstanding common shares.

Activity:

Share-based compensation expense for the three months ended November 30, 2024 amounted to \$206,760 (November 30, 2024 – \$90,450). Share-based compensation expense was from the vesting of previously issued stock options along with the issuance of new stock options as detailed below.

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10. SHARE CAPITAL AND RESERVES (continued)

b) Stock options (continued)

On January 9, 2024, the Company granted 2,013,500 stock options to certain employees and consultants of the Company. These options are exercisable at a price of \$1.50 per common share for a period of ten years, vesting three years after issuance. The fair value of the stock options, based on the Black-Scholes valuation model, amounted to \$2,923,637 using the following inputs: 173% volatility, 10-year expected life, 3.23% discount rate, 0% expected dividend. These stock options were issued to arms' length parties. During the year ended August 31, 2024, 298,500 of these issued stock options were forfeited. Accordingly, the stock-based compensation expense is reflected net of these forfeitures.

On June 3, 2022, the Company granted 1,000,000 stock options to an officer of the Company at an exercise price of \$0.95 per share. The options vest according to the following schedule: the first 50% of the options to vest on June 3, 2023, and expire on June 3, 2025. The fair value of the options was determined at \$340,100 using 111% volatility, 3-year expected life, 2.91% discount rate, 0% expected dividend. The remaining 50% to vest on June 3, 2024, and expire on June 3, 2026. The fair value of the options was determined at \$382,900 using 116% volatility, 4-year expected life, 2.94% discount rate, 0% expected dividend. The stock options expire two years from the date of vesting.

On March 21, 2022, the Company granted 2,000,000 stock options to a director. 1,000,000 of the options vest on March 21, 2023 and expire on March 21, 2025. The fair value of these options was determined at \$579,200 using 119% volatility, 3-year expected life, 2.05% discount rate, 0% expected dividend. 1,000,000 of these options vest on March 21, 2024 and expire on March 21, 2026. The fair value of these options was determined at \$634,600 using 118% volatility, 4-year expected life, 2.12% discount rate, 0% expected dividend.

A summary of the Company's stock options activity for the three months ended November 30, 2024 and year ended August 31, 2024 is as follows:

	Number of Options	Weighted-Average Exercise Price (\$)
Outstanding, August 31, 2023	3,000,000	0.86
Issued	2,013,500	1.50
Exercised	-	-
Expired/forfeited	(298,500)	1.50
Outstanding, August 31, 2024	4,715,000	1.09
Issued	-	-
Exercised	-	-
Expired/forfeited	-	-
Outstanding, November 30, 2024	4,715,000	1.09

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at November 30, 2024 are as follows:

Date of Grant	Exercise Price (\$)	Number Outstanding	Number Exercisable	Remaining Life (Years)
Mar 21, 2022	0.82	2,000,000	2,000,000	0.31 - 1.31
Jun 3, 2022	0.95	1,000,000	1,000,000	0.51 - 1.51
January 9, 2024	1.50	1,715,000	-	9.11
		4,715,000	3,000,000	

c) Warrants

During the three months ended November 30, 2024 and year ended August 31, 2024, there were no warrants issued and outstanding.

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11. INTEREST IN SUBSIDIARIES

These condensed interim consolidated financial statements incorporate the activities of the Company's subsidiaries from the date the Company acquires control to the date control is relinquished.

The Company's direct and ultimate subsidiaries and relative ownership interests are as follows:

Subsidiary	Domicile	Ownership Interest – November 30, 2024	Ownership Interest – August 31, 2024	Date Control Acquired
Bathurst Resources Corp.	Canada	100%	100%	December 31, 2013
Jekyll and Hyde Brand Builders Inc.	Canada	100%	100%	December 22, 2017
One Cannabis Market Inc.	Canada	100%	100%	June 9, 2022
T Cannabis NW Inc.	Canada	100%	100%	August 31, 2022
Tirthankar Limited	Canada	100 %	100 %	August 31, 2022
T CANN MGMT CORP.	Canada	100 %	100 %	August 31, 2022
Cost Cannabis Inc. (SK)	Canada	100%	100%	August 31, 2022
Cost Cannabis Inc. (BC)	Canada	100%	100%	December 1, 2022
Fresh Cannabis Co. Inc. (iii)	Canada	100%	100%	December 1, 2022
1267842 B.C. Ltd. (iv)	Canada	100%	100%	December 14, 2022
Costcan Liquor Inc. (AB)	Canada	100%	100%	May 24, 2023

12. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted income (loss) per share for the three months ended November 30, 2024 was based on the net income attributable to common shareholders in the amount of \$407,844 (November 30, 2023 – loss of \$615,906) and the weighted average number of common shares outstanding of 117,736,935 (November 30, 2023 – 116,967,704). The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation from the prior year. In the current year, there were no warrants, options, or convertible instruments that were in the money as at year-end, and accordingly, were not included as part of the diluted EPS calculation. Consequently, there is no difference between basic loss per share and diluted loss per share.

13. RELATED PARTY BALANCES AND TRANSACTIONS

The remuneration expense of directors and other members of key management personnel, or companies under their control, are as follows:

(a) As at November 30, 2024, \$286,415 (August 31, 2024 - \$256,332) due to directors, officers, shareholders, and such corporations owned by these individuals with common control by way of officer or director, is included in accounts payable and accrued liabilities.

(b) As per the terms of an agreement entered into on the acquisition of Tirthankar Limited on August 31, 2022, the Company has an annual amount payable of 1.5% of sales along with a monthly management fee to a company owned by the CEO of the Company, Tanvi Bhandari. During the three months ended November 30, 2024, the management fee expense amounted to \$175,552 (November 30, 2023 - \$122,192), which has been included in salaries, wages, and consulting fees on the consolidated statement of operations and comprehensive income (loss).

(c) Tirthankar Limited currently leases the properties located at Kenora, Cochrane, and Sioux Lookout from Smiths Falls Property Inc, a company that is owned and controlled by the CEO of the Company. Lease payments related to these properties amounted to \$23,565 during the three months ended November 30, 2024 (November 30, 2023 - \$23,115). The leases payments for these locations were measured at exchange value.

(d) During the three months ended November 30, 2024, the Company purchased inventory from Medical Saints Ltd., a related company by virtue of common director, Lucas Leone, amounting \$nil (November 30, 2023 - \$45,129). As at November 30, 2024, the amount outstanding payable amount owed to the related party was \$649,169 (August 31, 2024 - \$1,131,723). Of the total payable, \$632,169 are on terms that allows the Company to pay the outstanding amount only when inventory is sold.

(e) During the three months ended November 30, 2024, the Company expensed \$nil (November 30, 2023 - \$90,450) in share-based compensation related to officers and directors of the Company and expensed \$77,000 (November 30, 2023 - \$76,000) in fees payable to officers and directors of the Company and in fees payable to corporations related by virtue of a common officer and director.

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Notes to the Condensed Interim Consolidated Financial Statements For the Three Months Ended November 30, 2024 and 2023 (Unaudited - Amounts Expressed in Canadian Dollars)

14. OPERATING SEGMENTS

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity. Key measures used by the CODM to assess performance and make resource allocation decisions include revenues, gross profit and net income (loss). The Company's business activities are conducted through its main operating segment, cannabis. Management's focus is to generate revenue through cannabis sales.

During the three months ended November 30, 2024, the Company's revenue and cost of goods sold in relation to its cannabis operating segment amounted to \$16,179,997 and \$12,694,774, respectively (November 30, 2023 - \$11,394,668 and \$9,072,740, respectively). The Company's cannabis revenue and cost of goods sold were generated in Canada only.

The Company's liquor division, which currently represents less than 8% of its overall revenue, had revenues of \$1,375,222 and cost of goods sold of \$1,171,416, respectively, during the three months ended November 30, 2024 (November 30, 2023 - \$927,190 and \$789,946, respectively). The CODM did not classify this as a major operating segment during the three months ended November 30, 2024 and year ended August 31, 2024.

15. COMMITMENTS AND CONTINGENCIES

Commitments

During the three months ended November 30, 2024 and years ended August 31, 2024 and 2023, the Company entered into various purchase agreements for retail liquor permits in Saskatchewan. These purchase agreements are cancellable at anytime without penalty. As at November 30, 2024, the Company has made various deposits on these retail liquor permits in the amount of \$1,847,030 (August 31, 2024 - \$1,998,530), which has been recorded as prepaid expenses and deposits on the condensed interim consolidated statements of financial position. As at November 30, 2024, the amount outstanding on these cancellable purchase agreements amounted to an aggregate of \$66,925 (August 31, 2024 - \$256,800), for which the Company has up to eighteen months of payments to make the requisite payments to acquire the retail liquor permits. The Company recognizes these retail permits as intangible assets when the final payment is made as per the purchase agreement and the Company obtains control of the permit, which are recognized when paid. The Company recognizes these retail permits as intangible assets when the final payment is made as per the purchase agreement and the Company obtains control of the permit. During the year ended August 31, 2024, the Company acquired the Watrous Liquor Permit for an aggregate purchase price of \$724,500 (Note 6) and the Saskatoon Liquor Permit for an aggregate purchase price of \$1,255,800 (Note 6). These prepaid balances were transferred to intangible assets during the year ended August 31, 2024 as the Company obtained control of these permits. During the three months ended November 30, 2024, the Company acquired the Assiniboia Liquor Permit for an aggregate purchase price of \$202,000 (Note 6) which was capitalized as an intangible asset during the period (Note 6).

Contingencies

In the normal course of business, the Company maybe involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these condensed interim consolidated financial statements. The Company believes that there are no current proceedings that will result in a material favourable or unfavourable effect on its financial position or results of operations except for those who are already accounted for. During the three months ended November 30, 2024 and year ended August 31, 2024, no provision was recorded in these consolidated financial statements in relation to the below legal proceeding:

- A former director brought an application against 1CM for a declaration that he was entitled certain options that were issued in fiscal 2021. In April 2024, the hearing judge dismissed his application. His appeal of that decision is scheduled to be heard by the Court of Appeal on April 2, 2025. Management believes that this will be administratively dismissed and intends on defending its position to the fullest extent possible.

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16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to:

- a) Deploy capital to provide an appropriate return on investment to its shareholders;
- b) Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
- c) Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants. The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

17. COMPARATIVE INFORMATION

Certain items on the condensed interim consolidated statements of operations and comprehensive income (loss) have been reclassified for consistency with the current year presentation. The result of these reclassifications did not have an impact on the reported net loss and comprehensive loss for the comparative period.