GREENRISE GLOBAL BRANDS INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

(Expressed in EUROS "€")

Independent Auditor's Report

To the Shareholders of Greenrise Global Brands Inc.

Opinion

We have audited the consolidated financial statements of Greenrise Global Brands Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of €1,569,666 during the year ended December 31, 2022 and, as of that date the Company had working capital deficiency of €78,718 and had an accumulated deficit of €10,752,879. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Investment in CannaCare Health GmbH ("CannaCare") The Company's investment in CannaCare is described in Note 6(b) and Note 20(a) to the consolidated financial statements. The Company had acquired a 51% interest in CannaCare during the year ended December 31, 2022. Subsequently, the Company sold CannaCare in two tranches with 20% sold during the same fiscal year and the remaining 31% sold subsequent to the fiscal year-end. While there are several assumptions that go into determining the accounting treatment and fair value of the investment in CannaCare, the judgments with the highest degree of subjectivity are management's intention to acquire CannaCare and the proceeds from subsequent sales. We considered this a key audit matter due to the significant management estimates and judgments required in determining the accounting and carrying value of the investment. Auditing management's accounting position required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort.	Our approach to addressing the matter included the following audit procedures, among others: • Assessed the appropriateness of management's accounting position with respect to its investment. • Evaluated the accounting treatment selected by management given the facts and circumstances surrounding the acquisition and subsequent sales. • Tested for the receipt of proceeds from subsequent sales.
Issuance of Convertible Debenture in Exchange for a Loan Receivable The Company's issuance of a convertible debenture to a shareholder of CannaCare in exchange for a loan receivable are described in Notes 6(b), 7(a) and 9 to the consolidated financial statements.	Our approach to addressing the matter included the following audit procedures, among others: • With the assistance of valuation specialists,

In conjunction with the acquisition of its 51% interest in CannaCare, the Company issued a convertible debenture in the amount of €608,920 in exchange for a loan receivable. We considered this a key audit matter due to the significant management estimates and judgments required in determining the fair values of the convertible debenture and loan receivable. Auditing these estimates of the fair value required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort, including the involvement of valuation specialists.	○ Assessed the appropriateness of valuation methods and assumptions and underlying inputs. ○ Tested the information underlying the determination of the discount rates. ○ Tested the mathematical accuracy of the calculations. ○ Developed a range of independent estimates. ○ Performed sensitivity analysis. • Evaluated the reasonableness of collection of the loan receivable.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 7, 2023

GREENRISE GLOBAL BRANDS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Euros)

	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash		€ -	€ 27,448
Accounts receivable and prepaid expenses	5	586,832	23,451
Inventory	18	-	47,786
Asset held for sale	6	387,500	-
		974,332	98,685
Non-current assets			
Loans receivable	7	271,463	-
Equipment	19	-	88,171
Right of use assets	16	-	66,081
Total assets		€ 1,245,795	€ 252,937
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Bank overdraft		€ 20,594	€ -
Trade and other payable	12	344,884	296,405
Loans payable	8	619,678	-
Derivative liability	10	67,894	58,660
Lease liabilities - current	17	-	27,634
		1,053,050	382,700
Non-current liabilities			
Lease liabilities	17	-	31,995
Loans payable	8	2.084,265	1,841,755
Convertible debenture	9	424,095	-
Total liabilities		3,561,410	2,256,450
Shareholders' deficiency			
Share capital	10	5,678,306	4,593,312
Share based payment reserve	10	2,648,925	2,563,601
Subscriptions received in advance		87,246	-
Foreign currency translation reserve		22,787	22,787
Deficit		(10,752,879)	(9,183,213)
Total shareholders' deficiency		(2,315,615)	(2,003,513)
Total liabilities and shareholders' deficiency		€ 1,245,795	€ 252,937

Nature and Continuance of Operations (Note 1)
Subsequent Events (Note 20)

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

GREENRISE GLOBAL BRANDS INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
YEAR ENDED DECEMBER 31,
(Expressed in Euros)

	Notes		2022		2021
Expenses					
General and administrative expenses	11	€	460,311	€	1,225,495
Interest	8		137,418		133,365
Share based compensation	10,12		74,845		138,365
Transfer agent, filing fees and shareholder communication			25,923		43,228
Total expenses			(698,497)		(1,540,453)
Other income (expense)					
Foreign exchange gain (loss)			1,119		(2,049)
Unrealized gain on derivative liability	10		582,598		40,962
Gain on change in fair value of convertible debenture	9		117,683		-
Loss on the acquisition of Greenrise GmbH	6		-		(1,263,374)
Impairment of loans and investments	6,7		(1,447,341)		(10,328)
			(745,941)		(1,234,789)
Net loss from continuing operations			(1,444,437)		(2,775,242)
Net loss from discontinued operations	4		(125,229)		(864,425)
Net and comprehensive loss for the year		€	(1,569,666)	€	(3,639,667)
Weighted average number of common shares outstanding			38,593,506		31,178,872
Loss per common share, basic and diluted		€	0.04	€	0.12

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

GREENRISE GLOBAL BRANDS INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
YEAR ENDED DECEMBER 31, 2022 and 2021
(Expressed in Euros)

	Capital Stock						
	Shares	**Amount**	**Share-based payment reserve**	**Subscriptions received in advance**	**Foreign currency translation reserve**	**Deficit**	**Total Equity**
Balance, December 31, 2020	27,160,611	€ 2,157,858	€ 2,390,292	€ -	€ 22,787	€ (5,543,546)	€ (972,609)
Loss for the year	-	-	-		-	(3,639,667)	(3,639,667)
Shares issued in private placement, net of fees and derivative liability (note 10)	5,460,028	1,534,961	-		-	-	1,534,61
Shares issued on exercise of warrants (note 10)	8,400	1,965	-		-	-	1,965
Share issued to purchase Greenrise GmbH (note 10)	4,290,000	1,017,439	-		-	-	1,017,43 9
Share issuance costs (note 10)	-	(83,967)	-		-	-	(83.967)
Fair value of stock options and warrants transferred on exercise	-	880	(880)		-	-	-
Fair value of warrants (note 10)	-	(35,824)	35,824		-		-
Share-based compensation (note 10)	-	-	138,365		-	-	138,365
Balance, December 31, 2021	36,919,039	4,593,312	2,563,601	-	22,787	(9,183,213)	(2,003,513)
Loss for the year	-	-	-		-	(1,569,666)	(1,569,666)
Shares issued in private placement, net of fees and derivative liability (note 10)	5,317,000	180,870	-		-	-	180,870
Shares issued to purchase CannaCare (note 6)	5,000,000	945,386	-		-	-	945,386
Subscriptions received in advance	-	-	-	87,246	-	-	87,246
Share issuance costs (note 10)	-	(30,784)	-		-	-	(30,784)
Fair value of warrants (note 10)	-	(10,479)	10,479		-		-
Share-based compensation (note 10)	-	-	74,845		-	-	74,845
Balance, December 31, 2022	47,236,039	€ 5,678,306	€ 2,648,925	€ 87,246	€ 22,787	€ (10,752,879)	€ (2,315,615)

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

GREENRISE GLOBAL BRANDS INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31,
(Expressed in EUROS)

	2022	2021
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Loss for the year from continuing operations	€ (1,444,437)	€ (2,775,242)
Items not affecting cash:		
Interest capitalized to loans	(22,860)	(787)
Non-cash loan interest	187,199	138,517
Non-cash foreign exchange	(2,172)	-
Gain on derivative liability	(582,598)	(40,962)
Impairment of loans and investment	1,447,341	10,328
Gain on change in fair value of convertible debenture	(117,683)	-
Accretion of note receivable	(39,707)	
Loss on acquisition	-	1,263,374
Share based compensation	74,845	138,365
	(500,072)	(1,266,407)
Changes in non-cash working capital items:		
Accounts receivable and prepaid expenses	(563,381)	221,223
Trade and other payables	(11,965)	(48,587)
Net cash used in operating activities	(1,075,418)	(1,093,771)
INVESTING ACTIVITIES		
Net increase in loans receivable	(531,000)	-
Net cash used in investing activities	(531,000)	-
FINANCING ACTIVITIES		
Shares issued for cash, net of share issue costs	744,372	1,552,580
Subscription receipts	87,246	-
Loan payable	674,989	392,459
Net cash used in investing activities	1,506,607	1,945,039
Cash flows from continuing operations	(99,811)	851,268
Cash flows from discontinued operations	51,769	(884,266)
Change in cash during the year	(48,042)	(32,998)
Cash, beginning of year	27,448	60,446
Cash (overdraft), end of year	€ (20,594)	€ 27,448

Other Non-Cash Transactions:
During the year ended December 31, 2022, the Company acquired a note receivable with a fair value of €608,920 in exchange for a convertible debenture with the same value.

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Greenrise Global Brands Inc. ("the Company" or "Greenrise") is an investment holding company with investments in Germany.

Greenrise is incorporated in the Province of British Columbia in Canada, with its registered office located at Suite 1000, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2. The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "XCX" and on the Frankfurt Stock Exchange under the trading symbol "C4T."

On November 2, 2021, the Company changed its name to Greenrise Global Brands Inc. from AMP Alternative Medical Products Inc.

The reporting currency of Greenrise's consolidated financial statements is the Euro ("€").

Going Concern

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2022, the Company had an accumulated deficit of €10,752,879 and a working capital deficit of €78,718. To date, the Company has not generated sufficient revenues to meet its operating and administrative expenses or its other obligations. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately attain profitable operations. These uncertainties may cast significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with private placements of the Company's common shares and loans from related parties.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on an accrual basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and with the accounting policies and selected annual disclosures disclosed in Note 3.

The consolidated financial statements were authorized for issue by the Board of Directors on July 7, 2023.

These consolidated financial statements have been prepared on the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for investments in associates and jointly controlled entities that are accounted for using the equity method and certain financial instruments and investments which are measured at fair value.

The Company consolidates subsidiaries over which it has control, where control is the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities.

These consolidated financial statements include the accounts of the Company. The consolidated financial statements also include the accounts of its previously wholly-owned subsidiary, AMP Alternative Medical Products GmbH ("AMP Germany") of Germany up until its disposition in December 2022.

2. BASIS OF PRESENTATION (cont'd)

Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting period and contingent assets and liabilities. Significant estimates include the fair value measurements and assumptions relating to consolidated financial instruments, changes in equity accounted investments, deferred income taxes and the recoverability of receivables and loans receivable.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. Actual results could significantly differ from those estimates.

Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's consolidated financial statements include the assessment of the Company's influence on associates, the fair value of financial assets and liabilities, the Company's ability to continue as a going concern and the determination of functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries is the Euro. These consolidated financial statements are presented in EUROS.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising in the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income (loss) in the period in which they arise.

Exchange differences arising from the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Discontinued operations

Effective December 15, 2022, the Company sold its subsidiary in Germany, AMP Germany, which operated in the medicinal cannabis segment. The medical cannabis segment meets the criteria of a discontinued operation under *IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations*. This operating segment was not previously classified as held-for-sale or discontinued operations. The comparative Consolidated Statement of Comprehensive Loss for the year ended December 31, 2021 has been restated to show the discontinued operation separately from continuing operations. See Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments

Classification
The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets / liabilities	
Cash	FVTPL
Accounts receivable	Amortized cost
Loans receivable	Amortized cost
Derivative liabilities	FVTPL
Trade and other payables	Amortized cost
Loans payable	Amortized cost
Convertible Debenture	FVTPL

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition
Financial assets:
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss.

Financial liabilities:
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity accounted investments

Equity accounted investments are those entities in which the Company has significant influence but does not have control over the financial and operating policies of the investees. Significant influence is presumed to exist when the Company holds between 20 percent and 50 percent of the voting power of another entity. Joint arrangement entities are those over which the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for by the equity method, whereby the original cost of the investment is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. When net accumulated losses from an equity accounted investment exceed its carrying amount, the investment balance is reduced to $Nil and additional losses are not provided for unless the Company is committed to provide other financial support to the investee. The Company resumes accounting for its portion of income (loss) of the investment when the entity subsequently reports net income and the Company's share of that net income exceeds the share of net losses not recognized during the period the equity method was suspended.

Profits or losses resulting from transactions between the Company and its associates are eliminated to the extent of the interest in the associate. The Company determines at each reporting date whether there is objective evidence that the investments in associates are impaired. The financial statements of associates are prepared for the same reporting period as the Company. Where necessary adjustments are made to bring the accounting policies of associates in line with those of the Company.

Revenue recognition

The Company follows the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as follows:

Sales are recognized when the quantity of products sold and the sales price are fixed, and control of the products has transferred to the Company's customers, being when the products are shipped to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Once products are delivered to the Company's customers, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales order, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. The revenue from these sales is recognized when the customer purchases the inventory.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Inventory

Inventories are initially recognized at cost, and subsequently measured at the lower of cost and net realizable value (the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale) using the "first-in, first-out" method. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Income taxes

Income tax expense comprises current and deferred tax. Current and deferred tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in reserves as part of shareholders' equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes (cont'd)

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be realized.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings (loss) per share is determined by dividing the net income (loss) attributable to the equity owners of the Company by the weighted average number of common shares outstanding, adjusted for the dilutive effect of all potential common shares issuances upon exercise of options, warrants and similar instruments. For the periods presented, the Company had no dilutive instruments.

Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided on a straight line with capitalized costs being amortized over three years for computer and other equipment and between seven to nine years for operating systems and hardware.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured as the present value of future lease payments, excluding payments made at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Expressed in EUROS)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Reserves

Share-based payments

The Company's share option plan allows employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in share-based payment reserve in equity.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of subsidiaries and equity accounted investments of the Company that have a functional currency other than the Euro.

4. DISCONTINUED OPERATIONS

During the year ended December 31, 2022, the Company sold its interest in AMP Germany effective December 15, 2022. See Note 6 (a).

The medicinal cannabis business of AMP Germany meets the criteria for discontinued operations under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. This operating segment was not previously classified as held-for-sale or as a discontinued operation.

The comparative Consolidated Statement of Comprehensive Loss has been restated to show the discontinued operation separately from continuing operations.

Results from discontinued operations:

		Year ended December 31, 2022		Year ended December 31, 2021
Sales	€	(562,687)	€	(468,618)
Cost of goods sold		446,508		409,552
General and administrative expenses		798,986		918,339
Other (income) expenses		(4,844)		5,152
Net loss from discontinued operations		(677,933)		(864,425)
Gain on sale and deconsolidation of discontinued operations		552,704		-
Total loss from discontinued operations	€	(125,229)	€	(864,425)

(Expressed in EUROS)

4. DISCONTINUED OPERATIONS (cont'd)

Consolidated statements of financial position

AMP Germany was deconsolidated as at December 15, 2022 as the sale was finalized prior to the 2022 fiscal year-end. Included in the Consolidated Balance Sheet as at December 31, 2021 are the following major classes of assets and liabilities associated with the discontinued operations.

	December 31, 2021
Assets of discontinued operations:	
Current assets	€ 97,776
Equipment and right of use assets	154,252
	€ 252,028

	December 31, 2021
Liabilities of discontinued operations:	
Current liabilities	€ 156,639
Long term liabilities	1,520,920
	€ 1,677,559

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	December 31, 2022	**December 31, 2021**
Trade receivable and prepaids	€ -	€ 23,451
Amount due from sale of AMP Germany	586,832	-
	€ 586,832	€ 23,451

Subsequent to Dececember 31, 2022, the Company received the proceeds for the sale of AMP Germany.

6. INVESTMENTS

a) In December 2022, the Company sold its wholly owned subsidiary AMP Germany for €586,832 including the €2,141,705 loan that AMP Germany owed to the Company, for €1 resulting in a gain of €552,704. See Note 4;

b) In April 2022, the Company acquired 51% of CannaCare Health GmbH ("CannaCare"). Terms of the transaction were as follows:

- 5,000,000 common shares of the Company were issued to the shareholders of CannaCare with a fair market value of €945,386 based on the closing price of the Company's common shares at the date of the transaction;
- Cash payment of €250,000 paid to CannaCare shareholders;

(Expressed in EUROS)

6. INVESTMENTS (cont'd)

- Receipt of a €608,920 loan that CannaCare owed to a shareholder in exchange for a convertible debenture convertible into units in the Company, under the same conditions as the private placement (see Note 10 (a)). Each debenture unit is unsecured, matures on December 31, 2024, and bears interest at 2% per annum (see Note 7 (a));
- CannaCare shareholders could earn up to an additional 2,000,000 common shares of the Company upon attainment of sales of €4,000,000 and positive earnings before income taxes, depreciation, and amortization ("EBITDA") for the year ended December 31, 2022; and up to an additional 1,500,000 common shares of the Company upon attainment of sales of €10,000,000 and positive EBITDA for the year ended December 31, 2023;
- CannaCare shareholders could earn a cash payment up to €1,000,000 depending on the achievement of certain EBITDA thresholds in the year ended December 31, 2022;
- The Company has the exclusive option to purchase the remaining 49% of CannaCare for two years after closing from CannaCare shareholders by the issuance of common shares of the Company.

The investment in CannaCare is measured at fair value and has been accounted for as an asset held for sale.

On November 11, 2022, the Company sold 20% of CannaCare for gross proceeds of €250,000. The Company recognized an impairment of €630,135 during the year ending December 31, 2022, to write the CannaCare investment down to its expected realizable value of €387,500. The remaining 31% shares of CannaCare were sold for €387,500 subsequent to December 31, 2022. See Note 20 (a);

c) On November 2, 2021, the Company acquired 100% ownership of GRG Germany, a company in the CBD oil business, by issuing 4,290,000 common shares of the Company with a value of €1,017,439 based on the closing price of the Company's common shares at the date of the transaction, and assumption of debt by the Company of €245,935 that GRG Germany owed to a third party. For accounting purposes, the acquisition is considered to be outside the scope of IFRS *3 Business Combinations* ("IFRS 3") since GRG Germany, prior to the acquisition, did not constitute a business. The transaction is accounted for in accordance with *IFRS 2 Share-based Payment,* whereby the Company issued shares for the net assets of GRG Germany, which was determined to be nil. The Company sold GRG Germany for €1.

The value in excess of the identifiable net assets was expensed in the statement of comprehensive loss on acquisition as the share consideration is considered within the scope of IFRS 2. A loss on the acquisition of €1,263,374 was recognized on the acquisition, which is comprised of the fair value of the common shares and debt assumed less any identifiable net assets.

The loss on acquisition is as follows:

Common shares issued (4,290,000 shares at CAD$0.35 (€0.24) per share)	€ 1,017,439
Debt assumed	245,935
	1,263,374
Net assets assumed at the acquisition date	-
Loss on acquisition of GRG Germany	€ 1,263,374

7. LOANS RECEIVABLE

(a) During the year ending December 31, 2022, the Company obtained a loan receivable owing from CannaCare in the amount of €608,920 in exchange for a €608,920 convertible debenture due to a shareholder of CannaCare. The loan is due on December 31, 2024 and bears interest at 2% per annum. The fair value on inception was determined to be €541,778 based on a discount rate of 10% per annum. During the year ended December 31, 2022 interest and accretion of €29,686 was recorded. At December 31, 2022, the recoverable value of the loan receivable including accrued interest was determined to be €142,866 resulting in the Company recognizing an impairment of €431,335. See Note 6 (b) and Note 20 (a);

7. LOANS RECEIVABLE (cont'd)

(b) The Company established a loan drawdown facility with CannaCare for up to €1,000,000, unsecured and bearing interest at 4% per annum and due on the later of December 31, 2023, or within three months of a written request. A total of €531,000 was advanced under this facility. The fair value of these loans was determined to be €484,606 based on a discount rate of 10% per annum. At December 31, 2022, interest and accretion of €29,861 had been accrued. At December 31, 2022, the recoverable value of the loans including accrued interest was determined to be €128,598 resulting in the Company recognizing an impairment of €385,870. Subsequent to December 31, 2022, the repayment date was extended to December 31, 2024. See Note 20 (a).

8. LOANS PAYABLE

a) The Company has an unsecured revolving drawdown loan payable for €2-million, bearing an interest rate of 10% per annum and maturing on December 31, 2024. As at December 31, 2022, €1,705,361 (December 31, 2021 - €1,841,755) had been drawn down against the credit facility and accrued interest totalling €377,383 is owed (December 31, 2021 - €209,178). During the year ended December 31, 2022 interest of €168,620 (2021 - €132,287) was accrued on this loan. Subsequent to year end, a director of this lender became the interim CFO of the Company;

b) On January 28, 2022, the Company entered into a drawdown loan payable with a private lender bearing an interest rate of 5% per annum, and secured by the Company's shares in AMP Germany, and due on December 31, 2023. As at December 31, 2022, €619,678 including accrued interest had been drawn down. See Note 20 (b).

9. CONVERTIBLE DEBENTURE

On June 14, 2022, the Company issued a convertible debenture in the amount of €608,920 in exchange for a loan receivable (see Note 7(a)). The convertible debenture is unsecured, matures on December 31, 2024, bears interest at 2% per annum and is convertible into 4,201,552 Units. Each Unit is comprised of one Greenrise common share ("Common Share") and two share purchase warrants ("Warrant"), exercisable for one Common Share at an exercise price of CAD$0.35 at any time up to April 30, 2023 and one Common Share at CAD$0.50 at any time up to April 30, 2024.

The Company has elected to account for the entire convertible debentures at FVTPL under IFRS 9. The fair value was determined by using a 10% discount rate, a risk free rate of 3.46%-4.06%, a conversion option price of $0.20 and volatility of 100%. The Company determined the fair value of the convertible debenture to be €541,778 on grant, and €424,095 at December 31, 2022. This resulted in a gain on the change in fair value of €117,683 which was recognized in the statement of comprehensive loss during the year ended December 31, 2022.

10. CAPITAL AND OTHER COMPONENTS OF EQUITY

Authorized and issued shares

The authorized share capital of the Company is an unlimited number of Class A Voting Common Shares (the "common shares"). As at December 31, 2022, there were 47,236,039 common shares outstanding.

a) On June 20, 2022, the Company closed a non-brokered private placement of 1,700,000 units of the Company at CAD$0.20 (€0.15) per share for gross proceeds of CAD$340,000 (€251,163). Each unit is comprised of one common share in the Company and two share purchase warrants, exercisable for one common share at an exercise price of CAD$0.35 at any time up to one year and at CAD$0.50 at any time up to two years following closing. The Company paid cash finder's fees of CAD$23,800 (€17,444) and issued 119,000 finders' warrants with a fair value of CAD$8,587 (€6,319) which are exercisable at CAD$0.20 each and expired on October 21, 2022;

10. CAPITAL AND OTHER COMPONENTS OF EQUITY (cont'd)

b) On April 14, 2022, the Company closed a non-brokered private placement of 812,000 units of the Company at CAD$0.20 (€0.15) per share for gross proceeds of CAD$162,400 (€119,027). Each unit is comprised of one common share in the Company and two share purchase warrants exercisable for one common share at an exercise price of CAD$0.35 at any time up to one year and at CAD$0.50 at any time up to two years following closing. The Company paid cash finder's fees of CAD$7,700 (€5,644) and issued 38,500 finders' warrants with a fair value of CAD$3,536 (€2,602) which are exercisable at CAD$0.20 each and expired on October 14, 2022;

c) On April 5, 2022, the Company closed a non-brokered placement of 2,805,000 units of the Company at a price of CAD$0.20 per unit for gross proceeds of CAD$561,000 (€404,965). Each unit is comprised of one common share in the Company and two share purchase warrants, exercisable for one common share at an exercise price of CAD$0.35 at any time up to one year and at CAD$0.50 at any time up to two years following the closing date. In connection with the private placement, the Company paid finders' fee of CAD$10,500 (€7,696) and issued 52,500 finders' warrants with a fair value of CAD$2,117 (€1,558) which are exercisable at CAD$0.20 each and expired on October 5, 2022;

d) In March 2022, the Company issued 5,000,000 common shares to acquire CannaCare with a fair market value of €945,386 based on the closing price of the Company's common shares at the date of the transaction (Note 6(b));

e) In November 2021, the Company completed a non-brokered placement of 1,263,428 units at a price of CAD$0.35 per unit for proceeds of CAD$442,200 (€307,765). Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one share at an exercise price of CAD$0.60 for a period of twelve months from the date of issuance. The Company paid cash finder's fees of CAD$30,956 (€21,542) and issued 88,440 finders warrants with a fair value of CAD$14,720 (€10,268). The finders' warrants are exercisable at CAD$0.35 each and expired on May 30, 2022;

f) In October 2021, the Company closed a non-brokered private placement of 810,000 common shares of the Company at CAD$0.40 (€0.28) per share for gross proceeds of CAD$324,000 (€224,563);

g) In April 2021, the Company issued 3,500 common shares at a price of CAD$0.35 per share for proceeds of CAD$1,225 (€819) upon the exercise of finders' warrants;

h) In March 2021, the Company issued 4,900 common shares at a price of CAD$0.35 per share for proceeds of CAD$1,715 (€1,146) upon the exercise of finders' warrants;

i) On February 10, 2021, the Company completed a non-brokered placement of 3,386,600 common shares at a price of CAD$0.50 per share for proceeds of CAD$1,693,300 (€1,102,255). The Company paid cash finders' fees of CAD$80,465 (€52,400), other share issue costs of CAD$15,000 (€10,025) and issued 160,930 finders' warrants with a fair value of CAD$39,243 (€25,555). The finders' warrants are exercisable at CAD$0.50 each and expire on August 10, 2021;

j) In November 2021, the Company issued 4,290,000 common shares to acquire GRG Germany (Note 6 (c)).

Stock options and warrants

The Option Plan adopted by the Board of Directors (the "Board") is a "rolling" stock option plan, pursuant to which the Board may, from time to time, in its discretion, and in accordance with CSE and regulatory requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase common shares of the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company.

(Expressed in EUROS)

10. CAPITAL AND OTHER COMPONENTS OF EQUITY (cont'd)

The Company uses a fair value method of accounting for all stock-based payments, with a corresponding credit to reserves. During the year ended December 31, 2022, the Company granted 870,000 options (2021 – 844,000) with a fair value of $101,700 (€74,845) (2021 – €138,365), which was recognized on the respective dates of grant. The fair value of the stock options was estimated at the date of the grant using the Black-Scholes Option Pricing Model, assuming the following weighted-average assumptions:

	2022	2021
Risk-free interest rate	2.67%	0.66%
Expected life	2.00 years	2.37 years
Annualized volatility	137%	101%
Pre-vest forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%

A continuity of incentive stock options issued outstanding is as follows:

	Stock options	
	Number	Weighted Average Exercise Price (CAD$)
Balance, December 31, 2020	2,714,500	$ 0.36
Granted	844,000	0.47
Balance, December 31, 2021	3,558,500	0.39
Granted	870,000	0.18
Cancelled	(3,558,500)	0.47
Balance, December 31, 2022	870,000	$ 0.18

The following stock options were outstanding as at December 31, 2022:

	Options outstanding			Options exercisable	
Exercise price range	Number of stock options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD$)	Number of stock options exercisable	Weighted average exercise price (CAD$)
CAD$0.18	870,000	1.33	$ 0.18	870,000	$ 0.18
	870,000	1.33	$ 0.18	870,000	$ 0.18

10. CAPITAL AND OTHER COMPONENTS OF EQUITY (cont'd)

The weighted average fair value per stock option granted during the year ended December 31, 2022, was €0.06 per option (2021 – €0.16).

A continuity of warrants issued and outstanding is as follows:

	Warrants	
	Number	Weighted Average Exercise Price (CAD$)
Balance, December 31, 2020	8,400	$ 0.35
Granted	1,512,798	0.57
Exercised	(8,400)	0.35
Expired	(160,930)	0.50
Balance, December 31, 2021	1,351,868	0.58
Granted	10,844,000	0.42
Expired	(1,561,868)	0.53
Balance, December 31, 2022	10,634,000	$ 0.43

In February 2021, the Company issued an aggregate of 160,930 non-transferrable finders warrants, exercisable at a price of CAD$0.50 per share until August 10, 2021, with a fair value of €25,555 (CAD$39,243). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 170%, ii) risk free interest rate of 0.17%; iii) dividend yield of $nil; and iv) expected life of 0.5 years.

In November 2021, the Company issued an aggregate of 88,440 non-transferrable finders warrants, exercisable at a price of CAD$0.35 per share until May 30, 2022, with a fair value of €10,269 (CAD$14,720). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 98%, ii) risk free interest rate of 0.95%; iii) dividend yield of $nil; and iv) expected life of 0.5 years.

In November 2021, the Company issued an aggregate of 1,263,428 non-transferrable warrants to the subscribes of the unit private placement, exercisable at a price of CAD$0.60 per share until November 30, 2022, with a fair value of €99,622 (CAD$152,979). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 98%, ii) risk free interest rate of 0.95%; iii) dividend yield of $nil; and iv) expected life of 1 year. Since these warrants are exercisable in Canadian dollars the warrants are considered a derivative liability and as such their fair value is recognized on the Company's Consolidated Statement of Financial Position as a liability.

In April 2022, the Company issued an aggregate of 91,000 non-transferable finders warrants, exercisable at a price of CAD$0.20 per share until October 14, 2022, with a fair value of €4,160 (CAD$5,652). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 93%, ii) risk-free interest rate of 2.67%; iii) dividend yield of $nil; and iv) expected life of 0.5 years.

In April 2022, the Company issued an aggregate of 2,805,000 non-transferrable warrants to the subscribes of the unit private placement, exercisable at a price of CAD$0.35 per share until April 5, 2023, with a fair value of €64,622 (CAD$87,875). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 93%, ii) risk free interest rate of 2.28%; iii) dividend yield of $nil; and iv) expected life of 1 year. Since these warrants are exercisable in Canadian dollars the warrants are considered a derivative liability and as such their fair value is recognized on the Company's Consolidated Statement of Financial Position as a liability.

10. CAPITAL AND OTHER COMPONENTS OF EQUITY (cont'd)

In April 2022, the Company issued an aggregate of 2,805,000 non-transferrable warrants to the subscribes of the unit private placement, exercisable at a price of CAD$0.50 per share until April 5, 2024, with a fair value of €177,909 (CAD$241,778). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 134%, ii) risk free interest rate of 2.28%; iii) dividend yield of $nil; and iv) expected life of 1 year. Since these warrants are exercisable in Canadian dollars the warrants are considered a derivative liability and as such their fair value is recognized on the Company's Consolidated Statement of Financial Position as a liability.

In April 2022, the Company issued an aggregate of 812,000 non-transferrable warrants to the subscribes of the unit private placement, exercisable at a price of CAD$0.35 per share until April 14, 2023, with a fair value of €43,631 (CAD$59,294). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 101%, ii) risk free interest rate of 2.35%; iii) dividend yield of $nil; and iv) expected life of 1 year. Since these warrants are exercisable in Canadian dollars the warrants are considered a derivative liability and as such their fair value is recognized on the Company's Consolidated Statement of Financial Position as a liability.

In April 2022, the Company issued an aggregate of 812,000 non-transferrable warrants to the subscribes of the unit private placement, exercisable at a price of CAD$0.50 per share until April 14, 2024, with a fair value of €84,016 (CAD$114,178). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 139%, ii) risk free interest rate of 2.35%; iii) dividend yield of $nil; and iv) expected life of 1 year. Since these warrants are exercisable in Canadian dollars the warrants are considered a derivative liability and as such their fair value is recognized on the Company's Consolidated Statement of Financial Position as a liability.

In June 2022, the Company issued an aggregate of 1,700,000 non-transferrable warrants to the subscribes of the unit private placement, exercisable at a price of CAD$0.35 per share until June 20, 2023, with a fair value of €75,509 (CAD$102,617). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 104%, ii) risk free interest rate of 3.26%; iii) dividend yield of $nil; and iv) expected life of 1 year. Since these warrants are exercisable in Canadian dollars the warrants are considered a derivative liability and as such their fair value is recognized on the Company's Consolidated Statement of Financial Position as a liability.

In June 2022, the Company issued an aggregate of 1,700,000 non-transferrable warrants to the subscribes of the unit private placement, exercisable at a price of CAD$0.50 per share until June 20, 2024, with a fair value of €148,558 (CAD$201,891). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 139%, ii) risk free interest rate of 3.26%; iii) dividend yield of $nil; and iv) expected life of 1 year. Since these warrants are exercisable in Canadian dollars the warrants are considered a derivative liability and as such their fair value is recognized on the Company's Consolidated Statement of Financial Position as a liability.

In June 2022, the Company issued an aggregate of 119,000 non-transferrable finders warrants, exercisable at a price of CAD$0.20 per share until December 12, 2022, with a fair value of €6,319 (CAD$8,587). The fair value of these warrants was determined using the Black-Scholes valuation model with the following assumptions: i) expected share price volatility of 104%, ii) risk free interest rate of 2.67%; iii) dividend yield of $nil; and iv) expected life of 0.5 years.

Derivative liability

The Black-Scholes valuation model is used to estimate the fair value of the derivate liability when warrants are issued in Canadian dollars. The warrants are fair valued again at each period end and the difference in fair value between the fair value at the period end and the previous valuation is recognized as an unrealized gain or loss on derivative liability. During the year ended December 31, 2022 the Company recognized an unrealized gain on derivative liability of €582,598 (2021 - €40,962).

(Expressed in EUROS)

11. GENERAL AND ADMINISTRATION EXPENSES

	2022	2021
Consulting and executive management fees (Note 12)	€ 168,958	€ 880,353
Office and supplies	64,685	157,243
Professional fees	194,402	98,084
Rent and insurance	-	25,582
Salaries and benefits	32,266	64,233
	€ 460,311	€ 1,225,495

12. RELATED PARTY TRANSACTIONS

The Company considers the executive officers as key management.

During the year ended December 31, 2022, the Company paid or accrued directors and management fees of €111,460 (2021 - €379,131) to directors and executive officers of the Company. Stock-based compensation of €27,038 was incurred to directors executive officers. Accounting fees of €12,450 were incurred to the former CFO.

During the year ended December 31, 2022, 2,055,000 common shares (2021 – 200,000 common shares) were issued to directors and executive officers, or companies controlled by directors and officers, of the Company, for proceeds of CAD$411,000 (€298,000) (2021 - CAD$100,025 (€65,121)).

Included in accounts payable at December 31, 2022 is €52,324 (December 31, 2021 – €23,536) owing to former directors and officers of the Company for management fees and expenses incurred on behalf of the Company.

13. CAPITAL MANAGEMENT

The Company's capital is comprised of shareholders' equity, less reserves, and liabilities. Cash and loans receivable are managed for liquidity and operational requirements in conjunction with budgeted or expected capital needs. The Company's objective when managing capital is to maintain its ability to retain sufficient liquidity to make investments as opportunities arise and to continue to meet ongoing expenditure and operational needs.

The Company manages the capital structure and makes adjustments to its capital management strategies when economic conditions or risk characteristics of its capital change. To maintain or adjust the capital structure, the Company may consider the issuance of shares, acquire or dispose of assets or adjust the amount of cash held.

Currently, the Company's strategy is to monitor economic conditions and capital markets and allocate operating capital for investment opportunities arising from market conditions.

The Company is not subject to externally imposed capital requirements. The Company's overall capital management strategy remains unchanged from the prior year.

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, loans receivable, accounts payable, derivative liability, loans payable and convertible debenture.

Fair value
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

a. Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b. Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
c. Level 3 - Inputs that are not based on observable market data.

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of receivables, loans receivable, trade payables, loans payable and convertible debenture approximate their fair value. The derivative liability is measured using level 3 inputs.

The Company is exposed in varying degrees to financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of investment policies, counterparty credit limits and liquidity concerns. The more significant risk exposure and the way in which such exposure is managed is described below.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash held in bank accounts and on its loans receivable. The majority of cash is deposited in bank accounts held with major banks in Canada and Germany. As most of the Company's cash is held by two banks, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Loans receivable are owed from one lender and as a result a high concentration of credit risk exists. The Company manages its credit risk on loans receivable by closely monitoring amounts loaned and by maintaining regular communication with the note holder to keep apprised of the lenders operational and financial situation and to ensure a repayment plan is in place.

Currency risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's reporting currency is the Euro and major purchases are transacted in the Euro and Canadian dollars. The Company maintains Euro's and Canadian dollar in bank accounts in Germany and Canada. The Company is subject to gains and losses from fluctuations in the Canadian dollar against the Euro. The Company held a net monetary liability position of $566,000 in Canadian dollars as of December 31, 2022, with the effect on profit or loss before tax of a 10% fluctuation to the CAD dollar being approximately €56,600.

The Company's investments are subject to foreign currency risk, which may adversely affect the Company's financial position, results of operations and cash flows. The following table summarizes the geographical distribution of the Company's financial instruments in Euros at December 31, 2022:

(Expressed in EUROS)

14. FINANCIAL INSTRUMENTS (cont'd)

Currency risk (cont'd)

	Euro	CAD Dollar	Total
Cash and accounts receivable	75%	25%	100%
Loans receivable	0%	100%	100%
Investment in CannaCare	100%	0%	100%
Trade and other payables	44%	56%	100%
Loans payable	100%	0%	100%
Convertible debenture	100%	0%	100%

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its investment in money market funds included in cash is limited as the money market funds may be redeemed at any time without penalty. The Company's loan receivable and loans payable have fixed interest rates and are not affected by changes in interest rates.

Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 13. Liquidity risk is assessed as high.

15. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying a combined federal and provincial income tax rate of 27% (2021 - 27%) to income before taxes as follows:

	2022	2021
Loss before income taxes for the year	€ (1,569,666)	€ (3,639,667)
Expected income tax recovery	€ (423,810)	€ (982,710)
Valuation allowance	(654,217)	1,325,446
Non-deductible expenses	(130,577)	49,505
Other	1,216,447	(368,522)
Share issuance costs	(7,843)	(23,719)
	€ -	€ -

(Expressed in EUROS)

15. INCOME TAXES (cont'd)

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2022	2021
Capital loss carry-forwards	€ 993,039	€ 997,662
Non-capital loss carry-forwards	2,199,211	2,997,652
Other	183,218	34,370
Net deferred tax assets	3,375,468	4,029,685
Less: valuation allowance	(3,375,468)	(4,029,685)
	€ -	€ -

The Company has non-capital tax losses carried forward, approximating CAD$11,776,365 in Canada, expiring from 2026 through 2042. The Company has gross capital losses approximating CAD$12,000,000 available for deduction against future capital gains that, if not utilized, will carry forward indefinitely.

16. RIGHT OF USE OF ASSETS

Deferred tax assets have not been recognized because management believes it is not sufficiently probable that future taxable profits will be available against which the Company can utilize the benefits.

The right-of-use assets related to motor vehicles located in Germany, which were terminated at the sale of AMP Germany in December 2022.

	December 31, 2022	December 31, 2021
Balance at beginning of year	€ 66,081	€ 17,446
Additions during the year	-	66,034
Depreciation included in discontinued operations	(27,520)	(17,399)
Disposal on sale of AMP Germany	(38,561)	-
Balance at end of year	€ -	€ 66,081

(Expressed in EUROS)

17. LEASE LIABILITIES

During the year ended December 31, 2022 the lease liabiltes related to the leased motor vehicles located in Germany, which were terminated at the sale of AMP Germany in December 2022.

		2022		**2021**
Balance at beginning of year	€	59,629	€	17,860
Additions during the year		-		66,034
Lease payments		(29,446)		(26,782)
Interest		1,813		2,517
Disposal on sale of AMP Germany		(31,996)		-
Balance at end of year	€	-	€	59,629
Current	€	-	€	27,634
Non-current	€	-	€	31,995

The lease liabilities were discounted at an incremental borrowing rate of 3% per annum.

18. INVENTORY

As at December 31, 2021, the Company's inventory of €47,786 consisted of finished goods held at a third party's secure facility in Germany. There were no inventories held at December 31, 2022.

(Expressed in EUROS)

19. EQUIPMENT

	Operating systems and hardware	Computer and other equipment	Total
Cost			
As at December 31, 2020	€ 45,780	€ 7,334	€ 53,114
Additions during the year	6,372	56,776	63,148
As at December 31, 2021	52,152	64,110	116,262
Additions during the year	4,085	14,625	18,710
Disposal on sale of AMP	(56,237)	(78,735)	(134,972)
As at December 31, 2022	€ -	€ -	€ -
Accumulated depreciation			
As at December 31, 2020	€ 5,723	€ 1,790	€ 7,513
Additions during the year	7,120	13,458	20,578
As at December 31, 2021	12,843	15,248	28,091
Additions during the year	12,550	10,638	23,188
Disposal on sale of AMP	(25,393)	(25,886)	(51,279)
As at December 31, 2022	€ -	€ -	€ -
Net book value			
As at December 31, 2021	€ 39,309	€ 48,862	€ 88,171
As at December 31, 2022	**€ -**	€ **-**	€ **-**

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2022:

a) In February 2023, the Company sold its remaining 31% of CannaCare for gross proceeds of €387,500. As part of the transaction, the Company extended the repayment date of its loans to CannaCare to December 31, 2024, and entered into an agreement to discount the principal payment by 50% if paid prior to the extended repayment date. See Note 7 (a);

b) The Company repaid €450,000 towards its drawdown loan facility with a private lender. As a result, the outstanding balance thereafter was €150,000. See Note 8 (b).