GREENRISE GLOBAL BRANDS INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

(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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 describes events or conditions that indicate 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

Valuation of Convertible Debenture
 	
The Company's valuation of the convertible debenture is described in Note 8 to the consolidated financial statements.
 	
The convertible debenture outstanding at December 31, 2023 is recorded at fair value through profit and loss.
 	
We considered this a key audit matter due to the significant management estimates and judgments required in determining the fair value of the convertible debenture. 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.
	Our approach to addressing the matter included the following audit procedures, among others:
	
	• With the assistance of valuation specialists,
	    o Assessed the appropriateness of valuation method and assumptions and underlying inputs.
	    o Tested the information underlying the determination of the discount rates.
	    o Tested the mathematical accuracy of the calculations.
	    o Developed a range of independent estimates.
	    o Performed sensitivity analysis.

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.

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

April 29, 2024

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

		As at December 31, 2023		As at December 31, 2022
Assets				
Current assets				
Cash	€	**31,527**	€	-
Accounts receivable and prepaid expenses (Note 4)		**-**		586,832
Loans receivable (Note 6)		**410,296**		-
Asset held for sale (Note 5)		**-**		387,500
		441,823		974,332
Non-current assets				
Loans receivable (Note 6)		**-**		271,463
Total assets	€	**441,823**	€	1,245,795
Liabilities and shareholders' equity				
Current liabilities				
Bank overdraft	€	**-**	€	20,594
Trade and other payables (Note 11)		**254,694**		344,884
Loans payable (Note 7)		**179,911**		619,678
Derivative liability (Note 9)		**1,886**		67,894
		436,491		1,053,050
Non-current liabilities				
Loans payable (Note 7)		**2,166,440**		2,084,265
Convertible debenture (Note 8)		**453,805**		424,095
Total liabilities		**3,056,736**		3,561,410
Shareholders' deficiency				
Share capital (Note 9)		**5,678,306**		5,678,306
Share based payment reserve (Note 9)		**2,648,925**		2,648,925
Subscriptions received in advance		**87,246**		87,246
Foreign currency translation reserve		**22,787**		22,787
Deficit		**(11,052,177)**		(10,752,879)
Total shareholders' deficiency		**(2,614,913)**		(2,315,615)
Total liabilities and shareholders' deficiency	€	**441,823**	€	1,245,795

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)

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

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

		2023		2022
Expenses				
General and administrative (Note 10)	€	**(267,028)**	€	(460,311)
Interest expense (Note 7)		**(177,502)**		(199,985)
Share based compensation (Notes 9 & 11)		**-**		(74,845)
Transfer agent, filing fees and shareholder communication		**(16,386)**		(25,922)
		(460,916)		(761,063)
Other income (expense)				
Interest income and accretion		**138,833**		62,567
Foreign exchange gain (loss)		**(13,513)**		1,119
Unrealized gain on derivative liability (Note 9)		**66,008**		582,598
Gain / (loss) on change in fair value of convertible debenture (Note 8)		**(29,710)**		117,683
Impairment of loans and investments (Note 5 & 6)		**-**		(1,447,341)
Net loss from continuing operations		**(299,298)**		(1,444,437)
Net loss from discontinued operations (Note 4)		**-**		(125,229)
Net and comprehensive loss for the year	€	**(299,298)**	€	(1,569,666)
Basic and diluted loss per share - continuing operations	€	**(0.01)**	€	(0.04)
Basic and diluted loss per share - discontinued operations	€	**(0.00)**	€	(0.00)
Weighted average number of common shares outstanding - basic and diluted		**47,236,039**		38,593,506

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

GREENRISE GLOBAL BRANDS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
YEAR ENDED DECEMBER 31, 2023 and 2022
(Expressed in Euros)

	Capital Stock		Share-based payment reserve	Subscriptions received in advance	Foreign currency translation reserve	Deficit	Total equity
	Shares	Amount					
At 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 9)	5,317,000	180,870	-	-	-	-	180,870
Shares issued to purchase CannaCare (Note 5)	5,000,000	945,386	-	-	-	-	945,386
Subscriptions received in advance	-	-	-	87,246	-	-	87,246
Share issuance costs (Note 9)	-	(30,784)	-	-	-	-	(30,784)
Fair value of warrants (Note 9)	-	(10,478)	10,478	-	-	-	-
Share-based compensation (Note 9)	-	-	74,845	-	-	-	74,845
At December 31, 2022	47,236,039	5,678,306	2,648,925	87,246	22,787	(10,752,879)	(2,315,615)
Loss for the year	-	-	-	-	-	(299,298)	(299,298)
At December 31, 2023	47,236,039	€ 5,678,306	€ 2,648,925	€ 87,246	€ 22,787	€ (11,052,177)	€ (2,614,913)

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

GREENRISE GLOBAL BRANDS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31,
(Expressed in Euros)

		2023		2022
Operating activities				
Loss for the year from continuing operations	€	**(299,298)**	€	(1,444,437)
Items not affecting cash:				
Interest capitalized to loans		**-**		(22,860)
Non-cash loan interest		**143,902**		187,199
Non-cash foreign exchange		**-**		(2,172)
Gain on derivative liability		**(66,008)**		(582,598)
Impairment of loans and inestment		**-**		1,447,341
Change in fair value of convertible debenture		**29,710**		(117,683)
Accretion of loans receivable		**(105,593)**		(39,707)
Share based compensation		**-**		74,845
		(297,287)	-	(500,072)
Changes in non-cash working capital items:				
Amounts receivable and prepaid expenses		**586,832**		(563,381)
Trade and other payables		**(90,190)**		(11,965)
Net cash provided by / (used in) operating activities		**199,355**		(1,075,418)
Investing activities				
Proceeds from the sale of CannaCare		**387,500**		-
Net increase in loan receivable		**-**		(531,000)
Net cash provided by / (used in) investing activities		**387,500**		(531,000)
Financing activities				
Shares issued for cash, net of share issue costs		**-**		744,372
Subscription reciepts		**-**		87,246
Net increase / (decrease) in loans		**(534,734)**		674,989
Net cash provided by / (used in) financing activities		**(534,734)**		1,506,607
Cash flows from continuing operations		**52,121**		(99,811)
Cash flows from discontinued operations		**-**		51,769
Change in cash during the year		**52,121**		(48,042)
Cash (bank overdraft), beginning of year		**(20,594)**		27,448
Cash (bank overdraft), end of year	€	**31,527**	€	(20,594)

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 which holds 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."

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, 2023, the Company had an accumulated deficit of €11,052,177 and working capital of €5,332. 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 factors indicate a material uncertaintly exists that 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").

The consolidated financial statements were authorized for issue by the Board of Directors on April 29th, 2024.

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

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. Investments in associates and jointly controlled entities are accounted for using the equity method.

These consolidated financial statements include the accounts of the Company and include the accounts of its previously wholly-owned German subsidiary, AMP Alternative Medical Products GmbH ("AMP Germany") up until its disposition in 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 financial instruments, changes in equity accounted investments, deferred income taxes and the recoverability of accounts receivable 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 applied in the Company's consolidated financial statements include the assessment of the Company's influence on associates, the Company's ability to continue as a going concern and the determination of functional currency.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 consolidated statement of comprehensive 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 consolidated statement of comprehensive 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (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 liability	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 consolidated 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 consolidated statements of comprehensive loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

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.

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 share issuances upon exercise of options, warrants and similar instruments. For the periods presented, the Company had no dilutive instruments.

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.

(Expressed in Euros)

4. DISCONTINUED OPERATIONS

The Company sold its interest in AMP Germany effective December 15, 2022. See Note 5(b).

The medicinal cannabis business of AMP Germany met 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.

Results from discontinued operations:

		Year ended December 31, 2023		Year ended December 31, 2022
Sales	€	-	€	(562,687)
Cost of goods sold		-		446,508
General and administrative expenses		-		798,986
Other income		-		(4,844)
Net loss from discontinued operations		-		(677,963)
Gain on sale and deconsolidation of discontinued operations (Note 5)		-		552,704
Loss from discontinued operations	€	-	€	(125,259)

During the year ended December 31, 2023, the Company received the proceeds of €586,832 from the sale of AMP Germany.

5. INVESTMENTS

a) During April 2022, the Company acquired 51% of CannaCare Health GmbH ("CannaCare") under the following relevant terms: (i) 5,000,000 common shares of the Company with a fair market value of €945,386; (ii) cash payment of €250,000; and (iii) receipt of a €608,920 loan that CannaCare owed to a shareholder in exchange for a convertible debenture convertible into units in the Company (Note 8). The investment in CannaCare was measured at fair value and has been accounted for as an asset held for sale at December 31, 2022.

The Company sold 20% of CannaCare for gross proceeds of €250,000 on November 11, 2022 and on April 20, 2023, sold its remaining 31% for €387,500 and amended the terms of the loans receivable to CannaCare, recognizing an impairment of €630,135 in 2022 (Note 6).

b) During 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 in 2022 of €552,704 (Note 4).

6. LOANS RECEIVABLE

As at December 31, 2023, the Company has two unsecured loans receivable from CannaCare with total face value of €1,131,000 (2022 - €1,131,000) and accrued interest totalling €64,791 (2022 - €31,479).

One loan receivable has a principal amount of €608,920, bears interest at 2% per annum and was acquired in fiscal 2022 from a CannaCare shareholder in exchange for a convertible debenture in the same amount (Note 8). The other loan receivable has principal amount of €531,000 and bears interest at 4% per annum.

During the year ending December 31, 2023, the Company and CannaCare amended both loan receivable agreements where the Company will discount the principal amounts owning by half if repaid before December 31, 2024.

6. LOANS RECEIVABLE (con't)

The combined fair value at inception was determined to be €1,026,384 based on a discount rate of 10% per annum. During the year ended December 31, 2023 interest and accretion of €138,833 (2022 - €59,547) was recorded. At December 31, 2023, the recoverable value of the loans including accrued interest was determined to be €410,296 (2022 - €271,463) resulting in the Company recognizing an impairment of €Nil (2022 - €817,205).

7. 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, 2023, €1,620,627 (2022 - €1,705,361) had been drawn down against the credit facility and accrued interest totalling €545,813 is owed (2022 - €377,383). During the year ended December 31, 2023 interest of €166,909 (2022 - €168,602) was accrued on this loan. A director of the lender is an executive officer of the Company;

b) The Company has a drawdown loan of €179,911 (2022 - €619,678) which includes accrued interest with a lender bearing an interest rate of 5% per annum, and due on December 31, 2024. During the year ended December 31, 2023, the Company repaid €450,000 towards the drawdown loan payable and accrued interest of €10,233 (2022 - €19,678).

8. CONVERTIBLE DEBENTURE

On June 14, 2022, the Company issued a convertible debenture in the amount of €608,920 in exchange for a loan receivable (Note 6). 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 common share and two share purchase warrants, 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 at inception 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 €453,805 at December 31, 2023 (2022 - €424,095). This resulted in a loss on the change in fair value of €29,710 (2022 - €117,683 gain) which was recognized in the consolidated statement of comprehensive loss.

9. 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, 2023, 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;

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;

(Expressed in Euros)

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

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 April 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 5(a));

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.

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, 2023, the Company granted no options (2022 – 870,000) with a fair value of €nil (2022 - €74,845), 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:

	December 31, 2022
Risk-free interest rate	2.67%
Expected life	2 years
Annualized volatility	137%
Pre-vest forfeiture rate	0.00%
Dividend rate	0.00%

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

	Stock options	
	Number	Weighted Average Exercise Price (CAD$)
Balance, December 31, 2021	3,558,500	$ 0.36
Granted	870,000	0.18
Cancelled	(3,558,500)	0.47
Balance, December 31, 2022	870,000	$ 0.18
Cancelled	(720,000)	0.18
Balance, December 31, 2023	150,000	$ 0.18

The following stock options were outstanding as at December 31, 2023:

	Options outstanding and exercisable		
Exercise price	Number	Weighted average remaining contractual life (years)	Weighted average exercise price (CAD$)
CAD$0.18	150,000	0.33	$ 0.18

9. 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.

A continuity of warrants issued and outstanding is as follows:

		Warrants		
		Number		Weighted Average Exercise Price (CAD$)
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
Expired		(5,317,000)		0.35
Balance, December 31, 2023	*	5,317,000	$	0.50

* Subsequent to December 31, 2023, 3,617,000 warrants expired without exercise.

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.

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.

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

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, 2023 the Company recognized an unrealized gain on derivative liability of €66,008 (2022 - €582,598).

10. GENERAL AND ADMINISTRATION EXPENSES

	Year ended December 31,			
		2023		2022
Expenses				
Consulting and management fees (Note 11)	**€**	**75,884**	€	168,958
Office and supplies		**45,607**		64,685
Professional fees		**145,537**		194,402
Salaries and benefits		**-**		32,266
	€	**267,028**	€	460,311

11. RELATED PARTY TRANSACTIONS

The Company considers the executive officers as key management.

Included in accounts payable at December 31, 2023 is €33,461 (2022 – €52,324) owing to officers of the Company for expenses incurred on behalf of the Company.

During the year ended December 31, 2023, the Company paid or accrued directors and management fees of €nil (2022 - €111,460) to directors and executive officers of the Company. Stock-based compensation of €nil (2022 - €27,038) was incurred to directors and executive officers.

During the year ended December 31, 2022, 2,055,000 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).

12. 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.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, loans receivable, trade payables, 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 has been measured at fair value using Level 1 inputs. The carrying value of accounts receivable, 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.

13. FINANCIAL INSTRUMENTS (cont'd)

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 accounts receivable and 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 $138,000 in Canadian dollars as of December 31, 2023, with the effect on profit or loss before tax of a 10% fluctuation to the CAD dollar being approximately €13,800.

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, 2023:

	Euro	CAD Dollar	Total
Cash	100%	0%	100%
Loans receivable	100%	0%	100%
Trade and other payables	71%	29%	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 12. Liquidity risk is assessed as high.

(Expressed in Euros)

14. 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% (2022 - 27%) to income before taxes as follows:

	Year ended December 31, 2023	**2022**
Loss before income taxes for the year	€ (299,298)	€ (1,444,437)
Expected income tax recovery	€ (80,810)	€ (389,998)
Non-deductible expenses	(8,254)	(164,389)
Other	(45,422)	1,216,447
Share issuance costs	-	(7,843)
Valuation allowance	134,486	(654,217)
	€ -	€ -

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

	December 31, 2023	**December 31, 2022**
Capital loss carry-forwards	€ 981,632	€ 993,039
Non-capital loss carry-forwards	2,306,019	2,199,211
Other	222,303	183,218
Net deferred tax assets	3,631,887	3,375,468
Less: valuation allowance	(3,631,887)	(3,375,468)
	€ -	€ -

The Company has non-capital tax losses carried forward, approximating CAD$12,492,000 in Canada, expiring from 2026 through 2043. The Company has gross capital losses approximating CAD$10,635,000 available for deduction against future capital gains that, if not utilized, will carry forward indefinitely.

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

15. SUBSEQUENT EVENTS

a) Outstanding loans receivable interest of €34,400 was received (Note 6).

b) The Company entered into a drawdown credit facility for CAD$150,000, secured by the Company's loans receivable to CannaCare and due on December 31, 2024 with a company owned by an executive officer of the Company.