Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)

Condensed Interim Consolidated Financial Statements
Six Months Ended June 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Notice to Readers

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

The accompanying unaudited condensed interim consolidated financial statements of Digicann Ventures Inc. for the six months ended June 30, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company’s management and have been approved by the Board of Directors. The Company’s independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

	Notes	June 30, 2024	December 31, 2023 (Audited)
ASSETS			
Current assets			
Cash		$ 419,531	$ 738,742
Marketable Securities	7	450	450
TOTAL ASSETS		**$ 419,981**	**$ 739,192**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11, 15	$ 168,954	$ 209,808
Loans payable	13	-	70,000
Convertible loan payable	12	912,321	1,079,716
Derivative liabilities	12	28	28
TOTAL LIABILITIES		**1,081,303**	**1,359,552**
SHAREHOLDERS' DEFICIT			
Share capital	14	204,475,060	204,391,087
Reserves	14	11,039,115	12,539,154
Accumulated other comprehensive income		(6,153)	(6,153)
Deficit		(216,039,447)	(217,414,551)
Attributable to shareholders		(531,425)	(490,463)
Non-controlling interest	9	(129,897)	(129,897)
TOTAL SHAREHOLDERS' DEFICIT		**(661,322)**	**(620,360)**
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$ 419,981**	**$ 739,192**

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 18)
Subsequent events (Note 22)

Approved on behalf of the Board of Directors:

"Nick Kuzyk"
Director

"Fiona Fitzmaurice"
Director

Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)
Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

		Three months ended		Six months ended	
	Notes	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Expenses					
Consulting and management	15	76,560	100,895	153,120	217,792
Corporate development		4,514	11,690	8,732	13,644
Finance and other costs	12, 13	63,465	647,437	121,209	1,255,037
Foreign exchange loss (gain)		-	24,689	-	1,220
Insurance		-	19,571	-	38,927
Investor communication		744	-	1,478	-
Office and sundry		747	23,315	1,484	26,352
Professional fees		66,272	213,385	93,598	282,192
Regulatory and transfer agent fees		23,545	44,643	40,400	71,016
Share-based payments	14	33,937	-	33,937	-
Wages and salary recoveries		(9,686)	-	(9,686)	-
		(260,098)	(1,085,625)	(444,272)	(1,906,180)
Loss before other items		(260,098)	(1,085,625)	(444,272)	(1,906,180)
Other items					
Gain on debt settlement	12,14	75,054	1,128,000	75,054	2,023,333
Gain on loan forgiveness	13	-	752,703	-	752,703
Gain on modification of debt	12	-	662,676	163,514	662,676
Gain on write-off of accounts payable	11	73,932	2,899	73,932	2,899
Gain on sale of marketable securities	7	-	5,553	-	21,415
Loan recovery	10	-	225,000	-	225,000
Unrealized loss on marketable securities	9	-	-	-	(50,000)
Net income (loss) for the period for continuing operations		**(111,112)**	**1,691,206**	**(131,772)**	**1,731,846**
Net income for the period for discontinued operations	1, 8, 20	**6,837**	**2,176,054**	**6,837**	**2,191,458**
Net income (loss) for the period before other items		**(104,275)**	**3,867,260**	**(124,935)**	**3,923,304**
Other Comprehensive Income					
Foreign Exchange gain on translating foreign operations		-	24,627	-	(20,705)
Net and comprehensive income (loss) for the period		**$ (104,275)**	**$ 3,891,887**	**$ (124,935)**	**$ 3,902,599**
Net income (loss) attributable to:					
Shareholders of Digicann Ventures Inc.		$ (104,275)	$ 3,867,260	$ (124,935)	$ 3,923,304
Non-controlling interests	9	-	-	-	-
		$ (104,275)	**$ 3,867,260**	**$ (124,935)**	**$ 3,923,304**
Net and comprehensive income (loss) attributable to:					
Shareholders of Digicann Ventures Inc.		$ (104,275)	$ 3,891,887	$ (124,935)	$ 3,902,599
Non-controlling interests	9	-	-	-	-
		$ (104,275)	**$ 3,891,887**	**$ (124,935)**	**$ 3,902,599**
Net income (loss) per share for continuing operations – basic		**$ (0.01)**	**$ 0.28**	**$ (0.01)**	**$ 0.35**
Net income (loss) per share for discontinued operations – basic		**$ (0.00)**	**$ 0.36**	**$ 0.00**	**$ 0.44**
Net income (loss) per share – basic		**$ (0.01)**	**$ 0.64**	**$ (0.01)**	**$ 0.79**
Net income (loss) per share for continuing operations – diluted		**$ (0.01)**	**$ 0.34**	**$ (0.01)**	**$ 0.34**
Net income (loss) per share for discontinued operations – diluted		**$ (0.00)**	**$ 0.43**	**$ 0.00**	**$ 0.43**
Net income (loss) per share – diluted		**$ (0.01)**	**$ 0.77**	**$ (0.01)**	**$ 0.77**
Weighted average number of common shares outstanding		**20,932,808**	**6,041,188**	**19,174,877**	**4,979,454**

Digicann Ventures Inc. (formerly AGRA VENTURES LTD.)
Condensed Interim Consolidated Statements of Changes in Equity (Deficit)
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share capital							
	Number of shares[1]	Amount	Share-based payments reserve	Warrants reserve	Non-controlling interest	Accumulated other comprehensive income (loss)	Deficit	Total
Balance at December 31, 2022	**4,304,762**	**$ 203,844,282**	**$ 5,046,971**	**$ 20,019,553**	**$ (170,651)**	**$ 32,117**	**$ (247,710,719)**	**$ (18,938,447)**
Net and comprehensive income (loss) for the period	-	-	-	-	-	(20,705)	3,923,304	3,902,599
Fair value of options expired	-	-	(451,329)	-	-	-	451,329	-
Fair value of warrants expired	-	-	-	(1,383,333)	-	-	1,383,333	-
Shares for debt settlement	1,331,691	131,066	-	-	-	-	-	131,066
Conversion of debentures (Notes 12 and 14)	895,333	223,833	-	-	-	-	-	223,833
Balance at June 30, 2023	**6,531,786**	**$ 204,199,181**	**$ 4,595,642**	**$ 18,636,220**	**$ (170,651)**	**$ 11,412**	**$ (241,952,753)**	**$ (14,680,949)**
Balance at December 31, 2023	**17,856,672**	**$ 204,391,087**	**$ 4,545,209**	**$ 7,993,945**	**$ (129,897)**	**$ (6,153)**	**$ (217,414,551)**	**$ (620,360)**
Fair value of options expired	-	-	(1,500,039)	-	-	-	1,500,039	-
Share-based payments – Restricted Share Units	-	-	33,937	-	-	-	-	33,937
Shares issued for conversion of Restricted Share Units (Note 14)	1,696,815	33,937	(33,937)	-	-	-	-	-
Shares for debt settlement (Note 14)	2,501,807	50,036	-	-	-	-	-	50,036
Net and comprehensive loss for the period	-	-	-	-	-	-	(124,935)	(124,935)
Balance at June 30, 2024	**22,055,294**	**$ 204,475,060**	**$ 3,045,170**	**$ 7,993,945**	**$ (129,897)**	**$ (6,153)**	**$ (216,039,447)**	**$ (661,322)**

On August 8, 2023, the Company consolidated its shares on a twenty-five (25) pre-consolidated to one (1) post-consolidation share basis. These condensed interim consolidated financial statements reflect the post-consolidated shares retroactively.

(Expressed in Canadian Dollars)

	Periods ended June 30, 2024	June 30, 2023
Operating activities		
Net income (loss) for the period	$ (124,935)	$ 3,902,599
Adjustments for:		
Finance and other costs	121,209	1,192,917
Gain on debt settlement (Note 12)	(75,054)	(2,023,333)
Gain on modification of debt (Note 12)	(163,514)	(662,676)
Gain on loan forgiveness (Note 13)	-	(752,703)
Loan recovery (Note 10)	-	(225,000)
Loss on sale of marketable securities (Note 7)	-	(21,415)
Unrealized loss on marketable securities (Note 7)	-	50,000
Shares issued for interest expense (Note 14)	-	59,066
Share-based payments (Note 14)	33,937	-
Write-off of accounts payable (Note 11)	(73,932)	-
Foreign exchange loss	-	1,220
Changes in non-cash working capital items:		
Accounts receivable	6,837	215,625
Prepaids and deposits	-	19,803
Inventory	-	(34,750)
Accounts payable and accrued liabilities	33,078	(33,868)
Net cash flows used in operating activities	(242,374)	1,687,485
Loss (gain) for the year from discontinued operations (Notes 1, 8, and 20)	(6,837)	(2,191,458)
Net cash used in operating activities from continued operations	(249,211)	(503,973)
Financing activities		
Repayment of loans (Note 13)	(70,000)	-
Net cash flows used in financing activities	(70,000)	-
Investing activities		
Proceeds from sale of marketable securities	-	1,065,860
Net cash flows provided by investing activities	-	1,065,860
Change in cash	(319,211)	561,887
Cash, beginning of period	738,742	304,255
Effect of change in foreign currency on cash	-	(4,611)
Cash, end of period	**$ 419,531**	**$ 861,531**

Supplemental cash flow information (Note 16)

1. NATURE OF OPERATIONS AND GOING CONCERN

Digicann Ventures Inc. (formerly Agra Ventures Ltd.) (the "Company" or "Digicann") was incorporated on June 24, 2004 pursuant to the Business Corporations Act (British Columbia). On August 8, 2023, the Company changed its name to Digicann Ventures Inc. from Agra Ventures Ltd. The diversified Company is focused on opportunities within and outside of the cannabis industry. The Company's corporate office and principal place of business is located at Suite 1890, 1075 West Georgia Street, Vancouver, British Columbia V6E 3C9. The Company trades on the Canadian Stock Exchange (the "CSE") under the symbol "DCNN". The Company also trades on the OTC Pink Sheets ("OTCPK") under the symbol "AGFAF" unless temporarily trading under the symbol "AGFAD" during the 20 business days after a share consolidation event.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. Further discussion of liquidity risk has been disclosed in Note 17. At June 30, 2024, the Company has working capital deficit of $661,322 (December 31, 2023 – a working capital deficit of $620,360) and an accumulated deficit of $216,039,447 (December 31, 2023 - $217,414,551).

The Company generates minimal cash flow from operations and therefore relies upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations to the extent such instruments are issuable under terms acceptable to the Company. While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. These conditions create a material uncertainty, which may cast significant doubt upon the Company's ability to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due, negotiate suitable joint venture agreements, and/or continue as a going concern, then material adjustments would be required to the carrying value of assets and liabilities and the statement of financial position classifications used. These condensed interim consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments relating to the recovery of assets and classification of assets and liabilities that may arise should the Company be unable to continue as a going concern.

Discontinued operations

Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of comprehensive income (loss) for both the current and comparative periods. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statements of financial position.

During the year ended December 31, 2022, the Company recognized an impairment of its 70% equity interest in the Propagation Services Canada, doing business as Boundary Bay Cannabis, ("PSC") joint venture, as a result of the termination of the management agreement with the operator of PSC. The Company sold the PSC investment on June 16, 2023 (Note 11). The sale or abandonment of the interest meets the definition of a discontinued operation per IFRS 5 *Non-current assets held for sale and discontinued operations*, the results of the discontinued operations for the periods ended June 30, 2024 and 2023 are disclosed in Notes 8 and 20.

During the year ended December 31, 2023, the Company entered into a Share Purchase Agreement to sell all of its shares of AgraFlora Europe GmbH ("AgraFlora Europe"). The Company sold its ownership in AgraFlora Europe on September 7, 2023 (Note 20). The sale of the shares meets the definition of a discontinued operation per IFRS 5 *Non-current assets held for sale and discontinued operations*, the results of the discontinued operations for the periods ended June 30, 2024 and 2023 are disclosed in Note 20.

2. BASIS OF PREPARATION

Basis of preparation

The condensed consolidated interim financial statements are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the adoption of new accounting standards and/or estimates identified in Note 3. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended December 31, 2023, including the accompanying notes thereto.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on August 6, 2024.

Basis of Consolidation

A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. These consolidated financial statements include the accounts of the Company and its subsidiaries:

	Ownership Interest 2024	Ownership Interest 2023	Jurisdiction
Potluck Potions and Edibles Inc.	80%	80%	Canada
Canutra Naturals Ltd.	100%	100%	Canada
11122347 Canada Corp d/b/a Canada Cap Corp	80%	80%	Canada
1180782 B.C. Ltd. d/b/a Delta Organic Cannabis Corp.	100%	100%	Canada
11353675 Canada Corp. d/b/a CanaBeer	80%	80%	Canada
11353705 Canada Corp. d/b/a Canada Gum Corp.	80%	80%	Canada
Trichome Canabrands Inc.	100%	100%	Canada
Sanna Health Corp.[1]	100%	100%	Canada
11406426 Canada Corp. d/b/a Canada Formulations Corp	80%	80%	Canada
AgraFlora Holdings Corp. (Note 12)	100%	100%	Canada

1: Sanna Health Corp.'s wholly-owned subsidiary Sustainable Growth Strategic Capital Corp. ("SGSCC") was dissolved on December 18, 2023.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, have been eliminated in preparing the consolidated financial statements.

Presentation and functional currency

The functional currency of the parent company is the Canadian dollar, which is also the presentation currency of the consolidated financial statements. The functional currency is the Canadian dollar for the Company's Canadian subsidiaries, and the Euro was the functional currency for AgraFlora Europe, until the sale of AgraFlora Europe on September 7, 2023.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (the exchange rate at the reporting date). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the profit or loss.

2. BASIS OF PREPARATION (continued)

Presentation and functional currency (continued)

The financial results and financial position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in accumulated other comprehensive income as foreign exchange gain on translating foreign operations. These differences are recognized in the profit or loss in the period in which the foreign operation is disposed.

Significant accounting judgments and estimates

The preparation of these consolidated financial statements using accounting policies consistent with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. The preparation of these consolidated financial statements also requires management to exercise judgment in the process of applying the accounting policies.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised.

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determine the primary economic environment.

Management has applied significant judgments related to the following:

Discontinued operations

The Company uses its judgment to determine whether a component of the Company that has been disposed of meets the criteria of a discontinued operation. The key area that involves management judgment in this determination is whether the component represents a separate major line of business or geographical area of operation.

3. MATERIAL ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2023.

Future accounting standards

The Company continues to review changes to IFRS standards. There are no pending IFRS or IFRIC interpretations that are expected to be relevant to or have a material impact on the Company's consolidated financial statements.

(Expressed in Canadian Dollars)

4. AMOUNTS RECEIVABLE

During the year ended December 31, 2023, the Company wrote off $125 (2022 - $1,862) of government sales tax recoverable on the basis that the amounts were denied by the Canada Revenue Agency.

5. LOANS RECEIVABLE

In prior years, the Company entered into a definitive loan agreement with PSC with a maximum facility amount of $50,000,000. As a result of executing the definitive loan agreement, the loans are included in the investment account and considered as a contribution to PSC. The interest rate of the loan is 15% and was determined based on market rates of interest for similar loan instruments. The loan receivable is considered a performing loan, with no external credit rating.

The balance of the loan was $14,950,797 as at December 31, 2021. During the year ended December 31, 2022, the Company recognized a provision on the loan receivable as a result of the discontinued operations of the PSC investment (Notes 1 and 8). During the year ended December 31, 2023, the loan receivable with PSC was officially discharged as part of the terms of sale of the Company's interest in PSC (Note 20).

6. PREPAIDS AND DEPOSITS

During the year ended December 31, 2023, the Company recorded a write-off of $121 in prepaid expenses.

7. MARKETABLE SECURITIES

At June 30, 2024, the Company held the following marketable securities:

Investee	Number of Shares/Warrants	Cost $	Fair Value $
Private Companies			
Pounce Technologies – Shares	4,500,000	500,000	450
		600,463	450

At December 31, 2023, the Company held the following marketable securities:

Investee	Number of Shares/Warrants	Cost $	Fair Value $
Public Companies			
Cult Food Science Corp. – Warrants	-	-	-
Private Companies			
Pounce Technologies – Shares	4,500,000	500,000	450
		600,463	450

7. MARKETABLE SECURITIES (CONTINUED)

Cult Food Science Corp.

On September 15, 2021, the Company subscribed to a private placement of 2,000,000 units ("Cult Unit") of Cult Food Science Corp. ("Cult") for total cash of $500,000. Each Cult Unit consists of one common share of Cult and one transferable common share purchase warrant of Cult. Each warrant will entitle the holder to acquire one Cult share at a price of $0.75 for a period of two years following the closing date of the private placement.

On November 1, 2021, the Company subscribed to a private placement of 757,575 units ("November Cult Unit") of Cult for total cash of $250,000. Each November Cult Unit consists of one common share of Cult and one transferable common share purchase warrant of Cult. Each warrant will entitle the holder to acquire one Cult share at a price of $0.75 for a period of two years following the closing date of the private placement.

The Company assigned $Nil value to the warrants as Cult was a private investment as of December 31, 2021. Cult commenced trading on the CSE on January 17, 2022.

During the year ended December 31, 2022, the Company sold 245,999 Cult shares and during the year ended December 31, 2023, the Company sold all of its remaining 2,511,576 Cult shares with a cost of $75,347 for proceeds of $91,209 and realized a gain on sale of $15,862. On November 1, 2023, all the Cult warrants have expired and the Company does not own any Cult shares or warrants at December 31, 2023.

Pounce Technologies Inc.

On November 23, 2021, the Company purchased 4,500,000 common shares of Pounce Technologies Inc., a private company, for total cash of $500,000. The fair value of this investment at June 30, 2024 was $450 (December 31, 2023 – $450) and the Company recorded an unrealized loss of $Nil for the period ended June 30, 2024 (June 30, 2023 - $50,000).

OrganiGram Holdings Inc.

During the year ended December 31, 2023, the Company received 2,278,133 common shares of OrganiGram Holdings Inc. ("OGI") pursuant to the sale of SUHM Investments Inc. in prior years (Note 20) with a fair value of $2,354,691 and sold all shares of the OGI common shares for proceeds of $2,257,829 and realized a loss on sale of $96,862. At June 30, 2024 and December 31, 2023, the Company has Nil shares in OGI.

8. PROPAGATION SERVICES CANADA INC.

In 2019, the Company acquired a 70% interest in PSC, a joint venture which has ownership of the Houweling Nurseries Ltd.'s Delta Propagation Facility (the "Facility"), consisting of 2,200,000 square feet of greenhouse space and 1,700,000 square feet of irrigation space.

On June 16, 2023, the Company mutually agreed with the operator of the Facility to effectively terminate and exit the investment in PSC and sold its investment in PSC for aggregate cash of $250,000 (Note 20). On June 16, 2023, the Company ceased equity accounting for the investment in PSC and the carrying value of the investment was $Nil, which resulted in a gain on sale of equity accounted investments of $250,000.

(Expressed in Canadian Dollars)

8. PROPAGATION SERVICES CANADA INC. (CONTINUED)

The Company considered PSC to be a discontinued operation as at December 31, 2022 and December 31, 2023 (Note 1). Thus, the Company impaired the investment in PSC to $Nil as at December 31, 2022, recording an impairment of $15,612,429 for the year ended December 31, 2022 as a result of the operations being halted and the operator's termination of the management agreement with PSC. Net income or loss from discontinued operations is further detailed in Note 26.

The Company ceased equity accounting for the PSC investment on June 16, 2023 subsequent to the sale of the investment. The significant aspects of the losses until the date of the sale are discussed below.

The table below provides a continuity of the PSC investment up to the date of the sale of the PSC investment on June 16, 2023:

Opening balance, December 31, 2021	23,438,656
Adjustment of intercompany interest (Note 5)	(1,534,519)
Income (loss) on equity investment	(6,291,709)
Impairment on investment in joint venture	(15,612,428)
Ending balance, December 31, 2022 and 2023	**-**

As at June 30, 2024 and December 31, 2023, the Company has Nil% ownership interest in PSC.

9. NON-CONTROLLING INTEREST

The net change in non-controlling interest ("NCI") is as follows:

	11122347 $	Potluck $	Total $
As at December 31, 2021 and 2022	(40,295)	(130,356)	(170,651)
Net and comprehensive income attributable to NCI	11,526	29,228	40,754
As at December 31, 2023 and June 30, 2024	(28,769)	(101,128)	(129,897)

10. LOAN RECEIVABLE

Valo Therapeutics Oy

On November 3, 2021, the Company purchased $750,000 of Convertible Notes ("C Notes") from Valo Therapeutics Oy ("Valo"), a company incorporated in Helsinki, Finland. Per the C Notes agreement, the C Notes should have been automatically converted to shares of Valo between the issuance date of the C Note and August 31, 2022 but was amended on June 27, 2022 (see below). If the C Notes were not automatically converted, the repayment date was stipulated as December 31, 2022 but was amended on June 27, 2022 (see below). The convertible loan receivable consists of a loan receivable component and a separate embedded derivative conversion feature, being the derivative asset. The convertible loan receivable was considered by management to be a performing loan with no external credit rating.

(Expressed in Canadian Dollars)

10. LOAN RECEIVABLE (Cont'd)

Valo Therapeutics Oy (Cont'd)

As at December 31, 2022, the C Note have not been automatically converted. On June 27, 2022, the Company entered into an Extension Agreement where the automatic conversion was extended to June 30, 2023 and the repayment date of the C Note was extended to June 30, 2023. During the year ended December 31, 2022, the Company impaired the C Notes to $Nil as management assessed the collectability of the C Notes as low and also as a result of the expiration of the conversion feature and recorded a provision of the loan receivable of $945,351.

On August 17, 2023, the Company entered into a Purchase Agreement with a third party to sell the C Notes for aggregate cash of $225,000. During the period ended June 30, 2023, the Company recorded a loan recovery of $225,000.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024 **$**	**December 31, 2023** **$**
Accounts payable	12,084	113,483
Amount due to related parties (Note 19)	116,870	56,325
Accrued liabilities	40,000	40,000
	168,954	**209,808**

During the year ended December 31, 2023, the Company wrote-off statute-barred accounts payable of $679,417.

During the period ended June 30, 2024, the Company wrote-off statute-barred accounts payable of $73,932.

12. CONVERTIBLE LOAN PAYABLE

	$
Convertible loan payable, December 31, 2022	**17,725,819**
Accretion	2,179,756
Interest repayments	(1,339,129)
Interest eliminated on buyback of loan payable	(1,213,711)
Gain on debt modification	(643,019)
Repayment of principal	(14,218,000)
Loan payable conversions	(1,412,000)
Convertible loan payable, December 31, 2023	**1,079,716**
Accretion	121,209
Interest repayments	(125,090)
Gain on debt modification	(163,514)
Convertible loan payable, June 30, 2024	**912,321**

12. CONVERTIBLE LOAN PAYABLE (CONTINUED)

During the year ended December 31, 2019, the Company closed a non-brokered private placement offering of 30,000 unsecured convertible loans for gross proceeds of $30,000,000 from three arm's length parties. The loans bear interest at a rate of 10% per annum, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2019. The loans matured on December 31, 2020 and were extended to March 12, 2022 and March 12, 2023 in prior years. During the year ended December 31, 2023, the holders of the debentures granted the Company forbearance on the debentures until May 31, 2023 and entered into an agreement to extend the loans to March 12, 2024 on May 30, 2023. During the period ended June 30, 2024, the holders of the debentures granted forbearance until April 30, 2024 and entered an agreement to extend the maturity date of the loans to March 12, 2025.

The loans are convertible at the holder's option into: (i) that number of common shares of the Company calculated on the basis of the aggregate principal amount of the debentures being converted divided by the conversion price of $0.30 per common share (the "Conversion Price"); and (ii) a cash payment equal to the additional interest amount that such holder would have received if it had held the loan from the date of conversion to the maturity date. Holders converting their debentures will receive accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion.

The Company accounted for the convertible loans issued for cash as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which is recorded at amortized cost and is being accreted to the face value over the term to maturity of the convertible loan at an effective interest rate of 15%.

At December 31, 2020, the fair value of the derivative liability was estimated to be $28. The balance of the derivative liability remains $28 as at December 31, 2023 and June 30, 2024.

On February 11, 2021, the Company entered into an agreement (the "Term Sheet") with the loan holders to amend the convertible loans (the "Amended Loans") and extend the maturity date from March 12, 2021 to an additional twelve months to March 12, 2022.

On March 12, 2022, the Company extended the maturity date of the Amended Loans to March 12, 2023 (the "Second Amendment") with all other terms being the same. Prior to the end of the Second Amendment, the maturity date of the Amended Loans was extended to May 31, 2023 with all other terms being the same, via a second forbearance that was granted by the debenture holders on April 25, 2023 (collectively, the "Second Amendments").

On May 30, 2023, the Company extended the maturity date of the Amended Loans to March 12, 2024 (the "Third Amendment") with all other terms being the same. The fair value of the convertible loans of the debentures immediately prior to the Third Amendment was $16,347,948, including accretion of $567,217 up to the date of the Third Amendment. Upon recognition of the Third Amendment, the Company determined the fair value of the convertible loans to be $15,704,929. This resulted in a gain on modification of debt of $643,019 which was recognized in profit or loss during the year ended December 31, 2023. On June 6, 2023, the Company satisfied the aggregate interest of $1,200,000 owing at March 12, 2023 by the issuance of 960,000 common shares with a fair value of $72,000 and recognized a gain on debt settlement of $1,128,000 during the year ended December 31, 2023. Subsequent to the year ended December 31, 2023, the holders of the debentures granted forbearance until April 30, 2024 and on agreed to extend the maturity date of the loans to March 12, 2025 (Note 29).

On October 19, 2023, the Company entered into Securities Purchase Agreements with the debenture holders to buy back an aggregate of $14,218,000 principal from the debenture holders for aggregate cash of $1,600,000 and recorded a gain on debt settlement of $12,618,000. Additionally, on completion of the Securities Purchase Agreements, the Company eliminated interest of $1,213,711 payable on the debentures and recorded a gain on debt settlement of $1,213,711.

12. CONVERTIBLE LOAN PAYABLE (CONTINUED)

During the period ended June 30, 2024, the holders of the debentures granted forbearance until April 30, 2024 and agreed to extend the maturity date of the Amended Loans to March 12, 2025 (the "Fourth Amendment") with all other terms being the same. The fair value of the convertible loans of the debentures immediately prior to the Fourth Amendment was $1,000,000, including accretion of $12,370 up to the date of the Fourth Amendment. Upon recognition of the Fourth Amendment, the Company determined the fair value of the convertible loans to be $836,486. This resulted in a gain on modification of debt of $163,514 which was recognized in profit or loss during the period ended June 30, 2024.

During the period ended June 30, 2024, the Company issued an aggregate of 2,501,807 common shares with a fair value of $50,036 to satisfy aggregate interest of $125,090 on the debentures and recognized a gain on debt settlement of $75,054 (Note 14).

During the period ended June 30, 2023, the Company issued an aggregate of 4,476,666 common shares with a fair value of $223,833 pursuant to the conversion of $1,000,000 of convertible debentures and also satisfied aggregate interest of $119,166 on the conversions and recognized a gain on debt settlement of $895,333 (Note 14).

During the period ended June 30, 2024, the Company recorded accretion of $Nil (June 30, 2023 - $567,217) on the convertible loans after the Second Amendment, accretion of $45,374 (June 30, 2023 - $608,076) on the convertible loans prior to the Fourth Amendment, and accretion of $75,835 after the Fourth Amendment (June 30, 2023 - $Nil) for total accretion of $121,209 (June 30, 2023 - $1,175,293).

At June 30, 2024, the liability component was $912,321 (December 31, 2023 - $1,079,716).

13. LOANS PAYABLE

CEBA Loans

The Canada Emergency Business Account ("CEBA") loan originally launched on April 9, 2020 and was intended to support businesses during the COVID-19 pandemic. The value of the government loan received at below market rates of interest is treated as a government grant. Two of the Company's subsidiaries applied for and received the first $40,000 in funds, and the same entities applied for the additional $20,000 provided under the CEBA program. Only one subsidiary received the additional $20,000 amounts in the year ended December 31, 2020. The loans are interest-free if fully repaid on or before December 31, 2023 (extended to January 18, 2024). Repayment on or before the deadline of January 18, 2024 will result in loan forgiveness of $10,000 for a $40,000 loan and $20,000 for a $60,000 loan. On September 14, 2023, the Government of Canada announced a one-year extension of the final loan maturity date from December 31, 2025 to December 31, 2026 – subject to an interest rate of 5% per annum for CEBA loan holders in good standing. The full value of the grants has been spent in the course of business operations and the gain has been recognized in other income.

The loans were recognized at fair value using a discount rate of 15.65% at initial recognition. The difference between this discounted value of $76,732 and the proceeds received of $160,000 was recognized as a gain on CEBA loans of $83,268. During the year ended December 31, 2023, the Company recognized a gain on forgiveness of loans of $1,680 as the Company repaid the CEBA loans on January 10, 2024. The balance of the loans at June 30, 2024 is $Nil (December 31, 2023 - $70,000).

13. LOANS PAYABLE (CONTINUED)

JJ Wolf Investments Ltd. Loans

On June 2, 2020, the Company received a loan from JJ Wolf Investments Ltd. ("JJ Wolf") of $350,000. The loan matured on June 2, 2022 and bears interest at 5% per annum, compounded monthly and payable on the maturity date. The Company discounted the loan at 10% and recorded an initial fair value of $317,460 and a discount of $32,540 to be amortized over the term of the loan. The loan was payable on demand at maturity on June 2, 2022 and accrued interest at 5% per annum. On June 23, 2023, JJ Wolf agreed to forgive the full loan amount of $350,000 which resulted in loan forgiveness of $405,761 for the year ended December 31, 2023. During the period ended June 30, 2024, the Company recorded accretion on the loan of $Nil (June 30, 2023 - $9,501). At June 30, 2024 the balance of the loan is $Nil (December 31, 2023 - $Nil).

During the year ended December 31, 2021, the Company received an additional loan of $308,000. The loan has the same terms as the June 2, 2020 loan. The Company discounted the loan at 10% and recorded an initial fair value of $288,454 and recorded a discount on the loan of $19,546 to be amortized over the term of the loan. The loan was payable on demand at maturity on June 2, 2022 and accrued interest at 5% per annum. On June 23, 2023, JJ Wolf agreed to forgive the full loan amount of $308,000 which resulted in loan forgiveness of $346,942 during the year ended December 31, 2023. During the period ended June 30, 2024, the Company recorded interest on the loan of $Nil (June 30, 2023 – $8,123). At June 30, 2024 the balance of the loan is $Nil (December 31, 2023 - $Nil).

The Company recorded total gain on loan forgiveness of $752,703 during the year ended December 31, 2023 for the JJ Wolf Loans. As at June 30, 2024, the Company has total loans payable to JJ Wolf of $Nil (December 31, 2023 - $Nil).

14. SHARE CAPITAL

a) Common shares

Share consolidation:
On August 8, 2023, the Company consolidated its shares on a twenty-five (25) pre-consolidated to one (1) post-consolidation share basis. These condensed interim consolidated financial statements reflect the post-consolidated shares retroactively.

Authorized:
Unlimited number of common shares without par value.

Issued:

Period ended June 30, 2024

On April 5, 2024, the Company issued 848,407 common shares with a fair value of $16,969 pursuant to the RSUs granted on April 4, 2024. On issuance of the common shares, the Company transferred $16,969 from share-based payment reserves.

On April 8, 2024, the Company issued 424,204 common shares with a fair value of $8,484 pursuant to the RSUs granted on April 4, 2024. On issuance of the common shares, the Company transferred $8,484 from share-based payment reserves.

On April 24, 2024, the Company issued 2,501,807 common shares with a fair value of $50,036 to satisfy aggregate interest of $125,090 on the debentures and recognized a gain on debt settlement of $75,054 (Note 12).

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (CONTINUED)

a) Common shares (Continued)

Period ended June 30, 2024 (Continued)

On June 13, 2024, the Company issued 424,204 common shares with a fair value of $8,484 pursuant to the RSUs granted on April 4, 2024. On issuance of the common shares, the Company transferred $8,484 from share-based payment reserves.

Period ended June 30, 2023

On January 25, 2023, the Company issued 114,258 common shares with a fair value of $28,565 to settle interest payments of $28,565 with a creditor of the Company and recognized $Nil gain or loss on debt settlement.

During the period ended June 30, 2023, pursuant to the Second Amendment, the Company issued an aggregate of 895,333 common shares on conversion of the convertible loans with a fair value of $223,833 pursuant to the conversion of $1,000,000 of convertible debentures and also satisfied aggregate interest of $119,166 on the conversions and recognized a gain on debt settlement of $895,333 (Note 12).

b) Warrants outstanding

	Number of warrants	Weighted average exercise price $
At December 31, 2021 and December 31, 2022	93,167	427.07
Warrants expired	(13,428)	736.29
At December 31, 2023 and June 30, 2024	79,739	375.00

Grant Date	Expiry date	Number of warrants	Exercise price $
April 30, 2020	April 30, 2025	71,111	375.00
May 25, 2020	May 25, 2025	5,531	375.00
July 8, 2020	July 8, 2025	3,097	375.00
Balance at June 30, 2024		79,739	375.00

During the year ended December 31, 2023, 13,428 warrants with exercise prices from $562.50 to $1,875.00 expired without being exercised. On expiry of the warrants, $12,025,608 was transferred out of warrants reserve to deficit.

The weighted average remaining life of the warrants outstanding is 0.84 years (December 31, 2023 – 1.60 years).

c) Stock options outstanding

Under Company's 2023 Stock Option Plan, the Company may grant options to directors, officers, employees, and consultants, provided that the maximum number of options that are outstanding at any time shall not exceed 20% of the issued and outstanding common shares of the Company. The exercise price of each option is based on the market price of the Company's common shares at the date of grant less applicable discount. The options may be granted for a maximum of ten years and vesting is determined by the Board of Directors.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (CONTINUED)

c) Stock options outstanding (Continued)

Grant Date	Expiry date	Number of options	Exercise price $
August 1, 2019	August 1, 2024*	760	1,162.50
April 30, 2020	April 30, 2025	21,733	281.25
Balance at June 30, 2024		22,493	311.03

*Subsequent to the period ended June 30, 2024, 760 stock options with exercise prices of $1,162.50 expired without being exercised (Note 22).

	Number of options	Weighted average exercise price $
At December 31, 2022	28,371	406.75
Options expired	(133)	532.50
Options cancelled/forfeited	(3,867)	319.14
At December 31, 2023	24,371	394.46
Options expired	(1,878)	1,393.64
At June 30, 2024	22,493	311.03

The weighted average remaining life of the options outstanding is 0.81 years (December 31, 2023 – 1.24 years). All of the options granted were exercisable as at June 30, 2024 and December 31, 2023.

On April 30, 2020, the Company granted 25,333 stock options to consultants of the Company with an exercise price of $281.25 per option expiring April 30, 2025. These options have a fair value, calculated using the Black-Scholes Option Pricing Model of $2,144,456 assuming an expected life of 2 years, an exercise price of $281.25, a stock price of $206.25 on the grant date, a risk-free interest rate of 0.38%, an expected dividend rate of 0.00%, and an expected annual volatility of 116%.

During the year ended December 31, 2023, an amount of $501,762 was transferred from share-based payment reserve to deficit for options that were cancelled and expired.

During the period ended June 30, 2024, an amount of $1,500,039 was transferred from share-based payment reserve to deficit for options that were cancelled and expired.

d) Restricted Share Units

Under Company's May 25, 2022 Restricted Share Unit Plan, the Company may grant RSUs to directors, officers, employees, and consultants, provided that the maximum number of options that are outstanding at any time shall not exceed 20% of the issued and outstanding common shares of the Company. The RSUs may be granted for a maximum of ten years and vesting is determined by the Board of Directors.

On September 14, 2023, the Company granted 718,327 RSUs to Directors and Officers of the Company for a total fair value of $17,958. All of the RSUs vest immediately and expire 5 years after the grant date.

On October 30, 2023, the Company granted 1,542,559 RSUs to certain Directors and Officers for a total fair value of $23,138. All of the RSUs vest immediately and expire 5 years after the grant date.

On April 4, 2024, the Company granted 1,696,815 RSUs to certain Directors and Officers for a total fair value of $33,937. All of the RSUs vest immediately and expire 5 years after the grant date.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (CONTINUED)

d) Restricted Share Units (Continued)

	Number of Restricted Share Units
At December 31, 2022	88,852
Issued	2,260,886
Converted[1]	(2,260,886)
At December 31, 2023	88,852
Issued	1,696,815
Converted[2]	(1,696,815)
At June 30, 2024	88,852

[1]: The RSUs were all converted on September 14, 2023 and October 30, 2023, the market value of the shares issued was $41,096, with a weighted average value of $0.018 per share.
2: The RSUs were all converted on April 5, 2024, April 8, 2024 and June 13, 2024, the market value of the shares issued was $33,936, with a weighted average value of $0.02 per share.

As at June 30, 2024, Restricted Share Units are outstanding are as follows:

Expiry Date	Number Issued #	Issued and exercisable #
October 7, 2027	88,852	88,852
	88,852	88,852

15. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and others considered to have significant influence or control over the Company's operations. The Company has identified the directors and senior officers as key management personnel. The following table lists the compensation costs paid directly to, or to companies controlled by, key management personnel for the periods ended June 30, 2024 and 2023:

Period ended June 30, 2024	Consulting and Management Fees $
Consulting fees paid/accrued to a private company controlled by the CFO	27,120
Consulting fees paid/accrued to a private company controlled by the CEO	126,000
	153,120

(Expressed in Canadian Dollars)

15. RELATED PARTY TRANSACTIONS (CONTINUED)

Period ended June 30, 2023	Consulting and Management Fees $
Consulting fees paid/accrued to a private company controlled by the CFO	54,240
Consulting fees paid/accrued to a private company controlled by the CEO	141,225
Consulting and Directors fees paid/accrued to a private company controlled by a Director	7,000
	202,465

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. At June 30, 2024, $116,870 (December 31, 2023 - $56,325) is owing to related parties for unpaid fees which are included in accounts payable and accrued liabilities. Refer also to Note 11.

16. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash financing and investing activities along with other cash flow information during the periods ended June 30, 2024 and 2023 are as follows:

	June 30, 2024 $	June 30, 2023 $
Shares issued for debt settlement	50,036	297,108
Shares issued for conversion of debentures (Notes 12 and 14)	-	3,128,719
Interest accrued on loans	121,209	1,254,493
Interest paid on loans in cash	-	-
Taxes paid	-	-

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Classification of financial instruments

IFRS 13, *Fair Value Measurement,* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash is measured using level 1 inputs and marketable securities are measured using level 2 inputs.

For the Company's derivative liabilities at level 3, the fair value was determined on a binomial lattice methodology considering both expected values with and without the conversion features of the derivative liabilities. The inputs used were the stock price on the valuation date, the risk-free rate, and a risk-adjusted discount rate, dividend yield, stock volatility and trading restrictions.

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

a) Classification of financial instruments (Continued)

For the Company's convertible loan receivable at level 3 as of December 31, 2023, management assessed the collectability of the convertible loan receivable as low and impaired the convertible loan to $Nil as the collectability of debt component was assessed to be low, and convertibility feature has expired (Note 13).

All other financial instruments of the Company have carrying values that approximate their fair values, due to their short-term natures.

The following is an analysis of the Company's financial assets and liabilities measured at fair value as at June 30, 2024 and December 31, 2023:

	As at June 30, 2024		
	Level 1	**Level 2**	**Level 3**
Cash	$ 419,531	-	-
Marketable securities	-	$ 450	-
Derivative liabilities (Note 12)	-	-	$ 28

	As at December 31, 2023		
	Level 1	**Level 2**	**Level 3**
Cash	$ 738,742	-	-
Marketable securities	$ -	$ 450	-
Derivative liabilities (Note 12)	-	-	$ 28

b) Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized 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. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, convertible loan receivable and loans receivable. The Company's maximum exposure to credit risk associated with those financial instruments is $419,531 being the face value of those instruments at June 30, 2024 (December 31, 2023 - $738,742). The Company limits its exposure to credit risk by placing its cash with a high credit quality financial institution in Canada.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Financial risk management (continued)

Credit risk (continued)

The Company actively manages its exposure to credit risk, reducing the amount and duration of credit exposures, through close monitoring of relevant accounts. The Company's management of credit risk has not changed materially from that of the prior year.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company must raise funds to meet commitments associated with financial instruments and with the construction of its cannabis facilities in Ontario and British Columbia. The Company manages liquidity risk by maintaining adequate cash balances.

The Company's expected source of cash flow in the upcoming year will be through equity financing. Cash on hand at June 30, 2024 and expected cash flows for the next 12 months are sufficient to fund the Company's ongoing operational needs for the coming year. The Company will need additional funding through equity or debt financing, or a combination thereof, to complete its facilities. The Company's management of liquidity risk has not changed materially from that of the prior year.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, foreign exchange rates, and commodity and equity prices. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

(a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. For the Company, interest rate risk consists of two components: to the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates the Company is exposed to interest rate cash flow risk; and to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities the Company is exposed to a change in fair value of the financial instruments. Assuming all other variables remain constant, a 1% (June 30, 2023 – 1%) change in the interest rate would result in approximately increase of $4,200 (June 30, 2023 – increase of $20,388) in interest expense in the consolidated statement of comprehensive loss.

(b) Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currencies. During the year ended December 31, 2023, the Company sold AgraFlora Europe. As such, the Company is not longer exposed to foreign currency risk in fluctuations among the Euro and the Canadian dollar. Assuming all other variables remain constant, a 15% (June 30, 2023 – 15%) weakening or strengthening of the Euro against the Canadian dollar would result in approximately $Nil (June 30, 2023 - $1,478) foreign exchange loss or gain in the consolidated statement of comprehensive income (loss). The Company has not hedged its exposure to currency fluctuations.

The Company has not entered into any foreign currency hedging contracts to mitigate foreign currency risk.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Financial risk management (continued)

Market risk (continued)

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate or foreign currency risk). The Company is exposed to risk of loss of those investments in the amount recorded on the consolidated statement of financial position, should those investments become listed on a stock exchange and suffer a decline in fair value, and or fail to have a market develop where those investments can be sold.

During the period ended June 30, 2024, the Company had immaterial investments with private entities, which would not have increased or decreased profit or loss by a material amount if the fair value increased or decreased by 10%.

(d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through a suitable debt and equity balance appropriate for an entity of the Company's size and status. The Company's overall strategy remains unchanged from last year.

The capital structure of the Company consists of shareholders' deficit, which totaled $661,322 at June 30, 2024 (December 31, 2023 – deficit of $620,360). The availability of new capital will depend on many factors including positive stock market conditions, and the experience of management. The Company is not subject to any external covenants on its capital.

18. COMMITMENTS AND CONTINGENCIES

<u>Legal Claims</u>

The Company had legal claims related to Sanna's past termination of its former President and CEO before Sanna was acquired by the Company. The former President and CEO was claiming accrued and unpaid amounts of $137,976, total damages of $1,300,000, and entitlement to 6,000,000 restricted share units and 6,800,000 fully-vested shares (with a strike price of $0.16) in Sanna, as well as punitive damages of $250,000. During the year ended December 31, 2022, the Company settled outstanding legal claims totalling $450,000 with the former President and CEO through the issuance of common shares and payment of cash.

19. DEPOSITS

On November 27, 2020, the Company signed the SGSCC Agreement. As at December 31, 2020, the Company received a deposit of $297,001 deposit towards the sale. The sale transaction has not closed as at December 31, 2022 and the agreement was terminated during the year ended December 31, 2023. During the year ended December 31, 2023, the Company recorded a gain on write-off of deferred revenues of $297,001 as a result of the termination.

(Expressed in Canadian Dollars)

20. DISCONTINUED OPERATIONS

The following is a break-down of the net income for the period for discontinued operations for the period ended June 30, 2024:

	AgraFlora Europe GmbH $	Total $
	6,837	**6,837**

The following is a break-down of the net income for the period for discontinued operations for the period ended June 30, 2023:

	SUHM Investments Inc. $	AgraFlora Europe GmbH $	Propagation Services Canada Inc. $	Total $
	1,969,099	(27,641)	250,000	**2,191,458**

SUHM Investments Inc.

During the period ended June 30, 2023, the Company received shares of OGI with a fair value of $969,099 (Note 7) and recorded receivables of $1,000,000 for shares receivable from OGI pursuant to the sale of SUHM.

AgraFlora Europe GmbH

On September 7, 2023, the Company entered into a Share Purchase Agreement to sell all of its shares of AgraFlora Europe GmbH for total cash proceeds of $608,220. During the year ended December 31, 2023, the Company received $608,220.

	For the year ended December 31, 2023 $
Proceeds received	608,220
Add net assets as at September 7, 2023:	
Assets	199,182
Liabilities	(192,673)
Total net assets	6,509
Gain on sale of subsidiary	**601,711**

Revenue, expenses and gains or losses relating to the discontinuance of AgraFlora Europe have been eliminated from the profit or loss from the Company's continuing operations and are shown as a single line in the Consolidated Statements of Comprehensive Loss. As a result, the Company's prior period has been restated to present AgraFlora Europe as a discontinued operation.

(Expressed in Canadian Dollars)

20. DISCONTINUED OPERATIONS (CONTINUED)

AgraFlora Europe GmbH (Continued)

	For the period ended June 30, 2024 $
Loss and net loss from operations – AgraFlora Europe	**-**
Adjustment of previously recorded balances in AgraFlora Europe	**6,837**
Net income from discontinued operations attributable to non-controlling interests	**-**
Net income from discontinued operations attributable to Shareholders of Digicann Ventures Inc.	**6,837**

	For the period ended June 30, 2023 $
Revenues	275,331
Cost of goods sold	(140,472)
Gross profit	**134,859**
Amortization	-
Other general operating costs	59,874
Travel and business development	3,866
Office expenses	27,258
Wages and salaries	71,502
Total operating expense	**162,500**
Loss and net loss from operations – AgraFlora Europe	**(27,641)**
Net loss from discontinued operations attributable to non-controlling interests	**-**
Net loss from discontinued operations attributable to Shareholders of Digicann Ventures Inc.	**(27,641)**

PSC

As at December 31, 2022, the Company's 70% equity interest in the PSC joint venture was impaired as a result of the termination of the management agreement by the operator of PSC (Notes 1 and 11). The Company mutually agreed with the operator of the Facility to effectively terminate and exit the investment in PSC on June 16, 2023 and sold its investment in PSC for aggregate cash of $250,000.

The Company accounted for the PSC joint venture under the equity method, the investment was impaired during the year ended December 31, 2022 to $Nil and the investment continuity is disclosed in Note 11.

Revenue, expenses and gains or losses relating to the discontinuance of PSC have been eliminated from the profit or loss from the Company's continuing operations and are shown as a single line in the Consolidated Statements of Comprehensive Loss. As a result, the Company's prior period has been restated to present PSC as a discontinued operation. On the date of sale of the investment on June 16, 2023, the Company ceased equity accounting for PSC.

(Expressed in Canadian Dollars)

20. DISCONTINUED OPERATIONS (CONTINUED)

PSC (Continued)

	For the period ended June 16, 2023 $
Revenues	857,230
Cost of goods sold	(517,614)
Gross profit	**339,616**
Insurance	14,497
Security	111,508
Office expenses	966,724
Professional fees	1,990
Total operating expense	**1,094,719**
Loss from operations – PSC	**(755,103)**
Finance costs	(1,009,898)
Foreign exchange loss	(42)
Total other expense	(1,009,940)
Net loss from operations – PSC	**(1,765,043)**
Digicann's share of net income from discontinued operations	-
Sale of interest in PSC	250,000
Net income (loss) from discontinued operations attributable to non-controlling interests	**-**
Net income from discontinued operations attributable to Shareholders of Digicann Ventures Inc.	**250,000**

21. SEGMENTED INFORMATION

As at December 31, 2023 and June 30, 2024, the Company is looking for new business opportunities and has only one geographic location in Canada as a result of the sale of AgraFlora Europe on September 7, 2023 (Note 20).

Selected segmented financial information is as follows:

Period ended June 30,	2024 $	2023 $
Sales		
Germany[1]	-	-
Canada	-	-
Total	-	-
Sales from discontinued operations		
Germany[1]	**-**	275,331
Canada	-	-
Total	**-**	275,331

1: As a result of the sale of AgraFlora Europe on September 7, 2023, sales in Germany are reflected in discontinued operations (Note 20).

Sales are attributed to the country in which they are made. During the year ended December 31, 2023, the Company sold AgraFlora Europe and thus no longer operates in Germany as at June 30, 2024 and December 31, 2023 (Note 20). As at June 30, 2024 and December 31, 2023 $Nil of the Company's long-term assets are located in Germany and all the long-term assets are located in Canada.

22. SUBSEQUENT EVENTS

On August 1, 2024, 760 stock options with a exercise prices of $1,162.50 expired without being exercised (Note 14).

On August 1, 2024, the Company entered into a binding letter of intent dated August 1, 2024 (the "LOI") with 3Win Corp. ("3Win"), regarding a proposed reverse takeover transaction (the "RTO") by 3Win (the "Proposed Transaction") to ultimately form the resulting issuer (the "Resulting Issuer") expected to be named "Serewin Inc.". Pursuant to the terms of the LOI, it is intended that the Proposed Transaction be effected by way of a three-cornered amalgamation, share exchange, plan of arrangement or such other transaction structure as will result in 3Win becoming a wholly owned subsidiary of the Company or otherwise combining its corporate existence with that of the Company. The final structure of the Proposed Transaction will be agreed to pursuant to a definitive agreement in respect of the Proposed Transaction (the "Definitive Agreement").

Pursuant to the terms of the LOI, 3Win shall acquire all the shares of the Company, in the exchange ratio of ninety-eight shares of the Company per one share of 3Win. Upon completion of the Proposed Transaction, the resulting holders of all issued and outstanding shares of 3Win ("3Win Shares") shall hold approximately 97.3% of the issued and outstanding common shares of the Resulting Issuer (the "Exchange Ratio"), subject to adjustment in certain circumstances and for any additional amounts invested by third parties into 3Win to satisfy any liquidity conditions imposed by the Exchange in connection with the Proposed Transaction. It is also anticipated that all securities convertible, exercisable or exchangeable for 3Win Shares will be converted or exchange (or otherwise become convertible or exercisable in accordance with their terms) into similar securities of the Resulting Issuer on substantially similar terms and conditions based on the Exchange Ratio. All outstanding stock options and common share purchase warrants of the Company are anticipated to remain in effect on substantially the same terms.