

**Lords & Company Worldwide Holdings Inc.**  
(formerly: Pac Roots Cannabis Corp.)

**Condensed Interim Consolidated Financial Statements**

**For the six months ended May 31, 2022**

**(Unaudited - Expressed in Canadian Dollars)**

**Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**  
Condensed Interim Consolidated Financial Statements – Notice to Readers  
(Unaudited - Expressed in Canadian Dollars)

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**Notice to Readers**

The accompanying unaudited, condensed interim consolidated financial statements of Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.) have been prepared by and are the responsibility of the Company's management.

The financial statements do not include all the information and notes required by International Financial Reporting Standards for annual financial statements and should be read in conjunction with the Company's annual financial statements and notes for the year ended November 30, 2021, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

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

**Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**  
Condensed Interim Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	Note	May 31, 2022	November 30, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 377,521	\$ 4,533
Amount receivable		63,674	45,325
Prepaid expenses	7	9,933	20,497
Loan receivable	6	205,412	-
		656,540	70,355
<b>Non-current assets</b>			
Long-term prepaid deposits	7	1,800	1,800
<b>Total assets</b>		<b>\$ 658,340</b>	<b>\$ 72,155</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	9, 11	\$ 967,350	\$ 848,968
Consideration payable	5	193,386	230,008
<b>Total liabilities</b>		1,160,736	1,078,976
<b>Shareholders' deficiency</b>			
Common Shares	10	14,008,696	12,562,455
Share subscriptions	10	21,385	50,019
Warrant reserves	10	846,455	837,455
Share-based payments reserves	10	1,129,062	1,129,062
Deficit		(16,507,994)	(15,585,812)
<b>Total shareholders' deficiency</b>		(502,396)	(1,006,821)
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 658,340</b>	<b>\$ 72,155</b>
Nature of operations and going concern (Note 1)			
Subsequent events (Note 14)			

**On behalf of the Board:**

*"Chris Farnworth"*

Director

*"Matt McGill"*

Director

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

**Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended, May 31, 2022	Three months ended, May 31, 2021	Six months ended May 31, 2022	Six months ended May 31, 2021
<b>REVENUE</b>		\$ 776,585	\$ -	\$ 776,585	\$ -
Cost of goods sold		698,160	-	698,160	-
Gross margin		78,425	-	78,425	-
<b>EXPENSES</b>					
Accretion and interest	5	6,612	63,362	13,378	127,226
Advertising and promotion		7,475	29,052	13,752	238,526
Amortization of right-of-use asset		-	27,709	-	55,418
Consulting fees	11	669,590	123,267	737,934	239,717
Office and miscellaneous expense (recovery)		55,746	21,068	71,958	8,654
Professional fees		62,782	10,015	99,462	18,015
Rent		5,390	715	29,251	5,221
Regulatory and filing fees		21,240	14,473	39,234	22,153
Share-based payments	10, 11	-	-	-	574,601
Total Expenses		(828,835)	(289,661)	(1,004,969)	(1,289,531)
Net loss before other items		(750,410)	(289,661)	(926,544)	(1,289,531)
<b>Other Income (Expenses)</b>					
Interest earned		4,061	-	4,362	-
Gain on settlement of debt		-	1,150	-	1,150
Gain on write-off of accounts payable		-	-	-	30,000
Total Other Income (Expenses)		4,061	1,150	4,362	31,150
<b>Loss and comprehensive loss for the period</b>		\$ (746,349)	\$ (288,511)	\$ (922,182)	\$ (1,258,381)
<b>Basic and diluted loss per share</b>		\$ (0.05)	\$ (0.03)	\$ (0.07)	\$ (0.16)
<b>Weighted average number of shares outstanding*</b>		17,750,516	8,702,790	13,423,807	8,006,843

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

**Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**

Condensed Interim Consolidated Statements of Change in Shareholders' Deficiency

(Unaudited - Expressed in Canadian Dollars)

	Number of Common Shares	Amount	Share subscriptions received	Commitment to issue shares	Warrants reserve	Share based payment reserves	Deficit	Total
Balance as at November 30, 2020	7,107,966	\$ 9,366,815	\$ -	\$ 1,056,108	\$ 781,345	\$ 554,461	\$ (12,329,059)	\$ (570,330)
Private placement	744,826	1,750,340	-	-	(409,654)	-	-	1,340,686
Share issuance cost	-	(75,295)	-	-	-	-	-	(75,295)
Warrants issued to finders	-	(76,110)	-	-	76,110	-	-	-
Shares issued and to be issued for license	250,000	576,359	-	(576,360)	-	-	-	-
Shares issued for Lords of Grasstown	600,000	1,410,000	-	-	-	-	-	1,410,000
Share-based payments	-	-	-	-	-	574,601	-	574,601
Net loss for the period	-	-	-	-	-	-	(1,258,381)	(1,258,381)
Balance as at May 31, 2021	8,702,792	12,952,109	-	479,749	447,801	1,129,062	(13,587,440)	1,421,281
Balance as at November 30, 2021	8,702,792	12,562,455	50,019	-	837,455	1,129,062	(15,585,812)	(1,006,821)
Private placement	16,998,335	1,471,239	(50,019)	-	-	-	-	1,421,220
Share issuance cost	169,982	(15,998)	-	-	-	-	-	(15,998)
Warrants issued to finders	-	(9,000)	-	-	9,000	-	-	-
Share subscriptions received	-	-	21,385	-	-	-	-	21,385
Net loss for the year	-	-	-	-	-	-	(922,182)	(922,182)
<b>Balance as at May 31, 2022</b>	<b>25,871,109</b>	<b>\$ 14,008,696</b>	<b>\$ 21,385</b>	<b>\$ -</b>	<b>\$ 846,455</b>	<b>\$ 1,129,062</b>	<b>\$ (16,507,994)</b>	<b>\$ (502,396)</b>

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

**Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in Canadian Dollars)

Note	Six months ended May 31, 2022	Six Months ended May 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (922,182)	\$(1,258,381)
Items not affecting cash		
Accretion expense on consideration payable	5           13,378	132,932
Amortization of right-of-use asset	-	55,418
Interest earned	(4,362)	-
Interest on lease liabilities	-	9,585
Share-based payments	10, 11       -	574,601
Changes in non-cash working capital items		
(Increase) decrease in amount receivable	(18,349)	(20,620)
(Increase) decrease in prepaid expenses	10,564	96,261
Increase (decrease) in accounts payable and accrued liabilities	118,382	(369,697)
Net cash used in operating activities	(802,569)	(779,901)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Consideration paid to 1088	5           -	(217,797)
Consideration paid to Lords of Grasstown	5           -	(50,000)
Loan to PNW	6           (201,050)	-
Net cash used in investing activities	(201,050)	(267,797)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan received (repaid)	-	(40,000)
Lease payments	-	(74,676)
Private placement (net of SIC)	10          1,376,607	1,265,391
Net cash provided by financing activities	1,376,607	1,150,715
<b>Change in cash during the period</b>	372,988	103,017
Cash, beginning of period	4,533	27,775
<b>Cash, end of period</b>	<b>\$ 377,521</b>	<b>\$ 130,792</b>
Supplement cash flow information:		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -
Fair value of finders' warrants	\$ 9,000	\$ 76,110
Shares issued for Lords of Grasstown Holdings Ltd.	\$ -	\$ 1,410,000
Shares issued and to be issued for Phenome license	\$ -	\$ 576,359

The accompanying notes are an integral part of these condensed Interim Consolidated financial statements.

## **Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.) (formerly Mountain Lake Minerals Inc., “MLK”), (the “Company” or “Lords”) was incorporated on May 16, 2012 in British Columbia under the Business Corporations Act. The address of the Company’s corporate office and its principal place of business is 1055 Hastings Street, Unit 300, Vancouver, British Columbia, Canada.

Lords is a rapidly growing e-Commerce organization focused on aggressive expansion of our customers base for their dietary supplement and natural health and wellness products. Powered by our proprietary technology platform, the company has created an e-Commerce Ecosystem to scale its customers brands in the domestic and USA markets.

On February 4, 2022, the Company completed a share consolidation of its common shares on the basis of 1 new common share for every existing 10 old common shares. The share consolidation has been retroactively presented in the condensed interim consolidated financial statements by adjusting all share amounts, including per share amounts.

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

Management believes the Company will be successful at securing additional funding to continue its operations; however, the Company has incurred significant operating losses since inception, has a working capital deficit of \$504,196 (November 30, 2021 – working capital deficit of \$1,008,621), has a deficit of \$16,507,994 (November 30, 2021 - \$15,585,812), has limited resources, no source of operating cash flows and no assurances that sufficient funding will be available to further its goals and objectives. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company’s ability to successfully complete its manufacturing process, commercialize its products and receive regulatory approvals for its business, the outcome of which cannot be predicted at this point. As a result, it may be necessary for the Company to obtain additional capital, such as issuance of equity and/or debt securities, or alternative financing sources of financing. There is no assurance that the Company will be able to obtain sufficient funds to continue its operating activities.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company’s operations during the year. The production and sale of cannabis have been recognized as essential services across Canada and Europe. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on our business, financial position and operating results in the future. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022.

# Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)

## Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

### 1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

### 2. BASIS OF PREPARATION

#### Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations of the Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34, *Interim financial Reporting*.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on July 27, 2022.

#### Basis of measurement and presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiaries functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

#### Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its principal subsidiaries:

	Jurisdiction	Ownership Interest, May 31, 2022	Ownership Interest, November 30, 2021
Go Green B.C. Medicinal Marijuana Ltd.	Canada	100%	100%
1088070 BC Ltd.	Canada	0%	0%
1157630 BC Ltd.	Canada	100%	100%
Lords of Grasstown Holdings Ltd. (Note 5)	Canada	100%	100%

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



## **Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### **3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the year ended November 30, 2021. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended November 30, 2021.

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

##### **Use of estimates and judgements**

The preparation of these financial statements requires management to make estimates, judgements and assumptions that affect the amounts reported in the financial statements and notes. By their nature, these estimates, judgements and assumptions are subject to measurement uncertainty and affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amount of revenues and expenses. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The more significant areas requiring estimates and judgements are as follows:

**a) Recoverability of asset carrying values**

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

**b) Estimated useful lives and impairment considerations**

Depreciation and amortization of property, equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

**c) Business combination vs. asset acquisition**

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. More specifically, management concluded that the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. For acquisitions that represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that the acquisitions during the year were asset acquisitions, an allocation of the purchase price to the individual identifiable assets acquired and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired were calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the condensed interim consolidated statement of financial position.

**d) Discount rate used for consideration payable**

The carrying value of the consideration payable is subject to management's estimates in determining an appropriate discount rate based on similar liabilities, the Company's borrowing rate, and other factors.

**e) Going concern**

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgement. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

## **Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### **5. ASSET ACQUISITION**

##### Phenome One Corp.

On April 8, 2019, MLK entered into a license agreement with Phenome One Corp. (“Phenome”) in order to obtain a license (the “Phenome License”) from Phenome in respect of a genetic cannabis library of certain cultivars, and technical and materials owned by Phenome in order to allow the Company to propagate, cultivate, harvest, process, breed and develop, manufacture, produce and use such licensed property (the “Phenome Agreement”) subject to the following terms:

- a) 250,000 common shares on the date on which the Issuer receives the approval of the CSE for the Fundamental Change Transactions (the “approval date”) (Issued);
- b) 250,000 common shares on the date on which is three months following the approval date (Issued);
- c) 250,000 common shares on the date on which is six months following the approval date (Issued);
- d) 250,000 common shares on the date on which is year following the approval date (Issued);
- e) \$50,000 in cash on the date which is 18 months following the approval date (Paid);
- f) \$100,000 in cash on the date which is 24 months following the approval date; and
- g) \$100,000 in cash on the date which is 30 months following the approval date.

Phenome is a company related to Lords by a former common officer.

In addition, Lords will make non-refundable, non-creditable royalty payments to Phenome equal to 5% of gross sales of products, which royalty shall be payable within 60 days of each calendar quarter. The Phenome License Agreement will continue for as long as the Lords has payment obligations, including the royalty payments, to Phenome, unless earlier terminated as a result of breach of the agreement or other circumstances, including where gross sales of products in any two consecutive calendar quarters, after 2019, are less than \$1,000,000. Lords has been granted a right of first refusal in respect of any of the licensed cultivars, technology or materials (the “licensed material”), subject to certain exceptions as set forth in the Phenome License Agreement, such that should Phenome receive a bona fide offer from an independent third party dealing with it arm’s length to acquire such licensed material, it must first offer the licensed material to Lords on terms no less favorable than those offered to it. Lords will have a period of 30 days to accept such offer, failing which Phenome will be entitled to sell the licensed material on the terms specified for a period of 60 days.

Under the Phenome License Agreement, Lords will have the sole responsibility and decision-making authority in relation to development and commercialization activities in respect of the licensed materials, at its own cost, but shall provide progress reports to Phenome of its activities within 60 days of each calendar quarter.

Pursuant to terms of the Phenome license, the Company recorded intangible assets of \$2,781,899 representing the discounted fair value of the common share at \$3.00 per share and the cash payable to reflect the time value of money. During the period ended November 30, 2020, the Company issued 750,000 common shares with a fair value of \$2,034,666 as a result of the Phenome Agreement and has a remaining commitment to issue 250,000 common shares with a discounted value of \$576,360. The Company discounted the cash consideration using a discount rate of 20% to reflect the time value of money related to future cash outlays and discounted the share issuances using the average strike put-option model which resulted in a present value of \$2,781,899 on acquisition date.

During the year ended November 30, 2021, the Company recognized accretion expense of \$39,959 and issued the common shares with a discounted value of \$576,360. As at May 31, 2022, the Company recognized accretion expense of \$13,378 and has a consideration payable to Phenome of \$193,386 comprised of the present value of the remaining cash payments.

## Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 5. ASSET ACQUISITIONS (continued)

##### 1088070 BC. Ltd.

On September 18, 2020, the Company closed a share purchase agreement (the “1088 Agreement”) with 1088070 BC. Ltd. (“1088”), a company existing under the laws of the Canada and 0909077 BC Ltd. and Norm Tapp (together, the “1088 Shareholders” and each, a “1088 Shareholder”) pursuant to which the Company would acquire all of the issued and outstanding shares of 1088. 1088 owns and controls nine parcels of land comprised of 250 acres of land in the Fraser Valley Region of British Columbia.

The Company will pay an aggregate of \$1,500,000 in cash and issue an aggregate of 300,000 common shares to the 1088 Shareholders, pro rata in accordance with their holdings as follows (the “Consideration”):

- a) 37,500 shares to be issued on or before the date which is 30 days from the date of Closing (the “1088 Closing Date”) (Issued);
- b) \$200,000\* within three months of the Closing Date (paid);
- c) \$300,000 in cash and 56,250 common shares within 12 months of the 1088 Closing Date;
- d) \$400,000 in cash and 93,750 common shares within 18 months of the 1088 Closing Date; and
- e) \$600,000 and 112,500 common shares within 24 months after the Closing Date. Pending the payment of the Consideration in full, the Company will grant a mortgage over its land package in favor of the 1088 Shareholders.

\* In February 2021, the Company and 1088 shareholders agreed to delay the payment by 56 days from the initial payment date at \$318 per day for a total penalty of \$17,797. The amended balance of \$217,797 was paid by the Company on February 24, 2021.

The details of the purchase have been accounted for as follows:

Cash to be paid, discounted	\$ 1,162,045
Fair Value of common shares to be issued, discounted	585,925
<b>Total consideration</b>	<b>\$ 1,747,970</b>
<b>Land acquired</b>	<b>\$ 1,747,970</b>

During the period ended November 30, 2020, the Company issued 37,500 shares with a fair value of \$106,177 pursuant to terms of the 1088 Agreement and has a remaining consideration payable of 262,500 common shares to pay to 1088 Shareholders with a discounted value of \$479,748. The Company discounted the cash consideration using a discount rate of 20% to reflect the time value of money related to future cash outlays and share issuances, resulting in a present value of \$1,747,970 and discounted future share issuances using the average strike put-option model at acquisition date. During the period ended November 30, 2020, the Company recognized accretion expense of \$54,193. As at November 30, 2020, the Company had consideration payable to 1088 of \$1,216,238.

During the period ended November 30, 2020, the Company recorded impairment on the land of \$1,450,000 to management’s best estimate of its recoverable amount of \$297,970.

On September 15, 2021, the Company signed a settlement agreement with 1088070 BC Ltd. to return all issued and outstanding shares of 1088070 BC Ltd. and terminated the share purchase agreement.

Accordingly, during the year ended November 30, 2021, the Company recognized accretion expense of \$155,603, reduced the consideration payable to \$NIL, reduced the commitment to issue shares from \$479,749 to \$NIL, and recognized a gain on disposal of subsidiary of \$1,353,620.

## Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 5. ASSET ACQUISITIONS (continued)

##### Lords of Grasstown Holdings Ltd.

On February 22, 2021, the Company closed a share purchase agreement (the “Grasstown Agreement”) with Lords of Grasstown Holdings Ltd. (“Grasstown”), a company existing under the laws of the Canada pursuant to which the Company would acquire all of the issued and outstanding shares of Grasstown. Grasstown owns and holds 100% of the interest in and to intellectual property.

The Company paid an aggregate of \$50,000 in cash and issued an aggregate of 600,000 common shares to the Grasstown Shareholders, pro rata in accordance with their holdings as follows (the “Grasstown Consideration”):

- a) \$50,000 paid within 30 days from the date of Closing (the “Grasstown Closing Date”) (paid); and
- b) 600,000 common shares (issued).

The details of the purchase have been accounted for as follows:

Fair Value of the common shares issued	\$ 1,410,000
Cash paid	50,000
<b>Total consideration</b>	<b>\$ 1,460,000</b>
<b>Intangible assets acquired</b>	<b>\$ 1,460,000</b>

During the year ended November 30, 2021, the Company recorded impairment on the intangible assets of \$1,460,000.

#### 6. PROPOSED TRANSACTION

On November 22, 2021, the Company signed a non-binding letter of intent for the acquisition of all issued and outstanding common shares of PNW Apparel Corp. (“PNW”), the parent entity of Lords of Gastown Motorcycle Company Inc. (“Gastown”), a company that holds all operations, intellectual property, and goodwill pertaining to the lifestyle brand “Lords of Gastown. In consideration for the transaction, the Company will issue common shares equal to the fair market value of PNW, as determined by a third-party independent valuator.

Gastown is a well-established Cannabis Motorcycle lifestyle cannabis and apparel brand with a tremendous following and acumen that spawned from the vision of Tyler Hazelwood, founder, and director of Lords of Gastown. The acquisition is subject to the completion of the aforementioned independent valuation report, due diligence, completion of audited financials, execution of definitive agreements, and regulatory approval.

Related to the transaction with PNW Apparel Corp., the Company has entered into loan agreements whereby the Company has provided loans for a total of \$201,050, bearing an interest rate of 10% per annum to PNW as at May 31, 2022. The loans are due on demand.

#### 7. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses consist of amounts prepaid for consulting expenses, general and administrative expenses, and long-term deposits.

	<b>May 31, 2022</b>	<b>November 30, 2021</b>
Prepaid expenses	\$ -	\$ 20,497
Long-term prepaid deposits	1,800	1,800
	<b>\$ 1,800</b>	<b>\$ 22,297</b>

## Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 8. INVESTMENT

##### Rock Creek Farms Joint Venture

On June 30, 2020 and amended March 10, 2021, the Company entered into an agreement (the “Investment Agreement”) with Rock Creek Farms Ltd. (“Rock Creek”) for the formation of 1293953 BC Ltd. (the “Rock Creek Farms Joint Venture”), which is 49% owned by Lords and 51% by Rock Creek Farms Ltd. The Company’s contribution to the joint venture was an aggregate of \$300,000 in capital. The Company contributed the capital in the prior year. Rock Creek will contribute two commercial leases, consulting services, cultivation equipment, agricultural infrastructure and intellectual property relating to commercial scale hemp operations and proprietary biomass storage techniques (the “Rock Creek Capital Contribution”). Profits generated from the joint venture will be distributed first to the Company until its capital contributions have been repaid and thereafter in accordance with the interests in the joint venture held by the parties. During the year ended November 30, 2021, the Company contributed an additional \$35,000 to the Rock Creek Farms Joint Venture. As at November 30, 2021 the Company has \$Nil recorded in the investment in the Rock Creek Farms Joint Venture. On March 11, 2021, the Company was issued 300,000 shares of 1293953 BC Ltd. Pursuant to the Investment Agreement signed with Rock Creek Farms Ltd., these shares effectively represent 49% of the Rock Creek Farms Joint Venture owned by the Company. During the year ended November 30, 2021, the Company recognized an impairment of the investment for \$335,000.

#### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<b>May 31, 2022</b>	<b>November 30, 2021</b>
Accounts payable	\$ 934,834	\$ 744,800
Amounts due to related parties (Note 11)	8,812	48,260
Accrued liabilities	23,704	55,908
	<b>\$ 967,350</b>	<b>\$ 848,968</b>

#### 10. SHARE CAPITAL

##### **Common shares**

The Company’s authorized capital consists of an unlimited number of common shares without par value. As at May 31, 2022, there were 25,871,109 issued and outstanding common shares.

##### During the period ended May 31, 2022:

- On May 20, 2022, the Company completed a private placement for the offering of 3,711,916 units at a price of \$0.083 per unit for gross proceeds of \$308,089. Each unit is comprised of one common share and one common share purchase warrant, exercisable at a price of \$0.20 and expiring on May 20, 2024. In connection with the transaction, the Company issued 37,119 common shares to an arm’s-length third party for administrative fees related to the private placement.
- On April 5, 2022, the Company completed a private placement for the offering of 11,050,238 units at a price of \$0.083 per unit for gross proceeds of \$917,170. Each unit is comprised of one common share and one common share purchase warrant, exercisable at a price of \$0.20 and expiring on April 5, 2024. In connection with the transaction, the Company issued 132,863 common shares to an arm’s-length third party for administrative fees related to the private placement.
- On February 16, 2022, the Company completed a private placement for the offering of 2,236,181 units at a price of \$0.11 per unit for gross proceeds of \$245,980. Each unit is comprised of one common share and one common share purchase warrant, exercisable at a price of \$0.20 and expiring on February 16, 2024. In connection with the transaction, the Company paid cash finders’ fees of \$15,998 and issued 145,440 agent’s warrants as finders’ fees valued at \$9,000, exercisable at a price of \$0.20 and expiring on February 16, 2024.

## Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 10. SHARE CAPITAL (continued)

##### Common shares (continued)

During the year ended November 30, 2021:

- On February 23, 2021, the Company closed a non-brokered private placement of 744,826 units at a price of \$1.80 for gross proceeds of \$1,340,686. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable at a price of \$3.00 per share until February 23, 2024. Aggregate finder's fees of \$75,295 in cash and 41,830 finders warrants with a fair value of \$56,110 were paid to finders. Each finder warrant is exercisable into one common share at a price of \$1.80 per share until February 23, 2024.
- On February 22, 2021, the Company issued 600,000 common shares valued at \$1,410,000 pursuant to the Grasstown acquisition (Note 5).
- On January 28, 2021, the Company issued 250,000 common shares valued at \$576,359 issued for the Phenom License pursuant to the terms of the Phenome Agreement (Note 5).

##### Stock Options

The Company maintains a rolling stock option plan (the "Plan") pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, with the exercise price of each option being equal to or above the market price of the common shares on the grant date. Options granted under the Plan, including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

A summary of the Company's stock option activity for the period ended May 31, 2022 and year ended November 30, 2021 is as follows:

	Number of stock option	Weighted average exercise price
<b>At November 30, 2020</b>	365,000	\$ 2.05
Stock options granted	385,000	1.59
<b>At November 30, 2021</b>	750,000	1.81
Stock options granted	-	-
<b>At May 31, 2022</b>	750,000	\$ 1.81

As at May 31, 2022, the Company's outstanding stock options expire as follows:

Expiry Date	Weighted Average		Outstanding	Exercisable
	Remaining Contractual Life in Years	Exercise Price		
June 8, 2023	1.02	\$ 2.05	365,000	365,000
January 12, 2024	1.62	1.50	345,000	345,000
February 23, 2024	1.73	2.35	40,000	40,000
	1.33	1.81	750,000	750,000

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(Unaudited - Expressed in Canadian Dollars)

**10. SHARE CAPITAL (continued)****Warrants**

A summary of the Company's warrant activity for the period ended May 31, 2022 and period ended November 30, 2021 is as follows:

	Number of warrants	Weighted average exercise price
<b>At November 30, 2020</b>	1,429,728	\$ 4.90
Warrants assumed from RTO	744,825	3.00
Warrants issued	(691,433)	5.00
<b>At November 30, 2021</b>	1,483,120	\$ 3.87
Warrants issued	16,998,335	0.20
Warrants expired	(549,995)	5.00
<b>At May 31, 2022</b>	17,931,460	\$ 0.36

The following is a summary of warrants outstanding as at May 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price \$	Outstanding	Exercisable
September 2, 2022	0.26	4.00	188,300	188,300
February 16, 2024	1.72	0.20	2,236,181	2,236,181
February 23, 2024	1.73	3.00	744,825	744,825
April 5, 2024	1.85	0.20	11,050,238	11,050,238
May 20, 2024	1.97	0.20	3,711,916	3,711,916
	1.63	3.87	17,931,460	17,931,460

**Agent Warrants**

A summary of the Company's agent warrant activity for the period ended May 31, 2022 and period ended November 30, 2021 is as follows:

	Number of agent warrants	Weighted average exercise price
<b>At November 30, 2020</b>	30,542	4.24
Agent warrants issued	41,830	1.80
<b>At November 30, 2021</b>	72,372	\$ 2.83
Agent warrants issued	145,440	0.20
Agent warrants expired	(21,302)	5.00
<b>At May 31, 2022</b>	196,510	\$ 0.65

The following is a summary of agent warrants outstanding as at May 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price \$	Outstanding	Exercisable
September 2, 2022	0.26	2.50	9,240	9,240
February 16, 2024	1.72	0.20	145,440	145,440
February 23, 2024	1.73	1.80	41,830	41,830
	1.65	1.07	196,510	196,510

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### 10. SHARE CAPITAL (continued)

#### Agent Warrants (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its agent warrants granted. During the period ended May 31, 2022, 145,440 (year ended November 30, 2020 – NIL) agent warrants were issued with a fair value of \$9,000 (year ended November 30, 2020 – \$51,345).

The fair value of agent warrants issued was calculated using the following weighted average assumptions:

	Six Months Ended May 31, 2022	Year Ended November 30, 2021
Expected life (years)	2	3
Risk-free interest rate	1.53%	0.31%
Annualized volatility*	100%	130%
Dividend yield	0.00%	0.00%
Stock price at issue date	\$0.14	\$1.80
Exercise price	\$0.20	\$1.80
Weighted average issue date fair value	\$0.06	\$1.80

\*The annualized volatility was determined based on comparable companies in the same industry.

### 11. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and Chief Executive Officer, and Chief Finance Officer.

These transactions are incurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties unless otherwise stated. Remuneration attributed to key management personnel can be summarized as follows:

	Six months ended May 31, 2022	
	Consulting Fees	Share-based Compensation
Consulting fees paid/accrued to the current CEO	\$ 48,000	\$ -
Consulting fees paid/accrued to the current CFO	50,000	-
	\$ 98,000	\$ -

  

	Six months ended May 31, 2021	
	Consulting Fees	Share-based Compensation
Consulting fees paid/accrued to the current CEO	\$ -	\$ 87,817
Consulting fees paid/accrued to a company controlled by the CEO	45,000	-
Share-based payments to the former CFO	3,000	14,636
Share-based payments to directors of the Company	-	65,863
Share-based payments to a former director of the Company	-	29,272
	\$ 48,000	\$ 197,588

Included in accounts payable and accrued liabilities at May 31, 2022 is \$8,812 (November 30, 2021 - \$48,260) owing to current and former directors, companies controlled by directors or companies with directors in common.



## Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)

### Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited - Expressed in Canadian Dollars)

#### 12. CAPITAL MANAGEMENT

The Company's shareholders' equity comprises its capital under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities in the area of cannabis production and distribution and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

To fund future operating activities, the Company will need to become profitable in perusing its new business and/or raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company's approach to capital management during the period ended May 31, 2022. The Company is not subject to externally imposed capital requirements.

#### 13. FINANCIAL INSTRUMENTS

##### Fair value

The Company classifies its cash as fair value through profit or loss. The carrying values of accounts payable and accrued liabilities, consideration payable, lease liabilities and loan payable, which have been classified as financial liabilities at amortized cost, are measured at amortized cost using the effective interest method.

Assets measured at fair value on a recurring basis were presented on the Company's condensed interim consolidated statement of financial position as at November 30, 2021 and May 31, 2022 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
<b>November 30, 2021</b>				
Assets				
Cash	\$ 4,533	\$ -	\$ -	\$ 4,533
<b>May 31, 2022</b>				
Assets				
Cash	\$ 377,521	\$ -	\$ -	\$ 377,521

## Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

#### 13. FINANCIAL INSTRUMENTS (continued)

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

##### Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash.

The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to cash is remote as it maintains accounts with highly-rated financial institutions.

##### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at May 31, 2022, the Company had current liabilities of \$1,160,736 (November 30, 2021 - \$1,078,976). Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

The following is a table of the Company's maturity of its liabilities as at May 31, 2022, excluding accounts payable and accrued liabilities:

	Phenome Agreement	1088 Agreement	Go Green Lake County Lease	Vancouver Lease	Total
	\$	\$	\$	\$	\$
Due in 1 year	200,000	-	-	-	200,000
	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>

##### Market risk

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

(i) Interest rate risk

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.
- 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 interest rate price risk.

The Company is not exposed to significant interest rate risk.

(ii) 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 changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company does not hold any equity securities and therefore does not have significant exposure to price risk.

## **Lords & Company Worldwide Holdings Inc. (formerly: Pac Roots Cannabis Corp.)**

### Notes to the Condensed Interim Consolidated Financial Statements

For the period ended May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

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#### **14. SUBSEQUENT EVENTS**

On June 1, 2022, the Company completed a private placement for the offering of 1,808,000 units at a price of \$0.083 per unit for gross proceeds of \$150,064. Each unit is comprised of one common share and one common share purchase warrant, exercisable at a price of \$0.20 and expiring on April 5, 2024. In connection with the transaction, the Company paid cash finders' fees of \$12,005 and issued 144,640 agent's warrants as finders' fees valued at \$6,000, exercisable at a price of \$0.20 and expiring on June 1, 2024