FORTE GROUP

FORTE GROUP HOLDINGS INC.
(formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Financial Statements

(unaudited)

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity’s auditor.

November 29, 2024

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Statements (Unaudited)
(Expressed in Canadian dollars)

	Notes	September 30, 2024	December 31, 2023
ASSETS		$	$
Current			
Cash and cash equivalents	3	66,823	139,216
Receivables	4	447,351	308,070
Inventory	5	163,707	132,434
Prepaid expenses and deposits	6	108,053	140,648
Current assets classified as discontinued operations	9	69,684	74,584
		855,618	794,952
Property, plant and equipment, net	7	11,291,025	11,676,297
Intangible assets	8	3,234,851	598,012
		15,381,494	13,069,261
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	10	4,497,145	7,910,615
Deferred revenue		27,457	27,457
Short term loan payable	12,14	2,503,288	1,783,716
Due to related parties	12	296,979	52,541
Promissory note	11	2,729,178	2,588,049
Convertible debentures	13	558,630	605,958
Current liabilities classified as discontinued operations	9	4,095,738	4,184,173
		14,708,415	17,152,509
Non-current			
CEBA loans	15	101,589	80,000
Non-current liabilities classified as discontinued operations	9	150,000	150,000
		14,960,004	17,382,509
Shareholders' equity (deficit)			
Share capital	16	143,337,040	131,514,466
Common shares held in treasury	16	(2,295,918)	(3,790,545)
Obligation to issue shares	16	1,010,000	1,000,000
Reserve	16,17,18	26,049,871	26,937,324
Accumulated other comprehensive income		6,029	7,171
Deficit		(166,986,706)	(159,284,163)
Equity (Deficit) attribute to shareholders of the parent		1,120,316	(3,615,747)
Deficit attribute to non-controlling interest	19	(698,826)	(697,501)
		421,490	(4,313,248)
		15,381,494	13,069,261

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 22)
Subsequent events (Note 24)

Approved and authorized for issue on behalf of the Board of Directors on November 29, 2024

"Marcello Leone"
Director, Marcello Leone

"John Campbell"
Director, John Campbell

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

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)
(Expressed in Canadian dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2024**	**2023**	**2024**	**2023**
		$	$	$	$
Revenue	21	26,901	336,907	62,932	707,404
Cost of revenue	21	(21,352)	(280,133)	(43,477)	(625,471)
Gross profit (loss)		5,549	56,774	19,455	81,933
Expenses					
Amortization	7,8	145,694	174,265	456,765	522,480
Filing expense		11,932	9,100	37,137	10,150
Investors relations		-	15,700	2,670	20,700
Marketing		24,833	37,656	346,021	57,830
Management fee	12	225,000	150,000	606,450	480,000
Legal fee		192,976	400,182	409,465	527,002
Plant operation and office expenses		66,952	252,746	291,731	698,766
Professional fee	12	125,499	676,865	3,821,673	1,691,563
Rent		24,851	-	29,272	-
Research and development		-	-	1,210	-
Salaries		90,198	42,684	289,665	163,345
Share-based payments	18	-	-	610,077	-
Travel		1,334	707	3,273	300
		909,269	1,759,905	6,905,409	4,172,136
Other expenses (income):					
Accretion expense		(1,274)	8,025	70	27,695
Finance cost		235,938	159,597	540,026	264,600
Foreign exchange loss (gain)		6,528	14,369	15,520	(5,196)
Other losses (gains)		-	-	-	141,333
Impairment of Prepaids & Deposits		-	-	9,237	-
Government grants		-	-	20,000	-
Loss on debt settlement	16	99,048	(237)	155,249	(237)
Net loss for the year from continuing operations		(1,243,960)	(1,884,885)	(7,626,056)	(4,518,398)
Net income (loss) from discontinued operations	9	2,614	187,840	(77,812)	(126,578)
Net loss for the year attributable to:					
Shareholders of the parent		(1,241,543)	(1,683,751)	(7,702,542)	(4,566,781)
Non-controlling interest	19	197	(13,294)	(1,326)	(78,195)
Other comprehensive income (loss)					
Item that may be reclassified subsequently to income or loss:					
Exchange differences on the translation of foreign operation		(1,761)	1,779	13,200	(22,644)
Total comprehensive loss		(1,243,107)	(1,695,266)	(7,690,668)	(4,667,620)
Total comprehensive loss for the year attributable to:					
Net loss from continued operations		(1,245,721)	(1,883,106)	(7,612,856)	(4,541,042)
Net income (loss) from discontinued operations		2,614	187,840	(77,812)	(126,578)
Loss per share attributes to shareholders of the parent (basic and diluted)		(0.08)	(1.38)	(0.48)	(3.80)
Weighted average number of shares outstanding (basic and diluted)		4,686,610	558,719	4,686,610	558,719

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

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in Canadian dollars)

	Common shares		Additional paid-up capital	Common shares held in treasury	Reserve	Obligation to issue shares	Accumulated other comprehensive income (loss)	Deficit	Equity (Deficit) attributable to shareholders of the parent	Deficit attributable to non-controlling interest	Total
	Number of shares	Amount ($)	$	$	$	$	$	$	$	$	$
Balance, December 31, 2022	236,084,466	131,081,326	-	(5,144,671)	26,937,324	1,000,000	1,012	(147,156,170)	6,718,821	(280,778)	6,438,043
Shares issued for debt settlement	87,363,286	1,747,266	(1,314,126)	1,354,126	-	-	-	-	1,787,266	-	1,787,266
10 to1 Share consolidation	(291,102,874)	-	-	-	-	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	-	6,159	(12,127,993)	(12,121,834)	(416,723)	(12,538,557)
Balance, December 31, 2023	32,344,878	132,828,592	(1,314,126)	(3,790,545)	26,937,324	1,000,000	7,171	(159,284,163)	(3,615,747)	(697,501)	(4,313,248)
Shares issued for debt settlement	35,285,102	7,906,967	-	-	-	-	-	-	7,906,967	-	7,906,967
Shares issued for cash	1,134,291	853,944	-	-	-	-	-	-	853,944	-	853,944
Shares issued for acquisition	4,166,663	2,708,331	-	-	-	-	-	-	2,708,331	-	-
20 to1 Share consolidation	(58,369,046)	-	-	-	-	-	-	-	-	-	-
Conversion of convertible debt	450,756	353,333	-	-	-	-	-	-	353,333	-	353,333
Share-based payments	-	-	-	-	610,077	-	-	-	610,077	-	610,077
Purchase of treasury shares	-	-	-	(11,165)	-	-	-	-	(11,165)	-	(11,165)
Reissuance of treasury shares	-	-	-	1,505,793	(1,497,531)	-	-	-	8,262	-	8,262
Subscriptions received in advance	-	-	-	-	-	10,000	-	-	10,000	-	10,000
Net loss and comprehensive loss	-	-	-	-	-	-	(1,142)	(7,702,542)	(7,703,684)	(1,326)	(7,705,010)
Balance, September 30, 2024	15,012,644	144,651,167	(1,314,126)	(2,295,918)	26,049,871	1,010,000	6,029	(166,986,706)	1,120,318	(698,826)	421,490

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

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.)
Condensed Consolidated Interim Statements of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

Nine months ended September 30,	2024	2023
	$	$
Operating activities		
Net loss	(7,626,056)	(4,518,398)
Items not affecting cash:		
Amortization	456,765	522,480
Accretion expense	70	27,695
Finance costs	540,026	264,600
Government grant	20,000	-
0Impairment of prepaids & deposits	9,237	-
Gain on debt settlement	155,249	(237)
Share-based payments	610,077	-
Unrealized foreign exchange loss	(9,330)	(42,308)
Bad debt expense	-	141,333
Changes in assets held discontinued operation	(161,347)	92,670
	(6,005,309)	(3,512,165)
Changes in non-cash working capital items:		
Receivable	(139,281)	190,169
Prepaid expenses and deposits	23,358	300,230
Inventory	(31,273)	29,091
Deferred revenue	-	192,285
Accounts payable and accrued liabilities	3,849,757	2,964,643
Due to related parties	244,438	(43,573)
Cash used in (provided by) operating activities	(2,058,311)	120,680
Investing activities		
Purchases of property, plant, and equipment	-	(6,300)
Cash used in investing activities	-	(6,300)
Financing activities		
Proceeds from short-term loan	812,065	-
Proceeds from issuance of common shares	853,944	-
Proceeds from sale of treasury shares	8,262	
Repurchase of shares to treasury	(11,165)	
Shares issued for redemption of convertible debentures	353,333	-
Interest paid	(38,709)	-
Cash provided by financing activities	1,977,730	-
Increase (decrease) in cash and cash equivalents	(80,581)	114,380
Effect of change in foreign exchange rate on cash	8,188	3,270
Cash and cash equivalents, beginning	139,216	39,543
Cash and cash equivalents, ending	66,823	157,193

Supplemental non-cash information		
Accrued costs in property and equipment	78,971	255,498

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

1) Nature of operations and Going Concern

Forte Group Holdings Inc. (formerly BevCanna Enterprises Inc.) (the “Company”) is a diversified lifestyle and wellness consumer packaged goods company incorporated under the Business Corporations Act in British Columbia on July 13, 2017. Effective October 18, 2024, the Company changed its name from BevCanna Enterprises Inc. to Forte Group Holdings Inc. Concurrent with the name change, the Company's trading symbol on the Canadian Securities Exchange ("CSE") changed to "FGH". The Company's common shares began trading on the CSE under the new name and trading symbol on October 18, 2024. In the United States on the OTC Pink Market under symbol “FGHFF”, and in Germany on the Frankfurt Stock Exchange under the symbol “7BC0”. The registered record office of the Company is 1108 West 8th Avenue, Vancouver, BC V6H 4C8, Canada.

The Company develops and manufactures and markets the TRACE brand of BLACKwater and TRACE ALKALINEwater, concentrates, and powders, additionally it offers custom beverage manufacturing on a private and white label basis through its wholly-owned subsidiary Naturo. The Company also plans to provide direct-to-consumer ecommerce sales of nutraceutical products through its recent acquisition of Greenflame Distribution Ltd.

Going concern

As of September 30, 2024, the Company has accumulated deficits of $166,986,706, of which the non-cash portion was $131,521,192 or 79%, and negative working capital of $13,852,797 that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development.

The Company intends to primarily rely on its ability to fund operations through future private placement equity financings, share for debt settlements, and/or long-term convertible or standard debt, but there is no guarantee the Company will be able to raise any such funds to address the deficiency or, if it can, on terms favorable to the Company. Further, any such equity financings, share for debt settlements, and/or convertible debt may materially dilute existing shareholders. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company’s ability to continue as a going concern.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the classifications used in the consolidated statement of financial position, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. See note 24 for details of subsequent events that are pertinent to the Company’s ability to continue as a going concern.

2) Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2023, which have been prepared with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

2) Basis of presentation (continued)

(a) Statement of compliance (continued)

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on November 29, 2024.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and of the entities it controls (the "subsidiaries"). Control over an investee is achieved when the Company has power over the investee, has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. Profit or loss and each component of other comprehensive income or loss are attributed to the owners of the parent and to the non-controlling interest. The subsidiaries' total comprehensive income or loss is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Entities are consolidated from the date on which control is acquired by the Company and consolidation ends when control no longer exists. The Company must reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Intercompany transactions, balances and unrealized gains and losses on intercompany transactions are eliminated on consolidation.

Details of the Company's principal subsidiaries are as follows:

Name of subsidiary or controlled entity	Principal activity	Place of incorporation	Ownership Interest
Continuing Operations			
Naturo Group Enterprises Inc. (formerly Naturo Group Investments Inc., "Naturo")	Wellness beverages & nutraceuticals	Canada	100%
Forte Group Entertainment Inc. ("Forte Entertainment")	Brand partnership	Canada	100%
Greenflame Distribution Ltd. ("Greenflame")	E-commerce wellness nutraceuticals (DTC)	Canada	100%
Naturo Springs Inc. ("Springs") (1)	Bottled spring water	Canada	79%
Discontinued Operations			
BevCanna Operating Corp. ("BCO") (2)	THC/CBD beverages	Canada	100%
Naturally Pure Therapy Products (4) Corp. ("Pure Therapy")	E-commerce wellness nutraceuticals	Canada	100%
Embark Health, Inc. ("Embark") (3)	Manufacturing products	Canada	100%

(1) On December 12, 2023, Naturo Springs Inc. made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy.

3) Basis of presentation (continued)

(c) Basis of consolidation (continued)

(2) On January 25, 2024, BevCanna Operating Corp. made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy.

(3) On July 18, 2024, Embark Health Inc. and its subsidiary Embark Delta Inc. made an assignment in bankruptcy.

(4) On September 24, 2024, Naturally Pure Therapy Products Corp. filed for dissolution.

Carmanah Craft Corp. ("Carmanah") dissolved in November 2023.

Exceler Holdings Ltd ("Exceler") dissolved in July 2023.

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of the Company, Forte Entertainment, BCO, Naturo and Springs is the Canadian dollar. The functional currency of Pure Therapy and Greenflame, the e-commerce merchant, entity is the US dollar.

(d) Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Actual results could differ from these estimates.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the current and next fiscal financial years:

i. The Company makes estimates on the useful lives when determining depreciation of property and equipment and the amortization of intangible assets are dependent on estimates of useful
ii. 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 consider factors such as economic and market conditions and useful lives of assets.

iii. The Company uses the Black-Scholes Option Pricing Model to value options and warrants granted during the year. The model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

2) Basis of presentation (continued)

(e) Use of estimates and judgments (continued)

iv. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Assets held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statements of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statements of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statements of loss and comprehensive loss.

Significant Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

(Expressed in Canadian dollars)

2) Basis of presentation (continued)

(e) Use of estimates and judgments (continued)

ii. The determination of whether a set of assets acquired and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits.

iii. The assessment on whether the Company's subsidiary, Pure Therapy is a principal in its revenue activities related to the direct-to-customer e-commerce product sales and as a result, the revenue and cost of revenue are presented on a gross basis.

iv. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on several assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

v. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

3) Cash and cash equivalents

	September 30, 2024 $	December 31, 2023 $
Cash deposited at banks	38,097	125,537
Cash held in trust	28,565	13,565
Cash held at e-commerce merchants	161	114
	66,823	139,216

4) Receivables

	September 30, 2024 $	December 31, 2023 $
Trade receivables	426,482	418,592
GST receivable	308,517	80,714
	734,999	499,306
Allowance for doubtful accounts	(287,648)	(191,236)
	447,351	308,070

As at December 31, 2023, the Company rendered the remaining held reserve income asset amounts non-collectible resulting in a loss of discontinued operations of $141,333.

During the nine months ended September 30, 2024, there is $96,412 (2023 - $nil) in bad debt expense recognized on the consolidated statement of comprehensive loss.

(Expressed in Canadian dollars)

5) Inventory

	September 30, 2024 $	December 31, 2023 $
Bottles and packaging	72,549	53,125
Finished goods	13,157	89,560
Raw materials	78,001	68,030
Write-off of inventory	-	(78,281)
	163,707	132,434

During the nine months ended September 30, 2024, the Company recorded an impairment charge of $nil (2023 - $nil) against inventory.

6) Prepaid expenses and deposits

	September 30, 2024 $	December 31, 2023 $
Prepaid expenses	108,053	140,648
	108,053	140,648

7) Property, plant, and equipment

	Land $	Furniture and equipment $	Construction-in-progress $	Buildings and warehouse $	Leasehold improvements $	Total $
Cost						
At December 31, 2022	1,350,000	2,535,138	9,507	14,704,964	-	18,599,608
Additions	-	6,300	-	-	-	6,300
Assets put into service	-	-	(9,507)	9,507	-	-
Disposals	-	(1,468,719)	-	-	-	(1,468,719)
At December 31, 2023	1,350,000	1,072,719	-	14,714,471	-	17,137,189
At September 30, 2024	1,350,000	1,072,719	-	14,714,471	-	17,137,189
Accumulated amortization						
At December 31, 2022	-	1,307,991	-	3,338,231	30,640	4,676,862
Amortization	-	220,930	-	444,859	(2,298)	663,490
Disposals	-	(1,130,927)	-	-	-	(1,130,927)
Impairment	-	23,458	-	1,256,351	(28,342)	1,251,467
At December 31, 2023	-	421,452	-	5,039,441	-	5,460,894
Amortization	-	93,302	-	291,969	-	385,271
At September 30, 2024	-	550,341	-	5,295,824	-	5,846,165

(Expressed in Canadian dollars)

7) Property, plant, and equipment (continued)

Net book value						
At December 31, 2022	1,350,000	1,227,146	9,507	11,366,732	(30,640)	13,922,747
At December 31, 2023	1,350,000	651,266	-	9,675,029	-	11,676,297
At September 30, 2024	**1,350,000**	**522,378**	**-**	**9,418,646**	**-**	**11,291,025**

8) Intangible assets

	Brand $	Customer List $	Other $	Total $
Cost				
At December 31, 2022	680,000	-	-	4,610,000
Additions	-	-	-	-
At December 31, 2023	680,000	-	-	4,610,000
Additions	-	652,135	2,056,196	2,708,331
At September 30, 2024	680,000	652,135	2,056,196	7,318,331
Accumulated amortization				
At December 31, 2022	81,988	-	-	4,011,988
Amortization	-	-	-	-
At December 31, 2023	81,988	-	-	4,011,988
Amortization	71,493	-	-	71,493
At September 30, 2024	153,481	-	-	4,083,481
Net book value				
At December 31, 2022	598,012	-	-	598,012
At December 31, 2023	598,012	-	-	598,012
At September 30, 2024	526,519	652,135	2,056,196	3,234,851

Acquisition of Greenflame Distribution Ltd.

On September 17, 2024, the Company completed the acquisition of all outstanding common shares of Greenflame Distribution Ltd. (“Greenflame”), a health and wellness nutraceutical company operating a direct-to-consumer e-commerce product sales business. This acquisition aligns with the Company’s strategy to expand its U.S. and internal e-commerce operations.

The acquisition has been accounted for as a business combination under IFRS 3 using the acquisition method, with the Company identified as the acquirer. The Company has recognized the identifiable assets and liabilities acquired at their estimated fair values at the closing date of the Acquisition and performed an evaluation of the underlying assets and liabilities acquired and determined the total net assets obtained supported a valuation of approximately $2,708,331.

(Expressed in Canadian dollars)

8) Intangible assets (continued)

The purchase price allocation determined at the closing date of the Acquisition of Greenflame is as follows:

Consideration:	$
Fair value of common shares issued (4,166,663 @ $0.65 per share)	2,708,331
Net assets acquired:	
Intangible asset – Customer list	652,135
Intangible asset – Other (eCommerce supply chain and expertise, proprietary product portfolio)	2,056,196
Total net assets	2,708,331
Goodwill	-

The Company has recognized the identifiable net assets acquired at fair value, which equals the consideration transferred. Therefore, no goodwill or bargain purchase is recorded in accordance with IFRS 3.

Acquisition-related costs of $15,000 have been excluded from the consideration transferred and have been recognized as an expense in the current period, within the Legal expense line item in the statement of comprehensive income.

As of September 30, 2024, the Company has not recognized any impairment of the acquired intangible assets due to its short period between the acquisition date and end of the reporting period. The Company will continue to monitor these assets for potential impairment indicators in subsequent reporting periods.

9) Discontinued operations

In Q4 2023, the Company made a strategic decision to exit the cannabis market, classifying the Embark and BevCanna Operating segments as discontinued operations in the consolidated financial statements. Financial information relating to the discontinued operations for the nine months ended September 30, 2024 and 2023 is set out below:

	September 30, 2024 $	September 30, 2023 $
Revenue	-	1,150,922
Cost of Revenue	-	711,043
Gross Margin	-	439,879
Operating expenses	74,044	570,197
Income (loss) from operations	(74,044)	(130,318)
Other (income) expenses	3,768	(3,740)
Net income (loss) from discontinued operations	(77,812)	126,578

(Expressed in Canadian dollars)

9) Discontinued operations (continued)

Net cash information relating to the discontinued operations for the nine months ended September 30, 2024 and 2023 is set out below:

	September 30, 2024 $	September 30, 2023 $
Net cash provided by (used in) operations	(3,338)	(33,415)
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Increase (decrease) in Cash	(3,338)	(33,415)

On January 25, 2024, BevCanna Operating made an assignment to file for insolvency.

On July 19, 2024, Embark Health Inc. and Embark Delta Inc. made an assignment to file for insolvency.

10) Accounts payable and accrued liabilities

	September 30, 2024 $	December 31, 2023 $
Trade payables	2,808,940	5,225,766
Accrued liabilities	1,688,205	2,684,850
	4,497,145	7,910,615

11) Promissory note

The promissory note was acquired as part of the debt assumed on the acquisition of Naturo (Note 11). On August 5, 2017, Naturo entered into a promissory note for $2,500,000 with an interest rate of 8%, payable quarterly, and due on August 5, 2020. On August 5, 2020, the promissory note was extended for one year. The loan is secured by the land of Naturo and the personal guarantee of the CEO under the general security agreement (“GSA”). Upon assumption by the Company, the promissory note was valued at $2,545,479. After the expiry on August 5, 2021, the promissory note had been rolled forward on a month-to-month basis carrying an interest rate of 8%, payable monthly and due on demand.

As at September 30, 2024, the outstanding balance of the loan and accrued interest was $2,681,792.

The Company has the option to repay the loan in full or in part at any time. The promissory note is presented as a current liability on the consolidated statement of financial position because the Company expects to settle or redeem the promissory note within the next twelve months.

During the nine months ended September 30, 2024, the Company paid $80,000 of additional financing fee to the lender for an extension. The CEO of the Company provided the $80,000 to the Company as a shareholder loan on the same date. Subsequent to the period ended September 30, 2024, the Company paid an additional $10,000 to the lender.

(Expressed in Canadian dollars)

12) Related party transactions and balances

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 members of the Company's Board of Directors and corporate officers.

Related Parties Transactions:

The remuneration of directors and key management personnel was as follows:

Nine months ended September 30,	2024	2023
	$	$
Management and Consulting fees		
Chief Financial Officer ("CFO") and Chief Strategic Officer ("CSO")	180,000	120,000
Chief Executive Officer ("CEO")	340,033	150,000
Mr. Dawson-Scully (Former President)	101,666	-
Ms. Panetta (Former President)	10,500	93,335
Mr. Ciambrelli (Sr. Ops Manager and Director)	112,500	82,493
Mr. Mason (Former Director), Mr. Macdonald (Former Director), Mr. Blank (Director) and Mr. Coleman (Director)	147,650	60,000
Company controlled by CEO	120,000	-
Company controlled by individual related to CEO	310,096	68,250
Company controlled by individual related to Sr. Ops Manager and Director	169,046	-
Individual related to CEO	24,330	-
	1,515,822	574,078

Nine months ended September 30,	2024	2023
	$	$
Share-based Compensation		
Chief Financial Officer ("CFO") and	19,446	-
Chief Strategic Officer ("CSO")	148,548	-
Mr. Ciambrelli (Sr. Ops Manager and Director)	17,734	-
Mr. Mason (Former Director), Mr. Macdonald (Former Director), Mr. Blank (Director) and Mr. Coleman (Director)	37,041	-
Company controlled by CEO	118,921	-
Company controlled by individual related to CEO	32,733	-
Company controlled by individual related to Sr. Ops Manager and Director	43,468	-
	417,891	-

(Expressed in Canadian dollars)

12) Related party transactions and balances (continued)

Related Parties Balances: (continued)

As at September 30, 2024 and December 31, 2023, the following amounts were included in accounts payable and accrued liabilities in relation to transactions with related parties, which were non-interest bearing, unsecured and due on demand:

	September 30, 2024	December 31, 2023
	$	$
Accounts payable and accrued liabilities:		
Chief Financial Officer ("CFO") and Chief Strategic Officer ("CSO")	63,000	462.000
Chief Executive Officer ("CEO") *(i)*	489,402	616,114
Mr. Dawson-Scully (Former President)	15,000	339,000
Ms. Panetta (Former President)	-	105,921
Mr. Ciambrelli (Sr. Ops Manager and Director)	65,342	76,552
Mr. Mason (Former Director), Mr. Macdonald (Former Director), Mr. Blank (Director) and Mr. Coleman (Director)	35,450	228,403
Company controlled by CEO	6,000	-
Company controlled by individual related to CEO	287,950	343,961
Company controlled by individual related to Sr. Ops Manager and Director	1,050	-
Individual related to CEO *(ii)*	18,545	139,955
Subtotal	**981,739**	**2,311,906**
Convertible Debenture		
Directors	-	57,917
Subtotal	**-**	**57,917**
Short- term loans		
Company controlled by individual related to CEO *(ii)*	202,485	203,160
Individual related to CEO *(ii)*	168,738	169,300
Subtotal	**371,223**	**372,460**
Due to related parties		
Chief Executive Officer ("CEO")	215,984	47,541
Company controlled by individual related to CEO	80,995	5,000
Subtotal	**296,979**	**52,541**
Total	**1,649,940**	**2,794,824**

(i) The CEO also provided a shareholder loan to the company of $100,000 in 2022 to support its working capital needs, specifically during the period under Ceased Trade. During the period ended September 30, 2024, a full repayment of $68,012 (2023 - $52,459) was made on this loan. During the period ended September 30, 2024, the Company also accrued consulting fees payable to the CEO of $120,750 (2023 - $nil). During the period ended September 30, 2024, the Company received a loan of $115,705 from the CEO. The loan is non-interest bearing and has no fixed repayment terms. As of September 30, 2024, this loan remains outstanding.

(ii) Two individuals related to the CEO each provided loans that supported the Company's working capital needs, specifically for purchase order factoring to fulfill cannabis product orders for provincial boards.

12) Related party transactions and balances (continued)

This financing was crucial due to the significant cash outlay required for production before delivery, with payment terms from provincial boards typically ranging between 45 to 90 days post-delivery.

On April 22, 2022, a relative of the CEO provided a loan of $125,000 USD, with a $25,000 USD facilitation fee charged upfront. Due to extended repayment delays, an additional facilitation fee of $7,517.10 USD was accrued and paid on July 27, 2023. As of September 30, 2024, $150,000 USD remained outstanding on this loan.

On April 22, 2022, another relative of the CEO personally extended a loan of $125,000 USD, also with a $25,000 USD facilitation fee charged upfront. The initial fee was paid on June 26, 2022. Due to repayment delays, additional facilitation fees were accrued and paid: $25,000 USD on March 27, 2023, and $2,500 USD each on January 19, 2024, and March 26, 2024. As of September 30, 2024, the principal amount of $125,000 USD remains outstanding.

These loans were essential for bridging the gap between production costs and revenue realization, allow the Company to maintain adequate inventory levels and capitalize on sales opportunities despite the cash flow timing mismatches inherent in the cannabis industry's payment cycles.

13) Convertible debentures

Forte Group Debentures

On April 14, 2020, the Company completed a non-brokered financing of $630,000 by issuing convertible debentures ("Debentures"). The Debentures accrue interest at the rate of 8% per annum payable semi-annually and mature on April 14, 2023. The Debentures are convertible to common shares of the Company at $0.75 per share (pre-share consolidation).

The holders of the Debentures are entitled to convert the unpaid principal and interest into common shares of the Company at a conversion price of $0.75 per share (pre-share consolidation). If at any time the daily weighted average trading price of the Company's shares is greater than $1.00 (pre-share consolidation) for the preceding 10 days, the Company will have the option to convert the outstanding principal amount at the price of $0.75 per share (pre-share consolidation).

The initial liability component of the Debentures was calculated at the present value of interest payments and expected return using an effective interest rate of 16% per annum. The equity component was determined using the residual method whereby, the fair value of the equity component is arrived at by deducting the amount determined separately for the liability from the face value of the instrument. As a result, the fair value of the conversion feature was determined to be $118,252 and was recognized into the equity reserve of the Company.

On February 8, 2021, the Company completed an early redemption for $115,000 of the debenture and paid $124,532 towards the outstanding principal and accrued interest. On the same date, the Company converted $15,000 of the debentures into 20,000 common shares. The Company reclassified $3,754 from equity reserves to share capital related to this conversion.

On September 30, 2024, $58,630 accrued interest and $500,000 principal remains outstanding for the Forte Group Debenture.

(Expressed in Canadian dollars)

13) Convertible debentures (continued)

Naturo Debenture

On January 27, 2021, Naturo completed a debt settlement with an individual related to the CEO of the Company by issuing a convertible debenture for $1,505,021 with an interest bearing at 10% per annum, payable monthly and maturing in 24 months. The debenture is convertible to common shares of the Company at $0.40 per share (pre-share consolidation) at any time at the discretion of the debenture holder. Upon assumption by the Company on the Acquisition Date, the convertible debenture was valued at $1,468,373.

On June 28, 2021, the Company entered into a debenture amendment and cancellation agreement with the related party to settle the $1,505,020 in the convertible debenture plus a $500,000 payable for finance charge, with a receivable of $2,005,020 from the CEO of the Company. There was $nil gain or loss on the settlement of these balances.

Upon the settlement, the convertible debenture has an outstanding balance of $1,525,459 for the principal and accrued interest. Following the settlement, the excess $20,439 accrued interest payable was paid during the year ended December 31, 2023.

The value of the debenture as at September 30, 2024, is $558,630.

	$
Balance, December 31, 2021	461,408
Addition	50,000
Accretion expense	45,553
Finance charge	42,916
Finance charge payment	(20,000)
Balance, December 31, 2022	579,876
Accretion expense	27,599
Finance charge	(1,517)
Balance, December 31, 2023	605,958
Reduction	(77,356)
Finance charge	30,027
Balance, September 30, 2024	558,630

14) Short term loans

The Company entered into three short-term loans over the year 2022:

- The related party loans are non-interest-bearing and are repayable at any time.
- The purchase order factoring of individuals related to the CEO consisted of two individuals each providing $125,000 USD with a $25,000 USD financing fee each. $25,000 USD of the principal was repaid during 2022, resulting in $275,000 USD outstanding.
- The Company entered into several factoring agreements against purchase order receivables with several creditors.

(Expressed in Canadian dollars)

14) Short term loans (continued)

On July 11, 2023, Naturo Group entered into a loan agreement with a private lender for $600,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 13.5% interest rate for the first two months, with an original term of three months, which has subsequently been extended to twelve months.

On November 7, 2023, the Company entered into a loan agreement with a private lender for $200,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from November 3, 2023.

On November 20, 2023, the Company entered into a loan agreement with a private lender for $100,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from November 20, 2023.

On December 2, 2023, the Company entered into a loan agreement with a private lender for $200,000, secured by a second mortgage on property in Bridesville, BC. The loan carries a 15% interest rate, with a term of twelve months from December 2, 2023.

On December 6, 2023, the Company entered into a secured note agreement with two private lenders for $320,000, secured by the general assets of the Company. The loan carries a 15% interest rate, with a term of twelve months from December 6, 2023. The interest payable for the twelve months was prepaid on the date of issuance as an interest reserve to be deducted.

During the six months ended June 30, 2024, the Company secured $1,062,065 through subscriptions for Secured Promissory Notes with various subscribers. The notes expire in one year and have maturity dates between January 18 to April 24, 2025, accruing interest at 15% per annum. The total interest payable is deducted from the principal amount in advance on the closing date.

On May 8, 2024, the Company converted $250,000 of short-term loans into private placement subscriptions by issuing 284,090 common shares of the Company at $0.88 per share.

On September 12, 2024, the Company converted $100,000 of short-term loans into private placement subscription by issuing 166,666 common shares of the Company at $0.60 per share.

	September 30, 2024 $	December 31, 2023 $
Mortgage advance/Secured note	2,132,065	1,420,000
Purchase order factoring – individuals related to CEO	371,224	363,716
	2,503,288	1,783,716

15) CEBA loans

In April 2020, the Government of Canada funded the loan program Canada Emergency Business Account ("CEBA"). Companies were offered a $40,000 non-interest-bearing loan with 25% loan forgiveness automatically applied if $30,000 of the loan was repaid prior to December 31, 2021.

The principal amount of the CEBA loan is CAD 60,000, with an interest rate of 0% applicable until December 31, 2023. A forgivable portion of the loan amounting to 33.33% will be granted if 66.66% of the loan is repaid by the same date. The repayment deadline for the loan is December 31, 2023, and early repayment is permitted without penalty; however, any amounts repaid cannot be readvanced. Should the loan not be repaid by December 31, 2023, it will automatically convert on

(Expressed in Canadian dollars)

15) CEBA loans (continued)

January 1, 2024, into a new loan with a maturity date of December 31, 2025. Under these new terms, the loan will incur interest at a rate of 5% per annum, with interest payments due monthly. In the event of default, the entire loan amount will become immediately due.

	$
Balance, December 31, 2021	99,978
Acquisition	120,000
Accretion expense	10,022
Reclassified as discontinued operations	(150,000)
Balance, December 31, 2022	80,000
Balance, December 31, 2023	80,000
Addition	20,000
Interest accrued	1,589
Balance, September 30, 2024	101,589

The CEBA loans are accounted for using the amortized cost method discounted at an effective interest rate with the discount portion recorded as a government grant.

16) Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

On September 17, 2024, The Company completed the acquisition of Greenflame by issuing 4,166,663 common shares of the Company for a total consideration of $2,708,331.

On September 12, 2024, the Company converted $100,000 of short-term loans into private placement subscription by issuing 166,666 common shares of the Company at $0.60 per share.

On September 12, 2024, the Company closed a non-brokered private placement for $332,850 by issuing 554,748 common shares of the Company.

During the three months ended June 30, 2024, the Company issued 6,472,860 common shares, as adjusted for the 1:20 reverse stock split, common shares to settle $4,590,882 of debt owed to various vendors. The common shares had a fair value of $5,870,224 and the Company recognized a loss on the settlement of debt of $1,279,342. A portion of the shares issued for debt settlement included transferable share purchase warrants. A total of 1,152,937 warrants are issued and exercisable at a price of $0.60 per warrant share and expired on June 19, 2026. The warrants vested immediately upon issuance and have a fair value of $610,077 using the Black-Scholes Option Pricing method.

On May 21, 2024, the Company closed a non-brokered private placement for $510,000 by issuing 579,543 common shares of the Company.

On May 8, 2024, the Company converted $250,000 of short-term loans into private placement subscriptions by issuing 284,090 common shares of the Company at $0.88 per share.

(Expressed in Canadian dollars)

16) Share Capital (continued)

During the three months ended March 31, 2024, the Company issued 29,096,332 (1,454,816 common shares, as adjusted for the 1:20 reverse stock split) common shares to settle $2,909,633 of debt owed to various vendors. The common shares had a fair value of $2,036,743 and the Company recognized a gain on the settlement of debt of $872,890.

During the year ended December 31, 2023, the Company issued 87,363,286 common shares to settle $3,057,715 of debt owed to various vendors. The common shares had a fair value of $1,747,266 and the Company recognized a gain on the settlement of debt of $1,310,449.
On December 14, 2023, the Company transferred 1,142,857 of common shares held in trust to settle $40,000 of debt owed to one vendor.

Obligations to issue shares:

During the year ended December 31, 2019, the Company received $1,000,000 of proceeds towards the exercise of certain share purchase warrants issued during 2018.

As at September 30, 2024, these warrants remained outstanding and unexercised. As a result, the amount remained to be classified as obligations to issue shares on the consolidated statement of financial position as at September 30, 2024.

During the nine months ended September 30, 2024, the Company received $10,000 in advance from a related party for a private placement closed in October 2024. See note 12.

17) Stock options

In 2018, the Company adopted an incentive stock option plan (“Plan”). Pursuant to the Company’s stock option plan, directors may authorize the granting of options to directors, officers, employees, and consultants of the Company. The expiry date for each option is determined by the board of directors at the time such option is granted. All options under the plan are non-assignable, non-transferrable and only exercisable by the optionee.

During the year ended December 31, 2023, no shares were issued or exercised. A summary of the changes in the share options are presented below:

	Options outstanding	Weighted-average exercise price
	#	$
At December 31, 2022	4,600,000	0.52
Forfeited	(4,000,000)	0.54
Share consolidation	(540,000)	-
At December 31, 2023	60,000	3.54
Forfeited	(3,000)	100.00
Share consolidation	(57,000)	-
At September 30, 2024	-	50.00

During the nine months ended September 30, 2024, the Company recognized share-based payments expense of $610,077 (2023 - $nil).

(Expressed in Canadian dollars)

17) Stock options (continued)

The estimated grant date fair value of the options and warrants granted during the year ended December 31, 2023 and 2022 was calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2024	2023
Risk-free interest rate	3.88%	1.49%
Expected life (years)	2.00	1.33
Annualized volatility	133.7%	120.7%
Dividend rate	0%	0%

18) Share purchase warrants

A summary of the changes in the share purchase warrants are presented below, there were no changes in the twelve months ended December 31, 2023.

	Warrants outstanding	Weighted-average exercise price
	#	$
At December 31, 2021	5,542,133	1.13
Granted	5,279,237	1.47
Exercised	(2,542,133)	1.87
At December 31, 2022	8,279,237	1.12
Forfeited	(3,000,000)	5.00
Share consolidation	(4,751,313)	
At December 31, 2023	527,924	14.7
Forfeited	(527,924)	5.00
Granted	1,152,937	1.72
At September 30, 2024	1,152,937	1.72

19) Non-controlling interest

The non-controlling interest attributes to the common shares representing 21% equity interest in Naturo Springs Inc. held by non-controlling interest holders and is related to the consideration transferred in the acquisition of Naturo. During the nine months ended September 30, 2024, the continuity of equity attributable to the non-controlling interest is as follows:

	Amount
Balance, December 31, 2022	(280,778)
Share of net loss for the period	(416,723)
Balance, December 31, 2023	(697,501)
Share of net loss for the period	(1,326)
Balance, September 30, 2024	(698,826)

19) Non-controlling interest (continued)

On December 12, 2023, Naturo Springs Inc. made an assignment in bankruptcy. There were no assets left before the Company filed for bankruptcy.

20) Financial instruments

Fair value

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

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The carrying value of the Company's financial assets and liabilities including cash, amounts receivable and deposits and trade and other payables included in the consolidated statement of financial position as at September 30, 2024 and December 31, 2023, approximate their fair value due to their short terms to maturity.

Financial risks

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, foreign exchange risk, liquidity risk and interest rate risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks in the nine months ended September 30, 2024.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and trade receivables. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations on credit risk with respect to trade receivables as large amounts of its trade receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support trade receivables. Trade receivables are shown net of any provision made for impairment of the receivables. Due to this factor, the Company believes that no additional credit risk, beyond the amounts provided for collection loss, is inherent in trade receivable.

(Expressed in Canadian dollars)

20) Financial instruments (continued)

There are two customers accounting for more than 10% of gross revenue the Company generated during the nine months ended:

For the period ended	September 30, 2024	September 30, 2023
Customer A	0.0%	76.0%
Customer B	0.0%	15.9%
Customer C	59.9%	6.5%
Customer D	32.0%	0.7%
Total	91.9%	99.1%

The amount receivable from these customers constitutes 0%, 0%, 16% and 1.9% respectively (2023 – 6.3%, 11.6%, (0.2)% and 9.8%) of the amount receivable and $103,840 remains outstanding subsequent to September 30, 2024. There is $323,854 receivable from the Receiver General for GST and Excise tax refunds. Management believes there is minimal risk regarding the collectability of this amount.

Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate due to changes in interest rate.
The Company is exposed to interest rate risk on its cash and debt instruments and has determined that there is no material exposure related to interest rate risk as the debt is fixed rate.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's exposure to currency risk is limited as the majority of its sales and expenditures are denominated in the same currency as its functional currency.

21) Segmented information

The Company determines its reportable segments based on the nature of operations and includes two operating segments: alkaline and mineralized beverages and supplements and eCommerce. The alkaline and mineralized beverages include the development and manufacturing of TRACE brand and other beverages and supplements. The eCommerce segment includes direct-to-customer sales of natural health products including nutraceutical and hemp-based CBD products.

The Company' financial information by reportable segment for the nine months ended September 30, 2024 is as follows:

(Expressed in Canadian dollars)

21) Segmented information (continued)

Nine months ended September 30, 2024:

	Conventional Beverage $	ECommerce $	Total $
Revenue from external customers	62,932	-	62,932
Cost of revenue	43,477	-	43,477
Depreciation and amortization	456,765	-	456,765
Other selling, general and administrative expenses	6,442,327	6,317	6,448,644
Segment income (loss)	(6,879,637)	(6,317)	(6,885,954)
Segment assets	15,262,456	119,038	15,381,494
Segment liabilities	14,960,004	-	14,960,004

Nine months ended September 30, 2023:

	Conventional Beverage $	ECommerce $	Total $
Revenue from external customers	707,404	-	707,404
Cost of revenue	625,358	113	625,471
Depreciation and amortization	522,480	-	522,480
Other selling, general and administrative expenses	3,641,133	8,523	3,649,656
Segment income (loss)	(4,081,567)	(8,636)	(4,090,203)
Segment assets	14,718,272	343,772	15,062,044
Segment liabilities	12,391,733	186,040	12,577,773

The Company' financial information by geography for the nine months ended September 30, 2024 and year ended December 31, 2023 is as follows:

	Canada $	U.S.A. $	Total $
Assets			
As at September 30, 2024			
Current	736,580	119,038	855,618
Non-current	14,525,876	-	14,525,876
Total assets	15,262,456	119,058	15,381,494
As at December 31, 2023			
Current	674,111	120,841	794,952
Non-current	12,274,309	-	12,274,309
Total assets	12,948,420	120,841	13,069,261
Revenue			
For the nine months ended September 30, 2024	62,932	-	62,932
For the nine months ended September 30, 2023	707,404	-	707,404
Net income (loss)			
For the nine months ended September 30, 2024	(7,540,853)	(72,003)	(7,612,856)
For the nine months ended September 30, 2023	(4,509,875)	(31,167)	(4,541,042)

(Expressed in Canadian dollars)

22) Commitments and contingencies

(a) Commitments

Contractual Obligations

As at September 30, 2024	Carrying amount $	Contractual cash flows $	Under 1 year $	1-3 years $
Trade payable and accrued liabilities	4,497,145	4,497,145	4,497,145	-
Due to related parties	296,979	296,979	296,979	-
Promissory note	2,729,178	2,729,178	2,729,178	-
ST Loan Payable	2,503,288	2,503,288	2,503,288	-
Convertible debentures	558,630	558,630	558,630	-
CEBA loan	101,589	101,589	101,589	-
Total	10,686,809	10,686,809	10,686,809	-

(b) Contingencies

The Company is a party to a variety of agreements in the ordinary course of operation, under which it may be obligated to indemnify third parties with respect to certain matters. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company. Management assesses such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to claims, proceedings or litigation that are pending against the Company or unasserted claims that may result in such proceedings, if the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's consolidated financial statements.

During 2021, the Company received a claim for an alleged settlement of damages. Legal advice obtained as at the time the financial statements were prepared indicated that it is likely that the claim could result in an award of $125,000, as such, the company has expensed this amount as a loss on debt settlement in 2021. This was settled and paid in full in July of 2023.

During 2022, the Company received a claim for unpaid vacation pay, regular wages, and wage deferral from a former employee. The company disputes the claims, stating that all vacation pay has been settled, the individual did not work during the claimed period for regular wages, and shares were accepted instead of wage deferral repayment. As of February 21, 2024, the Employment Standards Branch determined the individual is entitled to a reduced amount of wages and interest of $3,797. This was settled and paid in full in February of 2024.

During the year 2023, the Company involved an action initiated by a service provider seeking payment of invoices totaling $3,018.75 for cleaning services rendered over three months in 2022. The claimant also sought reimbursement for tribunal-related fees and interest on the outstanding amount. Although the claim was indirectly against another party, it appears the company involved does not bear direct liability for invoice repayment. The tribunal ruled in favor of the claimant, ordering payment of $3,134.45.

In 2023, the Company received a claim of $4,800.62 for Canada-wide freight services provided. Claiming the outstanding balance as immediately due and payable, the cargo company also included dispute-related fees and expenses. On February 8, 2024, the Civil Resolution Tribunal ruled in favor of the cargo company, ordering payment of $4,950.62.

22) Commitments and contingencies (continued)

The Company is a defendant in a legal dispute initiated by another party seeking payment. As of June 22, 2023, the outstanding amounts, inclusive of interest at a rate of 21% per annum, were as follows:

- Forte Group: $118,504
- Embark: $17,605
- Naturo: $87,451

The Company will continue to accrue interest on these amounts until the judgment is paid in full. During the nine months ended September 30, 2024, an additional $43,298 interest and $8,100 legal fees are included in the outstanding amounts. During the period ended September 30, 2024, the Company paid $120,000. The outstanding balance stands at $154,952 at September 30, 2024.

The Company is involved in other litigation and disputes arising in the normal course of operations. Management is of the opinion that the outcome of any potential litigation will not have a material adverse impact on the Company’s financial position or results of operations. Accordingly, no provisions for the settlement of other outstanding litigation and potential claims have been accrued.

23) Capital management

The Company’s objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from its ability to raise public and/or private equity or loan financing. The Company manages the capital structure and makes appropriate adjustments to it based upon 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.

The Company’s investment policy is to invest its available cash in Canadian chartered banks and from time to time in guaranteed term deposits at fixed interest rates established at the time of investment. All its funds are available for project and corporate objectives.

The Company considers cash to include amounts held in banks. The Company places its cash with institutions of high credit worthiness.

The Company is not subject to any externally imposed capital requirements. There is no change in the way the Company manages its capital during the nine months ended September 30, 2024.

24) Subsequent Events

On October 14, 2024, the Company announced its corporate name change to Forte Group Holdings Inc., effective October 18, 2024. The Company’s common shares will trade on the Canadian Securities Exchange under the new symbol "FGH" with updated CUSIP and ISIN numbers. There will be no changes to the Company’s share capital, and trading symbols on other exchanges remain unchanged.

On October 15, 2024, the Company announced that effective October 11, 2024 the Company closed a non-brokered private placement, issuing 1,111,915 common shares at a price of $0.60 per share for gross proceeds of $667,150. The fair value per share at the closing date was $0.67. Of the total shares issued, 245,250 shares were issued to related parties for proceeds of $147,151.

On October 31, 2024, the Company announced a Master Distribution Agreement with Animal Spirits Limited (“Animal Spirits”) for the distribution of TRACE BLACKwater and nutraceutical products in Asia, including India and the Middle East, and the U.S. The agreement includes exclusive rights in Asia (excluding China) and shared distribution rights in China with Rocky Mountain. In the U.S., Animal Spirits holds non-exclusive rights for brick-and-mortar channels. The agreement’s five-year term requires Animal Spirits to purchase a minimum of USD $2 million in the first year, with a renewal option based on performance.

On October 31, 2024, the Company announced a change in its U.S. trading symbol to "FGHFF," effective October 30, 2024, with no changes to its CUSIP and ISIN numbers.

On November 7, 2024, the Company announced the formation of a wholly-owned subsidiary, Forte Group Entertainment Inc., effective November 1, 2024. The subsidiary aims to expand brand partnership opportunities for the Company’s product lines, including TRACE BLACKwater and its nutraceutical brand. Forte Group Entertainment will focus on collaborations with brand spokespersons and synergistic partnerships to enhance market visibility and audience reach.

On November 7, 2024, the Company completed a share for debt settlement related to the conversion of promissory notes. The Company issued 90,508 common shares at a price of $0.52 per share to settle outstanding debt of $47,065. This transaction resulted in the full settlement of the related promissory notes.

On November 19, 2024, the Company announced the appointment of Davidson & Company LLP as its new auditor, effective November 15, 2024, replacing GreenGrowth CPAs Inc. The change was approved by the Company’s Audit Committee and Board of Directors. There were no reservations in the former auditor’s reports or reportable events during their tenure.

On November 19, 2024, the Company announced the appointment of Howard Blank as Chair of the Audit Committee, effective November 15, 2024. The Audit Committee now comprises Howard Blank, Richard Coleman, and John Campbell.