New Leaf Ventures, Inc.

Unaudited Condensed Consolidated Interim Financial Statements
For the Three-Month Periods Ended March 31, 2023 and 2022
(Expressed in Canadian Dollars)

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - *Expressed in Canadian Dollars*)

	Notes		March 31, 2023		December 31, 2022
ASSETS					
Current Assets					
Cash		$	207,528	$	442,428
Receivables			257,436		29,678
Due from related party	14(a)		1,325,285		1,070,962
Assets classified as held for sale	5,9		1,728,000		318,731
Total Current Assets		**$**	**3,518,249**	**$**	**1,861,799**
Non-Current Assets					
Property and equipment	6	$	354,508	$	400,607
Intangible asset	5,7		527,921		-
Financial assets at fair-value through profit or loss	5,8		1,244,375		-
Other assets			27,416		27,438
Total Non-Current Assets		**$**	**2,154,220**	**$**	**428,045**
TOTAL ASSETS		**$**	**5,672,469**	**$**	**2,289,844**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	5,10	$	2,497,295	$	1,524,080
Bank indebtedness			-		8,313
Due to related parties	14(b)		198,516		82,135
Current portion of lease obligations	15		266,550		255,318
Mortgage payable	5,11		943,915		-
Debenture liability	5,12		910,769		-
CEBA loan	5,13		134,256		-
Security deposit	14(a)		16,240		16,253
Total Current Liabilities		**$**	**4,967,541**	**$**	**1,886,099**
Non-Current Liabilities					
Lease obligation	15	$	1,686,687	$	1,758,037
TOTAL LIABILITIES		**$**	**6,654,228**	**$**	**3,644,136**
SHAREHOLDERS’ EQUITY (DEFICIENCY)					
Share capital	16	**$**	14,541,629	**$**	13,005,159
Share-based payments reserve	17		641,486		580,910
Warrant reserve			246,068		241,518
Foreign currency translation			107,418		106,248
Deficit			(16,513,360)		(15,288,127)
TOTAL SHAREHOLDERS’ EQUITY (DEFICIENCY)		**$**	**(976,759)**	**$**	**(1,354,292)**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY (DEFICIENCY)		**$**	**5,677,469**	**$**	**2,289,844**

Nature of operations and continuance of operations (note 1)
Related party transactions (note 14)
Subsequent events (note 21)

Approved on behalf of the Board by:

/s/ Robert Colwell — Director

/s/ Chris Cooper — Director

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(*Unaudited - Expressed in Canadian Dollars*)

	Notes		Three month period ended March 31, 2023		Three month period ended March 31, 2022
Revenues	14(a)	**$**	**482,814**	**$**	**624,237**
Operating Expenses					
Communication		$	2,437	$	4,743
Consulting	14(b)		114,624		38,245
Depreciation & Amortization	6		40,099		53,657
Director fees	14(b)		13,500		6,000
General office & administration			196,108		30,075
Utilities and property tax			47,341		71,107
Professional fees			91,514		15,577
Regulatory and filing fees			2,256		7,356
Share-based payment	17		147,076		20,076
Wages and salaries			246,868		311,241
Total Operating Expenses		**$**	**(901,823)**	**$**	**(558,077)**
Other Income / (Expenses)					
Interest income		**$**	1,168	**$**	109,057
Accretion expense	13		(3,186)		(20,209)
Foreign exchange gain / (loss)			-		(1)
Gain on settlement of accounts payable			-		30,000
Impairment of asset held for sale	9(ii)		(755,339)		-
Other income	9(i)		36,908		94,808
Interest expense	11, 12, 13		(85,775)		(70,079)
Net Income / (Loss) for the Period		**$**	**(1,225,233)**	**$**	**209,736**
Other Comprehensive Loss					
Items that may be subsequently reclassified to profit and loss					
Foreign currency translation adjustment		$	1,170	$	(25,329)
Total Comprehensive Income / (Loss) for the Period		**$**	**(1,224,063)**	**$**	**184,407**
Basic income / (loss) per common share		$	(0.05)	$	0.00
Diluted income / (loss) per common share		$	(0.05)	$	0.00

New Leaf Ventures, Inc.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(*Unaudited - Expressed in Canadian Dollars*)

	Number of shares		Share capital		Share-based payment reserve		Warrants reserve		Accumulated other comprehensive income		Accumulated deficit		Total shareholder's equity (deficiency)
Balance - January 1, 2022	**11,617,513**	**$**	**12,170,886**	**$**	**534,444**	**$**	**239,470**	**$**	**131,761**	**$**	**(11,769,745)**	**$**	**1,306,816**
Shares issued on at-the-market offering	256,400		111,904		-		-		-		-		111,904
Share issue costs	-		(1,844)		-		-		-		-		(1,844)
Share-based payments	-		-		20,076		-		-		-		20,076
Loss and comprehensive loss for the period	-		-		-		-		(25,329)		209,736		184,407
Balance - March 31, 2022	**11,873,913**	**$**	**12,280,946**	**$**	**554,520**	**$**	**239,470**	**$**	**106,432**	**$**	**(11,560,009)**	**$**	**1,621,359**
Balance - January 1, 2023	**17,708,969**	**$**	**13,005,159**	**$**	**580,910**	**$**	**241,518**	**$**	**106,248**	**$**	**(15,288,127)**	**$**	**(1,354,292)**
Acquisition of High Profile (Note 5)	9,999,796		1,449,970		-		4,550		-		-		1,454,520
Exercise of restricted share rights	650,000		86,500		(86,500)		-		-				-
Share-based payments	-		-		147,076		-		-	-	-		147,076
Loss and comprehensive loss for the period	-		-		-		-		1,170		(1,225,233)		(1,224,063)
Balance - March 31, 2023	**28,358,765**	**$**	**14,541,629**	**$**	**641,486**	**$**	**246,068**	**$**	**107,418**	**$**	**(16,513,360)**	**$**	**(976,759)**

New Leaf Ventures, Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

		Three month periods ended		
		March 31, 2023		**March 31, 2022**
OPERATING ACTIVITIES				
Net Income / (Loss) for the period	**$**	**(1,225,233)**	**$**	**209,736**
Non-cash items:				
Interest income	$	-	$	(109,057)
Interest expense		86,024		70,079
Accretion expense		3,186		20,209
Depreciation of equipment		40,099		53,657
Share-based compensation		147,076		20,076
Gain on disposal of assets held for sale		(36,910)		-
Impairment of asset held for sale		755,339		-
Foreign exchange		-		1
Changes in non-cash working capital items:				
Receivables	$	(51,260)	$	(4,068)
Due from related party		(92,885)		(448,223)
Due to related parties		116,421		178,364
Prepaids		-		4,017
Accounts payable and accrued liabilities		37,398		(140,065)
Share subscription receivable		-		68,902
Bank indebtedness		(8,306)		-
Net cash used by operating activities	**$**	**(229,051)**	**$**	**(76,372)**
INVESTING ACTIVITIES				
Cash acquired from acquisition of High Profile	$	14,183	$	-
Disposal of assets held for sale		58,970		-
Payment of lease obligations		(78,557)		(29,990)
Net cash used by investing activities	**$**	**(5,404)**	**$**	**(29,990)**
FINANCING ACTIVITIES				
Proceeds from share issuance, net of issuance cost	$	-	$	110,060
Net cash provided by financing activities	**$**	**-**	**$**	**110,060**
Effect of foreign exchange rate fluctuation		(445)		5,334
Increase / (decrease) in cash in the period	**$**	**(234,900)**	**$**	**9,032**
Cash – beginning of the period	**$**	**442,428**	**$**	**58,805**
Cash – end of the period	**$**	**207,528**	**$**	**67,837**

Supplemental cash flow information (Note 20)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

New Leaf Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on June 4, 2018. On September 13, 2019, the Company entered into the Share Purchase Agreement ("Acquisition Transaction") to purchase New Leaf USA Inc. ("New Leaf USA") and its subsidiaries (collectively the "New Leaf USA Entities"). Upon completion of the Acquisition Transaction, New Leaf USA Entities became the core business of the Company, and through which the Company provides consulting services, real property, intellectual property and equipment for lease and enhanced ancillary services to New Leaf Enterprises, Inc. (the "License Holder"), a Washington-based Tier 3 licensed cannabis processor focused on industrial-scale processing, packaging, marketing and distributing cannabis and cannabis related products. The License Holder is considered a related party; refer to Note 4 for details on the Acquisition Transaction and Note 14 for details on the related party nature and transactions with the License Holder during the three months ended March 31, 2023 and 2022.

On January 12, 2023 the Company acquired all of the issued and outstanding shares of High Profile Holdings Corp. ("HPHC"), an arm's length private cannabis company based in British Columbia, by way of a three-corned amalgamation (the "Transaction"). The Transaction was pursuant to an amalgamation agreement (the "Agreement") between the Company, its wholly-owned subsidiary, 1392162 B.C. Ltd ("Subco"), and HPHC (Note 5). Immediately upon completion of the amalgamation between Subco and HPHC, the newly amalgamated entity was renamed to High Profile Holdings Cannabis Corp. ("HPHCC").

The Company's head office, principal address and registered address and records office is 1910 - 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3, Canada. The Company is listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "NLV.CN" and on the OTCPINK, part of the OTC Markets Group, under the ticker "NLVVF".

Going Concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash generated from revenues and through further equity financings. As at March 31, 2023 the Company had a working capital deficiency of $1,444,292 and an accumulated deficit of $16,513,360. These items may cast a significant doubt on the Company's ability to continue as a going concern. The condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

Recent global issues, including the ongoing COVID-19 pandemic and the 2022 Russian invasion of Ukraine have adversely affected workplaces, economies, supply chains and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company's business or results of operations at this time.

2. SIGNIFICANT ACCOUNTING POLICIES, BASIS OF PRESENTATION, STATEMENT OF COMPLIANCE

Basis of presentation and statement of compliance

Basis of presentation and statement of compliance

The unaudited condensed consolidated interim financial statements ("Interim Financial Statements") of the Company as at and for the three month periods ended March 31, 2023, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting ("IAS 34").

The Company has consistently applied the same accounting policies throughout all periods presented. These Interim Financial Statements do not include all the disclosures required for a complete set of IFRS financial statements. Accordingly, they should be read in conjunction with the last audited consolidated annual financial statements and notes thereto for the year ended December 31, 2022 ("Annual Financial Statements"), which are available on SEDAR at www.sedar.com. Selected explanatory notes are included in the interim financial statements to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

These Interim Financial Statements were authorized for issue by the Audit Committee, on behalf of the Board of Directors, on May 30, 2023.

Basis of consolidation

The Interim Financial Statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2023. A subsidiary is an entity controlled by the Company. Specifically, the Company controls an investee if, and only if, the Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary. All intercompany balances and transactions are eliminated in full upon consolidation. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent company and to the non-controlling interests.

(Unaudited - Expressed in Canadian Dollars)

The entities contained in the consolidated financial statements are as follows:

Entity Name	Principal activity	Place of business and operations	Functional currency	Equity percentage
New Leaf Ventures, Inc. ("NLV" or the "Company")	Parent company	Canada	CAD $	n/a
New Leaf USA, Inc. ("New Leaf USA")	Holding company for US Entities	United States	USD $	100%
New Leaf Real Estate, LLC ("RealEstateCo")	Real property leasing	United States	USD $	100%
New Leaf Equipment, LLC ("EquipmentCo")	Equipment leasing	United States	USD $	100%
New Leaf IP, LLC ("IPCo")	Intellectual property licensing	United States	USD $	100%
New Leaf Services LLC ("ServicesCo")	Management services	United States	USD $	100%
New Leaf Hemp Company LLC ("HempCo")	Inactive	United States	USD $	100%
High Profile Holdings Cannabis Corp. ("HPHCC")	Holding company	Canada	CAD $	100%
High Profile Cannabis ("HPC")	Holding company	Canada	CAD $	100%
Urban Canna Inc. ("UCI")	Inactive	Canada	CAD $	100%

All the entities detailed above are collectively referred to as the "New Leaf Group".

Summary of significant accounting policies

Significant accounting policies applied to these Interim Financial Statements are the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2022 with the exception of:

a) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses. Cost includes the purchase price, any costs directly attributable to bringing the intangible asset to the condition necessary for it to be capable of operating in the manner intended by management and, where applicable, borrowing costs. Upon sale or abandonment of any intangible asset, the cost and related accumulated depreciation and impairment losses are written off and any gains or losses thereon are recognized in the statement of loss or comprehensive loss for the period.

b) Government grants and assistance

Government grants are recognized by the Company when it meets the conditions for compliance and the grants are to be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

(Unaudited - Expressed in Canadian Dollars)

Due the global COVID-19 outbreak, the federal government of Canada introduced the Canada Emergency Benefit Account ("CEBA"). CEBA provides an interest-free loan ("CEBA Loan") of up to $60,000 to eligible businesses. Pursuant to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below - market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments. The benefit of below - market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. This benefit is then accreted over the life of the loan.

c) Financial asset at fair value through profit and loss

Financial assets at fair value through profit or loss are comprised of unlisted equity securities which are not held for trading. These are strategic investments which the Company has not elected to recognize at fair value through OCI.

Critical accounting estimates and judgements

The preparation of these Interim Financial Statements in accordance with IAS 34 requires management to use judgement and make estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities at the date of the Interim Financial Statements, and the reported amounts of revenue and expenses during the reporting periods. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant and are subject to uncertainty. Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results could differ from these estimates due to changes in interest rates, foreign exchange rates, inflation, and economic conditions. The areas of significant judgement and estimation were identified in the Company's Annual Financial Statements for the year ended December 31, 2022.

3. SEGMENT REPORTING

The Company operates in one operating segment. For the purpose of segment reporting, the Company's Chief Executive Officer ("CEO") is the Chief Operating Decision Maker. The determination of the Company's operating segment is based on its organizational structure and how the information is reported to CEO on a regular basis. During the three month period ended March 31, 2023, most of the revenues from the Company were generated through equipment leasing, and provision of management services to a single customer, the License Holder, who is located in the United States.

The Company's non-current assets by country are as follows:

As at	March 31, 2023	December 31, 2022
United States	$ 381,924	$ 428,045
Canada	1,772,296	-
Total non-current assets	**$ 2,154,220**	**$ 428,045**

4. ACQUISITION OF NEW LEAF USA, INC.

On April 30, 2020, the Company completed the acquisition of New Leaf USA, Inc. and all of its wholly-owned subsidiaries. The acquisition was accounted for as a business combination and the purchase price on the acquisition was allocated to net assets acquired in accordance with IFRS 3. In consideration for the acquisition, the Company issued the following:

- Issued 1,800,000 shares; and
- Issued 800,000 performance warrants ("Performance Warrants")

Each Performance Warrant entitles the holder to purchase one common share of the Company at the price of $0.10 per common share for a period of three years expiring on April 30, 2023, and will vest and become exercisable based on the following performance criteria as follows:

i. 400,000 Performance Warrants will vest and become exercisable if the Company or New Leaf Enterprises, Inc. (the "License Holder") achieves at least $5,000,000 in annual gross revenue; and

ii. 400,000 Performance Warrants will vest and become exercisable the Company or License Holder achieves at least $7,500,000 in annual gross revenue.

The Performance Warrants were valued using the Black-Scholes Option Pricing model and adjusted for the probability that revenue targets would be met over the vesting period. The Performance Warrants were accounted for under IFRS 9 Financial Instruments as a derivative financial liability as the instrument had an option to convert the Performance Warrants into shares of the Company for no consideration and which would result in a variable number of the Company's shares being issued on exercise.

As at March 31, 2023 the Performance Warrants were re-measured at fair-value of $nil (December 31, 2022 - $nil). Consequently, there was no gain or loss on re-measurement recognized in profit and loss for the three months ended March 31, 2023 (March 31, 2022 - $nil). On April 30, 2023, 800,000 Performance Warrants in connection with the Company's acquisition of New Leaf USA expired unvested and unexercised.

5. ACQUISITION OF HIGH PROFILE HOLDINGS CORP.

On January 12, 2023, the Company acquired High Profile Holdings Corp., a private British Columbia cannabis company with two wholly owned subsidiaries, High Profile Cannabis ("HPC") and Urban Canna Inc. ("UCI"); collectively referred to as the "High Profile Group" or simply "High Profile".

Pursuant to the provisions of the Agreement and the Business Corporations Act of British Columbia, the common share of HPHC (each, a "HPHC Share") were cancelled and, in consideration for such HPHC Shares, HPHC shareholders (collectively, the "HPHC Shareholders") received an aggregate of 9,999,796 common shares of the Company based on an agreed upon share exchange ratio of 0.052548929 common share of the Company for every one HPHC Share. The Company also assumed an aggregate of 197,830 common share purchase warrants in replacement of HPHC warrants ("HP Warrant") that were outstanding immediately before the Transaction and applying the same share exchange ratio. Each HP Warrant is exercisable into one common share of the Company at an exercise price of $3.79 per common share for a period of 1.45 years from the date of issuance. The HP Warrants have a fair value of $4,550 (Note 16) as determined using the Black Scholes option pricing model.

(Unaudited - Expressed in Canadian Dollars)

The Transaction is expected to provide multiple operational synergies and accelerate the Company's entry into the Canadian legal market by leveraging High Profile's top-tier genetic library and access to the Canadian retail cannabis markets. The Transaction has been accounted for as an asset acquisition as High Profile did not meet the definition of a 'business' as defined under IFRS 3.

Purchase price consideration		
Fair value of 9,999,796 common shares issued at $0.145	$	1,449,970
Fair value of 197,830 share purchase warrants issued		4,550
Total purchase price	**$**	**1,454,520**
Assets acquired and liabilities assumed:		
Cash	$	14,183
Goods and sales tax receivable		36,461
Prepaid expenses		5,000
Financial assets at fair-value through profit or loss		1,244,375
Asset classified as held for sale		2,483,339
Intangible assets		527,921
Accounts payable and accrued liabilities		(910,568)
Mortgage payable		(912,700)
CEBA loan		(129,434)
Debenture liability		(904,057)
Total purchase price allocated	**$**	**1,454,520**

6. PROPERTY AND EQUIPMENT

		Equipment		**Leasehold Improvements**		**Total**
Cost						
As at January 1, 2022	**$**	**978,938**	**$**	**192,116**	**$**	**1,171,054**
Re-classification to assets held-for-sale		(445,346)		(4,298)		(449,644)
Currency translation adjustment		44,128		12,903		57,031
As at December 31, 2022	**$**	**577,720**	**$**	**200,721**	**$**	**778,441**
Assets classified as held-for-sale		(6,402)		-		(6,402)
Currency translation adjustment		(469)		(163)		(632)
As at March 31, 2023	**$**	**570,849**	**$**	**200,558**	**$**	**771,407**
Accumulated Depreciation						
As at January 1, 2022	**$**	**271,345**	**$**	**28,696**	**$**	**300,041**
Additions		139,867		46,502		186,369
Impairment		(143,910)		(2,488)		(146,398)
Assets classified as held-for-sale (Note 7)		15,113		1,003		16,116
Currency translation adjustment		17,902		3,804		21,706
As at December 31, 2022	**$**	**300,317**	**$**	**77,517**	**$**	**377,834**
Additions		28,439		11,660		40,099
Assets classified as held-for-sale		(746)		-		(746)
Currency translation adjustment		(231)		(57)		(288)
As at March 31, 2023	**$**	**327,779**	**$**	**89,120**	**$**	**416,899**

(Unaudited - Expressed in Canadian Dollars)

		Equipment		Leasehold Improvements		Total
Carrying Amount						
As at December 31, 2022	$	277,403	$	123,204	$	400,607
As at March 31, 2023	**$**	**243,070**	**$**	**111,438**	**$**	**354,508**

7. INTANGIBLE ASSET

As at March 31, 2023, the Company had the following indefinite life intangible assets:

		Genetics Rights
Cost		
As at January 1, 2022	**$**	**-**
Acquisition of High Profile (Note 5)		587,418
As at March 31, 2023	**$**	**587,418**

The Genetics Rights acquired as part of the High Profile acquisition are pursuant to an agreement which gives the Company the rights to use the genetics until such time that they obtain the necessary licensing.

8. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

As part of the High Profile acquisition (Note 5), the Company acquired investment shares in 420 Investments Ltd. ("420"). 420 is a privately held adult-use cannabis retail operator headquartered in Calgary, Alberta.

9. ASSETS HELD FOR SALE

Non-current assets held for sale		Equipment		Leasehold Improvements		Land and Land Improvements		Total
As at January 1, 2022	**$**	**316,828**	**$**	**1,903**	**$**	**-**	**$**	**318,731**
Assets sold in the period		(318,489)		(1,913)		-		(320,402)
Currency translation adjustment		1,661		10		-		1,671
Acquired as part of acquisition of High Profile (Note 5)		-		-		2,483,339		2,483,339
Impairment of asset held for sale (ii)		-		-		(755,339)		(755,339)
As at March 31, 2023	**$**	**-**	**$**	**-**	**$**	**1,728,000**	**$**	**1,728,000**

(i) On June 17, 2022, the Company's US subsidiaries, RealEstateCo and EquipmentCo, executed an asset purchase agreement ("Sale Agreement") with an arms-length entity to sell specified production equipment and leasehold improvements associated with one of the Company's building property leases (Note 15). Subsequently, the Company reclassified the assets under the Sale Agreement as held for sale as it met the requirements under IFRS 5 – Non-current assets held for sale and discontinued operations. The sale of the assets was subject to regulatory approval by the Washington State Liquor and Cannabis Board ("WSLCB"), as per the terms and conditions of the Sale Agreement.

(Unaudited - Expressed in Canadian Dollars)

On March 6, 2023, the Company obtained approval from the WSLCB and the sale of the assets was completed. The Company recognized a gain on disposal of $36,910 (2022 - $Nil) which has been presented as other income in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the three months ended March 31, 2023.

(ii) The Company acquired assets held for sale as part of the acquisition of High Profile (Note 5). The assets acquired include land and land improvements (roads and earthworks) located in Lac Ste Anne County, Alberta, Canada. The property is currently listed for sale and is used as collateral against mortgage payable balances (Note 11) which were assumed as part of the High Profile acquisition. The land asset was remeasured at fair value less cost to sell ("FVLCS") as at March 31, 2023 resulting in an impairment expense of $755,339 being recognized for the three months ended March 31, 2023 (2022 - $Nil).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2023		December 31, 2022
Trade payables	$	2,167,043	$	1,352,698
Accrued liabilities		316,140		156,425
Sales tax payable		14,112		14,957
Total accounts payable and accrued liabilities	**$**	**2,497,295**	**$**	**1,524,080**

11. MORTGAGE PAYABLE

Mortgage payable is comprised of two mortgage balances which are secured against land property (Note 9) that was acquired by HPC prior to its acquisition by the Company (Note 5). The mortgages are part of the total liabilities assumed by the Company as part of the acquisition of High Profile. The mortgages are payable to the original vendor of the land ("1st mortgage"), and a third party financial lender based in Alberta, Canada ("2nd mortgage").

The 1st mortgage has a principal balance of $347,000 bearing interest at 5% per annum and maturity date of October 28, 2022. As at March 31, 2023, the mortgage had a carrying value of $371,624 (2022 - $Nil) comprised of principal and accrued interest. For the three months period ended March 31, 2023, the Company recognized $4,279 (2022 - $Nil) in interest expense on the 1st mortgage. The 1st mortgage is in default as the principal repayment date has lapsed and the lender has not granted a waiver of default.

The 2nd mortgage had a total drawable principal balance of up $1,600,000 bearing interest at 19.44% per annum and a maturity date of April 21, 2022. As at March 31, 2023, the mortgage had a carrying value of $572,291 (2022 - $Nil) comprised of principal and accrued interest. For the three months period ended March 31, 2023, the Company recognized $26,936 (2022 - $Nil) in interest expense on the 2nd mortgage. The 2nd mortgage is in default due to missed mortgage repayments and the lender has not granted a waiver of default to the Company.

For both mortgages, the Company is working to resolve the defaults with the lenders. The Company intends to sell the land property associated with the 1st and 2nd mortgage. The proceeds of sale will be used to paydown all outstanding mortgage balances.

12. DEBENTURE LIABILITY

Debenture liability relates to non-convertible secured debentures that were issued by High Profile Holdings Corp. to individual lenders prior to its acquisition by the Company. The debentures form part of the total liabilities assumed by the Company as part of the acquisition (Note 5). The debentures are secured against the land property (Note 9), bear interest at 20% per annum, and have a maturity date of December 15, 2023. As at, and during the three month period ended March 31, 2023, the debentures had a total carrying value of $910,769 (2022 - $nil) and the Company recognized $31,215 (2022 - $nil) of interest expense.

13. CEBA LOAN

CEBA loan balances are comprised of three separate CEBA loans held within the Company's subsidiaries, HPHCC, HPC and UCI. The CEBA loans were part of the total liabilities assumed by the Company as part of the acquisition of High Profile (Note 5).

The CEBA program provides eligible small businesses with an interest-free loan of up to $60,000. CEBA loans were interest free up to an initial maturity date of December 31, 2022. The maturity date was subsequently extended to December 31, 2023 by the government of Canada. For eligible CEBA borrowers in good standing, repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of up to 33 percent (up to $20,000). If the balance is not paid prior to December 31, 2023, the remaining balance will be converted to a 2-year term loan at 5% annual interest, paid monthly effective January 1, 2024. The full balance must be repaid by no later than December 31, 2025.

Pursuant to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments. The benefit of below market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The CEBA loans were initially measured using a discount rate of 14.73% which was the estimated rate for a similar loan without the interest free component. The difference between the initial carrying value of the loan and discounted value will be accreted to the loan liability over the term of the CEBA Loan and offset to other income on the statement of loss and comprehensive loss.

During the three-months ended March 31, 2023, the Company recognized total interest expense of $1,636 (2022 - $nil) and total accretion expense of $3,186 (2022 - $nil) on the CEBA loans.

14. RELATED PARTY TRANSACTIONS

Related party transactions consist of monthly transactions with the License Holder, who is considered a related party due to sharing common executives and key management with the Company. Key management include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

(Unaudited - Expressed in Canadian Dollars)

a) Transactions with the License Holder

During the three months period ended March 31, 2023 and 2022 the Company recognized the following revenues from the License Holder:

Revenue type		**March 31, 2023**		**March 31, 2022**
Equipment leasing revenue	$	24,347	$	22,792
Service fee revenues		304,335		379,860
Intellectual property licensing revenues		-		221,585
Total revenues from License Holder	**$**	**328,682**	**$**	**624,237**

In addition, the Company also incurred the following transactions with the License Holder during the three months ended March 31, 2023:

(i) Accrued interest income on outstanding receivables due from License Holder of $Nil (2022 - $36,064);
(ii) Interest income on lease receivables of $Nil (2022 - $72,993);
(iii) Accretion expense on notes payables of $Nil (2022 - $20,209);
(iv) Other income of $Nil (2022 - $94,808) relating to sub-lease operating expenses (utilities, property tax, insurance) that were incurred by the Company and which are reimbursable by the License Holder (note 9 - sub-tenant);

On September 30, 2022, the Company executed a settlement agreement (the "Settlement Agreement") with the License Holder to settle balances owed between the Company and the License Holder. Per the terms of the Settlement Agreement, the Company applied a total of $971,563, equaling to the total outstanding balance of two note payables (the "Notes"), owed from the Company to the License Holder, against the total outstanding receivable owed from the License Holder to the Company. The receivable due from the License Holder is related to revenues on the provision of equipment leasing, management services, and IP licensing from the Company to the License Holder. As a result of the Settlement Agreement, the due from related party receivable was reduced by $971,563 during the year ended December 31, 2022. There was no similar offsetting arrangement observed during the three months ended March 31, 2023 or 2022.

A continuity of notes payable for the period ended March 31, 2023 and December 31, 2022 is as follows:

Balance, January 1, 2022	**$**	**864,465**
Accretion expense		35,059
Settlement of note payable		(971,563)
Currency translation adjustment		72,039
Balance, December 31, 2022 and March 31, 2023	**$**	**-**

The carrying value of due from related party balance is $1,325,285 as at March 31, 2023 (December 31, 2022 - $1,070,962). The entire receivable due from the License Holder to the Company's US entities are related to revenues generated from the provision of equipment leasing and management services rendered to the License Holder.

As at March 31, 2023 there was a balance of $16,240 (December 31, 2022 - $16,253) due from the Company to the License Holder for a refundable security deposit.

(Unaudited - Expressed in Canadian Dollars)

b) Key Personnel Compensation

		March 31, 2023		March 31, 2022
Directors' fees	$	13,500	$	6,000
Consulting fees (i)		100,190		33,000
Share-based payments (ii)		163,917		5,044
Wages and salaries		37,457		70,128
Total	$	**315,063**	$	**114,172**

(i) During the three month period ended March 31, 2023, the Company incurred consulting fees of $18,000 (2022- $18,000) to a company controlled by the CEO, consulting fees of $15,000 (2022 - $15,000) to a company controlled by the CFO, consulting fees of $34,127 (2022 - $Nil) to a company controlled by the CSO, and consulting fees of $33,063 (2022 - $Nil) to a company controlled by the COO of the Company.

(ii) Share-based payments relate to the vesting of RSRs issued to the CEO, CSO, and COO of the Company (Note 17) during the three months period ended March 31, 2023. For the three months period ended March 31, 2022, share-based payments related to the vesting of stock options granted to directors of the Company.

As at March 31, 2023, due to related party balances includes $57,600 (December 31, 2022 -$Nil) and $104,623 (December 31, 2022 - $Nil) of unpaid consulting fees to a company controlled by the CSO and COO respectively. In addition, the due to related party balance also includes $36,293 (December 31, 2022 - $6,138) due to directors of the Company for accrued and outstanding director fees and wages. All due to related party balances are unsecured, non-interest bearing and payable on demand.

15. LEASES

During the year ended December 31, 2022, the Company held two building leases (the “Head Leases”) in connection with an integrated cultivation centre and a processing facility both located in Seattle, Washington. The Head Leases were acquired on April 30, 2020 as part of the acquisition of New Leaf USA, Inc. (note 4) and included an option to extend until May 31, 2028. The Company subleases (the “Subleases”) both the cultivation and processing facilities to the License Holder, with an option to extend the Subleases until May 31, 2028. Under IFRS 16, the Company classified the Subleases as a finance lease because it is for the whole of the remaining term of the Head Leases.

On June 9, 2022, the Company terminated the building lease associated with its cultivation centre. The Company subsequently derecognized the lease obligation on the Head Lease and corresponding lease receivable on the sublease to the License Holder. There were no penalties or costs incurred to terminate the lease arrangement.

On April 25, 2023, subsequent to period end, the Company exercised its option to extend the lease associated with its processing facility. The lease extension is for an additional five years until May 31, 2028 and is subject to the same terms and conditions of the original lease agreement.

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

(Unaudited - Expressed in Canadian Dollars)

The Company as a Lessee

The facility is subleased to the License Holder with the Company maintaining the lease obligation on the Head Leases. The Company used 9.5% interest rate, its incremental borrowing rate to calculate the present value of the lease payments as well as to calculate the monthly accretion expense. The Company's lease obligations are as follows:

Lease Obligation		**2023**		**2022**
Balance, beginning of year	**$**	**2,013,355**	**$**	**3,018,323**
Interest expense		46,463		230,339
Payment of lease obligation		-		(91,345)
Accrued lease payment		(104,971)		(411,886)
Derecognition of lease obligation		-		(900,722)
Foreign exchange impact		(1,610)		168,646
Balance, end of year	**$**	**1,953,237**	**$**	**2,013,355**

As at March 31, 2023, the Company had total accrued and unpaid lease payments of CAD$1,073,431 (December 31, 2022 - CAD$875,966 / USD$646,756) in connection with its remaining lease property. The unpaid lease balances are comprised of base lease payments, triple net operating lease costs, and accrued interest and penalties associated with unpaid balances. The unpaid lease balances have been presented within accounts payable and accrued liabilities as at March 31, 2023. Accrued interest and penalties have been presented as general office and administration expense on the Company's consolidated statement of loss and comprehensive loss. Minimum lease payments are as follows:

Minimum lease payments for each fiscal year:		
2023	$	327,158
2024		453,736
2025		476,422
2026		500,243
2027		525,256
2028 and thereafter		195,871
Total	**$**	**2,478,686**
Amount representing interest		(525,449)
Less: Current lease obligation		(266,550)
Long-term lease obligation	**$**	**1,686,687**

The Company as a Lessor

Lease Receivable		
Balance, at January 1, 2022	**$**	**2,986,444**
Interest Income		143,124
Accrued sublease payments receivable		(293,285)
Derecognition of lease receivable		(891,362)
Loss allowance expense		(2,026,119)
Foreign exchange impact		81,198
Balance, at December 31, 2022, and March 31, 2023	**$**	**-**

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

16. SHARE CAPITAL

Authorized share capital

As at March 31, 2023 the Company is authorized to issue an unlimited number of preferred shares and Class A common shares without par value. The Company has no other classes of common shares that are authorized, issued, or outstanding as at March 31, 2023.

Shares held in escrow

As at March 31, 2023, 393,260 common shares issued in connection with the Company's Initial Public Offering ("IPO") were held in escrow (December 31, 2022 – 393,260) subject to the following escrow release schedule:

- 10% - on the date the Company's securities are listed on a Canadian Exchange (the "Listing Date")
- 15% - 6 months after the Listing Date
- 15% - 12 months after the Listing Date
- 15% - 18 months after the Listing Date
- 15% - 24 months after the Listing Date
- 15% - 30 months after the Listing Date
- 15% - 36 months after the Listing Date

As at March 31, 2023, 8,999,816 common shares of the Company, in connection with its acquisition of High Profile (Note 5), were held in escrow (December 31, 2022 – Nil) subject to the following escrow release schedule:

- 10% - on the closing date of the Transaction
- 15% - 6 months after closing date of the Transaction
- 20% - 12 months after closing date of the Transaction
- 25% - 18 months after closing date of the Transaction
- 30% - 24 months after closing date of the Transaction

At-the-Market Distributions

On November 15, 2021, the Company established an at-the-market equity program (the "ATM Program") that allows the Company to issue and sell up to $10,000,000 of common shares from treasury to the public, from time to time, and at the Company's discretion. The ATM Program is managed by a broker agent, pursuant to an Equity Distribution Agreement (the "Distribution Agreement"). The agent will be compensated with cash commissions equal to 2% of total gross proceeds raised from any ATM placement. All common shares sold under the ATM Program will be made through sales that are deemed to be "at-the-market distributions" as defined in National Instrument 44-102 – Shelf Distributions, including sales made through the CSE, or any other trading market for the Common Shares in Canada

(Unaudited - Expressed in Canadian Dollars)

<u>Issued Share Capital</u>

During the three-month period ended March 31, 2023:

Acquisition of High Profile

On January 12, 2023 ("Closing Date"), the Company issued 9,999,796 common shares of the Company as part of the acquisition of High Profile (Note 5). The share price of the Company's common shares was $0.145 on Closing Date.

Exercise of Restricted Share Rights

During the three months period ended March 31, 2023, the Company issued 650,000 common shares upon exercise of 650,000 restricted shares rights ("RSR"). Upon exercise, a reclass of $86,500 from share-based payment reserve to share capital was recognized.

During the three-month period ended March 31, 2022:

At-the-Market Distributions

During the three-month period ended March 31, 2022 the Company completed a number of ATM placements. An aggregate of 1,282,000 common shares were issued for total proceeds of $111,904. During the three-month periods ended March 31, 2022, the Company incurred total cash commissions of $1,844 from the ATM placements. As at March 31, 2022, $4,296 of the overall net proceeds from the ATM placements had not been transferred to the Company by the agent. The proceeds receivable have been recognized as a share subscription receivable as at March 31, 2022.

<u>Warrants</u>

The changes in warrants during the three-month periods ended March 31, 2023 and December 31, 2022 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2021	**3,380,000**	**$**	**1.55**
Issued	5,102,450		0.20
Expired	(1,896,000)		2.00
Balance, December 31, 2022	**6,586,450**	**$**	**1.55**
Issued (i)	197,830		3.79
Balance, March 31, 2023	**6,784,280**	**$**	**0.46**

(Unaudited - Expressed in Canadian Dollars)

(i) The Company issued 197,830 HP Warrants in connection with the acquisition of High Profile (Note 5). The HP Warrants were fair valued using the Black Scholes option pricing model and the following weighted average input assumptions:

	Three months ended March 31, 2023
Share price at grant date	$0.15
Exercise Price	$3.79
Expected annual volatility	166%
Expected life (in years)	1.45
Expected dividend yield	0%
Risk-free interest rate	3.79%
Fair value per warrant	$0.023

There was no issuance, exercise, or expiration of warrants during the three months period ended March 31, 2022.

As at March 31, 2023, warrants outstanding are as follows:

Number of Warrants Outstanding	**Number of Warrants Exercisable**	**Exercise Price**	**Expiry Date**	**Weighted Average Remaining Contractual Life in Years**
800,000	-	$0.10	April 30, 2023	0.08
600,000	600,000	$2.00	November 1, 2023	0.59
84,000	84,000	$1.25	November 1, 2023	0.59
5,084,950	5,084,950	$0.20	December 22, 2024	1.73
17,500	17,500	$0.10	December 22, 2024	1.73
197,830	197,830	$3.79	June 24, 2024	1.24
6,784,280	**5,984,280**	**$0.46**		**1.41**

17. SHARE-BASED COMPENSATION

Equity incentive plan

The Company implemented an Equity Incentive Plan (the “EIP”) which provides for the grant to eligible directors and employees (including officers) of share options and Restricted Share Rights (“RSR”). The EIP also provides for the grant to eligible directors of Deferred Share Units (“DSU”) which the directors are entitled to redeem for 90 days following retirement or termination from the Board of the Company (the “Board”). The aggregate number of Common Shares that may be subject to issuance under the Equity Incentive Plan, together with any other securities-based compensation arrangements of the Company, shall not exceed 15% of the Company’s issued and outstanding share capital from time to time.

Options are exercisable for a period of five years from the date the Option is granted or such greater or lesser period as determined by the Board. Options may be earlier terminated in the event of death or termination of employment or appointment. Vesting of Options is determined by the Board. Failing a specific vesting determination by the Board, Options automatically become exercisable incrementally over a period of eighteen months from the date of grant, as to: (i) 25% of the total number of shares under Option immediately upon the date of grant; and (ii) at each six-month interval thereafter, an additional 25% of the total number of shares under Option such that after the 18th month of the Option period, 100% of the Option will be exercisable. The right to exercise an Option may be accelerated in the event a takeover bid in respect of the Common Shares is made.

(Unaudited - Expressed in Canadian Dollars)

Concurrent with the granting of the RSR, the Board shall determine the period of time during which the RSR is not vested and the holder of such RSR remains ineligible to receive Common Shares. Such period of time may be reduced or eliminated from time to time for any reason as determined by the Board. Once the RSR vests, the RSR is automatically settled through the issuance of an equivalent number of underlying Common Shares as RSRs held

DSUs are redeemable during the period commencing on the business day immediately following the date such director ceases to hold any directorship and ending on the 90th day following such date by providing written notice of redemption to the Company. Upon redemption, the director shall be entitled to receive the number of Common Shares equal to the number of DSUs in the director's account. If the director ceases to hold office during a year where DSUs have been granted in advance of being earned and they have not held office for the entire year, the director will only be entitled to a pro-rated issuance of shares.

The Company's recorded share-based compensation for the three-month periods ended March 31, 2023 and 2022 are comprised of the following:

		March 31, 2023		March 31, 2022
Stock Options (a)	$	7,660	$	20,076
RSR (b)		139,417		-
Total share-based compensation	**$**	**147,076**	**$**	**20,076**

(a) Share options

The EIP authorizes the Board to grant options to eligible directors and employees (including officers). The number of options, the exercise price per option, the vesting period and any other terms and conditions of options granted from time to time pursuant to the EIP, are determined by the Board at the time of the grant, subject to the defined parameters of the EIP.

The changes in share options during the three-month period ended March 31, 2023 and the year ended December 31, 2022 are as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2021	**495,000**	**$**	**1.55**
Forfeited (i)	(43,500)		1.70
Balance, December 31, 2022 and March 31, 2023	**451,500**	**$**	**1.53**

(Unaudited - Expressed in Canadian Dollars)

There was no issuance, exercise, or expiration of stock options observed during the three months period ended March 31, 2023 or during the year ended December 31, 2022.

(i) During the year ended December 31, 2022, 43,500 options were forfeited resulting in a gain on the reversal of previously recognized share-based payment expenses totaling $28,584. The gain on reversal was recognized in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2022.

Stock options outstanding and exercisable at March 31, 2023 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life in Years
125,000	125,000	$1.25	November 15, 2024	1.63
1,007,500	655,000	$1.70	November 10, 2031	8.62
625,000	625,000	$1.40	January 15, 2026	2.80
500,000	500,000	$1.40	September 22, 2026	3.48
2,257,500	**1,905,000**	**$1.53**		**5.48**

(b) RSR

The EIP authorizes the Board to grant RSRs, in its sole and absolute discretion, to any eligible employee or director. Each RSR provides the recipient with the right to receive common shares of the Company as a discretionary payment in consideration of past services or as an incentive for future services. The terms including the vesting period of the RSRs are determined at the sole discretion of the Board.

The changes in RSRs during the three month period ended March 31, 2023 and the year ended December 31, 2022 are as follows:

	Number of RSR
Balance, December 31, 2021	**-**
Granted (i)	500,000
Balance, December 31, 2022	**500,000**
Granted (ii)	2,000,000
Exercised	(650,000)
Balance, March 31, 2023	**1,850,000**

(i) On November 29, 2022, the Company granted the CEO of the Company 2,000,000 RSRs. The fair-value of each RSR was determined to be $0.17, equal to the closing share price of the Company's common shares for the day immediately preceding the date of the grant. The RSRs are subject to vesting terms as follows:

- 50% of the RSRs will vest three months from the date of grant;
- 50% of the RSRs will vest six months from the date of grant.

(ii) On February 17, 2023, the Company granted the COO and CSO of the Company 1,400,000 and 600,000 RSRs respectively. The fair-value of each RSR was determined to be $0.11, equal to the closing share price of the Company's common shares for the day immediately preceding the date of the grant.

The RSRs are subject to vesting terms as follows:

- 20% on grant date;
- 20% 6 months from Closing Date of the High Profile acquisition;
- 20% 12 months from Closing Date of the High Profile acquisition;
- 20% 18 months from Closing Date of the High Profile acquisition; and
- 20% 24 months from Closing Date of the High Profile acquisition

(c) DSU

The EIP authorizes the Board to grant DSUs, in its sole and absolute discretion in a lump sum amount or on regular intervals to eligible directors of the Company.

During the three month period ended March 31, 2023 and the year ended December 31, 2022 the Company did not issue any DSUs and there were no DSUs outstanding.

18. FINANCIAL INSTRUMENTS

a) Fair value

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL"). The carrying values of cash, receivables, accounts payable and accrued liabilities, bank indebtedness and due to/from related parties, mortgage payable, debenture liability, and CEBA loans approximate their fair values due to the relatively short period to maturity of those financial instruments. Financial assets at fair value through profit and loss are carried at fair value and revalued at each reporting date.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

As at March 31, 2023 and December 31, 2022, the financial instruments recorded at fair value on the statement of financial position are cash and financial assets at fair value through profit and loss, which are measured using Level 1 and Level 2 respectively of the fair value hierarchy.

(Unaudited - Expressed in Canadian Dollars)

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

	March 31, 2023	**FVTPL**	**Amortized costs**
ASSETS	$	**$**	**$**
Cash	207,528	207,528	-
Receivables	257,436	-	257,436
Due from related party	1,325,285	-	1,325,285
Financial assets at fair-value through profit or loss	1,244,375	1,244,375	-
LIABILITIES			
Accounts payable and accrued liabilities	2,497,295	-	2,497,295
Due to related parties	198,516	-	198,516
Lease obligation	1,953,237	-	1,953,237
Mortgage payable	943,915	-	943915
Debenture liability	910,769	-	910769
CEBA loan	134,256	-	134256

	December 31, 2022	**FVTPL**	**Amortized costs**
ASSETS	$	**$**	**$**
Cash	442,428	442,428	-
Receivables	29,678	-	29,678
Due from related party	1,070,962	-	1,070,962
LIABILITIES			
Accounts payable and accrued liabilities	1,524,080	-	1,524,080
Bank indebtedness	8,313	-	8,313
Due to related parties	82,135	-	82,135
Lease obligation	2,013,355	-	2,013,355

For the three-month periods ended March 31, 2023 and year ended December 31, 2022, the Company has no financial instruments measured at FVTOCI.

b) Capital and Risk Management

The Company's objective and polices for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company defines the components of its capital structure as being notes payables and shareholder's equity. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

(Unaudited - Expressed in Canadian Dollars)

c) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, receivables and due from related party balances. Receivables are primarily related to GST receivable and trade receivable balances. Given the GST is payable by the government of Canada, management feels there is minimal credit risk associated with this receivable balance. Therefore, the Company's maximum credit risk exposure is equivalent to the carrying value of due from related party and trade receivable balances.

The Company did not identify any impairment loss for these financial assets during the three month period ended March 31, 2023.

Due from related party
The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for due from related party balances. These balances have been grouped together based on shared credit risk characteristics.

The expected loss rate ("loss rates") is based on historical collection rates over a period of 36 months before March 31, 2023 and December 31, 2022. Loss rates are adjusted to reflect current and forward-looking information affecting the ability of the related party License Holder to settle the receivable balance. On that basis, the loss allowance recognized during three month period ended March 31, 2023 and during the year ended December 31, 2022 are as follows:

Due from Related Party	**Three months ended March 31, 2023**	**Year ended December 31, 2022**
Balance, beginning of year	**$ 1,604,285**	**$ -**
Increase in loss allowance recognized in profit or loss	-	1,604,285
Balance, end of period	**$ 1,604,285**	**$ 1,604,285**

Lease receivable
The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for lease receivable balances.

The loss rate is based on historical collection rates over a period of 36 months before March 31, 2023 and December 31, 2022. Loss rates are adjusted to reflect current and forward-looking information affecting the ability of the related party License Holder to settle the lease receivable balance.

(Unaudited - Expressed in Canadian Dollars)

On that basis, the loss allowance recognized during three-month period ended March 31, 2023 and during the year ended December 31, 2022 are as follows:

Lease Receivable	**Three months ended March 31, 2023**	**Year ended December 31, 2022**
Balance, beginning of year	**$ 2,026,119**	**$ -**
Increase in loss allowance recognized in profit or loss	-	2,026,119
Balance, end of period	**$ 2,026,119**	**$ 2,026,119**

Loss allowance expense on both due from related party and lease receivable balances is presented within operating loss. If any amounts are subsequently recovered they will be credited against the same line item.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on external financing or key management and certain entities related to key management, to provide sufficient liquidity to meet budgeted operating requirements. The following table sets forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

		Undiscounted Contractual Cash Flows			
As at March 31, 2023	**Total carrying amount $**	**Contractual cash flows $**	**Less than 1 year $**	**1 – 5 years $**	**More than 5 years $**
Accounts payable and accrued liabilities	2,497,295	2,497,295	2,497,295	-	-
Lease obligation	1,953,237	2,478,687	437,377	2,041,310	-
Mortgage payable	943,915	943,915	943,915	-	-
Debenture liability	910,769	935,223	935,223	-	-
CEBA loan	134,256	198,000	2,250	195,750	-
Total	**6,439,472**	**7,053,120**	**4,816,060**	**2,237,060**	**-**

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Most of the Company's interest-bearing debt instruments have fixed interest rates and therefore the Company is not exposed to significant interest rate risk. The interest-bearing financial instruments, as reported in the financial statements, have the following interest rate profile:

	March 31, 2023	**December 31, 2022**
Fixed rate instruments	$ 1,988,940	$ -
Variable rate instruments	-	-
	$ 1,988,940	**$ -**

(Unaudited - Expressed in Canadian Dollars)

f) Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD, exposing the Company to fluctuating balances and cash flows due to various transactions in foreign exchange rates. The Company has not entered into any foreign currency contracts to mitigate this risk.

The CAD equivalent carrying amounts of the Company's USD denominated monetary assets and monetary liabilities is as follows:

	March 31, 2023	December 31, 2022
ASSETS	**$**	**$**
Cash	20,927	1,221
Due from related party	1,325,285	1,070,962
Receivables	194,415	-
LIABILITIES		
Accounts payable and accrued liabilities	1,706,817	1,399,640
Bank indebtedness	-	8,313
Due to related parties	-	49,864
Lease obligation	1,686,687	2,013,355

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and USD would impact the net loss for the period by approximately $309,055 (2022 – $11,840).

19. COMMITMENTS AND CONTINGENCIES

Below is a summary of the Company's commitments as of March 31, 2023:

	Undiscounted Contractual Cash Flows				
Contractual Obligations	**Less than 1 year $**	**1 - 3 years $**	**3 - 5 years $**	**More than 5 years $**	**Total $**
Lease obligation	437,377	1,447,775	593,535	-	2,478,687
Mortgage payable	943,915	-	-	-	943,915
Debenture liability	935,223	-	-	-	935,223
CEBA loan	2,250	195,750	-	-	198,000
Total	**2,318,765**	**1,643,525**	**593,535**	**-**	**4,555,825**

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

(Unaudited - Expressed in Canadian Dollars)

20. SUPPLEMENTAL CASH FLOW INFORMATION

The following are non-cash investing and financing activities that occurred during the three-month periods ended March 31, 2023 and 2022:

		2023		2022
Accrued sublease payments receivable	$	-	$	109,873
Common shares issued on acquisition of High Profile	$	1,449,970	$	-
Share purchase warrants issued on acquisition of High Profile	$	4,550	$	-
Exercise of RSRs	$	86,500	$	-

During the three-month periods ended March 31, 2023, the Company made cash payments of $Nil (2022 - $Nil) related to taxes and $3,497 related to interest (2022 - $11,434), and received cash related to interest of $Nil.

21. SUBSEQUENT EVENTS

On April 11, 2023, the Company issued 278,000 common shares of the Company as settlement for outstanding trade payables.