New Leaf Ventures, Inc.

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Period Ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

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

	Notes		September 30, 2023		December 31, 2022
ASSETS					
Current Assets					
Cash		$	10,329	$	442,428
Receivables			112,026		29,678
Due from related party	13		1,785,251		1,070,962
Prepaid balances			6,960		-
Assets classified as held for sale	4,8		1,728,000		318,731
Total Current Assets		**$**	**3,642,566**	**$**	**1,861,799**
Non-Current Assets					
Property and equipment	5	$	298,344	$	400,607
Intangible asset	4,6		537,447		-
Financial assets at fair-value through profit or loss	4,7		1,244,375		-
Other assets			27,389		27,438
Total Non-Current Assets		**$**	**2,107,555**	**$**	**428,045**
TOTAL ASSETS		**$**	**5,750,121**	**$**	**2,289,844**
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	9	$	3,204,198	$	1,524,080
Bank indebtedness			11,657		8,313
Due to related parties	13(b)		308,876		82,135
Current portion of lease obligations	14		290,334		255,318
Mortgage payable	4,10		1,057,464		-
Debenture liability	4,11		927,397		-
CEBA loan	4,12		144,449		-
Security deposit	13(a)		16,224		16,253
Total Current Liabilities		**$**	**5,960,599**	**$**	**1,886,099**
Non-Current Liabilities					
Lease obligation	14	$	1,532,811	$	1,758,037
TOTAL LIABILITIES		**$**	**7,493,410**	**$**	**3,644,136**
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	15	**$**	14,739,119	**$**	13,005,159
Share-based payments reserve	16		654,139		580,910
Warrant reserve			246,068		241,518
Foreign currency translation			110,324		106,248
Deficit			(17,492,939)		(15,288,127)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**$**	**(1,743,289)**	**$**	**(1,354,292)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$**	**5,750,121**	**$**	**2,289,844**

Nature of operations and continuance of operations (Note 1)
Related party transactions (Note 13)
Subsequent events (Note 20)

Approved on behalf of the Board by:

/s/ Jay Garnett — Director
/s/ Dean Medwid — Director

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

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

	Notes	Three-months ended September 30, 2023	Three-months ended September 30, 2022	Nine-months ended September 30, 2023	Nine-months ended September 30, 2022
Revenues	13(a)	**$ 322,109**	**$ 489,493**	**$ 1,201,235**	**$ 1,743,192**
Operating Expenses					
Communication		$ 2,106	$ 2,244	$ 6,951	$ 8,861
Consulting	13(b)	119,496	42,107	361,218	114,841
Depreciation & Amortization	5	31,143	36,881	105,285	142,227
Director fees	13(b)	10,500	13,500	37,500	33,000
General office & administration		295,750	114,436	685,441	276,159
Loss allowance recovery	14	(22,837)	-	(171,860)	-
Utilities and property tax		36,684	32,826	150,287	128,234
Professional fees		25,554	40,600	236,229	123,534
Regulatory and filing fees		5,194	3,955	57,667	33,627
Share-based payment	17	31,493	14,225	246,229	43,952
Wages and salaries		169,359	214,055	630,447	753,062
Total Operating Expenses		**$ (704,442)**	**$ (514,829)**	**$ (2,345,394)**	**$ (1,657,497)**
Other Income / (Expenses)					
Interest income		$ -	$ 106,087	$ 1,162	$ 326,011
Accretion expense	12	(3,426)	(2,488)	(9,915)	(34,566)
Foreign exchange gain / (loss)		1,530	-	(1,557)	-
Gain on reversal of share-based payments		-	-	-	28,584
Gain on settlement of accounts payable	15	-	99,692	15,104	99,692
Gain on lease termination		-	-	-	9,393
Impairment of asset held for sale	8(ii)	-	-	(800,150)	-
Impairment of property and equipment	5	-	-	-	(16,116)
Other income	8(i)	(17,568)	23,314	19,342	146,821
Interest expense	10,11,12	(90,808)	(47,971)	(284,639)	(182,602)
Net Income / (Loss) for the Period		**$ (492,605)**	**$ 153,298**	**$ (2,204,812)**	**$ 462,912**
Other Comprehensive Loss					
Items that may be subsequently reclassified to profit and loss					
Foreign currency translation adjustment		$ (35,268)	$ 134,772	$ 4,076	$ 166,209
Total Comprehensive Income / (Loss) for the Period		**$ (527,873)**	**$ 288,070**	**$ (2,200,736)**	**$ 629,121**
Basic income / (loss) per common share		$ (0.02)	$ 0.02	$ (0.06)	$ 0.05
Diluted income / (loss) per common share		$ (0.02)	$ 0.02	$ (0.06)	$ 0.05

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

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	365,000	149,590	-	-	-	-	149,590
Share issue costs	-	(2,429)	-	-	-	-	(2,429)
Share-based payments	-	-	43,952	-	-	-	43,952
Reversal of shared-based payments from forfeited stock options	-	-	(28,584)	-	-	-	(28,584)
Loss and comprehensive loss for the period	-	-	-	-	166,209	462,912	629,121
Balance - September 30, 2022	**11,982,513**	**$ 12,318,047**	**$ 549,812**	**$ 239,470**	**$ 297,970**	**$ (11,306,833)**	**$ 2,098,466**
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 4)	9,999,796	1,449,970	-	4,550	-	-	1,454,520
Exercise of restricted share rights	1,300,000	173,000	(173,000)	-	-		-
Share-based payments	-	-	246,229	-	-	- -	246,229
Issuance of common shares to settle debt	792,284	110,990	-	-	-	- -	110,990
Loss and comprehensive loss for the period	-	-	-	-	4,076	(2,204,812)	(2,200,736)
Balance - September 30, 2023	**29,801,049**	**$ 14,739,119**	**$ 654,139**	**$ 246,068**	**$ 110,324**	**$ (17,492,939)**	**$ (1,743,289)**

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

		Nine months period ended		
		September 30, 2023		**September 30, 2022**
OPERATING ACTIVITIES				
Net Income / (Loss) for the period	**$**	**(2,204,812)**	**$**	**462,912**
Non-cash items:				
Interest income	$	-	$	(326,011)
Interest expense		265,528		181,868
Accretion expense		9,915		34,566
Depreciation of equipment		105,285		142,227
Share-based compensation		246,229		43,952
Gain on reversal of share-based payments		-		(28,584)
Gain on disposal of assets held for sale		(19,195)		-
Impairment of property and equipment		-		16,116
Gain on lease termination		-		(9,393)
Impairment of asset held for sale		800,150		-
Foreign exchange		-		-
Gain on settlement of accounts payable		-		99,692
Changes in non-cash working capital items:				
Receivables	$	127,115	$	18,139
Due from related party		(610,231)		(1,213,296)
Due to related parties		226,829		92,969
Prepaid balances		(1,960)		6,502
Accounts payable and accrued liabilities		631,490		311,579
Share subscription receivable		-		73,198
Bank indebtedness		3,359		13,937
Net cash used by operating activities	**$**	**(420,298)**	**$**	**(79,627)**
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)		(92,444)
Acquisition of equipment		(7,535)		-
Net cash used by investing activities	**$**	**(12,939)**	**$**	**(92,444)**
FINANCING ACTIVITIES				
Proceeds from share issuance, net of issuance cost	$	-	$	147,161
Net cash provided by financing activities	**$**	**-**	**$**	**147,161**
Effect of foreign exchange rate fluctuation		1,138		(31,430)
Increase / (decrease) in cash in the period	**$**	**(432,099)**	**$**	**(56,340)**
Cash – beginning of the period	**$**	**442,428**	**$**	**58,805**
Cash – end of the period	**$**	**10,329**	**$**	**2,465**

Supplemental cash flow information (Note 19)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

New Leaf Ventures Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on September 4, 2018. In 2019, the Company acquired New Leaf USA Inc. ("New Leaf USA") and its subsidiaries (collectively the "New Leaf USA Entities"). New Leaf USA Entities 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 13 for details on the related party nature and transactions with the License Holder during the three and nine months ended September 30, 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 4). 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 September 30, 2023 the Company had a working capital deficiency of $2,318,033 (December 31, 2023 - $24,300) and an accumulated deficit of $17,492,949 (December 31, 2023 - $15,288,127). 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.

2. DEANSIGNIFICANT 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 and nine months periods ended September 30, 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 November 29, 2023.

Basis of consolidation

The Interim Financial Statements comprise the financial statements of the Company and its subsidiaries as at September 30, 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 Corp (“HPCC”)	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 and Nine months period ended September 30, 2023, the majority 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		September 30, 2023		December 31, 2022
United States	$	325,733	$	428,045
Canada		1,781,822		-
Total non-current assets	**$**	**2,107,555**	**$**	**428,045**

(Unaudited - Expressed in Canadian Dollars)

4. 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 Corp and Urban Canna Inc.d; 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.

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		2,528,150
Intangible assets		537,447
Accounts payable and accrued liabilities		(922,905)
Mortgage payable		(954,700)
CEBA loan		(129,434)
Debenture liability		(904,057)
Total purchase price allocated	**$**	**1,454,520**

5. 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

(Unaudited - Expressed in Canadian Dollars)

		Equipment		Leasehold Improvements		Total
As at December 31, 2022	**$**	**577,720**	**$**	**200,721**	**$**	**778,441**
Additions		7,535		2,340		9,875
Assets classified as held-for-sale		(6,396)		-		(6,396)
Currency translation adjustment		(1,023)		(355)		(1,378)
As at September 30, 2023	**$**	**577,836**	**$**	**202,706**	**$**	**780,542**
Accumulated Depreciation						
As at January 1, 2022	**$**	**271,345**	**$**	**28,696**	**$**	**300,041**
Additions		139,867		46,502		186,369
Impairment		(143,910)		(2,488)		(146,398)
Assets classified as held-for-sale		15,113		1,003		16,116
Currency translation adjustment		17,902		3,804		21,706
As at December 31, 2022	**$**	**300,317**	**$**	**77,517**	**$**	**377,834**
Additions		69,681		35,604		105,285
Assets classified as held-for-sale		(743)		-		(743)
Currency translation adjustment		(209)		31		(178)
As at September 30, 2023	**$**	**369,046**	**$**	**113,152**	**$**	**482,198**
Carrying Amount						
As at December 31, 2022	$	277,403	$	123,204	$	400,607
As at September 30, 2023	**$**	**208,790**	**$**	**89,554**	**$**	**298,344**

6. INTANGIBLE ASSET

As at September 30, 2023, the Company had the following indefinite life intangible assets:

		Genetics Rights
Cost		
As at January 1, 2022	**$**	**-**
Acquisition of High Profile (Note 4)		537,447
As at September 30, 2023	**$**	**537,447**

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.

7. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

As part of the High Profile acquisition (Note 4), the Company acquired investment shares in 420 Investments Ltd. (“420”). 420 is a privately held adult-use cannabis retail operator headquartered in Calgary, Alberta. The investment shares were re-measured at fair-value as at September 30, 2023 with no change in fair-value observed.

(Unaudited - Expressed in Canadian Dollars)

8. 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 Holdings Corp. (Note 4)	-	-	2,528,150	2,528,150
Impairment of asset held for sale	-	-	(800,150)	(800,150)
As at September 30, 2023	**$ -**	**$ -**	**$ 1,728,000**	**$ 1,728,000**

(i) On September 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 14). 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.

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 $19,342 (2022 - $Nil) which has been presented as other income in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) for the nine months ended September 30, 2023.

(ii) The Company acquired assets held for sale as part of the acquisition of High Profile (Note 4). 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 10) 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 $800,150 being recognized for the nine months ended September 30, 2023 (2022 - $Nil). The Company re-assessed the fair-value of the asset as at September 30, 2023 and did not observe any indicators indicating a change in fair-value since the last re-measurement.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2022
Trade payables	$ 2,747,118	$ 1,352,698
Accrued liabilities	437,993	156,425
Sales tax payable	19,088	14,957
Total accounts payable and accrued liabilities	**$ 3,204,199**	**$ 1,524,080**

10. MORTGAGE PAYABLE

Mortgage payable includes three mortgage balances which are secured against land property (Note 8) that was acquired by HPC prior to its acquisition by the Company (Note 4). 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”), a third party financial lender based in Alberta, Canada (“2nd mortgage”) and a private arms-length entity based in Alberta (“3rd mortgage”); collectively the “Mortgages”.

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 September 30, 2023, the mortgage had a carrying value of $380,324 (2022 - $Nil) comprised of principal and accrued interest. For the three and nine months period ended September 30, 2023, the Company recognized $4,374 and $12,979 respectively (2022 - $Nil and $Nil respectively) 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 September 30, 2023, the mortgage had a carrying value of $630,221 (2022 - $Nil) comprised of principal and accrued interest. For the three and nine months period ended September 30, 2023, the Company recognized $29,663 and $84,866 respectively (2022 - $Nil and $Nil respectively) 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.

The 3rd mortgage has a total principal balance of $42,000 bearing interest at 5% per annum and is repayable on demand. The 3rd mortgage was granted as a collateral security against an unpaid promissory note for the same amount granted by an arms-length entity to the Company’s UCI subsidiary prior to its acquisition by the Company in 2023 (Note 4). As at September 30, 2023, the mortgage had a carrying value of $46,919 (2022 - $Nil) comprised of principal and accrued interest. For the three and nine months period ended September 30, 2023, the Company recognized $529 and $4,919 respectively (2022 - $Nil and $Nil respectively) in interest expense on the 3rd mortgage.

For all the Mortgages, the Company is working to resolve the defaults with the lenders. The Company has put the land property up for sale with the proceeds of sale to be used to settle the Mortgages.

11. 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 4). The debentures are secured against the land property (Note 8), bear interest at 20% per annum, and have a maturity date of December 15, 2023. As at September 30, 2023, the debentures had a total carrying value of $927,397 (2022 - $nil) and the Company recognized $8,562 and $23,340 of interest expense respectively during the three and nine months ended September 30, 2023 (2022 - $Nil and $Nil respectively).

12. 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 4).

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.

(Unaudited - Expressed in Canadian Dollars)

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 and nine months ended September 30, 2023, the Company recognized interest expense of $1,763 and $5,098 respectively (2022 - $Nil and $Nil respectively), and total accretion expense of $3,426 and $9,915 respectively (2022 - $Nil and $Nil respectively) on the CEBA loans.

13. 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.

a) Transactions with the License Holder

During the three and nine months period ended September 30, 2023 and 2022 the Company recognized the following revenues from the License Holder:

	Three-month period		Nine-month period	
Revenue type	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Equipment leasing revenue	$ 24,140	$ 23,501	$ 72,668	$ 69,271
Service fee revenues	297,969	361,679	906,503	1,122,450
Intellectual property licensing revenues	-	104,313	-	551,471
Total revenues from License Holder	**$ 322,109**	**$ 489,493**	**$ 979,171**	**$ 1,743,192**

In addition, the Company also incurred the following transactions with the License Holder during the three and nine months ended September 30, 2023:

(i) Accrued interest income on outstanding receivables due from License Holder of $Nil and $Nil (2022 - $55,125 and $135,923 respectively);
(ii) Interest income on lease receivables of $Nil and $Nil (2022 - $49,009 and $190,118);
(iii) Accretion expense on notes payables of $Nil and $Nil (2022 - $1,966 and $34,566);

(Unaudited - Expressed in Canadian Dollars)

(iv) Other income of $Nil and $Nil (2022 - $23,314 and $146,821) 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 and nine months ended September 30, 2023 or 2022.

A continuity of notes payable for the period ended September 30, 2023 and December 31, 2022 is as follows:

Balance, January 1, 2022	**$**	**864,465**
Accretion expense		35,059
Settlement of note payable		(971,563)
Currency translation adjustment		72,039
Balance, December 31, 2022 and September 30, 2023	**$**	**-**

The carrying value of due from related party balance is $1,785,251 as at September 30, 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 September 30, 2023 there was a balance of $16,224 (December 31, 2022 - $16,253) due from the Company to the License Holder for a refundable security deposit.

b) Key Personnel Compensation

	Three-month period		**Nine-month period**	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Directors' fees	$ 10,500	$ 13,500	$ 37,500	$ 33,000
Consulting fees (i)	100,000	33,000	308,332	99,000
Share-based payments (ii)	23,833	-	223,250	-
Wages and salaries	37,138	72,160	119,856	213,140
Total	**$ 171,471**	**$ 118,660**	**$ 688,938**	**$ 345,140**

(i) During the three and nine months period ended September 30, 2023, the Company incurred consulting fees of $6,000 and $42,000 (2022- $18,000 and $54,000) to a company controlled by the former CEO, consulting fees of $19,000 and $49,000 (2022 - $15,000 and $45,000) to a company controlled by the CFO, consulting fees of $37,500 and $109,269 (2022 - $Nil and $Nil) to a company controlled by the CSO, and consulting fees of $37,500 and $108,063 (2022 - $Nil and $Nil) to a company controlled by the current CEO of the Company.

(Unaudited - Expressed in Canadian Dollars)

(ii) Share-based payments relate to the vesting of RSRs issued to the former CEO, CSO, and current CEO of the Company (Note 16) during the three and nine months period ended September 30, 2023. There were no share-based payments to key management personnel for the three and nine months period ended September 30, 2022.

As at September 30, 2023, due to related party balances includes:

- $15,750 (December 31, 2022 -$Nil) of unpaid consulting expense to a Company controlled by the former CEO of the Company;
- $25,903 (December 31, 2022 -$5,271) of unpaid consulting expense to a Company controlled by the CFO of the Company;
- $110,100 (December 31, 2022 -$Nil) of unpaid consulting expenses to a company controlled by the CSO of the Company; and
- $157,123 (December 31, 2022 - $Nil) of unpaid consulting expenses to a company controlled by the current CEO of the Company.

In addition, the due to related party balance also includes $Nil (December 31, 2022 - $76,864) 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.

14. LEASES

At the start of 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. 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 September 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 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 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 for the year ended December 31, 2022 and nine months period ended September 30, 2023 are as follows:

Lease Obligation		**2023**		**2022**
Balance, beginning of year	**$**	**2,013,355**	**$**	**3,018,323**
Interest expense		134,329		230,339
Payment of lease obligation		-		(91,345)

(Unaudited - Expressed in Canadian Dollars)

Lease Obligation		**2023**		**2022**
Accrued lease payment		(321,601)		(411,886)
Derecognition of lease obligation		-		(900,722)
Foreign exchange impact		(2,938)		168,646
Balance, end of year	**$**	**1,823,145**	**$**	**2,013,355**

As at September 30, 2023, the Company had total accrued and unpaid lease payments of $1,590,558 (December 31, 2022 - $875,966) 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 September 30, 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	$	110,113
2024(i)		453,300
2025(i)		475,965
2026(i)		499,763
2027(i)		524,751
2028 and thereafter (i)		195,683
Total	**$**	**2,259,575**
Amount representing interest		(436,430)
Less: Current lease obligation		(290,334)
Long-term lease obligation	**$**	**1,532,811**

The Company as a Lessor

Lease Receivable		
Balance, at January 1, 2022	**$**	**2,986,444**
Interest Income		143,124
Accrued sublease payments receivable		(293,285)
Derecognition of lease receivable		(891,362)
Loss allowance expense		(2,026,119)
Foreign exchange impact		81,198
Balance, at December 31, 2022	**$**	**-**
Sublease payments received		(171,860)
Loss allowance expense recovery		171,860
Balance, at September 30, 2023	**$**	**-**

(I) During the three and nine months ended September 30, 2023, the Company received payments of $22,837 and $171,860 respectively from the sublease tenant for lease receivable balances that had been fully impaired as at December 31, 2022. Consequently, the Company has recognized a loss allowance recovery which has been presented as a credit on the Company's Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) for the three and nine months ended September 30, 2023. There was no such recovery recognized for the same period in 2022.

15. SHARE CAPITAL

Authorized share capital

As at September 30, 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 September 30, 2023.

Shares held in escrow

As at September 30, 2023, 7,499,847 common shares of the Company, in connection with its acquisition of High Profile (Note 4), 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

Issued Share Capital

During the nine-months period ended September 30, 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 4). The share price of the Company's common shares was $0.145 on Closing Date.

Exercise of Restricted Share Rights
During the nine months period ended September 30, 2023, the Company issued 1,300,000 common shares upon exercise of 1,300,000 restricted shares rights ("RSR"). Upon exercise, a reclass of $173,000 from share-based payment reserve to share capital was recognized.

Shares for Debt Settlement
During the nine-months ended September 30, 2023, the Company issued 792,284 (2022 – 571,506) common shares as settlement for $126,094 (2022 - $242,569) in outstanding accounts payables. This resulted in a gain on debt settlement of $15,104 ($99,692) for the nine-months ended September 30, 2023.

(Unaudited - Expressed in Canadian Dollars)

During the nine-months period ended September 30, 2022:

At-the-Market Distributions

During the nine-month period ended September 30, 2022 the Company completed a number of ATM placements. An aggregate of 365,000 common shares were issued for total proceeds of $149,590. During the nine-month periods ended September 30, 2022, the Company incurred total cash commissions of $2,429 from the ATM placements.

Warrants

The changes in warrants during the Nine-month periods ended September 30, 2023 and year 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
Expired (ii)	(800,000)		0.10
Balance, September 30, 2023	**5,984,280**	**$**	**0.51**

(i) The Company issued 197,830 HP Warrants in connection with the acquisition of High Profile (Note 4). The HP Warrants were fair valued using the Black Scholes option pricing model and the following weighted average input assumptions:

	Nine months ended September 30, 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	$0.02

There were no issuances or exercise of share purchase warrants during the nine months period ended September 30, 2022. During the nine months ended September 30, 2022, 1,896,000 share purchase warrants expired unexercised.

(Unaudited - Expressed in Canadian Dollars)

As at September 30, 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
600,000	600,000	$2.00	November 1, 2023	0.09
84,000	84,000	$1.25	November 1, 2023	0.09
5,084,950	5,084,950	$0.20	December 22, 2024	1.23
17,500	17,500	$0.10	December 22, 2024	1.23
197,830	197,830	$3.79	June 24, 2024	0.73
5,984,280	**5,984,280**	**$0.51**		**1.08**

16. 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 Nine-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.

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.

(Unaudited - Expressed in Canadian Dollars)

The Company's recorded share-based compensation for the three and nine-months ended September 30, 2023 and 2022 are comprised of the following:

	Three-months period ended			
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Stock Options (a)	$ 7,660	$ 14,225	$ 22,979	$ 43,952
RSR (b)	23,833	-	223,250	-
Total share-based compensation	**$ 31,493**	**$ 14,225**	**$ 246,229**	**$ 43,952**

(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 nine months ended September 30, 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	**451,500**	**$ 1.53**
Expired	(54,000)	1.46
Balance, September 30, 2023	**397,500**	**$ 1.53**

(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 September 30, 2023 are as follows:

Number of Options Outstanding	**Number of Options Exercisable**	**Exercise Price**	**Expiry Date**	**Weighted Average Remaining Contractual Life in Years**
12,500	12,500	$1.25	November 15, 2024	1.13
185,000	114,500	$1.70	November 10, 2031	8.12
100,000	100,000	$1.40	January 15, 2026	2.30
100,000	100,000	$1.40	September 22, 2026	2.98
397,500	**327,000**	**$1.53**		**5.14**

(Unaudited - Expressed in Canadian Dollars)

(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 nine months ended September 30, 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	(1,300,000)
Balance, September 30, 2023	**1,200,000**

(i) On November 29, 2022, the Company granted the CEO of the Company 500,000 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 3 and 6 months from the date of grant;
- 50% of the RSRs will vest 6 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 nine months period ended September 30, 2023 and the year ended December 31, 2022 the Company did not issue any DSUs and there were no DSUs outstanding.

(Unaudited - Expressed in Canadian Dollars)

17. 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 September 30, 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.

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

	September 30, 2023	**FVTPL**	**Amortized costs**
ASSETS	$	**$**	**$**
Cash	10,329	10,329	-
Receivables	112,026	-	112,026
Due from related party	1,785,251	-	1,785,251
Prepaid balances	6,960	-	6,960
Financial assets at fair-value through profit or loss	1,244,375	1,244,375	-
LIABILITIES			
Accounts payable and accrued liabilities	3,204,198	-	3,204,198
Bank indebtedness	11,657	-	11,657
Due to related parties	308,876	-	308,876
Lease obligation	1,823,145	-	1,823,145
Mortgage payable	1,057,464	-	1,057,464
Debenture liability	927,397	-	927,397
CEBA loan	144,449	-	144,449

(Unaudited - Expressed in Canadian Dollars)

	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 nine-months period ended September 30, 2023 and the 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.

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 nine months period ended September 30, 2023.

(Unaudited - Expressed in Canadian Dollars)

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 September 30, 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 and Nine months period ended September 30, 2023 and during the year ended December 31, 2022 are as follows:

Due from Related Party	**Nine-months ended September 30, 2023**	**Year ended December 31, 2022**
Balance, beginning of period	**$ 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 September 30, 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. On that basis, the loss allowance recognized during nine month period ended September 30, 2023 and during the year ended December 31, 2022 are as follows:

Lease Receivable	**Nine-months ended September 30, 2023**	**Year ended December 31, 2022**
Balance, beginning of period	**$ 2,026,119**	**$ -**
Increase in loss allowance recognized in profit or loss	-	2,026,119
Loss allowance expense recovery (Note 14)	(171,860)	-
Balance, end of period	**$ 1,854,260**	**$ 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.

(Unaudited - Expressed in Canadian Dollars)

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 September 30, 2023	**Total carrying amount $**	**Contractual cash flows $**	**Less than 1 year $**	**1 – 5 years $**	**More than 5 years $**
Accounts payable and accrued liabilities	3,204,198	3,204,198	3,204,198	-	-
Lease obligation	1,823,145	2,259,577	447,795	1,811,782	-
Mortgage payable	1,057,464	1,057,464	1,057,464	-	-
Debenture liability	927,397	945,383	945,383	-	-
CEBA loan	144,449	198,000	6,750	191,250	-
Total	**7,156,653**	**7,664,622**	**5,661,590**	**2,003,032**	**-**

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:

	September 30, 2023	December 31, 2022
Fixed rate instruments	$ 2,129,310	$ -
Variable rate instruments	-	-
	$ 2,129,310	**$ -**

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:

	September 30, 2023	December 31, 2022
ASSETS	$	$
Cash	1,599	1,221
Due from related party	1,785,251	1,070,962
Receivables	30,644	-
LIABILITIES		
Accounts payable and accrued liabilities	2,378,130	1,399,640
Bank indebtedness	11,657	8,313
Due to related parties	-	49,864
Lease obligation	1,823,145	2,013,355

(Unaudited - Expressed in Canadian Dollars)

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 nine months ended September 30, 2023 by approximately $1,845 (2022 – $732).

18. COMMITMENTS AND CONTINGENCIES

Below is a summary of the Company's commitments as of September 30, 2023:

	Undiscounted Contractual Cash Flows				
Contractual Obligations	**Less than 1 year $**	**1 - 3 years $**	**3 - 5 years $**	**More than 5 years $**	**Total $**
Lease obligation	447,795	1,482,254	329,528	-	2,259,577
Mortgage payable	1,057,464	-	-	-	1,057,464
Debenture liability	945,383	-	-	-	945,383
CEBA loan	6,750	191,250	-	-	198,000
Total	**2,457,392**	**1,673,504**	**329,528**	**-**	**4,460,424**

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.

19. SUPPLEMENTAL CASH FLOW INFORMATION

The following are non-cash investing and financing activities that occurred during the nine-month periods ended September 30, 2023 and 2022:

		2023		**2022**
Accrued sublease payments receivable	$	-	$	403,135
Derecognition of equipment	$	-	$	319,362
Common shares issued on acquisition of High Profile Holdings Corp.	$	1,449,970	$	-
Share purchase warrants issued on acquisition of High Profile Holdings Corp.	$	4,550	$	-
Exercise of RSRs	$	173,000	$	-
Recognition of assets held-for-sale	$	-	$	303,246
Derecognition of lease obligation	$	-	$	958,109
Derecognition of lease receivable	$	-	$	948,153
Shares for debt settlement	$	110,990	$	142,877

During the nine-month periods ended September 30, 2023, the Company made cash payments of $8,853 (2022 - $Nil) related to taxes and $4,099 related to interest (2022 - $148,898).

20. SUBSEQUENT EVENTS

There were no material events or transactions to report subsequent to the period ended September 30, 2023.