LEVITEE LABS INC. (Formerly FIBONACCI CAPITAL CORP.)

Condensed Interim Consolidated Financial Statements

For the three and nine months ended June 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited)

LEVITEE LABS INC. (Formerly FIBONACCI CAPITAL CORP.)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management and have been approved by the board of directors.

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

Condensed Interim Consolidated Statements of Financial Position	4
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	5
Condensed Interim Consolidated Statements of Changes in Shareholders’ Equity	6
Condensed Interim Consolidated Statements of Cash Flows	7
Notes to the Condensed Interim Consolidated Financial Statements	8-36

LEVITEE LABS INC. (Formerly FIBONACCI CAPITAL CORP.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	Note	June 30, 2022	September 30, 2021
		(unaudited)	(audited)
Assets			
Current Assets			
Cash		$ 979,046	$ 705,387
Trade and other receivables	7	78,618	530,307
Inventory	8	1,324,639	1,185,633
Prepayments		119,671	223,792
Marketable securities	9	46,800	46,800
Other assets		52,268	95,727
Total Current Assets		**2,601,042**	**2,787,646**
Non-Current Assets			
Property and equipment	10	725,253	858,786
Right of use assets	11	668,953	774,676
Intangible assets	12	3,664,713	3,664,713
Goodwill	13	4,051,411	4,051,411
Property deposit		749,236	749,236
Lease deposit		78,917	78,917
Total Non-Current Assets		**9,938,483**	**10,177,739**
Total Assets		**$ 12,539,525**	**$ 12,965,385**
Liabilities			
Current Liabilities			
Trade and other payables	14	$ 1,550,972	$ 1,344,443
Income tax payable		521	25,382
Borrowings	15	2,941,272	313,080
Lease liabilities	11	332,416	242,851
Other payables	6	200,180	437,257
Purchase consideration payable	6	767,241	756,841
Total Current Liabilities		**5,792,602**	**3,119,854**
Non-current liabilities			
Lease liabilities	11	345,545	574,870
Deferred income tax liability, net		336,348	608,938
Total Liabilities		**6,474,495**	**4,303,662**
Equity			
Share capital	16	22,532,982	20,279,981
Reserves	17	1,235,520	510,580
Accumulated other comprehensive income		341,588	25,879
Accumulated deficit		(18,045,060)	(12,154,717)
Total Equity		**6,065,030**	**8,661,723**
Total Liabilities and Equity		**$ 12,539,525**	**$ 12,965,385**
Going concern	2		

Approved by:

"David Jenkins" (signed)
David Jenkins, Director

"David Bentil" (signed)
David Bentil, Director

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

LEVITEE LABS INC. (Formerly FIBONACCI CAPITAL CORP.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended June 30, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended June 30,		Nine months ended June 30,	
		2022	**2021**	**2022**	**2021**
Revenue	18	$ 2,924,833	$ -	$ 6,073,967	$ -
Cost of sales		1,488,212	-	3,852,566	-
Gross profit		**1,436,621**	**-**	**2,221,401**	**-**
Expenses					
Consulting fees and management fees	20	57,991	41,754	1,494,722	1,351,700
Payroll	20	992,276	435,487	2,301,403	670,072
Professional fees		18,806	290,599	380,937	481,635
Marketing and business development		259,618	62,606	1,701,498	120,155
Office and administration		325,695	70,982	740,668	146,422
Amortization and depreciation	10,11	84,585	65,987	252,073	92,977
Rent	20	182,475	31,279	321,253	52,120
Stock-based compensation	16,17	103,906	3,515,777	985,690	3,530,521
Total expenses		2,025,352	4,514,471	8,178,244	6,445,602
Operating loss		**(588,731)**	**(4,514,471)**	**(5,956,843)**	**(6,445,602)**
Other income (expenses)					
Interest earned		-	19,802	-	32,820
Finance costs		(16,953)	-	(42,720)	-
Foreign exchange gain		-	-	220	-
Gain from sale of marketable securities		-	-	-	276,176
Gain from debt settlement (note 16)		109,000	-	(109,000)	-
Total Other income		**92,047**	**19,802**	**66,500**	**308,996**
Net loss for the period		$ **(496,684)**	**$ (4,494,669)**	$ **(5,890,343)**	**$ (6,136,606)**

Other comprehensive income amounts that may subsequently be reclassified as profit or loss				
Foreign operations-foreign currency translation differences	**(167,057)**	**-**	**315,709**	**-**
Net loss and comprehensive loss for the period	$ **(663,741)**	**$ (4,494,669)**	**$ (5,574,634)**	**$ (6,136,606)**
Basic and diluted loss per share	$ **(0.01)**	**$ (0.14)**	**$ (0.08)**	**$ (0.23)**
Weighted average share outstanding - basic	**75,464,545**	**32,782,864**	**68,318,448**	**26,187,717**

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

LEVITEE LABS INC. (Formerly FIBONACCI CAPITAL CORP.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended June 30, 2022 and 2021
(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share Capital	Reserves	Accumulated other comprehensive income	Accumulated deficit	Total
Balance - September 30, 2020	5,855,561	$ 906,453	$ -	$ -	$ (752,035)	$ 154,418
Issuance of common shares capital for acquisition of Monk-E, net of costs (notes 6 and 16)	21,928,050	5,482,013	-	-	-	5,482,013
Reserve applied for acquisition of Monk-E (note 6)	-	-	(4,587,301)	-	-	(4,587,301)
Finder's warrants issued	-	(16,718)	16,718	-	-	-
Reserve for amounts received for common shares to be issued	-	-	10,545,000	-	-	10,545,000
Share capital issuance for services, net of costs	4,320,000	1,068,046	-	-	-	1,068,046
Shares issued for services subject to vesting	-	-	232,836			232,836
Shares issued subject to vesting	-	-	2,417,224			2,417,224
Stock-based compensation	-	-	204,825	-	-	204,825
Finder's warrants and fees related to share units to be issued	-	(900,616)	214,675	-	-	(685,941)
Reserve for amounts received for special warrant	-	(1,600)	1,230,000	-	-	1,228,400
Bonuses shares	1,732,400	675,635	-	-	-	675,635
Issued for acquisition of investment	120,000	46,800	-	-	-	46,800
Net loss and comprehensive loss	-	-	-	-	(6,136,606)	(6,136,606)
Balance - June 30, 2021	31,983,611	$ 7,409,834	$ (4,353,243)	$ -	$ (1,825,766)	$ 1,230,825
Balance - September 30, 2021	61,425,584	$ 20,279,981	$ 510,580	$ 25,879	$ (12,154,717)	$ 8,661,723
Shares issued for private placement (note 16)	7,500,000	1,500,000	-	-	-	1,500,000
Shares issued for stock options exercise (note 16)	505,102	192,501	-	-	-	192,501
Shares issued for warrants exercise (note 16)	3,200	2,400	(2,400)	-	-	-
Shares issued for vesting and signing bonus (note 16)	540,000	190,350	-	-	-	190,350
Shares issued for debt settlement (note 16)	5,450,000	299,750	-	-	-	299,750
Share issued for share compensation (note 16)	400,000	68,000	727,340	-	-	795,340
Net loss and comprehensive loss	-	-	-	315,709	(5,890,343)	(5,574,634)
Balance - June 30, 2022	75,823,886	$ 22,532,982	$ 1,235,520	$ 341,588	$ (18,045,060)	$ 6,065,030

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

LEVITEE LABS INC. (Formerly FIBONACCI CAPITAL CORP.)
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended June 30,
(Unaudited - Expressed in Canadian Dollars)

	2022	2021
	$	**$**
Operating Activities		
Net loss and comprehensive loss	(5,574,634)	(6,136,606)
Adjustments for items not affecting cash:		
Amortization and depreciation	252,073	92,977
Finance costs	36,536	23,193
Stock based compensation	985,690	3,530,521
Fair value gain on marketable securities	-	(276,176)
Foreign exchange gain	(26,698)	-
Gain on debt settlement	(109,000)	-
Expenses paid by shares	-	1,080,000
	(4,436,033)	(1,686,091)
Changes in non-cash working capital balances:		
Trade and other receivables	451,689	(137,753)
Prepayments	104,121	(92,960)
Inventory	(139,006)	(60,366)
Other assets	43,459	-
Income tax payable	(270,753)	-
Trade and other payables	388,603	585,917
Cash used in operating activities	**(3,857,920)**	**(1,391,253)**
Investing Activities		
Cash acquired in business combination under common control (note 6)	-	636,148
Purchase of equipment (note 10)	(12,817)	(328,337)
Sale of marketable securities	-	354,836
Deposit for purchase of Earth Circle Organics	-	(159,856)
Deposit for purchase of ACT Medical Centers	-	(47,619)
Cash provided by (used in) investing activities	(12,817)	**455,172**
Financing Activities		
Cash received from shares not yet issued, net	-	1,044,159
Cash received from shares issued	1,500,000	-
Cash received from options exercise	192,500	-
Proceeds from borrowings (note 15)	2,628,192	-
Payments on lease liabilities (note 11)	(139,763)	(46,516)
Interest paid	(36,533)	-
Cash provided by financing activities	**4,216,932**	**997,643**
Change in cash	**273,659**	**61,562**
Cash balance, beginning of the period	**705,387**	**42,893**
Cash balance, end of the period	**979,046**	**104,455**

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

1. REPORTING ENTITY

Levitee Labs Inc. (name changed on November 30, 2020 from Fibonacci Capital Corp.) ("the Company" or "LLI") was incorporated on January 23, 2019 and is a company continued under the Business Corporations Act (British Columbia). The registered office of the Company is located at #215- 800 W. Pender Street, Vancouver, British Columbia, Canada. These condensed interim consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is an emerging multidisciplinary integrative wellness company that is redefining mental healthcare through a preventative, restorative, and transformative approach that includes evidence-based alternative medicines and novel psychedelic therapies.

On July 21, 2021 (the" Listing date"), the Company became a public listed company on the Canadian Stock Exchange ("CSE") under the symbol "LVT". On September 9, 2021, the Group became listed on the OTC market under the symbol "LVTTF".

On October 1, 2021, the Group announced that its common shares were accepted for listing on the Frankfurt Stock Exchange (FSE) under the trading symbol “7H7”.

These condensed interim consolidated financial statements were approved by the Group's Board of Directors on August 29, 2022.

2. GOING CONCERN ASSUMPTION

The condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business.

The Group had a net loss of $5,786,437 for the nine months ended June 30, 2022, and total accumulated deficit of $17,941,154. The Group had a net cash inflow of $273,659 for the nine months ended June 30, 2022. To date, the Group's activities have been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Group's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, private placements and through borrowings. However, management has considered expectations for future profitability and believes that the Group will continue in operation for the foreseeable future and will be able to satisfy its liabilities and commitments in the normal course of business, and accordingly, it is appropriate to prepare these consolidated financial statements on a going concern basis.

These condensed interim consolidated financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the statement of financial position classifications that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

3. COVID-19 PANDEMIC

The impact of the COVID-19 pandemic, with its combined health toll and sharp decline in global economic output, is unprecedented and the full extent of the impact will depend on future developments. These developments are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain the outbreak or manage its impact. The Group is closely monitoring the impact of the pandemic on all aspect of its business. It is not possible to reliably estimate the impact on the financial results and conditions of the Group in future periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as follows:

- Levitee Pharmacies Inc.
- Levitee Clinics Inc.
- Levitee Nutraceuticals Inc.
- Sporeo Grow Supply Corp.
- Earth Circle Organics Chain Inc.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of preparation (continued)

- Levitee Digital Health Inc.
- Levitee Real Estate Inc.
- Levitee Alternative Medicine Inc.

(i) *Compliance with IFRS*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost of convention

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(iii) New and amended standards adopted by the Group

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or IFRS Interpretations Committee that are mandatory for fiscal periods beginning on or after January 1, 2020 and have been adopted in these Consolidated Financial Statements The Group is still evaluating the impact if any on these consolidated financial statements.

- *Amendments to IFRS 3: Definition of a Business*

  In October 2018, the IASB issued amendments to the definition of a business in IFRS 3, *Business Combinations* ("IFRS 3") to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company was not affected by these amendments on the date of transition.

- *Amendments to IAS 1 and IAS 8: Definition of Material*

  In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material did not have a significant impact on these Consolidated Financial Statements.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for periods beginning on or after January 1, 2021 and have not been early adopted by the Group. The Group is still evaluating the impact if any on the consolidated financial statements.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
– Annual Improvements to IFRS Standards 2018–2020.
– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
– Reference to Conceptual Framework (Amendments to IFRS 3).
– Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
– Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
– Definition of Accounting Estimates (Amendments to IAS 8).
– IAS 12 - Income Taxes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Principals of consolidation

(i) Business combinations under common control

Where business combinations include transactions among entities under common control and outside the scope of IFRS 3 – Business Combinations, the Company considered the guidance provided by IFRS 10 – Consolidated Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and applied predecessor accounting.

Management accounts for common control business combinations using the predecessor value (book value method).

The book value method of account is applied as follows:

(a) The assets and liabilities of the combining entities are reflected at their carrying amounts. Any necessary adjustments are made to reduce carrying values (i.e. to recognize impairments) at the time of the transaction. Carrying values are not, however, increased to reflect fair values that are higher than the carrying values;

(b) No 'new' goodwill is recognized as a result of the combination. The only goodwill would be any previously existing goodwill of the combining entities;

(c) Any difference between consideration paid and the carrying amount of the net assets acquired is reflected in equity; and

(d) The income statement would reflect the results of the combined entity from the date of the acquisition.

(ii) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. The contingent consideration is presented as Purchase consideration payable in the statement of financial position and classified as current liability due to its short-term nature.

(iii) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of loss and comprehensive loss statement of changes in equity and balance sheet respectively.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of the Group has appointed a strategic steering committee which assesses the financial performance and position of the group and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief operations officer, and the executive vice-president.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Canadian Dollars (CAD), which is the Group's presentation currency. The functional currency is the United States Dollar ("USD") for operations in the United States including Earth Circle Organics Chain Inc. and the Canadian dollar ("CAD") for operations in Canada including Levitee Labs Inc, Levitee Labs Holdings Inc., Levitee Pharmacies Inc., Levitee Clinics Inc., Levitee Nutraceuticals Inc. and Sporeo Grow Supply Corp.

(ii)Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of loss and comprehensive loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of loss and comprehensive loss on a net basis within other gains/(losses).

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

• income and expenses for each statement of loss and comprehensive loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

• all resulting exchange differences are recognized in comprehensive loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognized in comprehensive loss. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

A financial asset or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Group recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost. For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of these assets in the consolidated statement of financial position is stated net of any loss allowance. A loss allowance is estimated from a review of the current and expected economic conditions and counterparty specific facts. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(ii) Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

f) Cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

g) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method. Cost includes all direct expenditures and other appropriate costs incurred in bringing inventory to its present location and condition, net of consideration received from vendors. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, shrinkage or declining selling

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Inventory (continued)

prices. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down previously recorded is reversed.

The Group records consideration received from suppliers as a reduction to the cost of inventory. These amounts are recognized in cost of sales when the associated inventory is sold.

h) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive loss.

Depreciation is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The annual depreciation rate applicable to the current category of property and equipment is as follows:

Class of Equipment	Depreciation Rate
Computer	30%
Machinery and equipment	20%
Office equipment	20%
Property related leasehold improvements	Term of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

i) Impairment of non-financial assets

The Group reviews the carrying value of non-financial assets for potential impairment at each reporting date and when events or changes in circumstances indicate that the carrying amount may not be recoverable. CGUs to which goodwill has been allocated are tested for impairment at least annually. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows or CGUs. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. Goodwill is allocated to the CGU that is expected to benefit from synergies of a related business combination and represents the lowest level within the Company at which management monitors goodwill.

For non-financial assets other than goodwill, a previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount, but cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Lease accounting

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Group is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in rent expense in the consolidated statement of loss and comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less. Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

k) Intangible assets and goodwill

Intangible assets include patient relationships, tradenames and the telemedicine technology that are acquired by the Group. Patient relationships, tradenames and telemedicine technology have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in the consolidated statement of loss and comprehensive loss. Goodwill is not amortized.

The estimated useful lives are as follows:

– tradenames: 10 years

– patient relationships: 5 years

– telemedicine technology: 10 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. When intangible assets are not used, the assets are not amortized.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

l) Investment property

Investment property is initially measured at cost and subsequently also at cost.

Any gain or loss on the disposal of the investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the consolidated statement of loss and comprehensive loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Investment property (continued)

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

n) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, canceled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

o) Revenue

(i)Sale of goods

The Group sells products through multiple distribution channels and pharmacies. Revenue from the sale of goods is recognized when a group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the products. It is the Group's policy to sell its products to the end customer with a right of return within 30 days. Therefore, a refund liability (included in trade and other payables) and a right to the returned goods (included in other assets) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been minimal, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

(ii) Service fees

The Group earns fees through the provision of clinical services. Service fees are measured at the amount of transaction price that is allocated to a performance obligation, the amount of consideration to which the Group expects to be entitled in exchange for transferring promised clinical services to a patient. Service fees are recognized upon completion of clinical services, which are determined when services have been provided to a patient and no significant obligations from the Group remains.

p) Share-based compensation

Under the Group's stock option plan, all stock options granted have graded vesting periods and are exercisable up to a maximum of five years from the date of grant. Each tranche of an award with graded vesting periods is considered a separate grant at each grant date for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. The fair value of the options granted is measured using the Black-Scholes option-pricing model taking into account the terms and conditions upon which the options were granted, the estimated volatility, estimated risk-free rate, and estimated forfeitures.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Share-based compensation (continued)

If a grant of the share-based payments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation or settlement as an acceleration of vesting and recognized immediately the amount that otherwise would have been recognized for services over the remainder of the vesting period.

The amount recognized for goods or services received during the vesting period are based on the best available estimate of the number of equity instruments anticipated to vest. The Group revises that estimate, if necessary, if subsequent information indicates that the number of share options anticipated to vest differs from previous estimates. On vesting date, the Group revises the estimate to equal the number of equity instrument that ultimately vested.

Where equity instruments are granted to non-employee, they are recorded at the fair value of the goods or services received unless the fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted.

q) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

(i)Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii)Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

s) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

t) Loss per share

(i) Basic loss per share

Basic earnings per share is calculated by dividing:

• the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares

• by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii)Diluted loss per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

• the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

• the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, and expenses, as well as the Group's ability to continue as a going concern. The estimates

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

and assumptions made are continually evaluated and have been based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates and assumptions are inherently uncertain. Actual results could differ materially from these estimates and assumptions. Revisions to estimates are recognized prospectively.

i) Assessment of control in a business acquisition

The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets, and assumes the liabilities of the acquiree - the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date, or it might be determined that the businesses were under common control. Management exercises judgment in considering all pertinent facts and circumstances in assessing the control of a business and the acquisition date.

The Group examines three elements to determine whether control exists.

- power over the investee, such as the ability to direct relevant activities of the investee;
- exposure, or rights, to variable returns from its involvement with the investee, such as returns that are not fixed and have the potential to vary with performance of the investee;
- the ability to use its power over the investee to affect the amount of the investor’s returns, such as identifying the link between power and returns.

When all of these three elements of control are present, then an investor is considered to control an investee and consolidation is required. When one or more of the elements is not present, an investor will not consolidate but instead be required to determine the nature of its relationship with the investee.

On the completion of business acquisitions, management’s judgement is required for identification of acquirer. Certain factors are considered for making that determination:

- the relative voting rights in the combined entity after the business combinations;
- the existence of a large minority voting interest in the combined entity;
- the composition of the governing body of the combined entity;
- the composition of the senior management of the combined entity;
- the term of the exchange of equity interest.

ii) Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Group engages an independent external valuation expert to determine the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows prepared by management.

In valuation of stock based payments, the Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for stock-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected: option life, volatility, risk-free interest rate, forfeiture rates, stock option exercise behaviors, dividend yield and corporate performance. Changes in these assumptions affect the fair value estimate for stock-based payments.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7: acquisition of subsidiaries;
- Note 17: stock-based compensation;
- Note 22: financial instruments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

iii) Impairment of CGUs

The impairment test for cash generating units ("CGUs") to which goodwill is allocated is based on the value in use of the CGU, determined in accordance with the expected cash flow approach. The calculation is based on assumptions including, but not limited to, the cash flow growth rate and the discount rate.

iv) Incremental borrowing rate for leases

IFRS 16 requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. As information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is generally not available, the Group uses its incremental borrowing rate when initially recording real estate leases. The Group determines the incremental borrowing rate as the interest rate the Group would pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, in a similar economic environment over a similar term.

v) Going concern

Whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern, management believes that sufficient funds will be borrowed and raised in the foreseeable future to pay its outgoing operating expenditures and to meet its liabilities for the next year which involves significant judgement based on historical experience and other factors, including expectation of future event that are believed to be reasonable under the current circumstances.

vi) Income taxes

The calculation of current and deferred income taxes requires management to make certain judgments in interpreting tax rules and regulations. Application of judgments is also required to evaluate whether the Company can recover a deferred tax asset based on management's assessment of existing tax laws, estimates of future profitability, and tax planning strategies.

vii) Reverse vesting stock options

The Employee Compensation Share agreements contain a contingent repurchase feature held by the Company. If an employee terminates their employment, the Company has the option to repurchase any unvested shares at a price of $0.02 per share. The repurchase option allows the Company to reacquire or claw back the shares as if they had never been issued. If the vesting conditions are met, there is no repurchase option. The award can only be settled via the restriction on the Employee Compensation Shares being lifted. The awards are to be classified as an equity-settled share-based payment transaction.

viii) Cash generating units

Management's judgement is required in identification of cash generating units. Management determines the smallest group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or group of assets. If recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows.

6. ACQUISITION OF SUBSIDIARIES

a. Monk-E – Business acquisition under common control

On November 30, 2020, Monk-E and 1273586 B.C. Ltd. ("1273586"), a wholly-owned subsidiary of LLI, amalgamated under the Business Corporations Act (British Columbia).

LLI consolidated its common shares at a ratio of 2.5:1 from 14,638,903 common shares to 5,855,561 common shares immediately prior to amalgamation. Monk-E shareholders were then issued 1 common share in LLI in exchange for 1 common share in Monk-E. This amounted to a total addition of 21,928,050 common shares issued in LLI. In addition, Monk-E had 95,360 outstanding warrants issued to brokers on November 24, 2020 for commissions related to equity sales of Monk-E. These warrants were exchanged for warrants to purchase LLI shares (note 16).

Post amalgamation, the combined entity had 27,783,611 common shares outstanding at the amalgamation date. Management has concluded Monk-E's share value of $0.25 is the best indicator of the fair value of this transaction due to recent fund raising on November 24, 2020 at this price.

6. ACQUISITION OF SUBSIDIARIES (continued)

The transaction was determined to be a business combination under common control and the Group has applied the accounting method described in note 4b.

The following table summarizes the carrying value of the assets acquired and liabilities assumed on the date of acquisition.

Total consideration		
Shares issued	$	21,928,050
Share value		$0.25
Total consideration		**5,482,013**
Net identifiable assets acquired		
Cash and cash equivalents		636,148
Amounts receivable		23,429
Prepaid expenses		73,379
Equipment		235,906
Right of use asset		247,618
Accounts payable and accrued liabilities		(74,150)
Lease liability		(247,618)
Total net identifiable assets acquired		**894,712**
Acquisition reserve[1]		4,587,301
Total net assets and equity recognized	$	**5,482,013**

[1]Acquisition reserve represents the difference between the total consideration and net identifiable assets acquired.

b. Supplemental information for Monk-e

As a result of the amalgamation and common control acquisition of Monk-E, the results of operations for the two-month period ended November 30, 2020, were not included in the consolidated statement of loss and comprehensive loss. Those results are as follows:

Expenses		
Payroll expense	$	88,251
Consulting fees		58,614
Professional fees		45,040
Marketing expense		9,710
Rent expense		6,600
Office expense		6,445
Travel expense		4,963
Bank charges		203
Computer expense		169
Total expenses		**219,995**
Total net loss	$	**219,995**

b. ACT Medical Center

On July 28, 2021, the Group acquired 100% of shares and voting rights in three pharmacies: 2017162 Alberta Ltd, 2143327 Alberta Ltd, and 2144209 Alberta Ltd. located in the province of Alberta (the “Pharmacies acquisition”).

For the two months and three days ended September 30, 2021 following its acquisition, the Pharmacies contributed $663,525 to consolidated revenues and $19,279 to loss before income taxes.

Included in the identifiable assets and liabilities acquired at the date of acquisition of the pharmacies are inputs (inventories, tradenames and customer relationships), operational processes and an organized workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

6. ACQUISITION OF SUBSIDIARIES (continued)

b. ACT Medical Center (continued)

The acquisition allowed the Group to grow its diversified portfolio of healthcare and wellness assets through access to the pharmacies' patient base. The Group also expects to reduce costs through economies of scale.

(i) Purchase consideration

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

Cash	$	3,687,528
Holdback payable		200,00
Net final adjustment		8,682
Total purchase consideration	**$**	**3,896,210**

The Group has agreed to pay the selling shareholders a holdback amount totaling to $200,000 and a final net working capital adjustment of $8,682 in accordance with the share purchase agreement. At June 30, 2022, the total amount of $208,682 (September 30, 2021 - $208,682) was included in Other payables balance.

The Group incurred acquisition-related costs of $386,268 on legal fees and due diligence costs. These costs have been included in 'professional fees expenses'.

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

		Fair value
Property and equipment	$	53,218
Rights of use assets		471,382
Cash		95,396
Inventories		222,549
Trade receivables		212,789
Trade and other payables		(155,474)
Loans		(60,000)
Lease liability		(471,382)
Deferred income tax liability		(281,482)
Intangible assets		1,260,000
Goodwill		2,549,214
Total identifiable net assets acquired	**$**	**3,896,210**

The trade receivables comprise gross contractual amounts due which were expected to be fully collectable at the date of acquisition.

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Fair value of intangible assets	$	3,809,214
Less: Customer relationships		910,000
Less: Tradenames		350,000
Goodwill	**$**	**2,549,214**

Goodwill in the amount of $2,549,214 is attributable to the workforce and the synergies expected to be achieved from integrating the acquired pharmacies into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

On July 28, 2021, the Group acquired five addiction treatment clinics across the province of Alberta (the "Clinics Acquisition"). In consideration for the acquisition, the Group paid $350,000 in cash on the closing date.

For the two months and three days ended September 30, 2021 following its acquisition, the Clinics contributed $476,660 to consolidated revenues and ($127,302) to loss before income taxes.

At the date of acquisition, the Group determined that the Clinics acquisition constitute a business as defined under IFRS 3, Business combinations, and the Clinics acquisition was accounted for as a business acquisition.

6. ACQUISITION OF SUBSIDIARIES (continued)

(iii) Goodwill (continued)

The details of the consideration paid, and net identifiable assets of the Clinics is as follows:

Cash	$ 350,000
Net tangible assets acquired	3,000
Fair value of intangible assets	**$ 347,000**

Goodwill arising from the acquisition has been recognized as follows:

Fair value of intangible assets	$ 347,000
Less: Patient relationships	120,000
Less: Tradenames	105,000
Goodwill	**$ 122,000**

Goodwill in the amount of $122,000 is attributable to the workforce and the synergies expected to be achieved from integrating the acquired clinics into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

On July 27, 2021, the Group has completed the acquisition of all the issued and outstanding shares of telemedicine company BlockMD Ltd. ("BlockMD"). BlockMD is the telemedicine technology used by patients to access doctor services across Alberta. In consideration for the acquisition of BlockMD, the Company issued 3,430,871 shares at a deemed price of $0.43 per common share (the "original share issue price") on the closing date, for a total of $1,475,000. The consideration was discounted for a lack of marketability during a four months restriction on transfer period in accordance with the share purchase agreement. The fair value of the share consideration was determined to be $1,053,000 on the acquisition date.

The Group determined that the acquisition does not meet the definition of a business under IFRS 3 – Business Combinations. The transaction is accounted for as an asset acquisition. The Group identified and recognized an intangible asset (telemedicine technology) and allocated the cost of the purchase to that (note 12). The transaction does not give rise to goodwill.

As part of the purchase agreement, the Group has agreed to pay to the selling shareholder of BlockMD additional consideration if the original share issue price would be less than the share issue price after four months and one day. At the acquisition date, the fair value of the consideration was determined to be $253,000. At June 30, 2022, the Group has included $130,000 as contingent consideration in the Purchase consideration payable, which represents its fair value at the reporting date (note 19).

On July 27, 2021, the Group made a deposit of $749,236 for a purchase of a certain real property located in Alberta. The transfer of title was made on October 13, 2021. Management had determined control and rights to the property exist on the title's transfer. Management has intentions to lease the property to third parties. As at June 30, 2022, no rental income was recognized in the consolidated financial statements.

c. Earth Circle Organics

On August 3, 2021, the Group acquired 100% of shares and voting rights in Earth Circle Organics ("ECO acquisition). Earth Circle Organics is a direct-to-consumer and wholesaler of supplements and superfood business.

For the one month and twenty-eight days ended September 30, 2021, following its acquisition, Earth Circle Organics ("ECO") contributed $577,262 to consolidated revenues and $128,921 to loss before income taxes.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Earth Circle Organics (ECO) are inputs (inventories, customer relationships and tradenames), operational process and an organized workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business. The acquisition is also expected to help the Group with an expansion into the American market.

6. ACQUISITION OF SUBSIDIARIES (continued)

(iv) Purchase consideration

The following table summarizes the acquisition date fair value of each major class of consideration transferred.

Cash	$ 1,763,558
Equity instruments (488,702 ordinary shares)	177,769
Price guarantee	66,100
Contingent consideration	626,841
Working capital adjustment	228,575
Total purchase consideration	**$ 2,862,843**

The fair value of the ordinary shares issued was based on the listed share price of the Company on August 3, 2021, of $0.50 per share.

The Group has agreed to pay the selling shareholders additional cash consideration of US$500,000 if the acquiree's gross revenue is ninety percent or more of the EC O's gross revenue for the six-month period prior to the ECO. On September 30, 2021, the Group has included $626,841 as contingent consideration in Purchase consideration payable balance, which represents its fair value at the date of acquisition

In addition, the Group has agreed to pay the selling shareholders $228,575 which represents additional cash consideration for excess working capital in accordance with the share purchase agreement. On September 30, 2021, the amount was included in the other payables balance which was paid to the selling shareholders in December 2021.

The Group incurred acquisition-related costs of $ 24,856 thousand on legal fees and due diligence costs. These costs have been included in 'professional fees expenses.

(v) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value
Cash	$ 176,550
Trade receivables	35,608
Inventories	867,766
Trade and other payables	(187,794)
Loans	(191,368)
Liabilities assumed	(496,217)
Deferred income tax liability	(339,150)
Intangible assets	1,617,251
Goodwill	1,380,197
Total identifiable net assets acquired	**$ 2,862,843**

(vi) *Goodwill*

Goodwill arising from the acquisition has been recognized as follows:

Fair value of intangible assets	$ 2,997,448
Less: Tradenames	1,040,557
Less: Customer relationships	576,694
Goodwill	**$ 1,380,197**

Goodwill in the amount of $1,380,197 is attributable to the synergy expected to be achieved from integrating the acquired entity into the Company's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

There were no acquisitions in the year ending September 30, 2020.

7. TRADE AND OTHER RECEIVABLES

	June 30, 2022	September 30, 2021
Trade and other receivables	$ 43,105	$ 376,108
Input tax credit receivables	35,513	154,199
Total	**$ 78,618**	**$ 530,307**

The Group evaluates credit losses on a regular basis based on the aging and collectability of its receivables. The average credit period for customers is around 30 days. As of June 30, 2022, no credit losses were recognized in the consolidated statement of loss and comprehensive loss.

8. INVENTORY

	June 30, 2022	September 30, 2021
Production supplies	$ 289,047	$ 123,632
Finished goods	862,189	831,752
Medications	173,403	230,429
Total	**$ 1,324,639**	**$ 1,183,633**

The amount of inventory recognized as an expense in cost of sales for the nine months ended June 30, 2022, is $1,324,639 (2021 - $Nil).

9. MARKETABLE SECURITIIES

On April 9, 2021, the Group acquired a 15% equity stake in BODIE (the "BODIE Investment") in exchange for 120,000 common shares at a fair value of $0.39 per share. On September 30, 2021, the fair value of $46,800 (2020 - $Nil) has not changed significantly from the acquisition date. Fair value is $0.485 per share at the reporting date.

During the year ended September 30, 2020, the Group purchased 800,000 common shares of ESE Entertainment Inc. for a weighted average cost of $0.225 per common share. When the shares were purchased, the Group was not publicly traded and was classified as financial instruments Level 3. On August 17, 2020, shares of the company were listed on the TSX Venture Exchange and the Group reclassified them as Level 1. During the year the Group sold 386,000 common shares for net proceeds of $84,235. As of September 30, 2020 the Group holds 414,000 common shares with fair value of $78,660 and has recognized a fair value loss for the year of $16,224 in the statement of loss and comprehensive loss.

10. PROPERTY AND EQUIPMENT

Cost:	**Machinery and equipment**	**Leasehold improvements**	**Computer**	**Office equipment**	**Total**
Balance - September 30, 2021	$ 338,903	$ 548,403	$ 72,585	$ 1,427	$ 961,318
Additions	2,260	-	-	-	-
Refund on over - invoiced fees	-	(3,430)	-	-	-
Balance - June 30, 2022	$ 341,163	$ 544,973	$ 72,585	$ 1,427	$ 960,148
Accumulated depreciation:					
Balance - September 30, 2021	$ (34,700)	$ (50,511)	$ (17,178)	$ (143)	$ (102,532)
Depreciation	(45,968)	(76,622)	(9,510)	(263)	(132,363)
Balance - June 30, 2022	$ (80,668)	$ (127,133)	$ (26,688)	$ (406)	$ (234,895)
Net book value - September 30, 2021	$ 304,203	$ 497,892	$ 55,407	$ 1,284	$ 858,786
Net book value - June 30, 2022	$ 260,495	$ 417,840	$ 45,897	$ 1,021	$ 725,253

11. RIGHT OF USE ASSET AND LEASE LIABILITIES

On December 1, 2020, the Group commenced a five-year warehouse lease agreement at 104 - 1533 Broadway Street, Port Coquitlam with monthly lease payments starting at $5,353 and expiring on December 20, 2025. The Company's incremental borrowing rate at the inception of the lease of 12% has been used to determine the present value of the minimum lease payments which was determined to be $235,099 as of December 1, 2020. A right of use asset and corresponding lease liability was recognized for the same amount.

On March 1, 2021, the Group commenced a 22-month office lease agreement at suite 215 - 800 West Pender Street, Vancouver with monthly lease payments starting on May 1, 2021 at $9,876 and expiring on December 31, 2022. The lease includes the use of office furniture which will be transferred to the Group at the end of the lease term in exchange for the security deposit of $40,214. The Company's incremental borrowing rate at the inception of the lease of 12% has been used to determine the present value of the minimum lease payments which was determined to be $181,174 as of March 1, 2021. A right of use asset and corresponding lease liability was recognized for the same amount.

The Group leases premises for the two pharmacies, 2144209 Alberta Ltd. and 2133274 Alberta Ltd. with a term of five years. The Group's incremental borrowing rate at the inception of the lease of 6% has been used to determine the present value of the minimum lease payments which was determined to be $471,382 as of July 31, 2021. A right of use asset and corresponding lease liability was recognized for the same amount.

As of June 30, 2022, there's $668,953 in right of use assets and $332,416 in the current portion of the lease liability and, $345,545 in the long-term portion of the lease liability.

See Note 21, Commitments, for additional information on estimated additional rent payment obligations related to the Group's leases on its warehouse, pharmacies, and office locations.

The Group makes variable lease payments for operating costs, property tax, and insurance charges on leased properties.

12. INTANGIBLE ASSETS

On July 27, 2021, the Group has completed the acquisition of assets of BlockMD (note 6). During the year ended September 30, 2021, the Group revised a discount rate for a cash flow model associated with BlockMD which was higher than initial rate which indicated an impairment in the asset.

The Group uses value-in-use ("VIU") as the basis for the determination of the recoverable amount of the asset/ The Group used a valuation technique which included an estimate of future cash flows for the next five years with a growth rate of one clinic per year. The present value of the expected cash flows from the asset was determined by applying a discount rate of 33% reflecting the market assessments of the time value of money and the risk specific to the asset. Carrying value and recoverable amount of the asset as at June 30, 2022 is $557,808 (September 30, 2021 - $557,808). This resulted in an impairment loss on the asset amounting to $748,192.

13. GOODWILL

Goodwill is recognized on the acquisition date when the total consideration exceeds the net identifiable assets acquired. For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows.

Clinics (note 7 (b.2))	$	122,000
Pharmacies (note 7 (b.1))		2,549,214
Eco (note 7 (c))		1,380,197
Balance - September 30, 2021 and June 30, 2022	**$**	**4,051,411**

13. GOODWILL (continued)

At September, 2021, the Group performed its annual goodwill impairment tests for the CGUs.

The recoverable amount of the Clinics CGU was determined based on a discounted future cash flows generated by the Clinics. Cash flows for the five years were based on past experiences, actual operating results and management's budget projections.

The following key assumptions were used in the cash flow forecasts:

In percent	**2021**
Discount rate	38.75
Terminal value growth rate	3.00
Budgeted EBITDA growth rate (average of next years)	11.60

The recoverable amount of the Pharmacies CGU was determined based on a discounted future flows generated by the Pharmacies. Cash flows for the five years were based on past experiences, actual operating results and management's budget projections.

The following key assumptions were used in the cash flow forecasts:

In percent	**2021**
Discount rate	29.75
Terminal value growth rate	3.00
Budgeted EBITDA growth rate (average of next years)	13.50

The recoverable amount of the ECO CGU was determined based on a discounted future flows generated by the ECO. Cash flows for the five years were based on past experiences, actual operating results and management's budget projections.

The following key assumptions were used in the cash flow forecasts:

In percent	**2021**
Discount rate	23.50
Terminal value growth rate	3.00
Budgeted EBITDA growth rate (average of next years)	5.00

The CGU profit growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans, economic considerations and the general outlook for the industry and markets in which the segment operates.

The discount rate for each CGUs reflects appropriate adjustments relating to market risk and specific risk factors considering historical and expected operating plans, strategic plans, economic considerations and the general outlook for the industry and markets in which the segment operates.

The Company performed various sensitivity analyses on the key assumptions used in its 2021 impairment testing. Sensitivity analysis indicates reasonable changes to key assumptions will not result in an impairment loss in 2021.

14. TRADE AND OTHER PAYABLES

	June 30, 2022	**September 30, 2021**
Trade payables	$ 1,497,844	$ 920,639
Accrued liabilities	27,093	247,654
Payroll liabilties	26,035	176,240
Total	**$ 1,550,972**	**$ 1,344,443**

15. BORROWINGS

On August 20, 2021, the Group entered into unsecured loan agreements ("Loans") with two unrelated individuals for US$100,000 each payable before October 1, 2021. The loans carry fixed interest rate at 1% in September 2021 and 9% in October 2021 and 11% in subsequent months. On October 14, 2021, the loan of US$100,000 was repaid to the one individual.

On September 30, 2021 the borrowings balance included $60,000 related to the Canada Emergency Business Account loan obtained by the Pharmacies.

The Group has entered into a financing agreement for up to $12 million for further business expansion. The secured loan facility (the “Loan”) was arranged by RiverFort Global Capital Ltd. (a UK firm) and the Loan is from RiverFort Global Opportunities PCC Ltd. (“RiverFort”). The Group will utilize the proceeds from the Loan to support the Company’s prospective future acquisitions of several assets in the clinics, pharmacies and mental health space as well as for working capital purposes.

On October 22, 2021, the Group has drawn down an initial $2.5 million tranche (“Tranche 1”), with this debt maturing on October 20th, 2023 (the “Maturity Date”), with interest payable by the Group in an amount equal to 10% per annum of the amount of the Tranche 1 advance. Any subsequent advances under the Loan, which will be entirely at the discretion of the Company, will be subject to interest payable by the Group in an amount equal to 20%, to be applied to the term between the date of the relevant advance date and the Maturity Date. The closing of Tranche 1, and each subsequent tranche of the Loan, will be subject to the satisfaction of customary closing conditions involving the Group and RiverFort, including the final regulatory approval by the Canadian Securities Exchange.

The Loan provides for 25% warrant coverage for each advance or draw down, determined as being 25% of the principal amount of the tranche divided by the Group’s share price at the time of the advance. The exercise price of the warrants will be set at 150% of the Group’s share price at the time of the advance and the warrants will expire three years after the date they are granted. Subject to the satisfaction of the Tranche 1 closing conditions, Levitee will issue 1,378,778 warrants (“Warrants”) to RiverFort whereby each Warrant will entitle RiverFort to purchase one common share of the Company (a “Share”) at a price of $0.68 per Share for a term of three years.

As part of the Loan agreement, RiverFort will have the option to convert up to 50% of the principal amount of the Loan into Shares at a fixed conversion price equal to 125% of the market price of the Shares at the time of the applicable draw down. Subject to the satisfaction of the Tranche 1 closing conditions, the fixed conversion price for Tranche 1 will be $0.544 per Share. In addition, RiverFort may at its option, once every thirty (30) days, request and require that the debt represented by the interest that has been deemed to accrue on the Loan be converted into Shares pursuant to a private placement price equal to 90% of the last closing price of the Shares on the day prior to the notice of such conversion. During the nine months ended June 30, 2022, $2,419,000 was received from Riverfort.

16. SHARE CAPITAL

A. Share issuances

On August 20, 2021, the Group entered into unsecured loan agreements ("Loans") with two unrelated individuals for US $100,000 each payable before October 1, 2021. The loans carry a fixed interest rate of 1% in September 2021 and 9% in October 2021 and 11% in subsequent months. On October 14, 2021, the loan of US$100,000 was repaid to one individual.

Date	Number of issued shares	Number of unrestricted shares	Price per share	Amount
Balance as at September 30, 2020	5,855,561	5,855,561		$ 906,453
November 30, 2020	21,928,050	21,928,050	$ 0.2500	5,482,013
December 15, 2020	4,200,000	4,200,000	$ 0.2500	1,050,000
March 16, 2021	120,000	120,000	$ 0.2500	30,000
April 9, 2021	120,000	120,000	$ 0.3900	46,800
May 31, 2021	1,732,400	1,732,400	$ 0.3900	675,636
May 31, 2021	19,024,452	-	$ 0.3900	-
May 31, 2021	3,582,100	-	$ 0.3900	-
July 13, 2021	21,090,000	21,090,000	$ 0.5000	10,545,000
July 15, 2021	2,460,000	2,460,000	$ 0.5000	1,230,000
July 27, 2021	3,430,871	3,430,871	$ 0.3100	1,053,000
August 3, 2021	488,702	488,702	$ 0.5000	243,869
Total	84,032,136	61,425,584		$ 21,262,771
Share issuance costs	-	-		(982,790)
Balance as at September 30, 2021	**84,032,136**	**61,425,584**		**$ 20,279,981**
October 1, 2021	150,000	150,000	$ 0.4500	67,500
October 18, 2021	255,102	255,102	$ 0.4900	125,000
October 25, 2021	100,000	100,000	$ 0.3950	39,500
October 25, 2021	270,000	270,000	$ 0.3950	106,650
November 23, 2021	3,000	3,000	$ 0.7500	2,400
January 4, 2022	270,000	270,000	$ 0.3100	83,700
February 1, 2022	7,500,000	7,500,000	$ 0.2000	1,500,000
February 9, 2022	100,000	100,000	$ 0.0001	1
February 14, 2022	300,000	300,000	$ 0.0950	28,500
April 6, 2022	5,450,000	5,450,000	$ 0.0550	299,750
Balance as at June 30, 2022	**98,430,438**	**75,823,886**		**$ 22,532,982**

During the nine months ended June 30, 2022, and the years ended September 30, 2021 and 2020, the Group completed the following transactions:

(a) On September 17, 2020, the Group issued 31,866 common shares as part of private placement at a price of $0.1875 per share for total gross proceeds of $5,975.

(b) On December 15, 2020, the board of directors approved settlement of the amount of $1,050,000 indebted to an M&A consulting firm with 4,200,000 common shares of the Group at a fair value of $0.25 per share. The Group incurred share issuance costs of $11,954.

(c) On March 16, 2021, the Group issued 120,000 shares for proceeds of $30,000 for consulting services at a fair value of $0.25 per share.

(d) On March 16, 2021, the Group issued 120,000 shares for proceeds of $30,000 for consulting services at a fair value of $0.25 per share.

(e) On May 31, 2021, the Group issued an aggregate of 1,732,400 common shares, in which 1,010,000 common shares were issued to various employees as a signing bonus and 722,400 common shares were issued to contractors as a signing bonus at a fair value of $0.39 per share. The common shares are not subject to any vesting conditions.

16. SHARE CAPITAL (continued)

A. Share issuances (continued)

(f) On May 31, 2021, the Group issued an aggregate of 19,024,452 common shares (the "Employee Compensation Shares") to certain employees of LLH. The Employee Compensation Shares are subject to a reverse vesting arrangement, providing for the release of such shares in tranches to the relevant employee on achievement of the following milestones:

- listing of the Group on the CSE;
- the employee having been continuously employed by the Company for 12 months following the Listing Date;
- the employee having been continuously employed by the Company for 18 months following the Listing Date;
- the employee having been continuously employed by the Company for 24 months following the Listing Date;
- the employee having been continuously employed by the Company for 36 months following the Listing Date; and
- the employee having been continuously employed by the Company for 48 months following the Listing Date.

The Employee Compensation Shares are subject to a reverse vesting arrangement, providing for release of such shares in tranches to the relevant employee on achievement of the timeline milestones.

(g) On January 20, 2021, the Group completed a private placement (the "First Subscription Receipts Private Placement") of 15,491,000 subscription receipts (each, a "Subscription Receipt") of the Group at a price of $0.50 per Subscription Receipt for gross proceeds of $7,745,500. With this private placement the Group paid finders commissions of $528,360 and issued 995,520 finders warrants with an exercise price of $0.75 and expiry of 24 months from the date of issuance (note 17).

On February 4, 2021, the Group completed an additional private placement of 5,599,000 Subscription Receipts with the same terms above for gross proceeds of $2,799,500. With this private placement the Group paid finders commissions of $98,560 and issued 197,120 finders warrants with an exercise price of $0.75 and expiry of 24 months from the date of issuance (note 17).

After the approval for listing of the Group's shares on the CSE, each Subscription Receipt was exercised or exchanged for one common share of the Group and one half of one common share purchase warrant of the Group (a "Subscription Receipt Warrant"). Each Subscription Receipt Warrant was exercisable into one common share of the Group at price of $0.75 for 24 months from issuance.

(h) On March 19, 2021, the Group issued a private placement of a 2,460,000 special warrants for proceeds of $1,230,000. These special warrants were exercised after the British Columbia Securities Commission received the final prospectus from the Group. On exercise, each special warrant was converted to a unit of the Group. Each unit has to same terms of the Subscription Receipt in the private placement described above in (g). The Group incurred legal fees of $1,600. No finders warrants were issued in connection with this private placement.

(i) On May 31, 2021, an aggregate of 3,582,100 common shares (the "Contractor Compensation Shares") to certain contractors of the Group were issued. The Contractor Compensation Shares are subject to a reverse vesting arrangement, providing for release of such shares to the relevant contractor in monthly tranches over the twelve months from issuance. In the event a contractor's engagement by the Group is terminated within one year from issuance, (i) all unvested Contractor Compensation Shares held by such person will be automatically repurchased by the Group at a price of $0.000001 per share and (ii) all remaining Contractor Compensation Shares held by such person that have vested may be repurchased by the Company, at the discretion of the Board, at a price of $0.000001 per share. The Group recognized $281,736 in stock-based compensation expense for the year ended September 30, 2021.

(j) The Group incurred share issuance costs of $982,790 for the year ended September 30, 2021 (September 30, 2020 - $1,264). Share issuance costs included legal costs and finders' fees of $699,495 and finders warrants of $283,295.

16. SHARE CAPITAL (continued)

A. Share issuances (continued)

(k) In connection with the ECO acquisition on August 3, 2021, the Group issued 488,702 common shares on the date of acquisition. The fair value of the share consideration was determined to be $243,869 on the acquisition date. See note 7.

(l) In connection with the BlockMD acquisition on July 27, 2021, the Group issued 3,430,871 common shares on the date of acquisition. The fair value of the share consideration was determined to be $1,053,000 on the acquisition date. See note 7.

(m) On August 1, 2021, 145,000 common shares were issued to various employees as a signing bonus at a fair value of $0.52 per share. The common shares are not subject to any vesting conditions.

(n) On October 1, 2021, 150,000 common shares were issued at a price of $0.45 per unit for stock option exercise.

(o) On October 18, 2021, 255,102 common shares were issued at a price of $0.49 per unit for stock option exercise.

(p) On October 25, 2021, 100,000 common shares were issued on share-based compensation and 270,000 common shares issued as a signing bonus at a fair value of $0.3950 per share. The common shares are not subject to any vesting conditions.

(q) On November 23, 2021, 2,400 common shares were issued on warrants exercise at a price of $0.75 per share.

(r) On January 4, 2022, 270,000 shares issued on reverse vesting and signing bonus.

(s) On February 1, 2022, 7,500,000 shares issued at a price of $0.20 per unit for gross proceeds of $1,500,000.

(t) On February 9, 2022, 100,000 shares issued on stock option exercise.

(u) On February 14, 2022, 300,000 shares issued on share-based compensation.

(v) On April 6, 2022, the Company issued an aggregate 5,450,000 common shares in the capital of the company at a deemed price of 7.5 cents per debt share, to settle a bona fide debt in the amount of $408,750 owed by the Company's wholly owned subsidiary, Levitee Real Estate Inc., to an arm's-length company pursuant to the terms of a debt settlement agreement among the parties. A gain from debt settlement of $109,000 was recognized in the statement of loss and comprehensive net loss during the nine months ended June 30, 2022.

B. Share purchase warrants

In connections with the share issuances of Monk-E on November 30, 2020, the Group issued 95,360 share purchase warrants as payment for brokers' commission. These warrants had an exercise price of $0.25 and an expiry date of November 24, 2023. On the amalgamation date of November 30, 2020, these share purchase warrants were exchanged for warrants of Levitee Labs Inc. with the same terms. The Group has determined the fair value of these warrants using Black-Scholes Option pricing model on the acquisition date to be $16,718 using the following terms:

Expected Life	**3 years**
Risk-free interest rate	0.29%
Expected volatility	120%
Expected dividends yield	0%
Forfeiture rate	0%

The value of these warrants was included in the consideration transferred in the acquisition of Monk-E.

17. RESERVES

During the year ended June 30, 2021, the Group issued the following warrants:

- On January 20, 2021, and in connection with the private placement, the Group issued 995,520 finders warrants, which have an expiry date of 2 years from their issuance and an exercise price of $0.75 per common share. The warrants were valued using the Black-Scholes options pricing model with the assumptions below and a fair value of $179,193. The value of these warrants will be recorded as share issuance costs.
- On February 4, 2021, and in connection with the private placement, the Group issued 197,120 finders warrants, which have an expiry date of 2 years from their issuance and an exercise price of $0.75 per common share. The warrants were valued using the Black-Scholes options pricing model with the assumptions below and a fair value of $35,482. The value of these warrants will be recorded as share issuance costs.

C. Stock based compensation

The following terms were used to determine the fair value of the above warrant issued:

	January 20, 2021	**February 4, 2021**
Expected Life	2 years	2 years
Risk-free interest rate	0.20%	0190%
Expected volatility	120%	120%
Expected dividends yield	0%	0%
Forfeiture rate	0%	0%

(i) On December 15, 2020, the board of directors approved granting the 250,000 stock options with an exercise price of $0.10, expiry date of December 15, 2023, and a vesting period of 12 quarters with the 1/12th beginning vesting at the grant date and 1/12th of the award vesting every quarter. The fair value of options granted was $51,353. The Group has valued this grant based on the Black Scholes option pricing model with the following assumptions. Expected stock price volatility was derived from a sample of similar publicly traded companies.

Grant Date	**December 15, 2020**
Expected dividends yield	Nil
Expected stock price volatility	120%
Risk-free interest rate	0.30%
Expected life of options	3 years
Forfeiture rate	Nil

As at September 30, 2021, 62,500 of the total stock options outstanding had vested. The Group recognized $30,060 in stock-based compensation expense for the year ended September 30, 2021 (2020 - Nil).

	Number of Options	**Weighted Average Exercise Price**
Issued Options	250,000	$0.10
Balance at September 30, 2021 and June 30, 2022	250,000	$0.10
Exercisable at September 30, 2021 and June 30, 2022	250,000	$0.10

(ii) On May 31, 2021, the Group granted options to purchase up to 19,024,452 common shares to executive officers and employees with an exercise price of $0.02 and vesting over a 48-month period expiring July 20, 2025. These shares were exercised immediately and subject to vesting conditions (note 16).

17. RESERVES (continued)

D. Stock options

Related share-based compensation expenses as of September 30, 2021 amounted to 9,895,700 shares and the fair value of those shares was estimated at $3,831,316.

The Group issued an aggregate amount of 1,732,400 common shares, 1,010,000 common shares were issued to various employees as a signing bonus and 722,400 common shares were issued to contractors as a signing bonus. The common shares are not subject to any vesting conditions (note 16).

On May 31, 2021, an aggregate of 5,644,485 common share purchase options (the “Employee Compensation Options”) were issued to certain employees of LLH, each option exercisable at $0.25 per share for a period of five years. The Employee Compensation Options will vest in accordance with certain performance-based milestones. The fair value of the options was estimated at $ 1,164,816 using the Black Scholes valuation model with the following assumptions. Expected stock price volatility was derived from a sample of similar publicly traded companies.

Grant Date	**May 31, 2021**
Expected dividends yield	Nil
Expected stock price volatility	120%
Risk-free interest rate	0.32%
Expected life of options	5 years
Forfeiture rate	5% - 40%

On August 1, 2021, 145,000 common shares were issued to various employees as a signing at a fair value of $0.52 per share. The common shares are not subject to any vesting conditions (note 16).

Stock option transactions for the nine month period ended June 30, 2022 and year ended September 30, 2021 are as follows:

	Number of Options	**Weighted Average Exercise Price**
Issued Options	25,993,938	$0.08
Vested	(20,349,452)	$0.03
Balance at September 30, 2021 and June 30, 2022	5,644,486	$0.25
Exercisable at September 30, 2021 and June 30, 2022	1,600,915	$0.25

18. REVENUE

The Company’s disaggregated revenue is as follows for the nine months ended June 30:

	2022	**2021**
Pharmacies	$ 2,158,273	$ -
Clinical services	1,452,282	-
Sale of products	2,463,412	-
Total	**$ 6,073,967**	**$ -**

19. FAIR VALUE CHANGE IN FINANCIAL LIABILITIES

The Group all the issued and outstanding shares of BlockMD for $1,475,000 of issued the Company's shares on closing less a discount for lack of marketability during a four-month restriction on transfer period, plus a downside protection on the shares issued. Thus, the price guarantee was revalued at their fair value and treated as an FVTPL instrument. At the acquisition date the price guarantee was estimated to be $253,000. The fair value of the price guarantee was calculated using a Black-Scholes put option-pricing model. The following assumptions were used in determining the fair value: trading price of the Company $0.48- $0.52 per common share, expected time to conversion to common shares of 0.33 years; annualized volatility of 104.41% and risk-free rate of 0.17%.

As at September 30, 2021 the fair value of the price guarantee was estimated to be $130,000. The change in fair value of $123,000 for the year ended September 30, 2021 was recognized in fair value of financial liabilities in the consolidated statement of loss and comprehensive loss.

20. RELATED PARTY TRANSACTION

a. Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group as a whole. The Group has determined that key management personnel consist of members of the Company's Board of Directors, and corporate officers. The remuneration of key management personnel including consulting fees paid through companies owned by directors during the nine months ended June 30, 2022 and 2021 is as follows:

	June 30, 2022	**June 30, 2021**
Consulting fee and management fee	$ 387,433	$ 193,244
Salary	595,157	418,876
Stock-based compensation	-	2,905,897
Rent	13,200	13,200
	$ 995,790	**$ 3,531,217**

b. Loans with related parties

On June 10, 2019, The Company entered into an agreement to lend $50,000 to two companies owned by directors of the Company for $25,000 each. Both companies are controlled by a common controlling team. The loan agreement states that the loan is unsecured, non-interest bearing, and repayable on demand. On August 31, 2020 these loans were settled in exchange for amounts owing to the two parties for consulting services settled by offset with trade payables related to the consulting services provided by the same companies.

20. COMMITMENTS

The Group has entered into lease agreements whereby the Group's subsidiaries lease various facilities and premises.

Future undiscounted lease payments are as follows:

	Years					
	2022	2023	2024	2025	2026	**Total**
Lease payments	$ 302,280	$ 180,602	$ 177,327	$ 179,580	$ 37,098	$ 876,887

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values of financial instruments

June 30, 2022	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial assets (liabilities) at fair value through profit or loss
Cash	$ 979,046	$ -	$ -
Trade and other receivables	78,618	-	-
Marketable securities	-	-	46,800
Trade and other payables	-	1,550,972	-
Borrowings	-	2,941,272	-
Purchase consideration payable	-		(767,241)
Total	**$ 1,057,664**	**$ 4,492,244**	**$ (720,441)**

September 30, 2021	Financial assets at amortized cost	Financial liabilities at amortized cost	Financial assets (liabilities) at fair value through profit or loss
Cash	$ 705,387	$ -	$ -
Trade and other receivables	530,307	-	-
Marketable securities	-	-	46,800
Trade and other payables	-	1,344,443	-
Borrowings	-	313,080	-
Purchase consideration payable	-	-	(756,841)
Total	**$ 1,235,694**	**$ 1,657,523**	**$ (710,041)**

Fair value measurements and disclosures use the following hierarchy definitions in determining its classifications:

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

Cash restricted cash, trade and other receivables, trade and other payables and borrowings approximate their fair value due to their short-term nature. The carrying value of lease liabilities where a discount rate is used is not significantly different than fair value. The fair value of the marketable securities is determined using Level 1 as this consists of shares of a publicly traded entity on an active market. Purchase consideration payable is measured at fair value using valuation model considering the present value of the expected future payments, discounted using a risk-adjusted discount rate.

The Group did not have any transfer of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value hierarchy during the nine months ended June 30, 2022 and during the year ended September 30, 2021.

(b) Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (primarily interest rate risk). Risk management is carried out by the Group by identifying and evaluating the financial risks inherent within its operations. The Group's overall risk management activities seek to minimize potential adverse effects on the Group's financial performance.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

i. Credit risk

The Group is exposed to credit risk resulting from the possibility that counterparties may default on their financial obligations to the Group. Credit risk primarily arises from trade and other receivables and cash. The Group's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of performance. The trade receivable balances over 30 days are considered past due.

An allowance for credit losses is reviewed at each consolidated statements of financial position date. A loss allowance is taken on trade and other receivables and is recorded as a reduction to its respective receivable account on the consolidated statements of financial position. The Group's loss allowance is based on lifetime ECLs. As at June 30, 2022, none of the customers balances have been written off or are credit impaired.

ii. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projection.

The Group monitors its cash flows to meet the Group's normal operating requirements on an ongoing basis and its planned capital expenditures. The expected timing of consolidated cash flows relating to financial liabilities as at June 30, 2022 and September 30, 2021 is as follows:

June 30, 2022	**Less than 1 year**	**1-3 years**	**4-5 years**	**Total**
Trade and other payables	$ 1,550,972	$ -	$ -	$ 1,550,972
Income tax payable	521	-	-	521
Borrowings	2,941,272	-	-	2,941,272
Other payables	200,180	-	-	200,180
Purchase consideration payable	767,241	-	-	767,241
Lease liabilities	332,416	345,545	-	677,961
	$ 5,792,602	**$ 345,545**	**$ -**	**$ 6,138,147**

iii. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Group does not charge or is charged floating interest rates on its receivables and payables.

Financial assets financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Group's lease obligations and borrowings are at fixed rates of interest. Those that are non-interest bearing are carried at amortized cost and calculated using discount rates appropriate to the related debt.

iv. Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Group's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations affect the revenues and costs that the Group earns and incurs in its operations.

The Group's presentation currency is the Canadian dollar and the Group's subsidiary, Earth Circle Organics Chain Inc. operates in the United States and therefore a portion of revenues are earned in US dollars. The Group also holds US dollar denominated debt. The fluctuation of the Canadian dollar in relation to the US dollar will consequently impact the profitability of the Group and may also affect the value of the Group's assets and liabilities and the amount of shareholders' equity.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

v. Market risk

The Group has exposure to equity securities price risk through the marketable securities investment described in note 10. The investment held by the Group and classified on the balance sheet as at fair value through profit and loss (FVTPL).

To manage its price risk arising from the marketable securities investment, the Group closely monitors the price and performance of the equity security held.

24. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to identify, pursue and complete the acquisition of companies and strategic assets in the psychedelics industry. The goal of the Group is to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Group does not have any externally imposed capital requirements to which it is subject. Capital of the Group comprises of cash and cash equivalents and shareholders' equity. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may attempt to issue new shares. The Group's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.