FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **1CM Inc.** (the "Issuer").

Trading Symbol: **EPIC**

Date: **January 29, 2024**

Quarter: **Q1FY2024**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Attached.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. **Related party transactions**

   See FS Note 13

2. **Summary of securities issued and options granted during the period.**

   See FS Note 10

3. **Summary of securities as at the end of the reporting period.**

   See FS Note 10

4. **List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

   Tanvi Bhandari – CEO and Director
   Rupalee Mehta – Director
   Lucas Leone – Director
   Harshil Chovatiya – Chief Financial Officer, Chief Operating Officer and Corporate Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Attached

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: **January 29, 2024**

Tanvi Bhandari
Name of Director or Senior Officer

“Tanvi Bhandari”
Signature

CEO
Official Capacity

Issuer Details Name of Issuer 1CM Inc.	For Quarter Ended November 30, 2023	Date of Report YY/MM/DD 24/01/29
Issuer Address 625 Cochrane Drive, Suite 802		
City/Province/Postal Code Markham, ON, L3R 9R9	Issuer Fax No. ( )	Issuer Telephone No. (717) 888-8889
Contact Name Tanvi Bhandari	Contact Position CEO	Contact Telephone No. (717) 888-8889 (ext. 5)
Contact Email Address tanvi@1cminc.com	Web Site Address www.1cminc.com	

1CM INC.

Condensed Interim Consolidated Financial Statements

Three Months Ended November 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

1CM INC.

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Notice to Reader Issued by Management

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice to this effect. The accompanying unaudited condensed interim consolidated financial statements have been prepared and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of the unaudited condensed interim consolidated financial statements.

January 29, 2024

1CM INC.

Condensed Interim Consolidated Statements of Financial Position
As at November 30, 2023 and August 31, 2023
(Unaudited - Amounts Expressed in Canadian Dollars)

	November 30, 2023 $	August 31, 2023 $
Assets		
Current Assets		
Cash	**3,725,009**	3,079,183
Accounts receivable and other receivables	**224,806**	113,436
Inventories *(Note 5)*	**4,100,838**	4,204,482
Prepaid expenses and deposits *(Note 15)*	**1,125,403**	1,136,587
	9,176,056	8,533,688
Investment	**25,000**	25,000
Goodwill and intangibles *(Note 6)*	**19,611,413**	19,011,382
Right-of-use assets *(Note 7)*	**4,394,603**	4,321,688
Property, plant and equipment *(Note 8)*	**2,069,244**	2,127,007
	35,276,316	34,018,765
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	**1,554,902**	1,601,057
Sales tax payable	**159,998**	176,226
Income tax payable	**427,275**	427,275
Current portion of lease liabilities *(Note 9 (d))*	**356,941**	348,250
Current portion of long-term debt *(Note 9(a))*	**1,444,618**	1,898,797
	3,943,734	4,451,605
Deferred tax liabilities	**802,003**	824,917
Lease liabilities *(Note 9(d))*	**4,250,315**	4,147,161
	8,996,052	9,423,683
Equity		
Share capital *(Note 10(a))*	**65,946,030**	60,946,030
Share subscriptions received *(10(a))*	**-**	3,000,000
Options (*Note 10(b)*)	**1,868,325**	1,777,875
Accumulated deficit	**(41,534,091)**	(41,128,823)
Total shareholders' equity	**26,280,264**	24,595,082
Total liabilities and shareholders' equity	**35,276,316**	34,018,765

Going Concern (Note 1), Contingencies (Note 15), Subsequent Events (Note 18)

Approved on behalf of the Board:

"Lucas Leone", Director	*"Tanvi Bhandari"*, Director
(signed)	(signed)

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

1CM INC.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three Months Ended November 30, 2023 and 2022
(Unaudited - Amounts Expressed in Canadian Dollars)

	November 30, 2023	November 30, 2022
	$	$
Revenue		
Sales *(Note 14)*	**12,321,858**	7,406,188
Cost of sales *(Note 5, 13)*	**9,862,686**	5,813,092
Gross Profit	**2,459,172**	1,593,096
Expenses		
Salaries, wages and consulting fees *(Note 13)*	**1,193,732**	789,584
Office and general	**532,725**	324,766
Operational and utilities	**358,684**	262,429
Professional fees	**200,316**	138,934
Depreciation (*Note 7, 8)*	**174,908**	67,210
Interest, net *(Note 9)*	**165,936**	488,700
Amortization of intangible assets *(Note 6)*	**124,469**	118,480
Share-based compensation *(Note 10(b))*	**90,450**	435,549
Travel and promotion	**29,514**	17,438
Investors relations and fees	**16,620**	19,002
Gain on sale of subsidiaries, net *(Note 4)*	**-**	(1,398,214)
	2,887,354	1,263,878
Income (loss) before income tax recovery (expense)	**(428,182)**	329,218
Deferred tax recovery	**22,914**	22,500
Net income (loss)	**(405,268)**	351,718
Other Comprehensive Income (Loss)		
Foreign currency translation	**-**	(189,847)
Comprehensive income (loss)	**(405,268)**	161,871
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	**116,967,704**	111,336,935
Basic and Diluted Earning (loss) per Share	**(0.00)**	0.00

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

1CM INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Three Months Ended November 30, 2023 and 2022
(Unaudited - Amounts Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share subscriptions received	Options	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, August 31, 2022	**110,403,602**	**$ 55,146,030**	**$ -**	**$ 1,301,270**	**$ (40,701,065)**	**$ (365,696)**	**$ 15,380,539**
Vesting of stock options (Note 10(b))	-	-	-	435,549	-	-	435,549
Expiry of stock options (Note 10(b))	-	-	-	(7,973)	7,973	-	-
Issuance of shares on private placement (Note 10(a))	4,000,000	5,800,000	-	-	-	-	5,800,000
Net loss and comprehensive loss	-	-	-	-	351,718	(189,847)	161,871
Balance, November 30, 2022	**114,403,602**	**60,946,030**	**-**	**1,728,846**	**(40,341,374)**	**(555,543)**	**21,777,959**
Balance, August 31, 2023	**114,403,602**	**$ 60,946,030**	**$ 3,000,000**	**$ 1,777,875**	**$ (41,128,823)**	**$ -**	**$ 24,595,082**
Vesting of stock options (Note 10(b))	-	-	-	90,450	-	-	90,450
Issuance of shares on private placement (Note 10(a))	3,333,333	5,000,000	(3,000,000)	-	-	-	2,000,000
Net loss and comprehensive loss	-	-	-	-	(405,268)	-	(405,268)
Balance, November 30, 2023	**117,736,935**	**65,946,030**	**-**	**1,868,325**	**(41,534,091)**	**-**	**26,280,264**

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

1CM INC.

Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended November 30, 2023 and 2022
(Unaudited - Amounts Expressed in Canadian Dollars)

	November 30, 2023	November 30, 2022
	$	$
Cash Flows from (used in) Operating Activities		
Net income (loss)	**(405,268)**	351,718
Add-back (deduct) non-cash items		
Depreciation *(Note 7, 8)*	**174,908**	67,210
Amortization of intangible assets *(Note 6)*	**124,469**	118,480
Interest and accretion *(Note 9)*	**165,936**	488,700
Share-based compensation *(Note 10(b))*	**90,450**	435,549
Gain on sale of subsidiary *(Note 4)*	**-**	(1,398,214)
Deferred tax recovery	**(22,914)**	(22,500)
Changes in non-cash working capital:		
Accounts receivables and other assets	**(111,370)**	191,632
Prepaid expenses and deposits *(Note 15)*	**11,184**	14,216
Sales tax payable	**(16,228)**	73,559
Income tax payable	**-**	-
Inventories	**103,644**	(570,369)
Accounts payable and accrued liabilities	**(46,155)**	(35,670)
Cash flows from (used in) operating activities	**68,656**	(285,689)
Cash Flows from (used in) Financing Activities		
Lease payments *(Note 9(d))*	**(191,234)**	(91,641)
Proceeds from private placement *(Note 10(a))*	**2,000,000**	5,800,000
Repayments of long-term debt *(Note 9(a))*	**(500,000)**	(7,332,875)
Cash flows from (used in) financing activities	**1,308,766**	(1,624,516)
Cash Flows from (used in) Investing Activities		
Proceeds from disposal of Leviathan USA *(Note 4)*	**-**	3,332,875
Additions to intangible assets	**(724,500)**	-
Additions to property, plant and equipment	**(7,096)**	-
Cash flows from (used in) investing activities	**(731,596)**	3,332,875
Increase in cash	**645,826**	1,422,670
Effect of foreign exchange translation	**-**	(154,696)
Cash, beginning of period	**3,079,183**	2,236,949
Cash, end of period	**3,725,009**	3,504,923

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

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of Business

1CM Inc. (the "Company") is a multi-jurisdictional company, focused on becoming a leader in cannabis and other complementary and substitutable vice retail industries including Liquor, Tobacco and Nicotine. The Company aims to expand its current operations through organic growth and by way of merger and acquisition transactions. On September 7, 2022, the Company changed its name from Leviathan Natural Products Inc. to 1CM Inc.

The Company is a publicly traded company incorporated and domiciled in Canada. The Company's registered office is 625 Cochrane Drive, Suite 802, Markham, ON L3R 9R9. The Company's common shares are listed on the Canadian Securities Exchange under the symbol "EPIC" and on the OTCQB under the symbol "MILFF".

Going Concern

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

For the three months ended November 30, 2023, the Company reported a net loss of $405,268 (November 30, 2022 – net income of $351,718) and, as at November 30, 2023, had a deficit of $41,534,091 (August 31, 2023 – $41,128,823) and working capital surplus of $5,232,322 (August 31, 2023 – $4,082,083). Management has forecasted that the expected expenditure levels and contracted commitments will not significantly exceed the Company's net cash inflows and working capital for the next 12 months. Additional sources of funding will be required to carry on operations and/or to realize on investment opportunities. The Company's future operations are dependent upon its ability to secure additional funds and to become cash flow positive. While the Company is striving to achieve these plans, there is no assurance that these and other strategies will be realized, or such sources of funds will be available or obtained on favourable terms or obtained at all. Historically, the Company has obtained funding from the issuance of common shares, proceeds from the exercise of share purchase warrants, and through issuances of short-term and long-term debt, however, there can be no assurances that the Company will be able to continuingly achieve this. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenues and expenses, and the condensed interim consolidated statements of financial position classifications used. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - *Interim Financial Reporting*, prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on January 29, 2024.

Basis of presentation and consolidation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value. Historical cost is based on the fair value of the consideration given in exchange for assets. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's subsidiaries are listed in Note 11.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional and presentation currency

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is the Canadian dollar. During the year ended August 31, 2023, the Company's disposed of i) Leviathan US, which had a US dollar functional currency; ii) Grupo LCG SAS and Natural Origins SAS, which had a Colombian peso functional currency; and iii) and LCG Holdings Inc. which had a Canadian dollar functional currency.

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the condensed interim consolidated statements of financial position date. Exchange gains and losses on settlement of transactions, and the translation of monetary assets and liabilities other than in functional currency are recorded in the condensed interim consolidated statements of operations and comprehensive loss.

Significant accounting estimates, judgements, and assumptions

The preparation of the Company's condensed interim consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. The following are the key estimate and assumption uncertainties:

<u>Valuation of inventories</u>

All inventories are reviewed for impairment due to slow moving and obsolete inventory. The provision for obsolete, slow moving and defective inventories are recognized in the condensed interim consolidated statement of operations and comprehensive loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventories.

<u>Warrants and stock options</u>

Warrants and stock options are initially valued at fair value, based on the application of the Black-Scholes option pricing model. This pricing model requires management to make various assumptions and estimates which are susceptible to uncertainty, including the volatility of the share price, expected dividend yield, expected life of the share purchase warrant or stock option and risk-free interest rate.

<u>Carrying values of tangible assets</u>

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss) as an impairment expense. Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates, and future cash flows. Depreciation is dependent upon estimates of useful lives and the residual values. These are determined through the exercise of judgement and are dependent upon estimates that consider factors such as economic and market conditions, frequency of use, anticipated changes in laws, and technological estimates. Management reviews the useful lives for tangible assets at the end of each reporting period based on expected utility with changes in such estimates accounted prospectively. A material change in the assumptions may significantly impact the potential impairment of these assets.

<u>Carrying values of goodwill and other intangible assets</u>

The values associated with goodwill and other intangible assets involve significant estimates and assumptions, including those with respect to the determination of cash generating units ("CGUs"), future cash inflows and outflows, discount rates and useful asset lives. At least annually, the carrying amount of goodwill and other intangible assets are reviewed for potential impairment. Among other things, this review considers the recoverable amounts of the CGUs based on the higher of value in use or fair value less costs of disposal using discounted estimated future cash flows. Further, the determination of an intangible asset having a definite or an indefinite useful life, and if determined to be a definite life intangible asset, amortization based on the useful life, which are reviewed at each reporting period based on the expected utility of the asset, with changes in such estimates accounted prospectively. These significant estimates require considerable judgment which could affect the Company's future results if the current estimates of future performance and fair value change.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting estimates, judgements, and assumptions (continued)

Deferred tax assets

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. The Company recognizes deferred tax assets only to the extent that it considers it probable that those assets will be recoverable. The Company makes assumptions about when deferred tax assets are probable to reverse, the extent to which it is probable that temporary differences will reverse and whether or not there will be sufficient taxable profits available to realize the tax assets when they do reverse. In making these judgments, the Company continually evaluates the magnitude and duration of any past losses, current profitability and whether it is sustainable, and earnings forecasts.

Income taxes

Income taxes and tax exposures recognized in the condensed interim consolidated financial statements reflect management's best estimate based on facts known at the reporting date. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to consider certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Functional presentation and currency

In determining the functional currency of the parent and its subsidiary, the Company considers the currency that mainly influences sales and the cost of providing goods and services in each jurisdiction the Company's subsidiaries operate in. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

Business combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Going concern assumption

Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Share-based payments

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

Contingencies

Due to the nature of the Company's operations, various legal matters can arise from time to time in the normal course of business. Management assesses its contingencies based upon the best information available at the end of each reporting period. In the event that management's estimate of the future resolution of these matters' changes, the Company will recognize the effects of the changes in its condensed interim consolidated financial statements for the period in which such changes occur.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent and future accounting pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

3. FINANCIAL RISK FACTORS

The Company's risk exposure and the associated impact on its financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment or contractual obligations. The Company has deposited its cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due within one year. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As at November 30, 2023, there is substantial doubt about the Company's ability to continue as a going concern primarily due to its history of losses (Note 1). Liquidity risk continues to be a key concern in the development of future operations.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on the Company's existing debt is fixed, and are not currently subject to any significant interest rate risk.

4. ACQUISITIONS AND DISPOSALS

During the three months ended November 30, 2023, the Company did not have any acquisitions or disposals.

During the year ended August 31, 2023, the Company had the following acquisitions and disposals:

Sale of Colombian Facility

On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc. (and its wholly owned subsidiaries, Grupo LCG SAS and Natural Origins SAS), and the subsidiary's entire interest in the property located in Carmen de Viboral, Colombia, together with all buildings, structures, and equipment situated there on (the "Colombian Assets"). The aggregate purchase price for the sale of the Colombian Assets amounted to $1,050,000, with the consideration received as a reduction of the debt the Company holds with the purchaser (Note 9(b)). The Company recorded a loss on this transaction in the amount of $175,952 for the year ended August 31, 2023. The loss is reflected in gain on sale of subsidiaries, net, in the condensed interim consolidated statements of operations and comprehensive loss.

(Unaudited - Amounts Expressed in Canadian Dollars)

4. ACQUISITIONS AND DISPOSALS (continued)

Below details the loss recognized on the sale of the Colombian Assets during the year ended August 31, 2023:

	$
Proceeds received on disposition	**1,050,000**
Repayment of long-term debt	**(1,050,000)**
Cash consideration received	**-**
Carrying amount of net assets sold:	
Cash	2,283
Other assets	57,165
Property, plant, and equipment	1,120,562
License	25,213
Accounts payables	(36,545)
Foreign exchange	57,274
	1,225,952
Loss on disposal of Colombian Assets	**(175,952)**

Sale of Leviathan USA

On November 17, 2022, the Company completed the sale of its subsidiary, Leviathan USA, Inc., disposing of its entire interest in the property situated in Tennessee US, along with all related assets, namely buildings, structures and equipment as well as associated payable balances and mortgages. The aggregate purchase price for the sale of subsidiary amounted to $3,332,875 (US $2.5 million), with the consideration received as a reduction of the debt the Company holds with the purchaser (Note 9(b)). The Company recorded a gain on this transaction in the amount of $1,398,214 during the three months ended November 30, 2022. This gain is reflected in gain on sale of subsidiaries, net, in the condensed interim consolidated statements of operations and comprehensive loss.

Acquisition of Fresh Cannabis Co.

On December 1, 2022, the Company completed the acquisition of Fresh Cannabis Co. Inc. (“Fresh Cannabis”) for a total cash consideration of $375,000 (the “Fresh Cannabis Acquisition”). Fresh Cannabis is a cannabis retail store operation located in British Columbia, Canada.

In accordance with *IFRS 3 – Business Combinations*, Fresh Cannabis was determined not to meet the definition of a business as substantially all of the fair value of Fresh Cannabis with the primary value concentrated in the value of the cannabis retail license, with nominal other assets acquired with right-of-use assets and lease liabilities offsetting each other. Accordingly, the acquisition was treated as an asset acquisition, with the majority of the consideration relating to the cannabis license (Note 6), amounting to $335,250.

Details of the asset allocation are as follows:

	$
Purchase Price:	375,000
Amount allocated to:	
Inventory	18,154
Equipment	21,596
Right-of-use assets	108,689
Lease liabilities	(108,689)
Intangible assets	335,250
	375,000

Subsequent to the Fresh Cannabis Acquisition, the Company implemented its own processes and rebranded Fresh Cannabis into a Cost Cannabis store.

(Unaudited - Amounts Expressed in Canadian Dollars)

4. ACQUISITIONS AND DISPOSALS (continued)

Acquisition of Greenery Cannabis Boutique Ltd.

On December 14, 2022, the Company completed the acquisition of 1267842 B.C. Ltd. (o/a Greenery Cannabis Boutique Ltd.) ("Greenery Cannabis") for a total cash consideration of $70,000 (the "Greenery Cannabis Acquisition"). Greenery Cannabis is a cannabis retail store operation located in British Columbia, Canada.

The Greenery Cannabis Acquisition did not meet the definition of a business in accordance with *IFRS 3 – Business Combinations* due to the lack of substantive processes in place by Greenery Cannabis at the time of acquisition. Accordingly, the Greenery Cannabis Acquisition was treated as an asset acquisition.

Details of the asset allocation are as follows:

	$
Purchase Price:	**70,000**
Amount allocated to:	
Cash	815
Inventory	1,820
Property and equipment	76,805
Right-of-use assets	135,177
Lease liabilities	(135,177)
Accounts payable and accrued liabilities	(9,440)
	70,000

Subsequent to the Greenery Cannabis Acquisition, the Company implemented its own processes and rebranded Greenery Cannabis into a Cost Cannabis store.

5. INVENTORIES

As at November 30, 2023 and August 31, 2023, the components of the Company's inventories are as follows:

	November 30, 2023	August 31, 2023
Accessories	$ 189,025	$ 158,478
Finished goods	3,911,813	4,046,004
	$ 4,100,838	**$ 4,204,482**

Inventories recognized as an expense, included in cost of sales, during the three months ended November 30, 2023 and 2022 amounted to $9,862,686 and $5,813,092, as presented on the condensed interim consolidated statements of operations and comprehensive loss.

(Unaudited - Amounts Expressed in Canadian Dollars)

6. GOODWILL AND INTANGIBLES

The Company's goodwill and intangible assets was comprised of the following:

	Licenses $	Technology Platform $	Trade Name $	Retail Permits $	Goodwill $	Total goodwill and intangibles $
Cost						
As at August 31, 2022	**137,303**	**505,000**	**3,298,257**	**-**	**14,735,751**	**18,676,311**
Additions during the year	335,250	-	-	618,100	-	953,350
Disposals during the year	(137,303)	-	-	-	-	(137,303)
As at August 31, 2023	**335,250**	**505,000**	**3,298,257**	**618,100**	**14,735,751**	**19,492,358**
Additions during the period	-	-	-	724,500	-	724,500
Disposals during the period	-	-	-	-	-	-
As at November 30, 2023	**335,250**	**505,000**	**3,298,257**	**1,342,600**	**14,735,751**	**20,216,858**
Accumulated Amortization						
As at August 31, 2022	**88,266**	**-**	**-**	**-**	**-**	**88,266**
Amortization during the year	73,974	101,000	329,826	-	-	504,800
Disposals during the year	(112,090)	-	-	-	-	(112,090)
As at August 31, 2023	**50,150**	**101,000**	**329,826**	**-**	**-**	**480,976**
Amortization during the period	16,763	25,250	82,456	-	-	124,469
Disposals during the period	-	-	-	-	-	-
As at November 30, 2023	**66,913**	**126,250**	**412,282**	**-**	**-**	**605,445**
Net Book Value						
As at August 31, 2022	49,037	505,000	3,298,257	-	14,735,751	18,588,045
As at August 31, 2023	285,100	404,000	2,968,431	618,100	14,735,751	19,011,382
As at November 30, 2023	**268,337**	**378,750**	**2,885,975**	**1,342,600**	**14,735,751**	**19,611,413**

Intangible Assets

The Company's licenses are in relation to a cannabis retail license in British Columbia, Canada, in connection with the Fresh Cannabis Acquisition (Note 4). These licenses are considered to be an intangible asset with a definite life and are being amortized straight-line over a five-year period. The carrying value of these licenses amounted to $268,337 as at November 30, 2023 (August 31, 2023 – $285,100).

The Company's technology platform is a definite life intangible asset and is being amortized straight-line over a five-year period which reflects the useful life of the asset.

The Company's trade name is in relation to the Tirthankar Acquisition. The trade name was determined to be a definite life intangible asset and is a being amortized straight-line over a ten-year period, which reflects the useful life of the asset.

During the three months ended November 30, 2023, the amortization on intangible assets amounted to $124,469 (November 30, 2022 – $118,480).

The Company's retail permits are comprised of retail liquor permits that were acquired during the year ended August 31, 2023. These retail liquor permits related to a retail store permit in Creighton, Saskatchewan, for an aggregate price of $601,100; and a retail store permit in Lloydminster, Saskatchewan, for an aggregate price of $17,000. During the three months ended November 30, 2023, the Company acquired a retail liquor permit in Watrous, Saskatchewan, for an aggregate purchase price of $724,500 (the "Watrous Liquor Permit"). The Watrous Liquor Permit prepaid balance amounted to $181,125 as at August 31, 2023.

These retail liquor permits were determined to have an indefinite life and, as a result, there has been no amortization charged on these retail liquor permits to date.

(Unaudited - Amounts Expressed in Canadian Dollars)

6. GOODWILL AND INTANGIBLES (continued)

Goodwill

The Company's goodwill is in relation to the Tirthankar Acquisition. On August 31, 2023, the Company performed its annual impairment test on the goodwill amount. The Company performed its goodwill impairment analysis by comparing the carrying amount to the recoverable amount of the CGU calculated using the value in use approach. The Company identified its Ontario Retail operation as a separate CGU due to its integrated operations for the sale of retail cannabis. The key assumptions used for the value in use approach was the five-year discounted cash flow model with a terminal value applied, which included various significant unobservable inputs.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy are subject to volatility and several uncontrollable factors which would significantly affect the present value of the discounted cash flows, were used by management as part of this model:

i. Revenue growth rate of 20% for fiscal year 2024 and 2% incremental thereafter – represents the ability of the Company to generate revenue, based on past performance and its expectation of future performance;
ii. Cost of sales percentage of 80% – calculated as a percentage of revenue, based on past results and its expectation of future results;
iii. Weighted average cost of capital of 12.9% – calculated as weighted average cost of the Company's cost of equity and cost of debt; and
iv. Earnings before interest, taxes, depreciation and amortization rate between 7% - 8% – calculated as projected gross profit less projected total operating expenses.

During the three months ended November 30, 2023 and 2022, there were no events or changes in circumstances that indicating that the carrying amount of the goodwill would not be recoverable. There was no impairment recorded in relation to the goodwill during the year ended August 31, 2023 and during the three months ended November 30, 2023 and 2022.

7. RIGHT-OF-USE ASSETS

The Company's right-of-use assets were comprised of the following:

As at August 31, 2022	**$**	**2,419,616**
Additions from the Fresh Cannabis Acquisition *(Note 4)*		108,689
Additions from the Greenery Cannabis Acquisition *(Note 4)*		135,177
Additions		2,155,710
Termination of lease		(131,712)
Depreciation		(365,792)
As at August 31, 2023	**$**	**4,321,688**
Additions		182,964
Depreciation		(110,049)
As at November 30, 2023	**$**	**4,394,603**

(Unaudited - Amounts Expressed in Canadian Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment was comprised of the following:

	Land and Building $	Machinery Equipment $	Furniture and Fixtures $	Vehicle $	Total $
Cost					
At August 31, 2022	**2,592,603**	**2,168,687**	**177,238**	**26,483**	**4,965,010**
Additions	1,935,661	160,236	8,728	-	2,104,625
Disposals	(2,570,705)	(2,120,033)	(109,966)	-	(4,800,704)
At August 31, 2023	**1,957,559**	**208,890**	**76,000**	**26,483**	**2,268,932**
Additions	7,096	-	-	-	7,096
Disposals	-	-	-	-	-
At November 30, 2023	**1,964,655**	**208,890**	**76,000**	**26,483**	**2,276,028**
Accumulated Depreciation					
At August 31, 2022	**113,478**	**1,062,824**	**58,617**	**-**	**1,234,919**
Depreciation for the year	73,857	38,632	21,491	7,944	141,924
Disposals	(113,477)	(1,062,824)	(58,617)	-	(1,234,918)
At August 31, 2023	**73,858**	**38,632**	**21,491**	**7,944**	**141,925**
Depreciation for the period	36,895	20,605	5,373	1,986	64,859
Disposals	-	-	-	-	-
At November 30, 2023	**110,753**	**59,237**	**26,864**	**9,930**	**206,784**
Net Book Value					
At August 31, 2023	1,883,702	170,258	54,509	18,539	2,127,007
At November 30, 2023	**1,853,903**	**149,653**	**49,136**	**16,553**	**2,069,244**

The Company's had a facility in Colombia representing $1,120,562 of land and building. On March 10, 2023, this facility was sold in conjunction with the Colombian Assets (Note 4).

During the year ended August 31, 2023, the Company disposed of its certain property, plant, and equipment through the disposition of Leviathan USA (Note 4).

9. LONG-TERM DEBT

The lease liabilities are disclosed in 9(d) below.

a) Bridge Loan

On October 15, 2019, the Company signed an agreement with a shareholder to provide unsecured financing of up to $5,500,000 (the "Bridge Loan") bearing interest at a rate of ten percent (10%) per annum from the date of each advance, payable three times per year (on April 30, August 31, and December 31). The Company, at its discretion, is able to repay the balance of principal and/or interest owing of the Bridge Loan at any time without penalty. In October 2020, the Bridge Loan was increased to $7,500,000. The Company determined that the interest rate provided as part of the Bridge loan was preferential and discounted the future cash flows at an effective rate of 16% per annum. In February 2021, the due date of the Bridge Loan was extended to December 31, 2023 with annual interest payments payable on December 31 of each respective year.

The Company discounted the future cash flows of the modified Bridge Loan at an effective rate of 16%. On December 31, 2021, $738,045 of the interest payable was capitalized.

(Unaudited - Amounts Expressed in Canadian Dollars)

9. LONG-TERM DEBT (continued)

a) Bridge Loan (continued)

	November 30, 2023	August 31, 2023
Opening balance	$ 1,898,797	$ 7,968,122
Draws	-	1,500,000
Interest expense	26,553	255,073
Accretion expense	19,268	558,477
Disposal of Colombian Assets (Note 4)	-	(1,050,000)
Disposal of Leviathan USA (Note 4)	-	(3,332,875)
Payments	(500,000)	(4,000,000)
Closing balance	**$ 1,444,618**	**$ 1,898,797**
Less: current portion	(1,444,618)	(1,898,797)
Non-current portion	**$ -**	**$ -**

b) Government Loan

As at November 30, 2023 and August 31, 2023, the Company had repaid the outstanding balance payable for the Canada Emergency Business Account ("CEBA"). The CEBA loan was an interest-free loan provided by the Canadian Government through the Company's bank in the context of the COVID-19 pandemic outbreak to finance operating costs. The repayment of the CEBA loan on or before January 18, 2024 resulted in an aggregate forgiveness of $20,000 of the total $60,000 loan. The Company repaid the CEBA loan before January 18, 2024 and, accordingly, did not have any obligations outstanding in relation to the CEBA loan. During the year-ended August 31, 2023, the Company had an opening balance of $32,446, accretion expense in the amount of $7,554, and total payments of $40,000.

c) US Loan

On March 5, 2021, the Company entered into a loan and security agreement with an arm's-length lender for a loan of US$499,000. The loan bears interest at a rate of 12.99% per annum, paid monthly, and is secured against certain assets of Leviathan US. This loan comes due and payable in full on March 1, 2023. Partially-amortized payments are payable in consecutive monthly installments of US$5,433 on the first day of each month, beginning April 1, 2021. During year ended August 31, 2023, the Company disposed of Leviathan USA, Inc. (Note 4) and accordingly, no longer had any obligations related to this loan.

	August 31, 2023
Opening balance	$ 634,088
Interest expense	21,999
Accretion expense	7,486
Derecognition on disposal of Leviathan USA (Note 4)	(663,573)
Closing balance	**$ -**

(Unaudited - Amounts Expressed in Canadian Dollars)

9. LONG-TERM DEBT (continued)

d) Lease liabilities

The following is a reconciliation of the Company's lease liabilities as at November 30, 2023 and August 31, 2023:

	November 30, 2023	August 31, 2023
Opening balance	$ 4,495,411	$ 2,419,615
Termination of lease	-	(135,058)
Additions	182,964	2,155,710
Interest expense	120,115	428,342
Lease payments	(191,234)	(617,064)
Closing balance	**$ 4,607,256**	**$ 4,495,411**
Less: current portion	356,941	348,250
Non-current portion	**$ 4,250,315**	**$ 4,147,161**

As at November 30, 2023, the following table presents the contractual undiscounted cash flows for lease obligations:

Less than one year	$ 746,944
One to five years	$ 2,777,037
Greater than five years	$ 1,747,618

10. SHARE CAPITAL AND RESERVES

a) Share Capital

Authorized:

Unlimited number of common shares.

Issued and outstanding:

117,736,935 (August 31, 2023 – 114,403,602) common shares

<u>Three Months Ended November 30, 2023</u>

- On September 21, 2023, the Company closed a non-brokered private placement financing through the issuance 3,333,333 common shares at a price of $1.50 per common share for gross aggregate proceeds of $5,000,000. The Company received $3,000,000, from these expected gross proceeds of $5,000,000, during the year ended August 31, 2023, which was classified as shares subscription received as at August 31, 2023.

<u>Fiscal 2023</u>

- On June 9, 2023, the Company announced a $5,000,000 non-brokered private placement to issue 3,333,333 common shares in the capital of the Company at a price of $1.50 per common share for total gross proceeds of up to $5,000,000. The Company received $3,000,000, from these expected gross proceeds of $5,000,000, during the year ended August 31, 2023. As the private placement offering had not closed as at August 31, 2023, these were classified as shares subscriptions received.
- On November 9, 2022, the Company closed a private placement financing by issuance of 4,000,000 common shares at a price of $1.45 per share for total gross proceeds of $5,800,000.

(Unaudited - Amounts Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (continued)

b) Stock options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers, employees and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the maximum term of any option cannot exceed five years. The maximum aggregate number of common shares under option at any time under the Plan cannot exceed 10% of the issued and outstanding common shares.

Activity:

Share-based compensation expense for the three months ended November 30, 2023 amounted to $90,450 (November 30, 2022 – $435,549). Share-based compensation expense was from the vesting of previously issued stock options.

During the year ended August 31, 2023,1,550,000 (August 31, 2022 - 5,875,000) stock options expired, unexercised. In connection with the expiry of these stock options, a reclassification of the contributed surplus amount in the amount of $486,099 (August 31, 2022 – $1,935,236) was directly debited to accumulated deficit. There were no such transactions during the three months ended November 30, 2023.

On March 21, 2022, the Company granted 2,000,000 stock options to a director. 1,000,000 of the options vest on March 21, 2023 and expire on March 21, 2025. The fair value of these options was determined at $579,200 using 119% volatility, 3-year expected life, 2.05% discount rate, 0% expected dividend. 1,000,000 of these options vest on March 21, 2024 and expire on March 21, 2026. The fair value of these options was determined at $634,600 using 118% volatility, 4-year expected life, 2.12% discount rate, 0% expected dividend.

On June 3, 2022, the Company granted 1,000,000 stock options to an officer of the Company at an exercise price of $0.95 per share. The options vest according to the following schedule: the first 50% of the Stock Options to vest on June 3, 2023, and expire on June 3, 2025. The fair value of the options was determined at $340,100 using 111% volatility, 3-year expected life, 2.91% discount rate, 0% expected dividend. The remaining 50% to vest on June 3, 2024, and expire on June 3, 2026. The fair value of the options was determined at $382,900 using 116% volatility, 4-year expected life, 2.94% discount rate, 0% expected dividend. The Stock Options expire two years from the date of vesting.

On June 9, 2022, in connection with the acquisition of One Cannabis Market, the Company authorized the issuance of 500,000 stock options in exercisable at $1.10 per share vesting over 2 years. The first 50% of the Stock Options to vest on June 9, 2023 and expire on June 9, 2026. The fair value of the options was determined at $167,900 using 111% volatility, 3-year expected life, 3.07% discount rate, 0% expected dividend. The remaining 50% to vest on June 9, 2024 and expire on June 3, 2026. The fair value of the options was determined at $191,600 using 116% volatility, 4-year expected life, 3.11% discount rate, 0% expected dividend.

A summary of the Company's stock options activity for the three months ended November 30, 2023 and year ended August 31, 2023 is as follows:

	Number of Options	Weighted-Average Exercise Price ($)
Outstanding, August 31, 2022	4,550,000	0.82
Expired	(1,550,000)	0.60
Exercised	-	-
Issued	-	-
Outstanding, August 31, 2023	3,000,000	0.86
Expired	-	-
Exercised	-	-
Issued	-	-
Outstanding, November 30, 2023	3,000,000	0.86

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at November 30, 2023 are as follows:

Date of Grant	Exercise Price ($)	Number Outstanding	Number Exercisable	Remaining Life (Years)
Mar 21, 2022	0.82	2,000,000	1,500,000	1.31 - 2.31
Jun 3, 2022	0.95	1,000,000	625,000	1.51 - 2.51
		3,000,000	2,125,000	

(Unaudited - Amounts Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (continued)

c) Warrants

There were no common share purchase warrants issued and outstanding as at November 30, 2023 and August 31, 2023.

11. INTEREST IN SUBSIDIARIES

These condensed interim consolidated financial statements incorporate the activities of the Company's subsidiaries from the date the Company acquires control to the date control is relinquished.

The Company's direct and ultimate subsidiaries and relative ownership interests are as follows:

Subsidiary	Domicile	Ownership Interest – November 30, 2023	Ownership Interest – August 31, 2023	Date Control Acquired
Bathurst Resources Corp.	Canada	100%	100%	December 31, 2013
Jekyll and Hyde Brand Builders Inc.	Canada	100%	100%	December 22, 2017
Leviathan US, Inc. (100%) (i)	USA	-%	-%	April 15, 2019
LCG Holdings Inc. (100%) (ii)	Canada	-%	-%	August 1, 2019
Grupo LCG SAS (ii)	Colombia	-%	-%	August 21, 2019
Natural Origins SAS (ii)	Colombia	-%	-%	August 17, 2021
One Cannabis Market Inc.	Canada	100%	100%	June 9, 2022
T Cannabis NW Inc.	Canada	100%	100%	August 31, 2022
Tirthankar Limited	Canada	100 %	100 %	August 31, 2022
T CANN MGMT CORP.	Canada	100 %	100 %	August 31, 2022
Cost Cannabis Inc. (SK)	Canada	100%	100%	August 31, 2022
Cost Cannabis Inc. (BC)	Canada	100%	100%	December 1, 2022
Fresh Cannabis Co. Inc. (iii)	Canada	100%	100%	December 1, 2022
1267842 B.C. Ltd. (iv)	Canada	100%	100%	December 14, 2022
Costcan Liquor Inc. (AB)	Canada	100%	100%	May 24, 2023

(i) During the year ended August 31, 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000. During the year ended August 31, 2023, the Company disposed of this subsidiary (Note 4).

(ii) The Company has established LCG Holdings Inc. as a business venture to cultivate hemp and manufacture cannabidiol ("CBD") isolate and other extracted products in the rich agricultural region of Republic of Colombia, South America. During the year ended August 31, 2022, the Company acquired the remaining 35% of LCG Holdings Inc. for $35. On March 10, 2023, the Company disposed of its interest in LCG Holdings Inc., and its subsidiaries, Grupo LCG SAS and Natural Origins SAS, a wholly-owned subsidiary of Grupo LCG SAS (Note 4).

(iii) Fresh Cannabis Co. Inc. was acquired during the year ended August 31, 2023 (Note 4) is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

(iv) 1267842 B.C. Ltd. was acquired during the year ended August 31, 2023 (Note 4) and is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

12. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended November 30, 2023 was based on the net loss attributable to common shareholders in the amount of $405,268 (November 30, 2022 – net income of $351,718) and the weighted average number of common shares outstanding of 116,967,704 (November 30, 2022 – 111,336,935). The inclusion of the Company's stock options and share purchase warrants in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation. Consequently, there is no difference between basic loss per share and diluted loss per share.

13. RELATED PARTY BALANCES AND TRANSACTIONS

Related party transactions as at and for the three months ended November 30, 2023 and 2022, and the balances as at those dates, not disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

(a) During the three months ended November 30, 2023, the Company expensed $76,000 (November 30, 2022 - $80,000) in fees payable to officers and directors of the Company and in fees payable to corporations related by virtue of a common officer and director.

(b) During the three months ended November 30, 2023, the Company expensed $90,450 (November 30, 2022 - $355,837) in share based compensation related to officers and directors of the Company.

(c) As at November 30, 2023, $136,786 (August 31, 2023 - $104,861) due to directors, officers, shareholders, and such corporations owned by these individuals with common control by way of officer or director, is included in accounts payable and accrued liabilities.

(d) As per the terms of the Tirthankar Agreement, the Company had a payable of up to 1.5% of sales along with a monthly management fee to a company owned by the CEO of the Company, Tanvi Bhandari. During the three months ended November 30, 2023, the management fee expense in relation to the Tirthankar Agreement amounted to $122,192 (November 30, 2022 - $71,553), which has been included in salaries, wages, and consulting fees on the condensed interim consolidated statement of operations and comprehensive loss.

(e) Tirthankar Limited currently leases the properties located at Kenora, Cochrane, and Sioux Lookout from Smiths Falls Property Inc, a company that is wholly owned and controlled by the CEO of the Company. Lease payments related to these properties amounted to $23,115 during the three months ended November 30, 2023 (November 30, 2022- $22,665).

(f) During the three months ended November 30, 2023, the Company purchased inventory from Medical Saints Ltd., a related company by virtue of common officer and director, Lucas Leone, amounting $45,129 (August 31, 2023 - $1,231,493). As at November 30, 2023, the amount outstanding payable amount owed to the related party was $249,051 (August 31, 2023 - $442,821).

14. OPERATING SEGMENTS

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity. Key measures used by the CODM to assess performance and make resource allocation decisions include revenues, gross profit and net (loss) income. The Company's business activities are conducted through its main operating segment, cannabis. Management's focus is to generate revenue through cannabis sales.

During the three months ended November 30, 2023, the Company's revenue and cost of goods sold in relation to its cannabis operating segment amounted to $11,394,668 and $9,072,740, respectively (November 30, 2022 - $7,406,188 and $5,813,092, respectively). The Company's cannabis revenue and cost of goods sold generated from Canada during the three months ended November 30, 2023 amounted to $11,394,668 and $9,072,740 (November 30, 2022 - $7,155,280 and $5,440,465). The Company's cannabis revenue and cost of goods sold generated from the United States during the three months ended November 30, 2023 amounted to $nil, respectively (August 31, 2022 - $250,908 and $372,627).

The Company's liquor division had revenues of $927,190 and cost of goods sold of $789,946, respectively, during the three months ended November 30, 2023 (November 30, 2022 - $nil). The CODM did not classify the liquor division as a major operating segment during the three months ended November 30, 2023 and year ended August 31, 2023.

15. COMMITMENTS AND CONTINGENCIES

Commitments

During the period ended November 30, 2023, the Company entered into various purchase agreements for retail liquor permits in Saskatchewan and Manitoba. These purchase agreements are cancellable at anytime without penalty. As at November 30, 2023, the Company had outstanding deposits on these retail liquor permits in the amount of $806,175 (August 31, 2023 - $987,300), which has been recorded as prepaid expenses and deposits on the condensed interim consolidated statements of financial position. As at November 30, 2023, the amount outstanding on these cancellable purchase agreements amounted to an aggregate of $2,430,525 (August 31, 2023 - $2,973,900), for which the Company has up to eighteen months of payments to make the requisite payments to acquire the retail liquor permits. The Company recognizes these retail permits as intangible assets when the final payment is made as per the purchase agreement and the Company obtains control of the permit. During the three months ended November 30, 2023, the Company acquired a retail liquor permit in Watrous, Saskatchewan, for an aggregate purchase price of $724,500 (the “Watrous Liquor Permit”). The amount reflected as a prepaid expenses and deposits in relation to the Watrous Liquor Permit as at November 30, 2023 amounted to $nil (August 31, 2023 - $181,125).

Contingencies

In the normal course of business, the Company maybe involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these condensed interim consolidated financial statements. The Company believes that there are no current proceedings that will result in a material favourable or unfavourable effect on its financial position or results of operations except for those who are already accounted for. As at November 30, 2023 and August 31, 2023, no provision has been recorded in these condensed interim consolidated financial statements in relation to the below legal proceedings:

(a) 1CM Inc. and Woodstock are defendants in an action commenced by a former employee in Ontario Superior Court of Justice (Brantford). Pleadings have been exchanged and examinations for discovery have been completed. The Plaintiff will need to set the matter down for trial to proceed. The action may be administratively dismissed on or after February 22, 2024. The total amount claimed is $80,000.

(b) A former employee has commenced an application against 1CM Inc. for a declaration that he was entitled certain options that were issued in fiscal 2021. The application is scheduled to be heard on February 22, 2024. Management believes that this will be administratively dismissed and intends on defending its position to the fullest extent possible.

16. CAPITAL MANAGEMENT

The Company’s objectives when managing capital are to:

a) Deploy capital to provide an appropriate return on investment to its shareholders;
b) Maintain financial flexibility in order to preserve the Company’s ability to meet financial obligations; and
c) Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company’s strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants. The Company’s capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

17. COMPARATIVE INFORMATION

Certain items on the condensed interim consolidated statements of operations and comprehensive loss have been reclassified for consistency with the current year presentation. The result of these reclassifications did not have an impact on the reported net loss and comprehensive loss for the comparative period.

18. SUBSEQUENT EVENTS

On January 9, 2024, the Company granted stock options to certain individuals (the “Grantees”) in accordance with the terms of the Company’s stock option plan. The stock options granted allow the Grantees to purchase up to an aggregate of 2,013,500 common shares in the capital of the Company at an exercise price of $1.50 per common share for a period of ten years. The stock options granted vest after three years.

1CM Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023

JANUARY 29, 2024

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023

INTRODUCTION

The following management's discussion and analysis provides a review of the financial results and condition of 1CM Inc. ("**1CM**" or the "**Company**") for the three months ended November 30, 2023 (the "**MD&A**"). The condensed interim consolidated financial statements for the above noted period and the financial information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC").

This MD&A is prepared by management based on information available to management as at January 29, 2024. All amounts referred to herein are expressed in Canadian dollars, unless otherwise noted.

Reference should also be made to the Company's filings on SEDAR+ at www.sedarplus.ca.

FORWARD LOOKING STATEMENTS

This MD&A contains certain information regarding the Company that may constitute "*forward- looking information*" within the meaning of applicable securities laws. Forward-looking information and statements include all information and statements regarding the Company's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "*believe*", "*estimate*", "*expect*", "*intend*", "*anticipate*", "*foresee*", "*plan*", "*predict*", "*project*", "*aim*", "*seek*", "*strive*", "*potential*", "*continue*", "*target*", "*may*", "*might*", "*could*", "*should*", and similar expressions and variations thereof.

Forward-looking information and statements included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's continued intentions to execute strategic acquisitions extending across various markets in Canada and international markets to support the Company's retail cannabis, retail liquor, technology and proprietary branding strategies as opportunities arise; and
- The Company's plans and ability to execute on plans in relation to new product offerings and operations.

Forward-looking information and statements included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and market conditions;
- the Company's ability to execute on its business plan, and secure any licenses, permits, and authorizations which may from time to time become necessary to execute on its business plan;
- the Company's financial condition for the reasonably foreseeable future and its ability to carry out its development plans;
- the demand, and market opportunity, for the Company's product offerings;
- the Company's ability to establish, preserve and develop its brand, and attract and retain required personnel; and
- the impact of current and future social and economic conditions (including, not limited to, global pandemics) on the business and operations of the Company, and the Company's ability to capitalize on anticipated business opportunities.

Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements are based on our perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that we believe are appropriate in the circumstances. Such information and statements are, however, by their very nature, subject to inherent risks and uncertainties, of which many are beyond the control of the Company, and which give rise to the possibility that actual results could differ materially from our expectations expressed in, or implied by, such forward-looking information or forward-looking statements.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions that actual performance will be affected by several factors, many of which are beyond the Company's control, and that future events and results may vary substantially from what the Company currently foresees. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking information. The forward-looking statements contained in this document speak only as of the date of this document; in addition, the Company expressly disclaims any obligation to publicly update or alter its previously issued forward-looking information, unless required to do so under applicable securities law.

CORPORATE OVERVIEW

1CM is a publicly traded company, incorporated in the Province of Ontario and domiciled in Canada. The Company's registered office is located at 625 Cochrane Dr, Markham, ON, L3R 9R9 Suite 802, Markham, ON L3R 9R9. 1CM's common shares are traded on the Canadian Securities Exchange under the symbol "**EPIC**" and on the OTCQB under the symbol "**MILFF**".

1CM is a multi-jurisdictional company, focused on becoming a leader in cannabis and other complementary and substitutable vice retail industries including Liquor, Tobacco and Nicotine. The Company aims to expand its current operations through organic growth and by way of merger and acquisition transactions.

See *Interest in Subsidiaries* for a complete list of the Company's operating and non-operating subsidiaries.

BUSINESS STRATEGY

1CM's business strategy involves consistently diversifying and expanding its retail operations, thereby allowing shareholders to benefit from its accretive growth. By capitalizing on the company's existing expertise and experience within the industry, 1CM endeavors to grow its presence in both Canadian and international markets, further enhancing its investments and delivering value to its current and prospective investors. The Company has been focused on expanding its retail cannabis presence and its liquor retail market presence.

In line with this strategic vision, the Company has been successfully executing on its business strategy through a series of acquisitions and letters of intent it has entered into. These acquisitions span various retail and technology markets, both in Canada and internationally, demonstrating the company's commitment to supporting its growth plans both organically and through acquisitions as opportunities present themselves. The Company has been able to successfully enter into the liquor retail market, having acquired multiple liquor retail license permits and continues to expand its cannabis presence.

By actively pursuing and integrating these acquisitions, 1CM has effectively expanded its footprint in the cannabis sector and reinforced its position as a key player in the industry. This ongoing execution of strategic acquisitions not only strengthens the company's operational capabilities but also creates a diverse and robust portfolio that further solidifies its presence and appeal to investors. In doing so, 1CM is well-positioned to capitalize on the growing opportunities in the global cannabis market while continuing to deliver value to its shareholders.

CORPORATE STRUCTURAL HISTORY AND BUSINESS UPDATES

The Company was originally incorporated as Gideon Capital Corp. on June 15, 2011 under the provisions of the *Business Corporations Act of Ontario* and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange corporate finance manual.

On December 31, 2013, the Company, 2396933 Ontario Inc. ("**2396933 Ontario**"), a wholly owned subsidiary of the Company and Bathurst Resources Corp. ("**Bathurs**t") completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 Ontario and The Company issued one common share for each common share of Bathurst outstanding (the "**Transaction**"). The Transaction constituted a reverse take-over and the Company's Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, the Company filed articles of amendment to change its name from Gideon Capital Corp. to Morgan Resources Corp.

From 2013 to 2016, the Company, as Morgan Resources Corp., was a mining exploration company with an option on certain volcanic-hosted sulphide properties in the Province of New Brunswick known as the Gloucester Project.

On December 22, 2017, the Company completed the acquisition of Jekyll + Hyde after the Company delisted from the NEX Board of the TSX Venture Exchange. The Company then initiated a three-cornered amalgamation of Jekyll + Hyde, Morgan Resources and Bathurst Resources Corp., a wholly owned subsidiary of Morgan Resources. Under the terms of the acquisition, the Company issued 12,166,667 common shares to the shareholders of Jekyll + Hyde.

On January 23, 2018, the Company commenced trading on the Canadian Securities Exchange under the ticker symbol CSE: JH.

On March 28, 2018, the Company files articles of amendment to change its name to Leviathan Cannabis Group Inc. On April 15, 2018, the Company's common shares began trading under the new name and the symbol CSE: EPIC.

On July 21, 2020, the Company amended it articles and changed its name to Leviathan Natural Products Inc. after receiving shareholder approval, by way of a special resolution, at the Company's Annual and Special Meeting of Shareholders held on June 23, 2020. The Company continues to trade under the symbol CSE: EPIC.

On October 25, 2021, the Company entered into a definitive agreement to acquire all the issued and outstanding shares of Tirthankar Ltd. and related companies, which is a cannabis retail operator with more than 10 retail stores. Details are noted below in *Acquisition of Tirthankar Entities.*

On March 7, 2022, Matthew Brace, David Jarvis and Martin J. Doane resigned from Issuer's board of directors and were replaced by Tanvi Bhandari, Rupalee Mehta and Lucas Leone, Tanvi Bhandari replaced Martin J. Doane as CEO; Harshil Chovatiya was named COO and replaced Luvlina Sanghera as Secretary; and Manish Z. Kshatriya replaced Jayne Beckwith as CFO.

On March 11, 2022, the Company issued 5,000,000 common shares at a price of $0.60 per common share for gross aggregate proceeds of $3,000,000. On May 5, 2022, the Company issued 3,333,333 common shares at a price of $0.60 per common share for gross proceeds of $2,000,000.

On March 21, 2022, the Company approved the grant of stock options to purchase an aggregate 2,000,000 common shares of the Issuer (the "Stock Options") to a director of the Company. The Stock Options are exercisable at a price of $0.82 per share until March 21, 2026. Upon issuance, 50% of the Stock Options will vest on March 21, 2023 and the remaining 50% vest on March 21, 2024.

On June 3, 2022 and in connection with the cancellation of 1,000,000 stock options, the Company granted 1,000,000 stock options to an officer at an exercise price of $0.95 per share. 50% of these stock options vest on June 3, 2023 while the remaining 50% of these stock options vest on June 3, 2024. These stock options expire two years from the date of vesting.

During the year ended August 31, 2022, 5,875,000 stock options exercisable at a price of $0.65 were forfeited and cancelled.

On August 31, 2022, the Company announced that the Board appointed Linda Marabeti Romano as the Company's Chief Financial Officer. Ms. Romano replaces Manish Z. Kshatriya, the Company's previous Chief Financial Officer who was appointed on March 7, 2022.

On September 7, 2022, the Company completed its name change from Leviathan Natural Products to 1CM Inc.

On October 31, 2022, the Company entered into Letter of Intent (LOI) with Veridia Canada Ltd. (the "Purchaser") regarding its possible sale of all of the issued and outstanding shares in the capital of LCG Holdings Inc. (Columbia).

On November 9, 2022 the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

On November 17, 2022, the Company completed the sale of its entire interest in Leviathan USA, Inc. and in the property located in Leviathan USA (Tennessee, USA) together with all buildings, structures, and equipment situated thereon and associated debt obligations attached to the buildings, structures, and equipment.

On January 20, 2023, the Company announced that it has entered into a strategic agreement with Greenline POS, a subsidiary of BLAZE Solutions Inc. This strategic agreement will allow 1CM to develop technologies collaboratively with Greenline's team over the next 3 years. The scope of collaboration also includes amongst other technologies, using Greenline's Loyalty platform as the source of truth for 1CM Customer Wallets, providing the infrastructure for a Loyalty Points based Cryptocurrency and NFTs which will have both utility and collectability.

On February 24, 2023, the Company appointed Harshil Chovatiya as Chief Financial Officer. Mr. Chovatiya replaces Linda Marabeti Romano, who had been serving as the Company's Chief Financial Officer since August 31, 2022.

On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc., and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.

On March 27, 2023, the Company announced that it entered into a business collaboration agreement with Herbidus Formulations Pvt Ltd. (the "Trost"). The scope of collaboration includes licensing 1CM Inc's brands to the Trost for its manufacturing of Cannabis Ayurvedic Herbal Cigarettes ("Rollen" or "pre-rolls"), and the establishment of 2 Ayurvedic Medicine Flagship Clinics. If Trost can achieve the milestones set out in the Business Collaboration Agreement, and pending all regulatory approval, 1CM Inc. will have the ability to purchase the Trost based on a predetermined valuation formula not to exceed an enterprise value of Rs 50,00,00,000 (Approximately CDN $8,337,815). The Company expects activities in relation to this arrangement to commence in the upcoming fiscal year.

On April 11, 2023, the Company announced that it entered into a letter of intent to acquire Nugget Data, a cannabis technology platform founded by industry veterans, in a move that will provide significant synergies between the two companies in the technology place.

On June 9, 2023, the Company announced a $5,000,000 non-brokered private placement to issue 3,333,333 common shares in the capital of the Company at a price of $1.50 per common share for total gross proceeds of up to $5,000,000. On September 21, 2023, the Company completed the non-brokered private placement.

On June 26, 2023, the Company announced that through its wholly-owned subsidiary, Cost Cannabis Inc., has won the Saskatchewan Liquor and Gaming Authority (SGLA) auctions for six retail liquor store permits in Regina, Saskatoon, Watrous, Creighton, Assiniboia, and Humboldt.

On June 29, 2023, the Company announced that it entered into a private retail operator agreement with Cannabis NB Ltd., a provincial crown corporation responsible for cannabis regulation in New Brunswick to open two retail cannabis stores. 1CM is the currently the only publicly traded company to operate cannabis retail stores in the province.

On July 13, 2023, the Company announced the grand opening of two new retail cannabis stores in the province of Alberta. This expansion marked the Company's entrance into the Alberta market, making it the fifth province in which the Company operates retail cannabis locations.

On July 26, 2023, the Company announced the opening of its first liquor retail store, located in Creighton, Saskatchewan.

On July 31, 2023, the Company announced the opening of its second liquor retail store located in Lloydminster, Alberta.

On October 27, 2023, the Company announced the opening of its third liquor retail store, located in Watrous, Saskatchewan.

Subsequent events

On January 9, 2024, the Company granted stock options to certain individuals (the "Grantees") in accordance with the terms of the Company's stock option plan. The stock options granted allow the Grantees to purchase up to an aggregate of 2,013,500 common shares in the capital of the Company at an exercise price of $1.50 per common share for a period of ten years. The stock options granted vest after three years.

ACQUISITIONS AND DISPOSITIONS

Acquisition of Fresh Cannabis Co.

On December 1, 2022, the Company completed the asset acquisition of Fresh Cannabis Co. Inc. ("Fresh Cannabis") for total cash consideration of $375,000. Fresh Cannabis is a cannabis retail store operation located in British Columbia, Canada.

Acquisition of Greenery Cannabis Boutique Ltd.

On December 14, 2022, the Company completed the acquisition of 1267842 B.C. Ltd. (o/a Greenery Cannabis Boutique Ltd.) ("Greenery Cannabis") for total cash consideration of $70,000. Greenery Cannabis is a cannabis retail store operation located in British Columbia, Canada.

Acquisition of One Cannabis Market Inc.

On June 9, 2022, the Company acquired all of the issued and outstanding shares of One Cannabis Market Inc. ("OCM") for a total consideration of 500,000 common shares of the Issuer (the "OCM Acquisition").

OCM is a technology company that provides solutions to consumers and business in dynamic markets. OCM's technology address challenges facing consumers seeking information in saturated markets and business looking for a single source software. In connection with the OCM Acquisition, the Company granted 500,000 stock options to an Officer of the Company at an exercise price of $1.10 per share, vesting over a two-year period. 250,000 of these stock options expire on June 9, 2025 while the remaining 250,000 stock options expire on June 9, 2026.

Acquisition of Tirthankar Entities

On August 31, 2022, the Company completed the definitive agreement (the "Tirthankar Agreement") to acquire all of the issued and outstanding shares of Tirthankar Ltd. and related companies (the "Tirthankar Entities"), which is a cannabis retail operator with more than 15 retail stores.

Pursuant to the Tirthankar Agreement, 1CM acquired all of the issued and outstanding shares of the Tirthankar Entities in consideration for $1.8 million cash and 15,750,000 common shares of 1CM. 1CM also issued 250,000 common shares to certain employees of the Tirthankar Entities as a retention bonus. All the common shares of 1CM issued under the Tirthankar Agreement are subject to contractual restrictions on trading.

In connection with the Tirthankar Agreement, the Company announced that Tanvi Bhandari, founder and senior officer of the Tirthankar Entities, was appointed to the Company's board of directors and as a CEO on March 7, 2022.

The Tirthankar Entities' stores operate under its retail brands "T CANNABIS" and "COST CANNABIS" offering a wide variety of cannabis brands and products, including flower, pre-rolls, concentrates, edibles, beverages, vapes, topicals, seeds, and accessories.

Sale of Woodstock Biomed Inc.

On August 31, 2022, the Company completed the sale of its 100% interest in Woodstock Biomed Inc. ("Woodstock Biomed") for total consideration of $5,000,000 (the "Woodstock Sale"). The proceeds from the Woodstock Sale are intended to be used for general corporate purposes and working capital needs.

Leviathian US, Inc.

On July 25, 2019, the Company's subsidiary Leviathan US, Inc. purchased a 9.75-acre property with a 37,000 square foot vacant industrial building in Carthage, Tennessee, USA for cash of US$312,148 (the "Tennessee Facility").

During April 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000

On November 17, 2022, the Company completed the sale of its subsidiary, Leviathan US, Inc., disposing of its entire interest in the property situated in Tennessee US, along with all related assets, namely buildings, structures and equipment as well as associated payable balances and mortgages. The aggregate purchase price for the sale of subsidiary amounted to $3,332,875 (US $2.5 million), with the consideration received as a reduction of the debt the Company holds.

LCG Holdings Inc. and Columbian Subsidiaries

In July 2022, the Company acquired the remaining 35% of LCG Holdings Inc. for cash consideration of $35, resulting in the Company having 100% ownership in LCG Holdings Inc., and its two related Columbian subsidiaries.

On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc., and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.

As a result of the Company's disposition of its interest in Columbia, the Company no longer has any operational risk from Columbia.

RESULTS OF OPERATIONS

Summary of Quarterly Financial Information:

For the quarter ended	Q1FY24 $	Q4FY23 $	Q3FY23 $	Q2FY23 $
Revenues	12,321,858	11,538,730	8,703,297	7,693,225
Cost of sales	9,862,686	9,016,773	6,932,841	5,970,039
Expenses	2,887,354	2,214,265	2,463,145	2,229,166
Net Income (Loss)	(405,268)	307,692	(692,689)	(505,980)
Basic and Diluted Earnings (Loss) per Share	0.01	0.01	(0.01)	(0.01)

For the quarter ended	Q1FY23 $	Q4FY22 $	Q3FY22 $	Q2FY23 $
Revenues	7,406,188	343,855	145,795	213,235
Cost of sales	5,813,092	499,946	279,355	320,068
Expenses	1,263,878	730,828	1,269,014	1,365,551
Net Income (Loss)	329,218	(1,736,643)	(1,105,793)	(1,113,229)
Basic and Diluted Earnings (Loss) per Share	0.01	(0.02)	(0.01)	(0.01)

The operations for the three months ended November 30, 2023 and 2022 are as follows:

Revenue

Sales for the three months ended November 30, 2023 amounted to $12,321,858 as compared to $7,406,188 for the three months ended November 30, 2022. The increase in revenue year over year is due to the increase in retail cannabis revenue as a result of the Company's retail expansion plan implemented during the year ended August 31, 2023. The resulting revenue increase is due to the opening of additional retail stores in Ontario along with increased same store revenue. Further, the Company entered into the liquor retail market which relates to the partial increase.

Cost of sales

Cost of sales for the three months ended November 30, 2023 amounted to $9,862,686 as compared to $5,813,092 for the three months ended November 30, 2022. The increase in cost of sales is directly related to the increase in revenue as discussed above.

Gross profit for the three months ended November 30, 2023 amounted to $2,459,172 as compared to $1,593,096 for the three months ended November 30, 2022.

Operating Expenses

Operating expenses for the three months ended November 30, 2023 amounted to $2,887,354 as compared to $1,263,878 for the three months ended November 30, 2022.

These expenses included:

- Salaries, wages and consulting fees for the three months ended November 30, 2023 amounted to $1,193,732 as compared to $789,584 for the three months ended November 30, 2022. Salaries, wages and consulting fees have increased year over year as a result of retail expansion. Management expects increases in these expenses as the business continues to grows and requires additional personnel to service its retail locations.

- Interest, net for the three months ended November 30, 2023 amounted to $165,936 as compared to $488,700 for the three months ended November 30, 2022. expense relates to the interest expense and accretion of a discount on long-term debt, and interest on lease liabilities. The decrease from the comparative period is due to the significant decrease in the outstanding long-term debt balance and its corresponding interest charge.

- Office and general for the three months ended November 30, 2023 amounted to $532,725 as compared to $324,766 for the three months ended November 30, 2022. Costs have significantly increased from the prior year due to the increase in overall business activity increased associated with growth in the Company's operations.

- Share-based compensation for the three months ended November 30, 2023 amounted to $90,450 as compared to $435,549 for the three months ended November 30, 2022. Share-based compensation expense relates to the vesting of stock-options issued during the respective periods. Management plans to use share-based incentive compensation arrangements to recruit key persons as needed and expects higher levels of share-based compensation in 2023 as the business grows and requires additional skilled personnel.

- Professional fees for the three months ended November 30, 2023 amounted to $200,316 as compared to $138,934 for the three months ended November 30, 2022. Increase in professional fees was due to increased legal work associated with the business and asset acquisitions and due diligence associated with proposed transactions, along with overall increased business activity. Management expects continued increased professional fees in relation to contemplated transactions as noted above.

- Depreciation for the three months ended November 30, 2023 amounted to $174,908 as compared to $67,210 for the three months ended November 30, 2022. The increase in depreciation expense during the three months period ended November 30, 2023 is due to additions during the year ended August 31, 2023.

- Investor relations and fees for the three months ended November 30, 2023 amounted to $16,620 as compared to $19,002 for the three months ended November 30, 2022. Management expects to increase its spending on investor relations and fees in the upcoming fiscal year.

- Net loss for the three months ended November 30, 2023 amounted to $405,268, as compared to the net income of $351,718 for the three months ended November 30, 2022.

- Net comprehensive loss for the three months ended November 30, 2023 amounted to $405,268, as compared to the net comprehensive income of $161,871 for the three months ended November 30, 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital of approximately $5,232,322 as at November 30, 2023 (August 31, 2023 – $4,082,083). The Company had cash of $3,725,009 (August 31, 2023 – $3,079,183).

To finance the Company's operations, the Company, in addition to the debt disclosed below, had the following transactions to provide cash inflows for the Company's working capital needs:

- On November 9, 2022, the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

- On November 17, 2022, the Company entered into an asset purchase agreement with Veridia USA, LLC and completed the sale of its entire interest in the property located in Leviathan USA (Tennessee US) together with all assets, namely buildings, structures and equipment situated thereon and the respective payable balances and mortgages attached to the assets. Consideration received for the disposition of these assets amounted to 3,332,875 (US $2.5 million).
- On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc. (and its wholly owned subsidiaries, Grupo LCG SAS and Natural Origins SAS), and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.
- On June 9, 2023, the Company announced a $5,000,000 non-brokered private placement to issue 3,333,333 common shares in the capital of the Company at a price of $1.50 per common share for total gross proceeds of up to $5,000,000. The Company received $3,000,000, from these expected gross proceeds of $5,000,000, during the year ended August 31, 2023. On September 21, 2023, the Company completed the non-brokered private placement and received the remaining $2,000,000 during the three months period ended November 30, 2023.

Long-term debt

In prior periods, management secured a short-term revolving credit facility for up to $7,500,000 to fund the buildout of facilities in Tennessee and Colombia and to provide working capital to the Company. Outstanding drawdowns bear an interest charge 10% per annum from the date of each advance. The maturity date of the credit facility has been extended to December 31, 2023 (from October 15, 2021); interest payments are only to be payable on December 31 of each year during the term (from once every four months); and the interest payments due August 31, 2020, and December 31, 2020 and 2021, have been capitalized into the principal amount of the credit facility. The Company may at its discretion repay the balance of principal and / or interest owing at any time without penalty. There are no assurances that additional funding will be available for working capital purposes if the Company is not successful in its efforts to generate revenues and / or secure additional financing through other debt facilities or equity capital raises. As at November 30, 2023, the Company has taken a total draw of $8,211,648 (August 31, 2023 – $8,211,648) inclusive $738,045 of interest that was capitalized on December 31, 2021. During the year ended August 31, 2023, the Company has taken a total draw of $1,500,000 and the Company repaid a significant portion of the Bridge Loan as a result of the sale of its assets held in Verdia USA, LLC of $8,382,875 resulting in a closing balance of $1,898,797 as at August 31, 2023. During the three months ended November 30, 2023, the Company paid an additional $500,000 and had a remaining loan balance in the amount of $1,444,618.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company enters into non-binding letter of intents from time-to-time. Refer to CORPORATE STRUCTURAL HISTORY AND BUSINESS UPDATES.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

SHARE CAPITAL OUTSTANDING	Aug 31, 2023	Nov 30, 2023	Jan 29, 2024
Shares	114,403,602	117,736,935	117,736,935
Options (a)	3,000,000	3,000,000	5,013,500
Warrants and other equity instruments (b)	-	-	-

(a) The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at November 30, 2023 are as follows:

Date of Grant	Exercise Price ($)	Number Outstanding	Number Exercisable	Remaining Life (Years)
Mar 21, 2022	0.82	2,000,000	1,250,000	1.31 - 2.31
Jun 3, 2022	0.95	1,000,000	500,000	1.51 - 2.51
		3,000,000	1,750,000	

(b) There are no warrants or any other equity instruments aside from common shares and stock options outstanding as at November 30, 2023 and August 31, 2023, and as at the date of this MD&A.

RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2023, the Company entered into transactions and had outstanding balances with various related parties. The details of the related party transactions are summarized as follows:

Related Party Balances and Transactions

Related party transactions as at and for the three months ended November 30, 2023 and 2022, and the balances as at those dates, not disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

(a) During the three months ended November 30, 2023, the Company expensed $76,000 (November 30, 2022 - $80,000) in fees payable to officers and directors of the Company and in fees payable to corporations related by virtue of a common officer and director.

(b) During the three months ended November 30, 2023, the Company expensed $90,450 (November 30, 2022 - $355,837) in share based compensation related to officers and directors of the Company.

(c) As at November 30, 2023, $136,786 (August 31, 2023 - $104,861) due to directors, officers, shareholders, and such corporations owned by these individuals with common control by way of officer or director, is included in accounts payable and accrued liabilities.

(d) As per the terms of the Tirthankar Agreement, the Company had a payable of up to 1.5% of sales along with a monthly management fee to a company owned by the CEO of the Company, Tanvi Bhandari. During the three months ended November 30, 2023, the management fee expense in relation to the Tirthankar Agreement amounted to $122,192 (November 30, 2022 - $71,553), which has been included in salaries, wages, and consulting fees on the condensed interim consolidated statement of operations and comprehensive loss.

(e) Tirthankar Limited currently leases the properties located at Kenora, Cochrane, and Sioux Lookout from Smiths Falls Property Inc, a company that is wholly owned and controlled by the CEO of the Company. Lease payments related to these properties amounted to $23,115 during the three months ended November 30, 2023 (November 30, 2022- $22,665).

(f) During the three months ended November 30, 2023, the Company purchased inventory from Medical Saints Ltd., a related company by virtue of common officer and director, Lucas Leone, amounting $45,129 (August 31, 2023 - $1,231,493). As at November 30, 2023, the amount outstanding payable amount owed to the related party was $249,051 (August 31, 2023 - $442,821).

INTEREST IN SUBSIDIARIES

The Company's consolidated financial statements incorporate the activities of the Company's subsidiaries from the date the Company acquires control to the date control is relinquished.

The Company's direct and ultimate subsidiaries and relative ownership interests are as follows:

Subsidiary	**Domicile**	**Ownership Interest – November 30, 2023**	**Ownership Interest – August 31, 2023**	**Date Control Acquired**
Bathurst Resources Corp.	Canada	100%	100%	December 31, 2013
Jekyll and Hyde Brand Builders Inc.	Canada	100%	100%	December 22, 2017
Leviathan US, Inc. (100%) (i)	USA	-%	-%	April 15, 2019
LCG Holdings Inc. (100%) (ii)	Canada	-%	-%	August 1, 2019
Grupo LCG SAS (ii)	Colombia	-%	-%	August 21, 2019
Natural Origins SAS (ii)	Colombia	-%	-%	August 17, 2021
One Cannabis Market Inc.	Canada	100%	100%	June 9, 2022
T Cannabis NW Inc.	Canada	100%	100%	August 31, 2022
Tirthankar Limited	Canada	100 %	100 %	August 31, 2022
T CANN MGMT CORP.	Canada	100 %	100 %	August 31, 2022
Cost Cannabis Inc. (SK)	Canada	100%	100%	August 31, 2022
Cost Cannabis Inc. (BC)	Canada	100%	100%	December 1, 2022
Fresh Cannabis Co. Inc. (iii)	Canada	100%	100%	December 1, 2022
1267842 B.C. Ltd. (iv)	Canada	100%	100%	December 14, 2022
Costcan Liquor Inc. (AB)	Canada	100%	100%	May 24, 2023

(i) During the year ended August 31, 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000. During the year ended August 31, 2023, the Company disposed of this subsidiary.

(ii) The Company has established LCG Holdings Inc. as a business venture to cultivate hemp and manufacture cannabidiol ("CBD") isolate and other extracted products in the rich agricultural region of Republic of Colombia, South America. During the year ended August 31, 2022, the Company acquired the remaining 35% of LCG Holdings Inc. for $35. On March 10, 2023, the Company disposed of its interest in LCG Holdings Inc., and its subsidiaries, Grupo LCG SAS and Natural Origins SAS, a wholly-owned subsidiary of Grupo LCG SAS.

(iii) Fresh Cannabis Co. Inc. was acquired during the year ended August 31, 2023 is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

(iv) 1267842 B.C. Ltd. was acquired during the year ended August 31, 2023 and is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

COMMITMENTS AND CONTINGENCIES

Commitments

During the period ended November 30, 2023, the Company entered into various purchase agreements for retail liquor permits in Saskatchewan and Manitoba. These purchase agreements are cancellable at anytime without penalty. As at November 30, 2023, the Company had outstanding deposits on these retail liquor permits in the amount of $806,175 (August 31, 2023 - $987,300), which has been recorded as prepaid expenses and deposits on the condensed interim consolidated statements of financial position. As at November 30, 2023, the amount outstanding on these cancellable purchase agreements amounted to an aggregate of $2,430,525 (August 31, 2023 - $2,973,900), for which the Company has up to eighteen months of payments to make the requisite payments to acquire the retail liquor permits. The Company recognizes these retail permits as intangible assets when the final payment is made as per the purchase agreement and the Company obtains control of the permit. During the three months ended November 30, 2023, the Company acquired a retail liquor permit in Watrous, Saskatchewan, for an aggregate purchase price of $724,500 (the “Watrous Liquor Permit”). The amount reflected as a prepaid expenses and deposits in relation to the Watrous Liquor Permit as at August 31, 2023 amounted to $181,125.

Contingencies

In the normal course of business, the Company maybe involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these consolidated financial statements. The Company believes that there are no current proceedings that will result in a material favourable or unfavourable effect on its financial position or results of operations except for those who are already accounted for. As at November 30, 2023 and August 31, 2023, no provision has been recorded in the Company’s consolidated financial statements in relation to the below legal proceedings:

(a) 1CM Inc. and Woodstock are defendants in an action commenced by a former employee in Ontario Superior Court of Justice (Brantford). Pleadings have been exchanged and examinations for discovery have been completed. The Plaintiff will need to set the matter down for trial to proceed. The action may be administratively dismissed on or after February 22, 2024. The total amount claimed is $80,000.

(b) A former employee has commenced an application against 1CM Inc. for a declaration that he was entitled certain options that were issued in fiscal 2021. The application is scheduled to be heard on February 22, 2024. Management believes that this will be administratively dismissed and intends on defending its position to the fullest extent possible.

RISKS AND UNCERTAINTIES

Risks Arising from Financial Instruments and Risk Management:

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company identifies, evaluates and, where appropriate, mitigates financial risks. The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Audit Committee of the Board is responsible to review the Company’s risk management policies.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates equity prices and the wholesale and selling prices of cannabis will impact the Company's income or the value of its holdings or financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign exchange risk

The Company operates in Canada, the United States and Colombia. Some of the Company's expenses are incurred in other countries primarily the United States dollars ("US dollar"). Foreign exchange risk arises because the cost of transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company has not entered any foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have a significant effect on the Company's results of operations, financial position or cash flows. Management however, has mitigated its foreign exchange exposure by reducing its overall foreign transactional activity. As at November 30, 2023, the Company did not hedge its foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates on all of the Company's existing debt are fixed, and there not currently subject to any significant interest rate risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company believes there is insignificant credit risk associated with its accounts receivable based on the nature of the counterparties.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs.

Liquidity and Funding Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. The Company manages its funding risk by forecasting its cash needs on a regular basis and continuously monitoring the stock price and other market conditions.

Colombia

Operating a business in Colombia, an emerging market, can pose significant challenges. Colombia has had a history of significant political violence since becoming a republic in 1819. In the last 50 years, the inequitable distribution of wealth has fueled "left vs. right" civil wars. This sectarian violence created a weakened government that allowed various drug cartels to impose their will over various sections of the country. While the government finally reached a peace agreement with the largest rebel group in 2016 and has actively reasserted legitimate civil control over the country there is no guarantee that Colombia will not return to its earlier state of political instability resulting in the breakdown of the rule of law. The Company no longer has any risk related to Columbia as a result of its disposal of its subsidiary with wholly-owned operations in Columbia.

Capital Management

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and to provide an adequate return to shareholders commensurate with the level of risk associated with an early-stage company.

The capital structure of the Company consists of cash, long-term debt and equity comprising, issued capital, contributed surplus, warrants, and stock options.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

Other Risks and Uncertainty

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control, which could have a material adverse effect upon the Company, its business and prospects. Investors should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not exhaustive. There may be risks and uncertainties not presently known to the Company or that the Company believes to be immaterial, which could adversely affect the Company and its business in the future.

Risks Related to the Company’s Financial Condition

The Company has mainly relied on equity and debt financing to support operations and will continue to need significant amounts of additional capital. The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, and through equity and / or debt financing. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favorable terms. The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates. The availability of financing will be affected by the results of scientific and clinical research, the Company’s ability to attain regulatory approvals, the market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, and other relevant commercial considerations. Any future equity financing could result in significant dilution to existing shareholders.

Limited Operating History

The Company’s operations are in the early-stage business cycle, subject to the risks any early-stage business faces. The Company has incurred operating losses since commencing operations. The success, among other things, is dependent on profitability of operations, ability to raise funds when necessary, in a timely manner, and senior management’s ability to execute on its strategy. The Company may incur losses in the future and may never achieve profitability.

Reliance on Management

The Company is reliant on senior management's ability to execute on its strategy. This exposes the Company to management's ability to perform, and as well the risk of management leaving the Company. To mitigate this risk, the Company has implemented incentive plans for all members of the senior management team.

Risks Related to the Company's Businesses and Operations Regulatory

Changes to government policies, whether in Canada, the United States or Colombia, and the current regulatory framework is outside of the Company's control and hence, the Company is subject to any changes in the regulatory framework, which may cause the Company to adjust its operations or impact the Company's profit margins.

Risks Relating to the Cannabis Industry Change in Law, Regulations and Guidelines

The cannabis industry in Canada, the hemp industry in the United States, and the cannabis industry in Colombia are all highly regulated at all levels of government (i.e. Federal, Provincial, State, Municipal) and are subject to a wide and onerous variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medicinal, adult recreational cannabis, and hemp oil / distillates.in Canada, the United States and Colombia. Changes in such laws, regulations and guidelines may cause adverse effects on the Company's operations. On February 24, 2016, the Federal Court of Canada released its decision in the case of Allard et al v. Canada, declaring that the MMPR, as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section7 of the Charter of Rights and Freedoms. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime, which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. On October 17, 2018, Canada legalized the cultivation and sale of adult recreational cannabis nationally introducing a new national cannabis reporting and tracking system launched concurrently with the coming into force of the national Cannabis Act. Beginning October 17, 2018, the Cannabis Tracking and Licensing System applies to all public and private parties licensed by Health Canada to sell medicinal and/or adult recreational cannabis under the various provincial regulations to consumers or other Federally licensed cannabis companies.

Regulatory Risk

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada, and US and Colombian regulators, as enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of the Company's products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation, which may be required by government authorities. Any delays in obtaining, or failure to obtain, regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operation and financial condition.

Unfavorable Publicity or Consumer Perception

The success of the medical and non-medical cannabis and hemp industries may be significantly influenced by the public's perception of cannabis' and hemp's medicinal applications. Cannabis is a controversial topic and there is no guarantee that future scientific research, publicity, regulations, medical and public opinion relating to medicinal and/or adult recreational cannabis or medicinal hemp will be favorable. The medical and non-medical cannabis and hemp industries are early-stage businesses, which are constantly evolving with no guarantee of viability. The market for medical and non-medical cannabis and hemp is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical and public opinions relating to the consumption of medical and non-medical cannabis and hemp may have a material adverse effect on operational results, consumer base and financial results.

Competition

The market for the medical and non-medical cannabis in Canada and medical hemp in the USA products appear to be sizeable. As a result, the Company expects significant competition from other companies both domestically and abroad. Many companies appear to be applying for production licenses, some of which may have significantly greater financial, technical, marketing and other resources, may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Should the size of the medical and non- medical cannabis and hemp markets increase as projected, the demand for products will increase as well, and in order for the Company to be competitive, it will need to invest significantly in research and development, marketing, production, distribution, expansion, new client identification and customer support. If the Company is not successful in achieving sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial conditions and operations.

Risks Relating to the Company's Common Shares

The Company has not paid any cash dividends on its common shares and, for the foreseeable future, the Company does not intend to pay any cash dividends on its common shares and therefore, its shareholders may not be able to receive a return on their shares unless they are able to sell their shares. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time-to-time. Any decision to pay dividends on the common shares of the Company will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.

The market price and trading volume of the Company's common shares is volatile and may continue to be volatile in the future. Variations in earnings estimates by securities analysts and the market prices of the securities of competitors may also lead to fluctuations in the trading price of the common shares. In addition, the financial markets may experience significant price and volume fluctuations that affect the market price of the Company's common shares that are not related to the Company's operating performance. Broad market fluctuation and economic conditions generally, and in the cannabis and hemp sectors specifically, may adversely affect the market price of the Company's common shares.

The significant costs that the Company will incur as a result of being a public company in Canada could also adversely affect its business.

ADDITIONAL INFORMATION

1. Additional information may be found on SEDAR+ at www.sedarplus.ca;
2. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities authorized for issuance under equity compensation plans will be included in the information circular for the Company's next annual general meeting of security holders; and
3. Additional information relating to the Company can be requested via (717) 888-8889.