Condensed Interim Consolidated Financial Statements

Plant-Based Investment Corp.

For the Three and Nine Months Ended July 31, 2022
(Stated in Canadian Dollars)

Unaudited

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these condensed interim consolidated financial statements.

Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian dollars

	July 31, 2022	October 31, 2021 (Audited)
Assets		
Cash and cash equivalents	$ 22,680	$ 164,021
Interest receivable	305,489	189,248
Investments (note 3)	11,722,533	22,482,851
Income tax receivable	1,133	1,133
Intercompany receivables (note 4)	1,593,291	1,463,400
Other receivables (note 6)	904,094	2,138
Other assets	195,000	211,920
Prepaid expenses	-	71,813
Total assets	$ 14,744,220	$ 24,586,524
Liabilities		
Bank indebtedness	$ -	$ 104,645
Accounts payable and accrued liabilities (notes 13 (a), (d), (e), (h), (i), (j), (k))	1,487,746	909,991
Provision (note 15 (a))	1,037,581	1,037,581
Total liabilities	2,525,327	2,052,217
Shareholders' equity		
Share capital (note 8)	33,683,934	33,683,934
Contributed surplus (note 9)	10,806,661	10,806,661
Retained deficit	(32,271,702)	(21,956,288)
Total shareholders' equity	12,218,893	22,534,307
Total liabilities and shareholders' equity	$ 14,744,220	$ 24,586,524

Commitments and contingencies (note 15)

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

Approved on behalf of the Board

"Paul Crath", Director "Michael Johnston", Director

Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Three months ended		Nine months ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
Income				
Net realized gain (loss) on disposal of investments	$ (2,522,565)	$ (468,869)	$ (3,907,473)	$ 10,658,285
Net change in unrealized appreciation (depreciation) on investments (note 3)	1,130,947	(6,658,453)	(2,918,289)	(2,241,662)
Interest and other income	61,758	127,385	261,344	285,487
Write-down of intercompany receivables (note 4)	-	(675,000)	-	(675,000)
Total income (loss)	(1,329,860)	(7,674,937)	(6,564,418)	8,027,110
Expenses				
Operating, general, and administrative (notes 11 and 13)	529,300	1,009,541	1,493,759	2,546,901
Provision (note 15 (a))		1,037,581		1,037,581
Management internalization (note 12)	2,257,237	-	2,257,237	-
Total expenses	2,786,537	2,047,122	3,750,996	3,584,482
Net income (loss) and comprehensive income (loss)	$ (4,116,397)	$ (9,722,059)	$ (10,315,414)	$ 4,442,628
Net income (loss) per common share - basic (note 10)	$ (0.15)	$ (0.35)	$ (0.38)	$ 0.16
Net income (loss) per common share - diluted (note 10)	$ (0.15)	$ (0.35)	$ (0.38)	$ 0.15
Weighted average number of common shares outstanding - basic (note 10)	27,502,894	27,502,894	27,502,894	27,118,046
Weighted average number of common shares outstanding - diluted (note 10)	27,502,894	27,502,894	27,502,894	29,243,046

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

Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Share capital				
	Number of shares	**Amount**	**Contributed surplus**	**Retained deficit**	**Total shareholders' equity**
Balance - November 1, 2020	25,012,600	$ 33,753,433	$ 10,806,661	$ (13,819,202)	$ 30,740,892
Net income	-	-	-	4,442,628	4,442,628
Shares issued in private placement (note 8)	5,614,900	1,965,215	-	-	1,965,215
Issuance costs (note 8)	-	(40,964)	-	-	(40,964)
Shares issued upon option exercise (note 8)	25,000	6,250	-	-	6,250
Shares cancelled pursuant to rescinded share exchange transaction (note 8)	(3,149,606)	(2,000,000)	-	(346,667)	(2,346,667)
Balance - July 31, 2021	27,502,894	$ 33,683,934	$ 10,806,661	$ (9,723,241)	$ 34,767,354

	Share capital				
	Number of shares	**Amount**	**Contributed surplus**	**Retained deficit**	**Total shareholders' equity**
Balance - November 1, 2021	27,502,894	$ 33,683,934	$ 10,806,661	$ (21,956,288)	$ 22,534,307
Net loss	-	-	-	(10,315,414)	(10,315,414)
Balance - July 31, 2022	27,502,894	$ 33,683,934	$ 10,806,661	$ (32,271,702)	$ 12,218,893

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

Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Cash Flows
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Nine months ended July 31, 2022	Nine months ended July 31, 2021
Cash flows from operating activities		
Net income (loss)	$ (10,315,414)	$ 4,442,628
Items not involving cash:		
Net change in unrealized depreciation (appreciation) on investments	2,918,289	2,241,662
Net realized loss (gain) on disposal of investments	3,907,473	(10,658,285)
Write-down of intercompany receivable	-	675,000
Provision	-	1,037,581
Management internalization	2,257,237	-
	(1,232,415)	(2,261,414)
Adjustments for:		
Interest receivable	(116,241)	(175,902)
Income tax receivable	-	56,949
Intercompany receivables	(129,891)	(2,677,566)
Purchase of investments	(1,529,864)	(16,986,565)
Proceeds from disposal of investments	2,351,240	19,597,379
Prepaid expenses	71,813	(78,643)
Other receivables	(4,276)	-
Other assets	16,920	-
Accounts payable and accrued liabilities	535,835	121,202
Cash acquired upon management internalization	183	-
Net cash provided by (used in) operating activities	(36,696)	(2,404,560)
Cash flows from financing activities		
Bank indebtedness	(104,645)	350,895
Share issued in private placement	-	1,965,215
Share issuance costs	-	(40,964)
Shares issued upon option exercise	-	6,250
Net cash from (used in) financing activities	(104,645)	2,281,396
Net increase in cash and cash equivalents	(141,341)	(123,164)
Cash and cash equivalents - beginning of period	164,021	179,685
Cash and cash equivalents - end of period	$ 22,680	$ 56,521
Significant non-cash transactions		
Shares cancelled pursuant to rescinded share exchange transaction (note 8)	$ -	$ 2,346,667
Interest receivable converted into investments	$ 90,837	$ 94,591
Intercompany receivables converted into investments (note 4)	$ 226,094	$ -
Investments assigned to subsidiary (note 4)	$ -	$ 614,250

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

1. Nature of operations and formation of the Corporation

Plant-Based Investment Corp. is an investment corporation incorporated under the laws of Canada on October 29, 2017. The common shares of the Corporation are listed on the Canadian Securities Exchange under the symbol "PBIC".

The Corporation's investment objectives are to provide shareholders long-term total returns through: (i) capital appreciation, and/or (ii) periodic distributions by investing in an actively managed portfolio (the "Portfolio") of securities and other contractual rights tied to investments (collectively, "Investment Instruments") in: (a) public companies for which the Corporation does not receive rights to elect one or more directors or otherwise becomes actively involved in (the "Passive Public Portfolio"); (b) public companies for which the Corporation receives rights to elect one or more directors or otherwise becomes actively involved in (together with the Passive Public Portfolio, the "Public Portfolio"); or (c) private companies, all operating in, investing in or that derive a portion of their revenue, earnings or intellectual property from raw materials or commodities, products, services (including without limitation clinics and treatment centers), equipment and/or technologies related to the cannabis plant family and its various compounds, terpenes, fungi (including medicinal, functional and psychedelic), psychedelic compounds, super-foods and/or organic ingredients (collectively, the "Plant-Based Industry").

CGOC Management Corp. (the "Manager") will act as the manager and promoter of the Corporation and will provide specific management services to the Corporation pursuant to a management agreement. The Corporation will make investment decisions with respect to the Active Public Portfolio and the Private Portfolio. The Corporation and the Manager have engaged StoneCastle Investment Management Inc. (the "Investment Manager") to act as the Corporation's investment manager with respect to the Passive Public Portfolio.

Effective May 12, 2022, the Corporation completed the acquisition and internalization of the Manager. See note 12 for additional information.

The Corporation's head office is located at 240 Richmond St. W, Suite 4164, Toronto, Ontario, M5V 1V6.

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19". This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods, and social distancing have caused material disruption to businesses resulting in a global economic disruption. At the same time, global equity markets have experienced historic volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize domestic economic conditions. The duration and eventual impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

The Corporation's ability to operate has not been directly impacted by the COVID-19 pandemic or the closure of non-essential businesses, but many of the Corporation's investee companies could be negatively impacted by the COVID-19 pandemic. The volatility in the equity markets may have a material impact on the Corporation's earnings and the fair value of the Corporation's public and private investment portfolio and will also impact the Corporation's investee companies' earnings and ability to raise capital for their ongoing operations.

2. Basis of presentation and summary of significant accounting policies

a) Statement of compliance

The Corporation's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed interim consolidated financial statements should be read in conjunction with the audited annual financial statements of the Corporation for the year ended October 31, 2021, which have been prepared in accordance with IFRS. Accordingly, these condensed interim consolidated financial statements do not include all of the information and disclosures required under IFRS for the annual financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on September 29, 2022.

b) Basis of measurement

The Corporation's condensed interim consolidated financial statements have been prepared on the historical cost convention except for certain financial instruments, which have been measured at fair value.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

c) Investments in associates, joint ventures and subsidiaries

In accordance with IFRS 10, the Corporation uses the following criteria to evaluate and determine if it meets the definition of an "investment entity":

i) Obtains funds from one or more investors for the purpose of providing those investors with investment management services.

ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.

iii) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Corporation has evaluated the criteria above and determined that it meets the definition of an investment entity. As a result, it measures investments in associates, joint ventures and subsidiaries at fair value through profit and loss, with the exception of CGOC Management Corp. and 2163777 Ontario Inc. which are consolidated with the financial results of the Corporation.

2. Basis of presentation and summary of significant accounting policies (continued)

c) Investments in associates, joint ventures and subsidiaries (continued)

During the year ended October 31, 2021, the Corporation incorporated wholly-owned subsidiaries PBIC USA Corp.("PBIC USA"), PBIC Finance Corp. ("PBIC Finance"), which is wholly-owned through PBIC USA, 12750961 Canada Corp. ("127 Canada") and 2766563 Ontario Inc. ("276 Ontario") to facilitate the acquisition of certain investments.

During the nine months ended July 31, 2022, the Corporation incorporated wholly-owned subsidiaries 483 Driggs Avenue Inc. ("483 Driggs"), 1000175475 Ontario Inc. ("475 Ontario"), and 1000175476 Ontario Inc. ("476 Ontario") to facilitate the acquisition of certain investments. As at and during the nine months ended July 31, 2022, 475 Ontario and 476 Ontario were inactive.

During the nine months ended July 31, 2022, the Corporation's ownership in 276 Ontario was diluted below 50% as a result of 276 Ontario issuing shares to other investors and the Corporation sold its remaining interest in 276 Ontario. As at July 31, 2022, the Corporation does not have any investment in 276 Ontario.

As at July 31, 2022 and October 31, 2021, with the exception of CGOC Management Corp.and 2163777 Ontario Inc,, these subsidiaries have been measured at fair value through profit and loss and are classified as Level 3 inputs on the fair value hierarchy in note 3. For more information on these entities, see note 4.

As at July 31, 2022, the Corporation's investment in a joint venture disclosed in note 5 has been measured at fair value through profit and loss and is classified as a Level 3 input on the fair value hierarchy in note 3.

As at July 31, 2022, the Corporation has significant influence over its investments in Bhang Inc. ("Bhang") as the Corporation controls more than 20% of the voting power of these investees. These investments have been measured at fair value through profit and loss and are classified as Level 1 and Level 2 inputs on the fair value hierarchy in note 3.

d) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

The function currency of the Corporation's subsidiaries CGOC Management Corp. and 2163777 Ontario Inc. is the Canadian dollars.

e) Reclassification

Certain amounts in the prior period statements of income (loss) and comprehensive income (loss) has been reclassified to conform with current period presentation and provide more relevant and concise information. For the three and nine months ended July 31, 2021, write-down of interest receivable of $114,076 and $208,936 has been reclassified as a reduction in interest and other income. For the three and nine months ended July 31, 2021, write-down of intercompany receivable of $675,000 has been reclassified as a loss in the income section of the condensed interim consolidated statements. These reclassifications had no effect on the reported results of operations.

2. Basis of presentation and summary of significant accounting policies (continued)

f) Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect accounting policies and the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from estimates calculated. Significant judgments are made when applying accounting policies to measure the fair value of investments.

Where the fair values of investments cannot be derived from active markets, management is required to make certain estimates and assumptions that are applied in valuation techniques to determine fair value. These include the most recently available financial statements of the investee, price for most recently completed financing, as well as closely comparable public companies and general market and economic conditions. The value which the Corporation could ultimately realize upon disposition of these investments may differ from their carrying value and such differences could be material.

g) Management internalization

As part of the management internalization (note 12), the Corporation applied judgment as to whether or not the transaction should be accounted for as a business combination or an expense. As part of the assessment, the Corporation evaluated whether it was acquiring inputs (such as employees and assets), processes, and outputs. Based on its assessment, the Corporation has accounted for this acquisition as an expense that has been recorded on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

3. Fair value measurement

Fair value measurements are based on a three-level fair value hierarchy based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Transaction costs are expensed as incurred for financial instruments classified as fair value through profit and loss. For other financial instruments, transaction costs are capitalized on initial recognition.

Stated in Canadian Dollars

3. Fair value measurement (continued)

The following table includes the disaggregation of unrealized appreciation (depreciation) on investments recorded on the statement of income (loss) and comprehensive income (loss) for the period ended July 31:

Net change in unrealized appreciation (depreciation) on investments	**Nine months ended July 31, 2022**	**July 31, 2021**
Reversal of previously recorded unrealized depreciation on investments	$ 23,056,386	$ 12,455,681
Unrealized depreciation on investments held at period end	(25,956,156)	(14,582,211)
Unrealized foreign exchange loss on investments	(18,519)	(115,132)
	$ (2,918,289)	$ (2,241,662)

Investments consisted of the following as at July 31, 2022:

Financial assets measured at fair value	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Equities	$ 29,007,158	$ 4,845,752	$ -	$ 4,314,861	$ 9,160,613
Warrants	1,536,713	23,189	63,695	-	86,884
Convertible debentures	4,079,462	-	1,099,616	782,196	1,881,812
Loans	3,073,875	-	348,340	244,884	593,224
	$ 37,697,208	$ 4,868,941	$ 1,511,651	$ 5,341,941	$ 11,722,533

Investments consisted of the following as at October 31, 2021:

Financial assets measured at fair value	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Equities	$ 33,248,963	$ 13,821,517	$ -	$ 3,862,630	$ 17,684,147
Warrants	3,721,471	167,129	928,213	-	1,095,342
Convertible debentures	5,411,321	186,000	1,181,850	1,265,079	2,632,929
Loans	3,289,083	-	1,070,433	-	1,070,433
	$ 45,670,838	$ 14,174,646	$ 3,180,496	$ 5,127,709	$ 22,482,851

As at July 31, 2022, the Corporation had investments with cost of $19,138,812 (October 31, 2021 - $22,938,958) and fair market value of $4,324,074 (October 31, 2021 - $11,698,940) in investees in which a member of the Corporation's key management personnel is also an officer or director of the investee.

Stated in Canadian Dollars

3. Fair value measurement (continued)

Changes in Level 3 investments

During the nine months ended July 31, 2022, $666,090 of net change in unrealized depreciation on investments includes Level 3 investments held as at July 31, 2022.

Transfers out of Level 3 investments are due to changes in the observability of market data, such as a recent transaction, conversion of subscription receipts into underlying securities or due to a company going public.

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the three months ended July 31, 2022.

	Private equities	Convertible debentures	Warrants	Subscription Receipts	Loans	Total fair value
Balance - November 1, 2021	$ 3,862,630	$ 1,265,079	$ -	$ -	$ -	$ 5,127,709
Purchases	328	189,930	-	-	145,078	335,336
Unrealized (gain) loss	628,541	(62,257)	-	-	99,806	666,090
Transfers out of Level 3	(176,638)	(610,556)	-	-	-	(787,194)
Balance - July 31, 2022	$ 4,314,861	$ 782,196	$ -	$ -	$ 244,884	$ 5,341,941

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended October 31, 2021.

	Private equities	Convertible debentures	Warrants	Subscription Receipts	Loans	Total fair value
Balance - November 1, 2020	$ 3,866,032	$ 932,260	$ 5,000	$ -	$ -	$ 4,803,292
Purchases	867,077	2,170,662	-	111,118	1,120,133	4,268,990
Unrealized loss	(342,534)	(1,199,021)	(5,000)	-	(1,120,133)	(2,666,688)
Transfers out of Level 3	(527,945)	(638,822)	-	(111,118)	-	(1,277,885)
Balance - October 31, 2021	$ 3,862,630	$ 1,265,079	$ -	$ -	$ -	$ 5,127,709

Stated in Canadian Dollars

3. Fair value measurement (continued)

Significant unobservable inputs

The key assumptions the Corporation used in the valuation of level 3 investments include and are not limited to the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities. The following table summarizes valuation techniques and significant unobservable inputs used for the Corporation's investments classified in Level 3 of the fair value hierarchy:

	Valuation technique	**Fair value at July 31, 2022**	**Fair value at October 31, 2021**	**Key inputs**
Equities	Recent financing based upon per share valuation in most recent financing round	$ 3,771,142	$ 3,337,567	N/A
	Revenue multiple	543,719	525,063	Revenue multiple
Convertible debentures	Recent financing	782,196	745,360	N/A
	Transaction price	-	519,719	N/A
Loans	Transaction price	244,884	-	N/A
		$ 5,341,941	$ 5,127,709	

Recent financing was based on per share valuation in the most recent financing rounds from November 2020 to January 2022 to arm's length parties, and for October 31, 2021 fair values, recent financing was based on per share valuation in most recent or proposed financing rounds from November 2020 to October 2021. For these investments, recent financing represents the most reliable and readily available inputs available to estimate fair value.

A revenue multiple of 2.1 (October 31, 2021 - 2.1) was used to value these equity investments. As at July 31, 2022, a change of +0.5 or -0.5 to the revenue multiple would result in an increase or decrease in value of the investment of approximately +$129,457 (October 31, 2021 - $125,015).

For these Level 3 investments, the inputs used can be highly judgmental. As at July 31, 2022, 25% increase or decrease in the calculated fair value will result in a corresponding $1,340,000 (October 31, 2021 - $1,280,000) change to the total fair value of Level 3 investments.

3. Fair value measurement (continued)

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments.

4. Investment in subsidiaries

PBIC USA Corp. ("PBIC USA")

During the year ended October 31, 2021, the Corporation incorporated PBIC USA with a nominal amount of share capital and assigned shares of an investee company to PBIC USA with a value of $614,250 (USD $500,000) in exchange for an intercompany loan. In addition, the Corporation advanced $636,870 (USD $500,000) as an intercompany loan. During the nine months ended July 31, 2022, the Corporation advanced $81,226 (USD $65,000) as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. PBIC USA used the loan proceeds to make an additional investment in the investee companies. As at July 31, 2022, the intercompany loan receivable was $1,500,958 (October 31, 2021 - $1,238,400).

PBIC Finance Corp. ("PBIC Finance")

During the year ended October 31, 2021, the Corporation incorporated PBIC Finance, which is wholly-owned by PBIC USA, with a nominal amount of share capital and advanced $1,222,600 (USD $1,000,000) as an intercompany loan. The intercompany loan bears interest at a rate of 8% per annum and is due on demand. PBIC Finance used the loan proceeds to invest in another entity. As at July 31, 2022, the intercompany loan receivable was $1,266,227 (October 31, 2021 - $1,195,359) and the Corporation wrote down the loan receivable due to unrealized depreciation of the underlying investment held by PBIC Finance.

12750961 Canada Corp ("127 Canada")

During the year ended October 31, 2021, the Corporation incorporated 127 Canada with a nominal amount of share capital and advanced $675,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. 127 Canada used the loan proceeds to make a convertible debt investment in another entity. As at July 31, 2022, the intercompany loan receivable was $675,000 (October 31, 2021 - $675,000) and the Corporation wrote down the loan receivable due to unrealized depreciation of the underlying investment held by 127 Canada.

4. Investment in subsidiaries (continued)

2766563 Ontario Inc ("276 Ontario")

During the year ended October 31, 2021, the Corporation incorporated 276 Ontario with a nominal amount of share capital and advanced $225,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. 276 Ontario also received loans from external investors and used the aggregate loan proceeds for investment purposes (note 15 (b)). During the nine months ended July 31, 2022, 276 Ontario issued common shares to new investors for cash proceeds and settled the outstanding loans through the issuance of common shares. During the nine months ended July 31, 2022, the Corporation sold its remaining interest in 276 Ontario. As at July 31, 2022, the intercompany loan receivable was $Nil (October 31, 2021 - $225,000).

483 Driggs Avenue Inc ("483 Driggs")

During the nine months ended July 31, 2022, the Corporation incorporated 483 Driggs with a nominal amount of share capital and advanced US$72,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. As at July 31, 2022, the intercompany loan receivable was $92,333 (October 31, 2021 - $Nil).

See also note 15.

5. Investment in joint venture

On June 19, 2019, the Corporation entered into a joint venture agreement (the "agreement") with an investee company. Pursuant to the agreement, a new entity 2702099 Ontario Inc. ("Newco"), was incorporated to conduct research and develop a technology comprising an endogenous anti-addiction mechanism, based on a cannabinoid-like molecule for certain indications. The Corporation subscribed for 6,000,000 common shares of Newco in a series of tranches which upon completion of the final tranche represented 60% of the issued and outstanding common shares of Newco for a total aggregate investment of $1,440,890 (USD $1,100,000). Under the agreement, the Board of Directors of Newco shall consist of two (2) nominees of the Corporation and two (2) nominees of the investee company.

The Corporation seeks to earn capital appreciation on this investment through either a third-party sale of its interest or a public listing. The Corporation recorded this investment at fair value through profit and loss and classified it as a Level 3 input on the fair value hierarchy in note 3.

See also note 15.

6. Other receivables

On June 20, 2022, the Corporation entered into an agreement and assigned a USD $700,000 promissory note receivable from an investee company to another company whose CEO is also a member of the Corporation's key management personnel. The consideration for the assignment is receivable in installments of USD$250,000 on the date that is six (6) months from the date of the agreement, USD $250,00 on the date that is nine (9) months from the date of the agreement and USD $200,000 on the date that is twelve (12) months from the date of the agreement. Due to the short-term nature of the holding period of the receivable, the carrying value is approximated to be the fair market value. As at July 31, 2022, the receivable balance for the assigned promissory note is $897,680.

Other receivable also includes an additional $6,414 receivable.

7. Promissory note

On December 10, 2021, the Corporation issued a promissory note (the "Note") with a principal amount of $317,850 (USD $250,000) bearing interest at a rate of 10% per annum. The outstanding interest and principal are payable on December 10, 2022. The proceeds of the Note were advanced to an investee of the Corporation. The holder of the Note has certain co-investment rights and has the option to convert the interest and principal payable under the Note into an investment in an investee of the Corporation. During the nine months ended July 31, 2022, the Note was settled in exchange for the investee company issuing shares to the holder of the Note.

Stated in Canadian Dollars

8. Share capital

a) Authorized:

Unlimited common shares

b) Common shares issued and outstanding are as follows:

	Number	Amount
Issued and outstanding - November 1, 2020	25,012,600	$ 33,753,433
Shares issued in private placement	5,614,900	1,965,215
Issuance costs	-	(40,964)
Shares issued upon option exercise	25,000	6,250
Shares cancelled pursuant to rescinded share exchange transaction	(3,149,606)	(2,000,000)
Issued and outstanding - October 31, 2021 and July 31, 2022	27,502,894	$ 33,683,934

Shares issued in private placement

On February 19, 2021, the Corporation completed a non-brokered private placement offering and issued an aggregate of 5,614,900 common shares at a price of $0.35 per share for aggregate gross proceeds of $1,965,215. In connection with the private placement, the Corporation incurred total issuance costs of $40,964, including a finder's fee of $28,875.

Shares issued upon option exercise

On March 24, 2021, the Company issued 25,000 common shares pursuant to an option exercise at an exercise price of $0.25 for total proceeds of $6,250.

Shares cancelled pursuant to rescinded share exchange transaction

On April 1, 2021, the Corporation and Core One entered into an agreement to rescind the share exchange transaction previously completed between the parties on March 16, 2020. On April 14, 2021, the Corporation cancelled 3,149,606 of its common shares that were previously issued to Core One and Core One cancelled the common shares that were previously issued to the Corporation in connection with the share exchange transaction. The Corporation recorded a $346,667 loss in retained earnings for this transaction which represents the difference between the $2,346,667 fair value of the Core One shares on the date of cancellation, measured based on the closing stock price, and the original $2,000,000 value of share exchange.

Stated in Canadian Dollars

9. Contributed surplus

The following is a summary of the contributed surplus:

	Stock Options	Agent Compensation Options	Warrants	Total
Balance - November 1, 2020, October 31, 2021 and July 31, 2022	$ 2,130,305	$ 783,876	$ 7,892,480	$ 10,806,661

Stock-based compensation

The Board of Directors has adopted a stock-based compensation plan for the Corporation (the "Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase common shares to directors, officers, and consultants of the Corporation. Under the Plan, the aggregate number of common shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding common shares at the time of granting the options. Options shall expire no later than five years after the date of grant. The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the common shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the common shares are listed. The options shall vest and may be exercised as determined by a resolution of the Board of Directors.

A summary of changes to stock options is as follows:

	Number	Weighted Average Exercise Price
Balance - November 1, 2020	2,325,000	$ 0.440
Exercised	(25,000)	0.250
Balance - October 31, 2021 and July 31, 2022	2,300,000	$ 0.440

On March 24, 2021, the Company issued 25,000 common shares pursuant to an option exercise at an exercise price of $0.25 for total proceeds of $6,250.

As at July 31, 2022, the following stock options were outstanding.

Outstanding	Exercisable	Year of grant	Exercise price	Expiry date
175,000	175,000	2018	$ 2.350	January 30, 2023
1,275,000	1,275,000	2020	$ 0.250	May 10, 2024
850,000	850,000	2020	$ 0.335	August 16, 2024
2,300,000	2,300,000			

Stated in Canadian Dollars

10. Net income (loss) per share

During the three and nine months ended July 31, 2022, basic and diluted net loss per share has been calculated using the weighted average number of shares outstanding of 27,502,894. There were no dilutive items outstanding for the period as the Corporation had a net loss and the effect of any stock options would be anti-dilutive.

During the three and nine months ended July 31, 2021, basic net income per share has been calculated using the weighted average number of shares outstanding of 27,502,894 and 27,118,046. During the three and nine months ended July 31, 2021, weighted average diluted number of common shares outstanding totals 27,502,894 and 29,243,046 and includes 2,125,000 of unexercised dilutive stock options.

	Three months ended		Nine months ended	
	July 31, 2022	**July 31, 2021**	**July 31, 2022**	**July 31, 2021**
Basic net income (loss) per share				
Net income (loss)	$ (4,116,397)	$ (9,722,059)	$ (10,315,414)	$ 4,442,628
Weighted average basic number of common shares outstanding	27,502,894	27,502,894	27,502,894	27,118,046
Basic net income (loss) per share	$ (0.15)	$ (0.35)	$ (0.38)	$ 0.16
Diluted net income (loss) per share				
Weighted average basic number of common shares outstanding	27,502,894	27,502,894	27,502,894	27,118,046
Effect of dilutive stock options	-	-	-	2,125,000
Weighted average diluted number of common shares outstanding	27,502,894	27,502,894	27,502,894	29,243,046
Diluted net income (loss) per share	$ (0.15)	$ (0.35)	$ (0.38)	$ 0.15

11. Expenses by nature

Operating, general and administrative expenses includes the following:

	Three months ended		Nine months ended	
	July 31, 2022	**July 31, 2021**	**July 31, 2022**	**July 31, 2021**
Directors' fees (note 13 (e))	15,000	15,000	45,000	35,000
Foreign exchange loss (gain)	10,963	(9,803)	(21,324)	6,512
Investment transaction costs	6,891	10,537	13,618	57,815
Listing and filing fees	6,272	19,779	28,204	48,338
Management fees (note 13 (a))	2,692	40,450	41,676	119,629
Marketing (note 13 (k))	37,789	62,750	122,313	182,174
Office and general	38,776	40,985	109,724	109,833
Payroll expenses	-	1,102	6,317	9,127
Professional fees (note 13 (d), (f), (g), (h), (j))	288,697	808,741	806,011	1,596,973
Severance payments (note 13 (k))	-	-	-	281,500
Salaries (note 13 (i))	120,000	20,000	340,000	100,000
Portfolio management	2,220	-	2,220	-
	529,300	1,009,541	1,493,759	2,546,901

12. Management internalization

Effective May 12, 2022, the Corporation executed a share purchase agreement to acquire all of the common shares of CGOC Management Corp. (the "Manager") via a direct purchase of 50% of the common shares of the Manager and the purchase of 100% of the common shares of 2163777 Ontario Inc., which was the owner of the remaining 50% of the common shares of the Manger. The purchase price was settled through the sale, transfer and assignment by the Corporation of an aggregate of 31,650,000 common shares in the capital of Grown Rogue International Inc. ("Grown Rogue"), an investee company. The total consideration for this transaction was calculated to be $2,215,500 based on the fair value of the Grown Rogue common shares on May 12, 2022. The Corporation also incurred additional costs of $41,737 as part of this transaction as a result of the net liabilities assumed of the Manager.

During the period ended July 31, 2022, the Corporation recorded $2,257,237 of management internalization expense on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

The management agreement between the Corporation and the Manager remains in effect after the acquisition.

13. Related party transactions and balances

During the three and nine months ended July 31, 2022, the Corporation reported the following related party transactions:

a) Management fees

The Corporation is required to pay the Manager an annual management fee (the "Management Fee") fee of 1.0% of the market capitalization of the Corporation based on the daily volume-weighted average price of the common shares calculated. The Management Fee is accrued daily and paid by the Corporation to the Manager monthly in arrears. The Manager will pay the Investment Manager and the officers and directors of the Corporation provided by the Manager (other than the independent directors) out of the Management Fee.

During the three and nine months ended July 31, 2022, the Corporation incurred management fees of $2,692 (2021 - $40,450) and $41,676 (2021 - $119,629). After the management internalization transaction effective May 12, 2022 (note 12), the management fees incurred during the period and accounts payable and accrued liabilities at period end are eliminated upon consolidation.

13. Related party transactions and balances (continued)

b) Performance fee

As soon as practicable following the final Business Day of each calendar quarter (each such date, a "Performance Fee Payment Date" and each such period, a "Performance Fee Period"), the Corporation is required to pay the Manager a quarterly performance fee (the "Performance Fee") in respect of the outstanding Common Shares equal to 20% of the amount by which the sum of (i) the "weighted average market price" of the Common Shares on the Canadian Securities Exchange (the "CSE) (or such other principal market on which the Common Shares are quoted for trading) during the 15 trading days preceding the end of the Performance Fee Period, plus (ii) distributions on such Common Shares during such period, exceeds 101.25% of the Threshold Amount (the "Hurdle Rate").

The Threshold Amount will be the greater of (i) $2.60; and (ii) the weighted average market price of the Common Shares on the Performance Fee Payment Date in the last quarter for which a Performance Fee was paid.

For the period from the Closing Date to the end of the quarter, which includes the Closing Date, the Hurdle Rate will be reduced proportionately to reflect the number of days remaining in the quarter from the Closing Date to the end of that quarter. In the event that new Common Shares are issued, the Hurdle Rate application to the Performance Fee payable with respect to those Common Shares will be reduced proportionately to reflect the number of days remaining in that quarter and the Threshold Amount in respect of such Common Shares for that quarter will be the greater of (i) the issue price of the Common Shares; and (ii) the then current Threshold Amount.

During the three and nine months ended July 31, 2022 and 2021, the Hurdle rate was not reached; therefore, the Corporation did not incur performance fees.

c) Operating expenses

The Corporation will reimburse the Manager for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Manager in connection with the performance of the services described in the Management Agreement, as well as certain specified expenses ancillary to the operations of the Manager, including travel on behalf of the Corporation and office space and services. During the three and nine months ended July 31, 2022, the Corporation reimbursed the Manager operating expenses of $Nil (2021 - $Nil).

d) During the three and nine months ended July 31, 2022, the Corporation incurred accounting and regulatory compliance fees of $66,783 (2021 - $54,284) and $171,873 (2021 - $165,758) from a company which the Corporation's CFO is an officer. As part of the management internalization transaction (note 12), the Corporation assumed an additional $54,200 payable to this company. As at July 31, 2022, the total accounts payable and accrued liabilities included $321,146 (October 31, 2021 - $132,188) of fees payable to the company.

13. Related party transactions and balances (continued)

e) During the three and nine months ended July 31, 2022, the Corporation incurred directors' fees of $15,000 (2021 - $15,000) and $45,000 (2021 - $35,000) for the independent directors on the Corporation's Board of Directors. As at July 31, 2022, accounts payable and accrued liabilities included $30,000 (October 31, 2021 - $Nil) of directors' fees.

f) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of $Nil (2021 - $Nil) and $Nil (2021 - $42,375)from a company controlled by one of its independent directors.

g) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of $Nil (2021 - $Nil) and $Nil (2021 - $18,833) for management services from a company controlled by its former COO.

h) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of $Nil (2021 - $Nil) and $Nil (2021 - $28,250) from a company controlled by the Chief Strategy Officer and director. As part of the management internalization transaction (note 12), the Corporation assumed an additional $8,500 payable to this company. As at July 31, 2022, the total accounts payable and accrued liabilities included $8,500 (October 31, 2021 - $Nil) payable to the company.

i) During the three and nine months ended July 31, 2022, the Corporation incurred salaries expense of $90,000 (2021 - $20,000) and $250,000 (2021 - $100,000) for the Chief Strategy Officer. As at July 31, 2022, accounts payable and accrued liabilities included $150,000 (October 31, 2021 - $Nil) of salaries payable to the Chief Strategy Officer.

j) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of $76,716 (2021 - $74,298) and $228,622 (2021 - $175,735) for management services provided by the CEO. As at July 31, 2022, accounts payable and accrued liabilities included $220,999 (October 31, 2021 - $Nil) of consulting fees payable to the CEO.

k) During the three and nine months ended July 31, 2022, the Corporation incurred salaries expense of $30,000 (2021 - $Nil) and $90,000 (2021 - $Nil) for the CFO. As at July 31, 2022, accounts payable and accrued liabilities included $140,000 (October 31, 2021 - $50,000) of salaries payable to the CFO.

l) During the three and nine months ended July 31, 2022, the Corporation made aggregate severance payments of $Nil (2021 - $Nil) and $Nil (2021 - $281,500) and expense reimbursements of $Nil (2021 - $75,000) to former directors and officers and the Corporation’s current Chief Strategy Officer.

m) Additional related party transaction are disclosed in notes 3, 4, 5 and .

During the three and nine months ended July 31, 2022 and 2021, all related party transactions were in the normal course of operations and all services provided by related parties were made on terms equivalent to those which prevail with arm's length transactions.

14. Financial risk management

The primary business activities of the Corporation result in financial statements that are primarily comprised of financial instruments. As such, the Corporation is exposed to certain risks related to financial instruments:

a) Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Corporation is exposed to credit risk on its cash. The credit risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. The Corporation is exposed to credit risk from its investments in convertible debentures and promissory notes of various entities in normal course of business and the related interest receivable on the principal. The credit risk on these investments is managed by investing in credit-worthy companies and establishing monitoring processes. The credit risk on interest receivable is partially mitigated through the ability to convert into underlying equity instruments of the investee.

b) Liquidity risk

Liquidity risk refers to the risk that the Corporation will have insufficient cash resources to meet its financial obligations when they become due. The Corporation manages liquidity risk by reviewing resources to ensure that it will have sufficient liquidity to meet liabilities as they become due and to support business strategies.

As at July 31, 2022, the Corporation's contractual cash flows, which were payable under financial liabilities in these financial statements consisted of accounts payable and accrued liabilities with payments due in less than one year. The Corporation has sufficient liquid assets to satisfy its liabilities.

The Corporation generates cash flow from the disposal of investments, financing activities and interest income. The Corporation primarily invests in equity and debt instruments of publicly traded cannabis companies. Disposal of investments in non-publicly traded companies could differ from the carrying value since an active-market does not exist.

c) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. The market risks to which the Corporation is exposed are equity price risk and interest rate risk.

i) Equity price risk

The Corporation is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Corporation's investments are subject to fluctuations in fair value arising from changes in the equity market. As at July 31, 2022, should the equity prices of the Corporation's holdings increase or decrease by 5%, the impact on net income or loss would be approximately $242,288 (October 31, 2021 - $691,076).

14. Financial risk management (continued)

c) Market risk (continued)

ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents and fixed income securities held. The fair value of the Corporation's cash and cash equivalents and investments affected by changes of interest rates is minimal.

d) Currency risk

Currency risk is the risk that the fair value of future cash flows from the Corporation's operations will fluctuate due to changes in foreign exchange rates. The Corporation holds investments denominated in United States dollars, ("U.S. dollar"). A change in the U.S. dollar foreign exchange rate versus the Corporation's functional and presentation currency may have an adverse effect on the Corporation's investments. As at July 31, 2022, should the U.S. dollar foreign exchange rate increase or decrease by 1%, the impact on net income or loss would be approximately $23,312 (October 31, 2021 - $34,143).

	July 31, 2022	October 31, 2021
Investments denominated in U.S dollars	$ 2,331,241	$ 3,414,319

15. Commitments and contingencies

a) During the year ended October 31, 2021, the Corporation's subsidiary 127 Canada invested in a $500,000 secured convertible operating facility (the "operating facility") in another entity ("Investee A"). On February 16, 2021, the Corporation and Investee A entered into a forbearance agreement with a creditor of Investee A ("Creditor A") and the Corporation guaranteed an aggregate of $1,140,812 of the obligations, plus interest accruing thereafter, owed by Investee A to Creditor A. Following the execution of the forbearance agreement, $175,000 was paid against the guaranteed obligations by way of a secured convertible debenture issued by Investee A to 127 Canada. The forbearance period ended on May 31, 2021 and Creditor A demanded that the Corporation repay the remaining obligations pursuant to the guarantee provided by the Corporation.

On July 2, 2021, a statement of claim was filed by Creditor A against the Corporation in the Ontario Superior Court of Justice, alleging damages for breach of guarantee in the amount of $1,037,581 and various other costs, interest and other unspecified amounts. On August 31, 2021, the Corporation filed a statement of defence and counterclaim against Creditor A, alleging that the forbearance agreement and guarantee provided by the Corporation are void for being induced by fraudulent or negligent misrepresentations made by Creditor A. In addition, the Corporation is seeking damages for fraudulent or negligent misrepresentation made by Creditor A in the amount of the $500,000 operating facility, damages in the amount of the $175,000 deposit paid to Creditor A, and various other costs, interest and other unspecified amounts.

At this early stage of the proceedings, it is difficult to assess the likelihood of the success of Creditor A's claims or the Corporation's counterclaim. As at July 31, 2022, the Corporation has accrued a provision of $1,037,581 (October 31, 2021 - $1,037,581).

15. Commitments and contingencies (continued)

b) During the year ended October 31, 2021, the Corporation and its subsidiary 276 Ontario entered into a debt assignment agreement (the "agreement") to acquire a secured demand promissory note (the "note") of an entity ("Investee B") from Investee B's creditor ("Creditor B"). The note has a principal value of $11,129,172 and is due on demand. 276 Ontario acquired the note for an aggregate amount of $1,000,000, payable in three tranches, and the Corporation guaranteed the obligations owed by 276 Ontario to Creditor B under the agreement. During the nine months ended July 31, 2022, 276 Ontario had repaid $1,000,000 to Creditor B.

c) During the year ended October 31, 2021, the Corporation received communication from counsel of one of the Corporation's investee indicating it was their position the Corporation was in violation of a joint venture agreement between the parties (see note 5). It is the other party's position that the Corporation owed USD$192,753 to the joint venture as of April 30, 2021 and, therefore, was in default of its funding obligations and the other party was in a position where they had the ability to terminate the joint venture agreement. It is the Corporation's position that it has met all funding requirements pursuant to the joint venture agreement, and the other party was in violation of the joint venture agreement with respect to various matters related to its management of the joint venture. It is the Corporation's position that, should the Corporation not choose to contribute its proportionate share of the expenses of the joint venture, its ownership interest would simply be diluted. While no formal legal action has been initiated by either party, the Corporation believes that the other party's claims are without merit and no amounts related to the other party's claims have been accrued in these condensed interim consolidated financial statements. As at July 31, 2022, the fair value of this investment included in the statement of financial position is $Nil (October 31, 2021 - $Nil).

d) On March 11, 2022, the Corporation was identified as a defendant to a complaint in the Court of Queen's Bench of Alberta alleging breach of contract to fulfill its obligations under a certain subscription agreement, as amended, resulting in alleged damages. On July 12, 2022, the same claim was filed against the Corporation in the Ontario Superior Court of Justice. The Corporation has conferred with its legal counsel and is in the process of assessing and defending the complaint. As at the date of these financial statements, it is premature, and not practicable, to determine whether or not there will be any outflow and, if so, the amount of the outflow. Accordingly, no provisions have been accrued on the Corporation's consolidated statement of financial position.

e) During the period ended July 31, 2022, the Corporation, through its wholly-owned subsidiary 483 Driggs Avenue Inc., entered into a lease for retail, brand showroom and office/ meeting space commencing July 1, 2022. The lease has a term of 12 years and includes monthly payment of US$24,000 until June 30, 2023. On every July 1 thereafter, the monthly rent shall be increased for the following twelve months by reference to Consumer Price Index, as defined in the lease, however, in no circumstances shall the amount of the annual rent adjustment be less than 1%, nor more than 5% of the then current rent. The lease includes an option for the Lessee to renew the lease for one additional five year period under the same terms and conditions as the current lease.

   In connection with the lease, the Corporation has provided a Good Guy Guarantee to the Lessor related to the Lessee's obligations to pay all amounts accruing under the lease and the performance of all other obligations under the lease. The Good guy Guarantee will remain in effect during the entire term of all or any portion of the lease.

15. Commitments and contingencies (continued)

f) During the period ended July 31, 2022, the Corporation provided a guarantee for a convertible promissory note with a principal amount of US$300,000 issued by one of the Corporation's investees to a debt holder. The underlying convertible promissory note carries interest at an annual rate of 8% with principal and accrued interest payable upon maturity on April 5, 2024.