SLANG WORLDWIDE

Unaudited Interim Condensed Consolidated Financial Statements

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

NOTICE TO READER

These interim condensed consolidated financial statements of SLANG Worldwide Inc. have been prepared by management and approved by the Board of Directors of the Company.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), released by the Canadian Securities Administrators, the Company discloses that its external auditor has not reviewed these interim condensed consolidated financial statements, notes to the interim condensed consolidated financial statements, or the related Management's Discussion and Analysis.

SLANG Worldwide Inc.
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SLANG Worldwide Inc.
Unaudited Interim Condensed Consolidated Statements of Financial Position
(Prepared in Canadian dollars)

At	**(Unaudited) September 30, 2022**	(Audited) December 31, 2021
Assets		
Current		
Cash	**$8,116,578**	$17,027,648
Accounts receivable (Note 7 & 35)	**4,628,352**	2,510,025
Other receivables (Note 8)	**150,242**	429,253
Prepaid and other deposits (Note 11)	**2,161,842**	1,836,173
Inventories (Note 9)	**7,695,338**	8,729,917
Biological assets (Note 10)	**779,697**	668,149
Assets held for sale (Note 27)	**1,597,992**	2,852,182
Income taxes receivable	**-**	102,434
Notes receivable (Note 12)	**-**	5,720,193
Deposit on acquisition (Note 13)	**-**	1,076,864
Total current assets	**25,130,041**	40,952,838
Restricted cash (Note 6)	**4,112,100**	3,803,400
Investments, at fair value (Note 14)	**840,407**	-
Right of use assets (Note 19)	**4,797,402**	4,487,126
Property, plant and equipment (Note 16)	**2,760,211**	1,670,384
Intangible assets (Note 17)	**24,180,358**	25,795,282
Goodwill (Note 4 & 18)	**2,790,812**	2,581,302
Total assets	**$64,611,331**	$79,290,332
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 21)	**$5,757,164**	$6,765,654
Current portion of notes payable (Note 22)	**61,013**	686,914
Current portion of lease liabilities (Note 23)	**550,288**	437,380
Contract liability	**85,771**	897,062
Deferred cash consideration (Note 4)	**2,741,400**	2,493,332
Current portion of contingent consideration (Note 4)	**5,832,820**	-
Liabilities held for sale (Note 27)	**356,493**	1,291,938
Due to related parties	**-**	3,474,235
Total current liabilities	**15,384,949**	16,046,515
Notes payable (Note 22)	**779,118**	1,080,192
Lease liabilities (Note 23)	**4,954,335**	4,514,915
Contingent consideration (Note 4)	**1,905,273**	7,140,250
Derivative liabilities (Note 24)	**388,678**	4,867,235
Convertible debentures (Note 24)	**12,488,078**	7,472,996
Total liabilities	**35,900,431**	41,122,103
Shareholders' equity		
Share capital (Note 25)	**43,829,014**	31,322,953
Share capital to be issued (Note 25)	**1,506,729**	1,328,073
Restricted share capital (Note 25)	**38,384,578**	48,408,216
Contributed surplus	**19,836,623**	19,257,412
Warrants (Note 25)	**7,194,772**	7,194,772
Deficit	**(81,439,914)**	(66,779,065)
Foreign currency translation reserve	**(600,902)**	(2,564,132)
Total shareholders' equity	**28,710,900**	38,168,229
Total liabilities and shareholders' equity	**$64,611,331**	$79,290,332

SLANG Worldwide Inc.

Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

(Prepared in Canadian dollars)

	Three months ended September 30, 2022	2021	Nine months ended September 30, 2022	2021
Continuing Operations				
Revenue				
Product and licensing revenue	**$8,120,065**	$9,331,552	**$26,247,708**	$28,637,334
Interest and other income	**50,096**	25,338	**164,198**	301,821
Total revenue	**8,170,161**	9,356,890	**26,411,906**	28,939,155
Cost of goods sold (Notes 9 & 29)	**4,152,635**	5,790,289	**14,488,323**	17,810,347
Gross profit before fair value adjustment of biological assets	**4,017,526**	3,566,601	**11,923,583**	11,128,808
Realized fair value amounts included in inventory sold (Note 10)	**(584,269)**	(385,153)	**(1,678,072)**	(385,153)
Unrealized gain on changes in fair value of biological assets (Note 10)	**170,441**	282,831	**1,506,864**	282,831
Gross profit	**3,603,698**	3,464,279	**11,752,375**	11,026,486
Expenses				
Salaries and wages (Note 32)	**2,475,902**	2,605,391	**7,797,816**	6,757,914
Depreciation and amortization (Notes 16, 17, 19, 29)	**1,760,821**	1,789,904	**4,124,679**	5,349,161
General and administrative (Note 29)	**924,400**	703,223	**2,483,030**	2,023,651
Consulting and subcontractors (Note 32)	**310,055**	238,716	**1,578,282**	709,113
Share based payments (Notes 25 & 32)	**1,751,656**	1,874,770	**2,987,017**	7,420,922
Insurance (Note 30)	**573,954**	703,854	**1,670,441**	2,194,383
Professional fees	**416,310**	728,058	**1,340,654**	2,203,939
Sales and marketing	**352,998**	427,314	**1,043,331**	844,521
Expected credit losses (recovery) (Notes 7 & 12)	**25,002**	1,887,462	**(8,611,894)**	1,906,638
Total expenses	**8,591,098**	10,958,692	**14,413,356**	29,410,242
Loss from operations	**(4,987,400)**	(7,494,413)	**(2,660,981)**	(18,383,756)
Expenses related to acquisitions (Note 5)	**-**	-	**12,216,634**	-
Financing cost and fair value adjustment (Note 28)	**1,799,362**	(183,914)	**(184,121)**	(452,350)
Other expense (income) (Note 31)	**(459,739)**	(410,609)	**(773,095)**	95,420
Loss before income taxes	**(6,327,023)**	(6,899,890)	**(13,920,399)**	(18,026,826)
Current taxes	**-**	17,547	**-**	121,796
Net loss from continuing operations	**(6,327,023)**	(6,917,437)	**(13,920,399)**	(18,148,622)
Net loss from discontinued operations, net of tax (Note 26)	**(32,667)**	(560,656)	**(740,450)**	(1,501,242)
Net loss	**(6,359,690)**	(7,478,093)	**(14,660,849)**	(19,649,864)
Other comprehensive income for the period				
Currency translation adjustment	**1,719,308**	1,784,699	**1,963,230**	221,001
Total comprehensive loss for the period	**$(4,640,382)**	$(5,693,394)	**$(12,697,619)**	$(19,428,863)
Net loss per common and restricted voting share				
Basic & Diluted	**$(0.06)**	$(0.09)	**(0.15)**	(0.24)
Basic & Diluted - Continuing Operations	**$(0.06)**	$(0.08)	**(0.14)**	(0.22)
Basic & Diluted - Discontinued Operations	**$-**	$(0.01)	**(0.01)**	(0.02)
Weighted average number of common and restricted voting shares outstanding				
Basic & Diluted	**98,508,475**	86,942,740	**96,845,182**	81,431,401

See accompanying notes to the unaudited interim condensed consolidated financial statements

SLANG Worldwide Inc.

Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Prepared in Canadian dollars)

	Common share capital	Restricted voting share capital	Share capital to be issued	Warrants	Contributed surplus	Foreign currency translation	Deficit	Total
Balance at December 31, 2020	**$235,552,213**	**$33,603,783**	**$18,068,262**	**$15,590,961**	**$12,297,317**	**$(2,116,796)**	**$(246,245,525)**	**$66,750,215**
Comprehensive income (loss) for the period	-	-	-	-	-	221,001	(19,649,864)	(19,428,863)
Stock based compensation expense	-	-	-	-	1,751,474	-	-	1,751,474
Restricted share unit compensation	-	-	-	-	1,666,166	-	-	1,666,166
Issued pursuant to business combinations	8,256,386	13,245,110	(16,958,072)	-	-	-	-	4,543,424
Issued pursuant to consulting agreements	1,494,167	3,019,039	(2,240)	-	-	-	-	4,510,966
Issued pursuant to private placement, net	11,858,493	-	-	-	-	-	-	11,858,493
Issued pursuant to conversion of RSUs	1,047,514	-	-	-	(1,432,750)	-	-	(385,236)
Deposit on acquisition	521,566	555,298	-	-	-	-	-	1,076,864
Shares issued to employees	113,611	-	-	-	-	-	-	113,611
Options exercised	2,578,444	-	-	-	(2,167,877)	-	-	410,567
Share exchange of common shares to restricted voting shares	2,908,437	(2,908,437)	-	-	-	-	-	-
Reduction of stated capital	(235,552,213)	-	-	-	-	-	235,552,213	-
Warrants expired	-	-	-	(8,396,189)	8,396,189	-	-	-
Balance at September 30, 2021	**28,778,618**	**47,514,793**	**1,107,950**	**7,194,772**	**20,510,519**	**(1,895,795)**	**(30,343,176)**	**72,867,681**
Balance at December 31, 2021	**31,322,953**	**48,408,216**	**1,328,073**	**7,194,772**	**19,257,412**	**(2,564,132)**	**(66,779,065)**	**38,168,229**
Comprehensive income (loss) for the period	-	-	-	-	-	1,963,230	(14,660,849)	(12,697,619)
Stock based compensation expense	-	-	-	-	720,416	-	-	720,416
Restricted share unit compensation	-	-	-	-	125,295	-	-	125,295
Issued pursuant to conversion of RSUs	971,784	-	(722,615)	-	(266,500)	-	-	(17,331)
Issued pursuant to consulting agreements	129,530	1,006,960	589,440	-	-	-	-	1,725,930
Shares issued to employees	30,000	-	311,831	-	-	-	-	341,831
Issued pursuant to asset acquisitions	166,457	177,692	-	-	-	-	-	344,149
Share exchange of restricted shares to common shares	11,208,290	(11,208,290)	-	-	-	-	-	-
Balance at September 30, 2022	**$43,829,014**	**$38,384,578**	**$1,506,729**	**$7,194,772**	**$19,836,623**	**$(600,902)**	**$(81,439,914)**	**$28,710,900**

See accompanying notes to the unaudited interim condensed consolidated financial statements

SLANG Worldwide Inc.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
(Prepared in Canadian dollars)

At September 30,	**2022**	2021
Cash flows used in operating activities		
Net loss from continuing operations	**$(13,920,399)**	$(18,148,622)
Items not affecting cash		
Expenses related to acquisition (Note 5)	**12,216,634**	-
Expected credit losses (recovery) (Notes 7 & 12)	**(8,611,894)**	1,906,638
Fair value adjustment on derivative liabilities (Note 30)	**(4,478,557)**	(1,527,040)
Depreciation and amortization (Notes 16, 17, 19 & 29)	**4,124,679**	5,349,161
Depreciation - cost of sales (Note 29)	**402,039**	412,816
Gain on settlement of pre-existing relationships (Note 5 & 28)	**(2,019,965)**	-
Share based payments (Notes 25 & 32)	**2,987,017**	7,420,922
Accretion expense (Note 28)	**2,390,844**	462,736
Unrealized gain on changes in fair value of biological assets (Note 10)	**(1,506,864)**	(282,831)
Interest not paid in cash (Note 26)	**1,805,172**	-
Interest not received in cash (Note 11)	**(27,513)**	(209,355)
Fair value adjustment on financial instruments (Note 28)	**1,502,631**	-
Unrealized exchange loss (gain)	**(556,993)**	(177,629)
Gain on extinguishment of financial liabilities (Note 28)	**(212,680)**	-
Inventory write-off	**179,146**	250,587
Loss on sale of capital assets	**(4,217)**	(8,979)
Amortization of deferred revenue	**-**	(471,850)
Realized loss on sale of investment	**-**	33,333
	(5,730,920)	(4,990,113)
Changes in non-cash working capital balances		
Accounts payable and accrued liabilities	**(735,540)**	(4,180,412)
Accounts receivable	**(2,005,273)**	(525,496)
Prepaid and other deposits	**(264,137)**	1,361,157
Inventory	**3,816,548**	(269,886)
Contract liability	**(861,912)**	(67,505)
Other receivables	**284,844**	326,512
Income tax receivable	**105,040**	98,434
Biological assets	**(961,304)**	(216,408)
Cash flows used in operating activities - continuing operations	**(6,352,654)**	(8,463,717)
Cash flows used in operating activities - discontinued operations	**(579,157)**	(1,699,617)
Net cash used in operating activities	**(6,931,811)**	(10,163,334)
Cash flows from (used in) financing activities		
Lease payments	**(384,846)**	(166,177)
Repayment of notes payable	**(487,615)**	(795,677)
Withholding taxes on common share issuances	**(90,876)**	-
Net proceeds pursuant to issuance of common shares	**-**	11,858,493
Proceeds pursuant to stock option exercises	**-**	410,567
Net advances to due to related parties	**-**	(93,935)
Cash flows from (used in) financing activities - continuing operations	**(963,337)**	11,213,271
Cash flows used in financing activities - discontinued operations	**(91,224)**	(106,514)
Net cash from (used in) financing activities	**(1,054,561)**	11,106,757

SLANG Worldwide Inc.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

(Prepared in Canadian dollars)

At September 30,	**2022**	2021
Cash flows from (used in) investing activities		
Repayments (advances) of notes receivable	**1,021,064**	(14,089)
Purchase of property, plant and equipment	**(1,207,228)**	(384,975)
Transaction costs on asset acquisition	**(521,482)**	-
Cash acquired on acquisitions	**50,581**	1,342,618
Advances on investments, fair value	**(758,877)**	-
Net advances to due from related parties	**(234,548)**	(340,960)
Purchase of intangibles	**(168,198)**	(81,659)
Proceeds on disposal of property, plant and equipment	**120,070**	12,738
Cash paid on acquisitions	**-**	(4,398,482)
Net advances to acquiree	**-**	(613,874)
Repayment of convertible loan receivable	**-**	500,000
Cash flows used in investing activities - continuing operations	**(1,698,618)**	(3,978,683)
Cash flows from (used in) investing activities - discontinued operations	**283,206**	(89,062)
Net cash used in investing activities	**(1,415,412)**	(4,067,745)
Net decrease in cash	**(9,401,784)**	(3,124,322)
Exchange rate changes on foreign currency cash balances	**799,414**	26,720
Cash & restricted cash, beginning of period	**20,831,048**	6,608,578
Cash & restricted cash, end of period	**12,228,678**	3,510,976
Cash, end of period	**$8,116,578**	$3,510,976
Restricted cash, end of period	**$4,112,100**	$-

Supplemental cash flow information		
Income taxes paid	**$-**	$121,796
Interest paid	**$652,955**	$725,000
Other non-cash financing and investing activities		
Restricted voting shares issued on acquisitions (Note 4 & 5)	**$177,692**	$4,454,754
Common shares issued on asset acquisition (Note 5)	**$166,457**	$-
Contingent consideration (Note 4)	**$-**	$5,871,567
Deposit on acquisition issued in shares (Note 13)	**$-**	$1,076,864
Deferred share consideration (Note 4)	**$-**	$88,670

1. Nature of operations

Slang Worldwide Inc. formerly known as Fire Cannabis Inc., (the "Company") was incorporated on May 29, 2017, under the laws of Canada Business Corporations Act. On November 26, 2018, the Company filed articles of amendment to change its name to SLANG Worldwide Inc.

The Company's head office and principal address is located at 50 Carroll Street, Toronto, Ontario, M4M 3G3. The Company's registered and records office is located at 77 King Street West, Suite 400, Toronto, Ontario, M5K 1A2. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol SLNG and is quoted on the OTC Markets ("OTCMKTS") under the symbol SLGWF. The Company is also quoted on the Frankfurt Stock Exchange under the trading symbol 84S.

The Company invests and operates in the cannabis industry through a portfolio of entities which provide cannabis products, brands, and services to the global market. The Company invests in entities that have a consumer centric product portfolio with brands that have widespread distribution.

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 28, 2022.

2. Basis of presentation

a) Statement of compliance

The Company's interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim financial reporting". These interim condensed consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). The same accounting policies are applied in these unaudited interim condensed consolidated financial statements as those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2021.

b) Basis of measurement

The Company's interim condensed consolidated financial statements have been prepared on a historical cost basis except for biological assets and certain financial instruments which are measured at fair value.

(Prepared in Canadian dollars)

2. Basis of presentation, continued

c) Basis of consolidation

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 comprise of the financial results of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are fully consolidated from the date that control commences and de-consolidated from the date control ceases. The interim condensed consolidated financial statements of the Company include:

Name	Percentage Control
Slang Colorado RE, Inc. (previously, The Purple Organization, Inc.)	100%
National Concessions Group, Inc. ("NCG")	100%
Slang Investments, Inc. (previously, Cultivate Brands Corp.)	100%
Slang Colorado Distribution, Inc. (previously, Peoria Partners, LLC) ("SCD")	100%
Slang Oregon, Inc.	100%
LBA CBD, LLC ("CBD")	100%
CHC Laboratories, Inc. ("CHC")	100%
Hydra Oregon, LLC (dba, Lunchbox Distribution) ("LBD")	100%
Slang Colorado Cultivation, Inc. ("SCC")	100%
Allied Concessions Group, Inc. ("ACG")	100%
Slang Colorado Manufacturing, Inc. ("SCM")	100%
Slang NonPT Holdco, Inc. (previously, Slang Worldwide US Inc.)	100%
Slang PT Holdco, Inc.	100%
Slang Colorado, Inc.	100%
Slang Colorado RE1, LLC	100%
Slang Oregon Holdings, Inc.	100%
Slang Vermont, Inc.	100%
Champlain Valley Dispensary, Inc. ("CVD")	100%
Ceres, LLC ("Ceres")	100%
Oregon OV, LLC	100%
GNT Oregon, LLC ("GNT")	100%

The non-operational dormant entities include Slang NonPT Holdco Inc., Slang PT Holdco Inc., Slang Oregon Holdings, Inc., and Slang Colorado, Inc.

The functional currency of the Company and Slang Investments, Inc. is the Canadian Dollar which is also the presentation currency of the interim condensed consolidated financial statements. The functional currency of Slang Colorado RE, Inc., NCG, SCD, Slang Oregon, Inc., CBD, CHC, LBD, SCC, ACG, SCM, Slang NonPT Holdco, Inc., Slang PT Holdco, Inc., Slang Colorado, Inc., Slang Colorado RE1, LLC, Slang Oregon Holdings, Inc., Slang Vermont, Inc., CVD, Ceres, Oregon OV, LLC, and GNT is the US dollar.

2. Basis of presentation, continued

d) COVID-19 estimation uncertainty

In March 2020, there was a global outbreak of COVID-19 which has a significant impact on businesses through the restrictions put in place by the Canadian and American authorities regarding travel, business operations and isolation/quarantine orders. These restrictions did not materially disrupt the Company's operations during 2021 and 2022 as the sale of cannabis products have been recognized as essential services across Canada and the United States.

Management has been closely monitoring the impact of COVID-19 and has implemented various measures to reduce the spread of the virus including enhanced cleaning protocols and implementing social distancing measures. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the extent of the impact the COVID-19 outbreak will have on the Company’s business, financial position, and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19 and the effect of any such estimates could be material, which could result in, among other things, impairment of long-lived assets. An impairment test was performed at December 31, 2021 for the Company's goodwill and intangible assets. Management is closely monitoring the impact of the pandemic on all aspects of its business.

e) Share consolidation

On February 28, 2022, the Company completed a one-for-six share consolidation of all outstanding common and restricted voting shares. Shares reserved under the Company’s equity and incentive plans were adjusted to reflect the share consolidation. All share and per share data presented in the Company’s interim condensed consolidated financial statements have been retroactively adjusted to reflect the share consolidation unless otherwise noted.

3. Significant accounting judgements and estimation uncertainties

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation were the same as those described in the last audited consolidated financial statements.

(Prepared in Canadian dollars)

4. Business combinations

The Company has determined that these acquisitions are business combinations under IFRS 3, Business Combinations. They are accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these interim condensed consolidated financial statements. Any goodwill recognized is attributed based on Cash Generating Units ("CGUs").

High Fidelity Acquisition

On August 11, 2021, the Company acquired 100% of the issued and outstanding equity interests of High Fidelity, Inc. ("HiFi") by way of a merger with a dormant wholly owned subsidiary of the Company. HiFi owns 100% of the issued and outstanding equity interests of CVD and Ceres (collectively, the "Acquired Companies"). The dormant subsidiary, Slang Vermont, Inc., was the surviving entity in the merger. The Acquired Companies are engaged in the business of developing and manufacturing edible and consumable products in the medical cannabis and CBD industry in Vermont.

The following table summarizes the purchase price allocation for the HiFi acquisition:

Fair value of consideration transferred	
Cash paid	$4,575,647
Restricted voting shares issued	4,402,450
Deferred cash consideration	2,493,332
Deferred share consideration	88,670
Contingent consideration	5,871,567
Settlement of pre-existing relationship	817,611
Total consideration transferred	$18,249,277
Recognized amounts of identifiable net assets	
Cash	$1,342,618
Accounts receivable	143,865
Prepaid expenses	54,712
Inventory	3,956,377
Biological assets	697,638
Property and equipment	678,439
Right-of-use assets	2,599,070
Intangibles - licenses	860,055
Intangibles - brands	726,190
Accounts payable and accrued liabilities	(795,692)
Lease liabilities	(2,599,070)
Notes payable	(845,709)
Deferred tax liability	(540,621)
Total identifiable net assets	$6,277,872
Goodwill on acquisition	**$11,971,405**

4. Business combinations, continued

Consideration transferred

As consideration for the HiFi equity interests, the Company paid $4,575,647 in cash and issued 5,287,389 restricted voting shares. The restricted voting shares were estimated at $0.833 per share on the date of acquisition using an option pricing model. A discount of 29% was applied to due to voting restrictions placed on these shares. In addition, on the date that is 18 months following June 25, 2021, the date of the merger agreement, the Company will pay US$2,000,000 in cash and issue 109,649 restricted voting shares.

Contingent Consideration

The Company has agreed to pay the selling shareholders within three years' time additional consideration of US$6,000,000 in restricted voting shares at a 10-day volume-weighted average price of the Company's shares if Vermont regulators issue a retail marijuana license to the Acquired Companies. A further US$2,000,000 in restricted voting shares at a 10-day volume-weighted average price will be issued if the New Jersey Regulatory Agency issues a retail marijuana license to the Acquired Companies. The contingent consideration meets the classification as a liability because a variable number of shares may be issued at the future date. The determination of the fair value of the contingent consideration payable is primarily based on the Company's expectations of obtaining the licenses within the specified time period of the agreement. The fair value of the contingent consideration of $5,871,567 was estimated using a probability weighted-average approach and was estimated based on the probability of obtaining the licenses in Vermont and New Jersey within the specified time period of the agreement. For the Vermont license, a probability of 95% and 100% was used in Year 1 and Year 2, respectively. For the New Jersey license, a probability of 30%, 20%, and 10% was used in Year 1, Year 2, and Year 3, respectively. The discount rate of 29% was used in fair valuing the contingent consideration as it is payable in restricted voting shares.

During the three and nine months ended September 30, 2022, a fair value loss of $530,953 and $597,843 on the contingent consideration was recorded in fair value adjustment on financial instruments (Note 28). For the New Jersey license, a probability of obtaining the license of 90% and 100% was used in Year 1 and Year 2, respectively, from reporting period end. On September 28, 2022, the Vermont license was granted to the Company and therefore, a 100% probability was assigned in determining the fair value. The discount rate of 29% was used in fair valuing the contingent consideration as it is payable in restricted voting shares.

Pre-existing Contingent Consideration

Prior to the acquisition of HiFi by the Company, Ceres entered into an asset purchase agreement with a third party. Under the agreement, an earnout of US$121,000 will be paid if Ceres' revenues from sales relating to TreTap maple syrup sparkling water exceed US$2,500,000 by January 2024. This pre-existing contingent consideration was accounted for as an assumed liability at a fair value of $Nil on acquisition of HiFi.

4. Business combinations, continued

The following pre-existing relationships were effectively settled on the acquisition date at their fair value:

Notes receivable

The Company had previous notes due from HiFi, which were effectively settled at their fair value of US$302,154 (CAD - $377,874) on the date of acquisition (Note 12).

Due from HiFi

The Company held receivables due from HiFi at the acquisition date. The receivables were effectively settled at their fair value of US$351,621 (CAD - $439,737).

Identifiable intangible assets

The identifiable brands and license have been valued using the Relief from Royalty Method and Multi-Period Excess Earnings Method, respectively. The method on fair valuing the Ceres Medical Brand and Medical License applied a 16.91% discount rate. The method on fair valuing the Ceres Natural Remedies and Tre Tap brands applied a 22.91% discount rate.

Brands and licenses are considered definite useful life intangible assets and are being amortized over their remaining useful lives of 5 and 10 years, respectively.

Goodwill

Goodwill of $11,971,405 is primarily related to growth expectations, particularly driven by the expansion of operations in Vermont related to the anticipated recreational cannabis market expected in 2022. Goodwill recognized will not be deductible for income tax purposes.

The Company incurred acquisition costs of $470,567 for the year ended December 31, 2021, which are included in professional fees in the consolidated statement of loss and comprehensive loss.

5. Asset acquisition

NS Holdings, Inc.

On April 12, 2022, the Company acquired 100% of the issued and outstanding capital stock of NS Holdings, Inc. (“NSH”) by way of a merger with a dormant wholly owned subsidiary of the Company. NSH owns 100% of the issued and outstanding equity interests of GNT and Oregon OV, LLC (collectively, the “Acquired Companies”). The dormant subsidiary, Slang Oregon Holdings, Inc., was the surviving entity in the merger. Under IFRS 3, Business Combinations, it was determined that the acquisition did not qualify as a business combination, and therefore, it was accounted for as an asset acquisition.

(Prepared in Canadian dollars)

5. Asset acquisition, continued

The following table summarizes the NSH asset acquisition:

Fair value of consideration transferred	
Common shares issued	$166,457
Restricted voting shares issued	177,692
Deposit on acquisition	172,076
Transaction costs	521,482
Settlement of pre-existing relationships, net	10,662,433
Total consideration transferred	$11,700,140
Recognized amounts of identifiable net assets	
Cash	$50,581
Other receivables	2,228
Prepaid expenses	3,715
Property, plant and equipment	130,196
Right-of-use asset	423,942
Intangibles - licenses	9,589
Accounts payable and accrued liabilities	(160,372)
Lease liability	(417,073)
Notes payable	(559,300)
Total identifiable net assets	$(516,494)
Total expenses related to acquisition	**$12,216,634**

In June 2021, the Company issued 354,166 common shares and 531,249 restricted voting shares recorded as a deposit on acquisition (Note 13). On acquisition date, April 12, 2022, the deposit was fair valued at $172,076, resulting in a fair value loss of $904,788 recorded in financing cost and fair value adjustments in the interim condensed consolidated statement of loss and comprehensive loss (Note 28).

In addition to the deposit, as consideration for the outstanding NSH capital stock, the Company issued 708,326 common shares at $0.235 per share (based on quoted market price) and 1,062,490 restricted voting shares at $0.167 per share (based on option pricing model) on April 12, 2022. A discount of 29% was applied to the restricted voting shares due to voting restrictions placed on these shares.

5. Asset acquisition, continued

The following pre-existing relationships were effectively settled on the acquisition date at their fair value:

Notes receivable

The Company had a note and accrued interest due from NSH, which was effectively settled at its fair value of US$7,231,201 (CAD - $9,123,607) on the date of acquisition (Note 12). The Company had recognized an expected credit loss on the loan of $3,603,949, which was reversed on acquisition as the loan was settled as a pre-existing relationship (Note 12). In addition, a fair value adjustment of US$682,000 (CAD - $860,479) was recorded as a gain on settlement of pre-existing relationships in the interim condensed consolidated statement of loss and comprehensive loss (Note 28).

Notes payable

The Company had a note due to NSH, which was effectively settled at its fair value of US$734,931 (CAD - $927,263) on the date of acquisition (Note 22). Accrued interest on the note was also effectively settled at its fair value on acquisition of US$252,284 (CAD - $318,307).

Due from (to) related parties

The Company held related party receivable (payable) balances due from (to) the Acquired Companies at the acquisition date. Immediately prior to the acquisition of NCG in 2019, NCG recognized a fair value loss on the receivable balance of $1,159,486, which was reversed and recorded as a gain on settlement of pre-existing relationships in the interim condensed consolidated statement of loss and comprehensive loss (Note 28). In addition, the Company had previously recognized an expected credit loss on these related party receivables, resulting in a reversal of an expected credit loss of $2,055,727. The net related party receivables (payables) were effectively settled at their fair value of US$(123,246) (CAD - $(155,499)).

Accounts receivable and accounts payable

The Company held trade receivable and trade payable balances with GNT, with a net amount owing by GNT that was settled at its fair value of US$2,330,107 (CAD - $2,939,895) on acquisition date. The Company had previously recognized an expected credit loss on the trade receivable balance, resulting in a reversal of $3,049,684 of expected credit losses (Note 7).

Identifiable intangible assets

The identifiable licenses have been valued using a cost approach. The licenses were estimated to have a useful life of 10 years.

Expenses related to acquisition

Expenses related to acquisition represent consideration in excess of the fair value of net assets acquired. Immediately prior to the acquisition, the Company had several pre-existing relationships with NSH at a fair value of $10,662,433. These pre-existing relationships are considered recovered on acquisition, impacting the total fair value of consideration.

(Prepared in Canadian dollars)

6. Restricted cash

On November 15, 2021, the Company entered into a loan transaction for aggregate gross proceeds of US$17,319,588 (Note 24, Convertible Note Financing). Under the terms of the agreement, the Company shall maintain a minimum aggregate cash balance of US$3,000,000 (CAD$4,112,100) until maturity. The balance has been recorded as a non-current asset on the interim condensed consolidated statement of financial position at September 30, 2022 because the cash is restricted from being used to settle the Company's liabilities for at least 12 months after the reporting period.

7. Accounts receivable

Accounts receivable consist of the following:

	September 30, 2022	December 31, 2021
Accounts receivable	**$4,758,779**	$10,241,815
Expected credit losses	**(130,427)**	(7,731,790)
	$4,628,352	$2,510,025

Expected credit losses decreased by $7,601,363, which is attributable to a net increase in expected credit losses of $32,477, a decrease due to write-offs of $4,670,104, a decrease due to a reversal on settlement of pre-existing relationships of $3,049,684, and loss on translation of foreign operations of $85,948 recorded in other comprehensive loss.

8. Other receivables

Other receivables consist of the following:

	September 30, 2022	December 31, 2021
Indirect tax receivable	**$135,325**	$210,149
Other receivables	**14,917**	219,104
	$150,242	$429,253

9. Inventories

The following comprise inventories:

Category	**September 30, 2022**	December 31, 2021
Finished goods - cannabis	**$1,532,284**	$1,299,761
Finished goods - non-cannabis	**1,035,082**	1,274,044
Raw materials - cannabis	**4,343,981**	5,771,033
Raw materials - non-cannabis	**750,939**	358,136
Work-in-progress - cannabis	**33,052**	18,665
Work-in-progress - non-cannabis	**-**	8,278
	$7,695,338	$8,729,917

(Prepared in Canadian dollars)

9. Inventories, continued

The Company classifies slow-moving inventory, not expected to be consumed or realized in cash in its normal operating cycle, as a non-current asset. At September 30, 2022 and December 31, 2021, no slow-moving inventory was recognized. Inventory is periodically reviewed for potential obsolescence, and the Company writes down inventory based on its assessment of market conditions.

During the three and nine months ended September 30, 2022, the total inventory expensed through cost of goods sold was $3,462,095 and $11,195,189 from continuing operations (2021 - $4,440,402 & $13,614,659). Realized fair value adjustments included in inventory sold was $584,269 and $1,678,072 for the three and nine months ended September 30, 2022 (2021 - $385,153 & $385,153).

10. Biological assets

The Company's biological assets consist of 1,333 (2021 – 791 cannabis plants) cannabis plants at September 30, 2022. The reconciliation of biological assets is as follows:

	September 30, 2022	December 31, 2021
Opening balance	**$668,149**	$84,421
Additions on business combinations (Note 4)	**-**	697,638
Increase in fair value less cost to sell due to biological transformation	**1,506,864**	1,547,338
Capitalized costs	**961,304**	1,084,169
Transferred to inventories upon harvest	**(2,414,526)**	(2,811,247)
Discontinued operations (Note 26)	**-**	57,713
Currency translation	**57,906**	8,117
Ending balance	**$779,697**	$668,149

The Company's biological assets consist of unharvested cannabis plants and are presented at their fair values less costs to sell up to the point of harvest. The fair value measurements for biological assets have been categorized as Level 3 in the fair value hierarchy based on the inputs to the valuation technique used. The fair value was determined using a market approach (2021 – income approach) where fair value at the point of harvest is estimated based on future selling prices less the costs to sell at harvest. For in-process biological assets, the estimated fair value at the point of harvest is adjusted based on the plants' stage of growth, which is determined by reference to days remaining to harvest over the average growth cycle.

The Company's estimates, by their nature, are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

(Prepared in Canadian dollars)

10. Biological assets, continued

Dry Bud

The dry bud valuation model utilizes the following significant assumptions.

	Inputs as on	
Significant assumptions	**September 30, 2022**	December 31, 2021
Estimated selling price	**$6.61/gram**	$11.34/gram
Expected yields for cannabis plants (average grams per plant)	**91.82**	84.75
Post-harvest cost to complete and sell (per gram)	**$0.79/gram**	$3.92/gram

Trim for Extraction

The trim for extraction valuation model utilizes the following significant assumptions.

	Inputs as on	
Significant assumptions	**September 30, 2022**	December 31, 2021
Estimated selling price	**$2.65/gram**	$11.39/gram
Expected yields for cannabis plants (average grams per plant)	**126.81**	117.03
Post-harvest cost to complete and sell (per gram)	**$0.12/gram**	$5.01/gram

The average selling price per gram, expected yield per plant, and post-harvest cost to complete and sell reflect the associated selling price per gram of dried cannabis flower and trim, the conversion of cannabis plants into dried flower and trim and the post-harvest production and selling costs of dried flower and trim for the period ended September 30, 2022.

During the period ended September 30, 2022, the Company changed its method of estimating the fair value of biological assets given that more reliable market data became available for the average selling price of dried cannabis flower and trim as the Vermont market prepared to open for recreational cannabis sales. In previous periods, the Company estimated the fair value of biological assets based on the average selling price of finished packaged flower and concentrated products and adding all conversion and selling costs of those finished goods into the estimated post-harvest cost to complete and sell.

The following table presents the potential effect of a 10% change on the fair valuation of biological assets at September 30, 2022 and December 31, 2021, which would be reported as part of the gross profit (loss) on the statement of loss and comprehensive loss:

	September 30, 2022	December 31, 2021
Estimated selling price	**$78,364**	$105,600
Expected yields for cannabis plants (average grams per plant)	**71,081**	63,410
Post-harvest cost to complete and sell (per gram)	**7,283**	41,923

(Prepared in Canadian dollars)

11. Prepaid and other deposits

	September 30, 2022	December 31, 2021
Prepaid expenses	**$2,161,842**	$1,895,542
Reclassification to assets held for sale (Note 27)	**-**	(59,369)
	$2,161,842	$1,836,173

Prepaid Expenses

At September 30, 2022, prepaid expenses constitute deposits on future purchases of inventory and deposits for goods and services, primarily related to insurance, leases, and software subscriptions, that have yet to be received at period end.

12. Notes receivable

A summary of the Company's loans and notes receivable is as follows:

	September 30, 2022	December 31, 2021
NS Holdings, LLC ("NSH"), net of allowance	**$-**	$4,699,129
Slang Investments, Inc. loan	**-**	1,021,064
	$-	$5,720,193

Prior to the acquisition of NSH, the Company loaned a principal amount, bearing interest of 12% per annum, of US$5,500,000 (CAD - $7,345,168) to NSH, a related entity. The loan matured in February 2022 and was secured by substantially all the assets of NSH. In April 2021, the Company ceased recognizing interest income due to the high uncertainty of collection. The Company had recognized an expected credit loss on the loan of $3,603,949, which was reversed on acquisition as the loan was settled as a pre-existing relationship (Note 5). An unrealized foreign exchange loss of $Nil and $39,950 was recognized in the three and nine months ended September 30, 2022, respectively (2021 – gain of $227,258 & $6,618). In addition, a fair value gain of $860,479 was recorded as a gain on settlement of pre-existing relationships in the interim condensed consolidated statement of loss and comprehensive loss (Note 28). This fair value gain is related to adjusting interest income on the NSH loan because in April 2021, the Company ceased recognizing interest income due to the high uncertainty of collection. Immediately prior to the acquisition of NSH, the resulting fair value of the note was $9,123,607 (Note 5).

Prior to the acquisition of Slang Investments, Inc. in 2020, Slang Investments, Inc. loaned a principal amount of $1,000,000 to two third party individuals. The loan matured in October 2018, bearing interest at 5% per annum, and was unsecured. Slang Investments, Inc. had recognized an impairment loss on the loan, bringing the outstanding value to $Nil on acquisition date. During the year ended December 31, 2021, a settlement agreement was entered into between Slang Investments, Inc. and the two third party individuals, whereby a payment schedule was put in place for the outstanding balance of the loan plus accrued and unpaid interest. As such, during the year ended December 31, 2021, the Company recognized a recovery on the loan of $1,000,000. Additionally, interest income of $181,744 was recorded and principal repayments of $160,680 were made, consistent with the terms of the settlement agreement. During the period ended September 30, 2022, the Company received full repayment of the outstanding balance of $1,021,064.

12. Notes receivable, continued

Prior to the acquisition of ACG in 2020, ACG entered into a promissory note agreement with Euflora, Inc. ("Euflora") in the amount of US$434,678, which is unsecured, bears interest at 8% per annum with monthly principal and interest payments of US$49,591. In the event that payment is not received as scheduled, interest accruing on the unpaid balance increases to 18%. The loan matured on June 1, 2021. During the period ended September 30, 2021, principal repayments of US$290,725 (CAD - $362,535) were made, and a loss of $6,367 was recorded on the translation of foreign operations in other comprehensive income.

On July 9, 2021, the Company entered into a promissory note with High Fidelity, Inc., an unrelated third party at the time, in the amount of US$300,000 (CAD - $376,323), which is unsecured, and bears interest at 10% per annum. The note matures on the earliest of (i) one year from the effective date of the promissory note, (ii) August 11, 2021, and (iii) June 25, 2022. Immediately prior to the acquisition of High Fidelity, Inc., the carrying value of the principal and interest due was US$302,154 (CAD - $377,874). This note was settled as a pre-existing relationship at its fair value on the acquisition of High Fidelity, Inc. (Note 4).

13. Deposit on acquisition

On June 8, 2021, the Company, NSH, TC Colorado Holdings, LLC, and Slang Oregon Holdings, Inc., entered into an agreement and plan of merger. NSH holds medical and recreational cannabis licenses in the state of Oregon through its subsidiary, GNT Oregon, LLC. Pursuant to the merger, the Company will issue consideration of 1,062,492 common shares and 1,593,739 restricted voting shares as consideration in exchange for all of the issued and outstanding shares of NSH. The NSH acquisition closed on April 12, 2022 and the remaining consideration under the plan of merger was issued (Note 5).

Upon the execution of the merger agreement, on June 8, 2021, the Company issued 338,477 common shares and 507,715 restricted voting shares at a value of $497,561 and $529,740, respectively. An additional 15,689 common shares and 23,534 restricted voting shares were issued at a value of $24,005 and $25,558, respectively, on June 29, 2021. These shares were recorded as a deposit on acquisition upon issuance. On closing of the NSH acquisition on April 12, 2022, a fair value loss on the deposit of $904,788 was recorded in financing cost and fair value adjustments in the interim condensed consolidated statement of loss and comprehensive loss (Note 28).

14. Investments, at fair value

Investments, at fair value is comprised of:

a) Woah Flow, LLC – Convertible Loan

On January 11, 2022, the Company entered into a loan in the amount of US$50,000 with Woah Flow, LLC ("Borrower"). The loan was amended on March 2, 2022, updating the loan amount to a maximum of US$3,000,000 (the "Amended Grid Note"). Under the Amended Grid Note, the Company will make available to the Borrower one or more advances in an aggregate amount not to exceed US$3,000,000. The Amended Grid Note bears interest at 10% per annum with all principal and interest maturing at the earlier of (i) the second anniversary of the Amended Grid Note; (ii) the conversion of the Amended Grid Note into 70% of the membership interests in the Borrower and an amended and restated operating agreement of the Borrower is finalized; and (iii) the six month anniversary date of a final, non-appealable determination by the New Jersey Cannabis Regulatory Commission approving or denying the proposed change of ownership contemplated in (ii). The loan is convertible to 70% of the membership interests in the Borrower and as such, has been measured at fair value through profit or loss. During the nine months ended September 30, 2022, the Company made principal advances of US$592,045 (CAD$758,877). Furthermore, during the three and nine months ended September 30, 2022, $16,009 and $27,513 of interest income, and $46,319 and $54,017 of unrealized foreign exchange gain was recognized in the interim condensed consolidated statement of loss and comprehensive loss. At September 30, 2022, the fair value of the convertible loan is $840,407.

b) 10663522 Canada Inc.

On May 31, 2018, the Company acquired 1,111,111 shares of 10663522 Canada Inc., a private company; therefore, no quoted market prices are available for its shares. In September 2021, the Company disposed of its 1,111,111 shares for no consideration. During the year ended December 31, 2021, the Company recognized a loss on disposal of the investment of $33,333, which was recorded in realized loss on sale of investments in the consolidated statement of loss and comprehensive loss.

c) Graffiti Games – Convertible Loan

Prior to the acquisition of Slang Investments, Inc., Slang Investments, Inc. had loaned $500,000 to Graffiti Games Ltd., an unrelated third party. The loan is guaranteed by a shareholder of Graffiti Games Ltd. and carries interest at 10% per annum. On April 30, 2020, Graffiti Games and Slang Investments, Inc. amended the original convertible loan to extend the maturity date to April 30, 2021. Interest accrued and receivable during the three and nine months ended September 30, 2021, amounted to $Nil and $16,713, respectively. The loan is convertible at the Company's option, and it is measured at fair value through profit or loss. The Company did not exercise its conversion option and upon maturity, the loan and interest accrued was repaid by Graffiti Games Ltd.

d) NSH Warrants

Prior to the acquisition of NSH, the Company held warrants which entitled the Company to acquire 339,930 shares of NSH at an exercise price of US$0.001 per share until March 20, 2028. The warrants expired unexercised on April 12, 2022, the closing of the NSH acquisition and there was no change to the fair value of the investment of $Nil during the period up until the warrants expiry in April 2022.

14. Investments, at fair value, continued

e) Bak Festivals Inc. (dba Grupo Flor Inc.)

Prior to the acquisition of Slang Investments, Inc., Slang Investments, Inc. had invested US$500,000 in 174,529 Series A Preferred Stock of Grupo Flor Inc., a private company; therefore, no quoted market prices are available for its shares. Prior to the acquisition of Slang Investments, Inc., the entity had recognized an impairment loss on the investment, bringing the net investment value to $Nil. The Company has estimated no change in the value of the investment during the three and nine months ended September 30, 2022 (2021 - $Nil & $Nil).

f) Greenleaf

Prior to the acquisition of Slang Investments, Inc., the entity had entered into a Limited Liability Company Agreement (the "Operating Agreement") for Greenleaf with Graffiti Games Ltd., Mega Cat Studios LLC, and Double Barrel LLC. Slang Investments, Inc. had provided an initial contribution of US$75,000, representing 15% of the fully diluted and capitalized ownership interest in Greenleaf. Prior to the acquisition, Slang Investments, Inc. had recognized an impairment loss on the investment, bringing the net investment value to $Nil. The Company estimated no change in the value of the investment during the three and nine months ended September 30, 2022 (2021 - $Nil & $Nil).

The Operating Agreement has a cash-call clause, which requires members to contribute additional capital to Greenleaf from time-to-time relative to their respective membership interests (Note 33).

15. Investment in associate

Prior to the acquisition of NCG by the Company, NCG received a 20% ownership share in Agripharm Corp. (“Agripharm”), a licensed producer located in Creemore, Ontario, for the use of intellectual property (“IP”), over a period of 30 years plus two 5-year renewal periods, valued on initial recognition at $19,200,000 (US$15,083,520). As such, the consideration transferred has been recorded as deferred revenue and will be amortized over the 30-year period. On December 15, 2021, the Company terminated the license and distribution agreement with Agripharm. Given this termination, the Company no longer has an obligation with respect to Agripharm and the full amount of deferred revenue was recognized in termination of licensing agreement in the consolidated statement of loss and comprehensive loss in the year ended December 31, 2021. For the three and nine months ended September 30, 2022, the Company recognized its share of loss of $Nil and $Nil (2021 - $Nil & $Nil) in the interim condensed consolidated statement of loss and comprehensive loss.

The amount of cumulative unrecognized losses is $5,514,813 at September 30, 2022.

(Prepared in Canadian dollars)

16. Property, plant and equipment

	Office equipment	Equipment & machinery	Computer equipment	Leasehold improvements	Vehicles	Building & improvements	Land	Construction in progress	Total
Cost									
Balance, December 31, 2021	$203,069	$2,419,962	$62,204	$691,316	$70,843	$962,536	$570,510	$-	$4,980,440
Additions on asset acquisition (Note 5)	-	130,196	-	-	-	-	-	-	130,196
Additions	5,221	208,022	19,548	8,955	-	-	-	965,482	1,207,228
Disposals	-	(940,141)	(10,492)	(39,475)	(13,256)	-	-	-	(1,003,364)
Completion of construction	-	539,428	-	91,237	-	319,844	-	(950,509)	-
Currency translation	16,840	195,417	5,669	60,271	4,842	100,040	46,305	1,026	430,410
Balance, September 30, 2022	**$225,130**	**$2,552,884**	**$76,929**	**$812,304**	**$62,429**	**$1,382,420**	**$616,815**	**$15,999**	**$5,744,910**
Accumulated depreciation									
Balance, December 31, 2021	$103,460	$1,143,811	$46,050	$151,225	$44,052	$408,762	$-	$-	$1,897,360
Depreciation expense	30,546	197,288	8,414	59,515	8,754	21,846	-	-	326,363
Disposals	-	(344,549)	(5,067)	(10,850)	(6,414)	-	-	-	(366,880)
Currency translation	10,490	84,910	3,967	16,453	3,736	34,674	-	-	154,230
Balance, September 30, 2022	**$144,496**	**$1,081,460**	**$53,364**	**$216,343**	**$50,128**	**$465,282**	**$-**	**$-**	**$2,011,073**
Reclassification to assets held for sale (Note 27)	**$-**	**$285,403**	**$-**	**$71,408**	**$-**	**$-**	**$616,815**	**$-**	**$973,626**
Net book value, September 30, 2022	**$80,634**	**$1,186,021**	**$23,565**	**$524,553**	**$12,301**	**$917,138**	**$-**	**$15,999**	**$2,760,211**
Net book value, December 31, 2021	**$99,609**	**$533,382**	**$11,876**	**$451,714**	**$20,029**	**$553,774**	**$-**	**$-**	**$1,670,384**

(Prepared in Canadian dollars)

17. Intangible assets

	Proprietary technology & know how	Brands	Distributor and customer relationships	Licenses	Software	Total
Cost						
Balance, December 31, 2021	$9,349,251	$35,443,192	$11,237,789	$1,402,953	$207,415	$57,640,600
Additions on asset acquisition (Note 5)	-	-	-	9,589	-	9,589
Additions	-	-	-	-	168,198	168,198
Discontinued operations (Note 26)	-	-	-	(8,530)		(8,530)
Currency translation	758,825	2,876,717	912,106	114,115	-	4,661,763
Balance, September 30, 2022	**$10,108,076**	**$38,319,909**	**$12,149,895**	**$1,518,127**	**$375,613**	**$62,471,620**
Accumulated amortization						
Balance, December 31, 2021	$7,348,347	$18,324,350	$5,645,928	$289,023	$-	$31,607,648
Amortization expense	737,412	2,025,009	776,141	83,603	-	3,622,165
Currency translation	646,952	1,626,039	511,430	29,183	-	2,813,604
Balance, September 30, 2022	**$8,732,711**	**$21,975,398**	**$6,933,499**	**$401,809**	**$-**	**$38,043,417**
Reclassification to assets held for sale (Note 27)	**$-**	**$171,755**	**$-**	**$76,090**	**$-**	**$247,845**
Net book value, September 30, 2022	**$1,375,365**	**$16,172,756**	**$5,216,396**	**$1,040,228**	**$375,613**	**$24,180,358**
Net book value, December 31, 2021	**$2,000,904**	**$16,959,980**	**$5,591,861**	**$1,035,122**	**$207,415**	**$25,795,282**

During the three and nine months ended September 30, 2022, impairment of $8,530 related to assets held for sale and discontinued operations were recorded in the interim condensed consolidated statement of loss and comprehensive loss (Note 26).

(Prepared in Canadian dollars)

18. Goodwill

The Company's goodwill balance is summarized as follows:

	CBD CGU grouping	CHC CGU grouping	SCM CGU grouping	SCC CGU grouping	CVD & Ceres CGU grouping	Total
Balance, December 31, 2020	$1,586,944	$305,340	$25,183,638	$449,254	$-	$27,525,176
Additions from business combinations (Note 4)	-	-	-	-	11,971,405	11,971,405
Impairment	(1,265,865)	-	(24,455,302)	-	(10,152,153)	(35,873,320)
Discontinued operations (Note 26)	-	(300,617)	-	(442,301)	-	(742,918)
Currency translation	(21,172)	(4,723)	(385,798)	(6,953)	119,605	(299,041)
Balance, December 31, 2021	299,907	-	342,538	-	1,938,857	2,581,302
Currency translation	24,342	-	27,802	-	157,366	209,510
Balance, September 30, 2022	**$324,249**	**$-**	**$370,340**	**$-**	**$2,096,223**	**$2,790,812**

Goodwill is evaluated for impairment annually, or more frequently if events or changes in circumstances indicate that it may be impaired. At September 30, 2022, there were no events or changes in circumstances that indicate goodwill is impaired.

(Prepared in Canadian dollars)

19. Right-of-use assets

Right of use assets are comprised of the Company's leased premises and offices and are depreciated on a straight-line basis over each respective lease term.

During the year ended December 31, 2021, the Company and lessor signed a lease amendment for its Boulder property, extending the lease term to July 31, 2026. The amendment was treated as a lease modification in accordance with *IFRS 16 – Leases*. In addition, the leases under CHC's CGU were subject to a change in the expected lease term, both resulting in shortening the term to December 31, 2022. Because CHC's CGU is a discontinued operation, it was determined the extension options would not be exercised. The amendments were treated as a lease modification in accordance with *IFRS 16 – Leases.* During the period ended September 30, 2022, the Company and lessor signed a lease amendment for one of its dispensaries in Vermont, extending the term to April 13, 2025. The amendment was treated as a lease modification in accordance with *IFRS 16 – Leases*. In addition, during the period ended September 30, 2022, the Company terminated a lease, which resulted in a termination payment of US$198,075 and a loss on termination of $134,856 recorded in loss from discontinued operations (Note 26). This lease was classified as held for sale at December 31, 2021. As a result of the termination, the lease was reclassified from held for sale and depreciation of $88,528 was recorded in loss from discontinued operations (Note 26).

The associated lease liabilities are outlined in Note 23. The Company's right-of-use assets are as follows:

	September 30, 2022	December 31, 2021
Opening balance	**$5,629,573**	$3,489,462
Additions from business combination and asset acquisition (Note 4 & 5)	**423,942**	2,599,070
Net additions due to modifications	**99,389**	260,584
Depreciation	**(578,190)**	(490,096)
Termination and sale of leases	**(718,130)**	-
Discontinued operations (Note 26)	**(88,528)**	(245,980)
Currency translation	**405,867**	16,533
	5,173,923	5,629,573
Reclassification to assets held for sale (Note 27)	**(376,521)**	(1,142,447)
Closing balance	**$4,797,402**	$4,487,126

20. Option to acquire NSH

As part of the acquisition of NCG, the Company acquired an option to acquire 92.5% of the outstanding equity interests of NSH. Under the term of the option agreement, the Company can choose to acquire NSH ("call option"), in exchange for the issuance of 8.25 million of the Company's shares. The call option expires 36 months after closing of the NCG acquisition. In January 2022, the NSH call option expired without being exercised by the Company. During a 120-day period, commencing on the 13th month after closing of the NCG acquisition, the shareholders of NSH also had the right to sell 92.5% of the outstanding equity ("put right") of NSH, to the Company, on the same terms as the call option. In May 2020, the NSH put option right expired without being exercised by the shareholders in accordance with the terms of the option agreement.

(Prepared in Canadian dollars)

20. Option to acquire NSH, continued

At December 31, 2021, the NSH option was assessed at a fair value of $Nil and there was no change in its fair value on expiry as the call option was out of the money at the expiry date, January 22, 2022.

21. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	September 30, 2022	December 31, 2021
Accounts payable	**$3,111,403**	$4,191,252
Accrued liabilities	**2,221,287**	2,188,297
Government remittances	**424,474**	386,105
	$5,757,164	$6,765,654

22. Notes payable

The following transactions occurred on the notes for the period ended September 30, 2022 and year ended December 31, 2021:

	September 30, 2022	December 31, 2021
Opening balance	**$1,767,106**	$2,252,442
Notes assumed on business combination and asset acquisition (Note 4 & 5)	**559,300**	845,709
Settlement of pre-existing relationship on asset acquisition (Note 5)	**(927,263)**	-
Repayments	**(487,615)**	(1,318,238)
Loss (gain) on extinguishment	**(212,680)**	-
Accrued interest	**44,560**	-
Currency translation	**96,723**	(12,807)
	840,131	1,767,106
Less: current portion	**(61,013)**	(686,914)
	$779,118	$1,080,192

Estimated principal repayments are as follows:

Less than 1 year	**$61,013**
One year	**37,591**
Two years	**733,039**
Three years	**8,488**
	$840,131

22. Notes payable, continued

NCG

On November 18, 2016, prior to acquisition of NCG by the Company, NCG entered into a promissory note agreement with a third party for a total principal amount of US$1,750,000. The note is secured, bears interest at 15% per annum and has a term of 60 months, with repayments made on a monthly basis. All assets of NCG have been pledged as security. During the three and nine months ended September 30, 2021, the Company paid interest of $7,476 and $37,817.

ACG

On June 30, 2017, prior to the acquisition of ACG by the Company, ACG entered into a promissory note agreement with a third party for a total principal amount of US$1,700,000. The note is secured, bears interest at 12% per annum from issuance to June 30, 2020, and 15% per annum from July 1, 2020 to maturity. The maturity date of the note is June 30, 2022. All assets of ACG have been pledged as security. During the year ended December 31, 2021, the Company prepaid the full balance of the note without penalties. During the three and nine months ended September 30, 2021, the Company paid interest of $18,844 and $69,833.

On March 27, 2019, prior to the acquisition of ACG by the Company, ACG entered into a promissory note agreement with NS Holdings Inc. for a total principal amount of US$734,931. The note is unsecured, bears interest at 15% per annum and has a term of 60 months with repayments made on a monthly basis. If there shall be any default in the making of any payment or performance of the terms, then the entire principal amount together with all accrued interest, at the election of NS Holdings Inc., shall bear interest at 18% per annum. The maturity date of the note is April 1, 2024. During the three and nine months ended September 30, 2022, interest expense of $Nil and $21,566 (2021- $22,239 & $70,935) was recorded in the interim condensed consolidated statement of loss and comprehensive loss. Immediately prior to the acquisition of NSH, the carrying value of the principal and accrued interest was $927,263 and $318,307, respectively. This note was settled as a pre-existing relationship at its fair value on the acquisition of NSH (Note 5).

HiFi

Prior to the acquisition of HiFi by the Company, the Acquired Companies entered into various note agreements, which were assumed by the Company on the acquisition of HiFi (Note 4). These notes are outlined below:

Convertible promissory note agreements with two third parties for a total principal amount of US$50,000. The conversion options expired March 12, 2021. The notes are unsecured, bear interest at 10% per annum, and mature on March 9, 2025. During the three and nine months ended September 30, 2022, interest expense of $1,022 and $3,233 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In addition, principal repayments of US$8,971 (CAD - $11,508) were made in 2022. On the acquisition of HiFi, the total principal balance assumed amounted to $52,288.

22. Notes payable, continued

Convertible promissory note agreement with a third party for a total principal amount of US$50,000. The conversion option expired March 12, 2021. The note is unsecured, bears interest at 10% per annum, and matures March 11, 2026. During the three and nine months ended September 30, 2022, interest expense of $1,274 and $3,959 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In addition, principal repayments of US$6,475 (CAD - $8,306) were made in 2022. On the acquisition of HiFi, the total principal balance assumed amounted to $59,260.

Promissory note agreement with a third party for a total principal amount of US$50,000. The note is secured, bears interest at 10% per annum, and matures July 1, 2023. During the three and nine months ended September 30, 2022, interest expense of $365 and $1,343 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In addition, principal repayments of US$7,537 (CAD - $9,668) were made in 2022. On the acquisition of HiFi, the total principal balance assumed amounted to $26,605.

Promissory note agreement with a third party for a total principal amount of US$41,456. The note is secured, bears interest at 6% per annum, and matures June 14, 2023. During the three and nine months ended September 30, 2022, interest expense of $127 and $471 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In addition, principal repayments of US$5,084 (CAD - $6,522) were made in 2022. On the acquisition of HiFi, the total principal balance assumed amounted to $16,414.

Promissory note agreement with a third party for a total principal amount of US$40,400. The note is secured, bears interest at 6% per annum, and matures October 20, 2022. During the three and nine months ended September 30, 2022, interest expense of $46 and $265 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In addition, principal repayments of US$6,823 (CAD - $8,753) were made in 2022. On the acquisition of HiFi, the total principal balance assumed amounted to $13,978.

Promissory note agreement with a third party for a total principal amount of US$27,232. The note is unsecured, bears interest at 3.75% per annum, and matures June 15, 2025. During the three and nine months ended September 30, 2022, interest expense of $202 and $643 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In addition, principal repayments of US$3,985 (CAD - $5,112) were made in 2022. On the acquisition of HiFi, the total principal balance assumed amounted to $27,208.

Promissory note agreement with a third party for a total principal amount of US$25,213. The note is secured, bears interest at 2.99% per annum, and matures August 30, 2023. During the three and nine months ended September 30, 2022, interest expense of $44 and $161 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In addition, principal repayments of US$7,109 (CAD - $9,119) were made in 2022. On the acquisition of HiFi, the total principal balance assumed amounted to $11,607.

On November 11, 2021, the Company amended four unsecured promissory note agreements with a former majority shareholder of HiFi. The amendment combined the outstanding balance to one agreement and modified various loan terms. Under the new terms of the note, the maturity date is extended to June 30, 2025, and the outstanding interest and principal amount is due at maturity. On amendment, the outstanding principal and interest was US$510,435 and US$9,219, respectively. During the three and nine months ended September 30, 2022, interest expense of $16,790 and $48,974 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. The following summarizes the terms and activity related to the four unsecured promissory notes from acquisition date to amendment date:

22. Notes payable, continued

Unsecured promissory note agreement for a total principal amount of US$252,083. The note bears interest at 10% per annum and matures August 5, 2022. Interest expense of $2,330 was recorded in the consolidated statement of loss and comprehensive loss. On the acquisition of HiFi, the total principal balance assumed amounted to $315,255.

Unsecured promissory note agreement for a total principal amount of US$55,081. The note bears interest at 10% per annum and matures August 5, 2022. Interest expense of $164 was recorded in the consolidated statement of loss and comprehensive loss. On the acquisition of HiFi, the total principal balance assumed amounted to $68,884.

Unsecured promissory note agreement for a total principal amount of US$31,210. The note bears interest at 10% per annum and matures August 5, 2022. Interest expense of $93 was recorded in the consolidated statement of loss and comprehensive loss. On the acquisition of HiFi, the total principal balance assumed amounted to $39,031.

Promissory note agreement for a total principal amount of US$172,061. The note is unsecured, bears interest at 10% per annum, and matures May 1, 2028. Interest expense of $4,775 was recorded in the consolidated statement of loss and comprehensive loss. On the acquisition of HiFi, the total principal balance assumed amounted to $215,179.

NSH

Prior to the acquisition of NSH by the Company, NSH entered into a promissory note agreement with a third party. The note bears interest at 18% per annum. Prior to the acquisition of NSH by the Company, NSH defaulted on the loan, resulting in the outstanding principal and interest being due immediately. On acquisition of NSH, the total fair value of the loan amounted to US$443,291 (CAD - $559,300) (Note 5). During the three and nine months ended September 30, 2022, accrued interest of $24,089 and $44,560 was recorded in the interim condensed consolidated statement of loss and comprehensive loss. In September 2022, a settlement agreement was reached between NSH and the third party, resulting in a repayment of the loan of US$331,345 (CAD$428,627). A gain on extinguishment of $212,680 was recorded in the interim condensed consolidated statement of loss and comprehensive loss (Note 31).

(Prepared in Canadian dollars)

23. Lease liabilities

The lease liabilities associated with the Company's right-of-use assets (Note 19) are summarized below:

	September 30, 2022	December 31, 2021
Opening balance	**$6,244,233**	$3,795,829
Additions from business combination and asset acquisition (Note 4 & 5)	**417,073**	2,599,070
Additions due to modification	**99,389**	260,584
Lease payments	**(1,129,734)**	(1,199,000)
Accretion expense	**529,834**	497,741
Discontinued operations (Note 26)	**94,594**	271,628
Termination and sale of leases	**(851,228)**	-
Currency translation	**456,955**	18,381
	5,861,116	6,244,233
Reclassification to liabilities held for sale (Note 27)	**(356,493)**	(1,291,938)
Closing balance	**$5,504,623**	$4,952,295

Current and long-term portions of the lease liabilities and the contractual undiscounted maturity analysis at September 30, 2022 are as follows:

Current	$550,288
Long-term	$4,954,335
Maturity Analysis - Undiscounted Cash Flows	
Less than one year	1,342,665
One year	1,352,193
Two years	1,373,629
Three years	1,261,189
Four years	984,391
Five years and beyond	2,574,102
Total	$8,888,169

(Prepared in Canadian dollars)

24. Derivative liabilities

Purple Note 1

On April 30, 2018, the Company issued a 4-year, 4% unsecured convertible promissory note to The Purple Company Inc. in the amount of US$1,843,031 (CAD $2,364,849) (the "Purple Note 1") to exchange an existing loan to Purple Organization, Inc. The Company has the right to prepay all or a portion of the amount due under the Purple Note 1 any time. The Purple Company Inc. has the right to convert the principal amount outstanding under the Purple Note 1 into common shares of the Company, at a conversion price of CAD$1.20 per share, on thirty (30) days' written notice.

The conversion option represents an embedded derivative which meets the definition of a financial liability as the note and the common shares are denominated in different currencies.

Accordingly, the embedded derivative was bifurcated and recorded at fair value on initial recognition and at the end of each reporting period. The host contract is a financial liability that is stated at amortized cost using the effective interest method.

On November 1, 2021, the Company entered into an amended agreement to modify Purple Note 1. Under the terms of the agreement, the maturity date is extended to January 31, 2025, and all amounts owing, including interest, is due at maturity. The amendment met the definition of a substantial modification, resulting in the extinguishment of the original loan and derivative liability with a fair value of $383,159 and $220,693, respectively, and recognition of the new loan and derivative liability with a fair value of $1,389,354 and $890,106, respectively.

The Company estimated the fair value of the derivative liability as $28,034 (2021 - $303,993) at September 30, 2022. The amortized cost of the host contract at September 30, 2022 is $1,757,533 (2021 - $1,457,946). The loan is accreted using an effective interest rate of 20.87%. The fair value adjustment to the derivative liability for the three and nine months ended September 30, 2022 resulted in a fair value gain of $30,974 and $275,959 (2021 - $610,139 & $1,527,040) recorded in financing cost and fair value adjustment in the interim condensed consolidated statement of loss and comprehensive loss (Note 28).

Interest expense on the convertible note for the three and nine months ended September 30, 2022 of $25,307 and $72,483 (2021 - $23,036 & $69,197), and accretion expense for the three and nine months ended September 30, 2022 of $61,723 and $170,509 (2021 - $169,290 & $262,778) was recorded in the interim condensed consolidated statement of loss and comprehensive loss (Note 28). At September 30, 2022, accrued interest totaled $93,735 (2021 - $15,399). The fair value of the derivative liability at September 30, 2022 and December 31, 2021, was estimated using Black-Scholes valuation model based on the following assumptions:

	September 30, 2022	December 31, 2021
Share price	**$0.08**	$0.42
Stock price volatility	**122%**	93%
Expected life of the derivative liability	**2.34 years**	3.09 years
Risk free rate	**3.72%**	1.02%

24. Derivative liabilities, continued

Inter-relationship between key unobservable inputs and fair value measurement at September 30, 2022:

- If the share price was lower (higher) by 10%, the fair value would decrease (increase) by $4,702 ($4,999)
- If the volatility was lower (higher) by 10%, the fair value would decrease (increase) by $9,655 ($10,894)

Convertible Note Financing

On November 15, 2021, the Company entered into a convertible note for aggregate gross proceeds of US$17,319,588. The convertible note is subject to an original issue discount of 3% and will have a three-year term and a PIK interest rate of 9.75%, compounded quarterly, with the entire outstanding balance, including interest, becoming due and payable on third anniversary of the transaction. Additionally, the Company will pay the lenders a maturity fee in an amount equal to US$3,637,113 on the earlier of: (i) the maturity date; and (ii) any date of prepayment of the initial loan amount. In addition, the Company has granted the lenders an option to, at any time on or prior to the maturity date, convert any portion of the convertible note or maturity fee into common shares at a price per common share equal to US$0.7638. The convertible note is secured by a first secured ranking on the assets of the Company, guaranteed on a senior secured basis by certain Company subsidiaries.

The conversion option represents an embedded derivative which meets the definition of a financial liability as the transaction is denominated in a currency other than the Company's functional currency. Additionally, the anti-dilution provision represents a separate embedded derivative which meets the definition of a financial liability as the anti-dilution feature allows for a repricing of the conversion option in the event of a subsequent dilutive financing. Accordingly, the embedded derivatives were bifurcated and recorded at fair value on initial recognition and at the end of the reporting period. The host contract is a financial liability that is stated at amortized cost using the effective interest method.

The Company estimated the fair value of the conversion option as $15,402,032 on November 15, 2021 (issuance date) and assigned a value of $5,626,537 to the host contract, net of debt issuance costs of $236,466. The Company estimated the fair value of the anti-dilution derivative liability as $Nil on the issuance date, December 31, 2021, and September 30, 2022. The amortized cost of the host contract at September 30, 2022 is $8,549,656 (2021 - $5,729,842). The loan is accreted using an effective interest rate of 77.69%. During the three and nine months ended September 30, 2022, a fair value gain of $514,801 and $4,202,598 was recorded in financing cost and fair value adjustments in the interim condensed consolidated statement of loss and comprehensive loss, bringing the fair value of the derivative to $360,644 (2021 - $4,563,242) (Note 28). Interest expense on the convertible note for the three and nine months ended September 30, 2022 of $597,419 and $1,688,129 (2021 - $Nil and $Nil), and accretion expense for the three and nine months ended September 30, 2022 of $898,870 and $2,220,335 (2021 - $Nil & $Nil) was recorded in the interim condensed consolidated statement of loss and comprehensive loss (Note 28). At September 30, 2022, accrued interest totaled $2,087,154 (2021 - $269,910). The fair value of the derivative liability at September 30, 2022 and December 31, 2021, was estimated using Black-Scholes valuation model based on the following assumptions:

(Prepared in Canadian dollars)

24. Derivative liabilities, continued

	September 30, 2022	December 31, 2021
Share price	**$0.08**	$0.42
Stock price volatility	**124%**	94%
Expected life of the derivative liability	**2.13 years**	2.88 years
Risk free rate	**3.79%**	1.02%

Inter-relationship between key unobservable inputs and fair value measurement at September 30, 2022:

- If the share price was lower (higher) by 10%, the fair value would decrease (increase) by $61,261 ($65,254)
- If the volatility was lower (higher) by 10%, the fair value would decrease (increase) by $122,405 ($137,698)

25. Share capital

Authorized

Unlimited number of Class A preferred shares

Unlimited number of common shares

Unlimited number of restricted voting shares

There are no outstanding Class A preferred shares at September 30, 2022 and December 31, 2021.

Each restricted voting share may be converted to one common share, without payment of additional consideration if the following conditions are met: (a) conversion is not during a restricted period as determined by the Board; (b) following the date that is the three-year anniversary of the date of issuance of such restricted voting shares; and (c) with the consent of the Board.

(Prepared in Canadian dollars)

25. Share capital, continued

Common share continuity

	Number of shares	Share capital
Balance, December 31, 2020	52,522,860	$235,552,213
Reduction of stated capital	-	(235,552,213)
Issued pursuant to private placement	5,201,093	11,858,493
Issued pursuant to business combination (Note 4)	4,295,405	8,256,386
Share exchange of restricted voting shares to common shares	2,287,877	2,981,815
Issued pursuant to settlement of liabilities	1,543,468	1,296,513
Issued pursuant to conversion of RSUs	1,277,552	2,101,633
Issued pursuant to consulting agreements	922,120	1,588,045
Options exercised	486,183	2,578,444
Advances to acquisition target (Note 13)	354,166	521,566
Shares issued to employees	237,667	140,058
Balance, December 31, 2021	**69,128,391**	**$31,322,953**
Share exchange of restricted voting shares to common shares	4,723,152	11,208,290
Issued pursuant to asset acquisition (Note 5)	708,326	166,457
Issued pursuant to consulting agreements	579,562	129,530
Issued pursuant to conversion of RSUs	360,092	971,784
Shares issued to employees	237,777	30,000
Balance, September 30, 2022	**75,737,300**	**$43,829,014**

Restricted share continuity

	Number of shares	Share capital
Balance, December 31, 2020	11,351,428	$33,603,783
Issued pursuant to consulting agreements	2,428,001	4,038,320
Issued pursuant to business combination (Note 4)	11,730,498	13,192,630
Share exchange of restricted voting shares to common shares	(2,287,877)	(2,981,815)
Advances to acquisition target (Note 13)	531,249	555,298
Balance, December 31, 2021	**23,753,299**	**$48,408,216**
Issued pursuant to consulting agreements	2,600,072	1,006,960
Issued pursuant to asset acquisition (Note 5)	1,062,490	177,692
Share exchange of restricted voting shares to common shares	(4,723,152)	(11,208,290)
Balance, September 30, 2022	**22,692,709**	**$38,384,578**

25. Share capital, continued

2022

On January 7, 2022, the Company issued 851,158 restricted voting shares under a consulting agreement with a third party. The shares had been recorded as share capital to be issued totalling $507,120 at December 31, 2021. An equal amount was recorded as share-based payments in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021. Under the same consulting agreement, on April 12, 2022, the Company issued 1,748,914 restricted voting shares at a fair value of $499,840. In addition, on September 30, 2022, the Company recorded 12,348,648 restricted voting shares at a fair value of $1,096,560 as share capital to be issued. These shares were issued subsequent to period end. The shares were recorded as share based payments in the interim condensed consolidated statement of loss and comprehensive loss.

On May 15, 2022, pursuant to a consulting agreement with a third party, the Company issued 579,562 common shares at a fair value of $129,530. The shares were recorded as share based payments in the interim condensed consolidated statement of loss and comprehensive loss.

Pursuant to share exchange agreements, various shareholders exchanged 4,723,152 restricted voting shares to an equal amount of common shares at a value of $11,208,290 in the nine months ended September 30, 2022.

2021

On January 20, 2021, the Company issued 493,487 restricted voting shares under a consulting agreement with a third party. The shares had been recorded as share capital to be issued totalling $1,021,520 at December 31, 2020. An equal amount was recorded as share-based payments in the consolidated statement of loss and comprehensive loss for the year-ended December 31, 2020.

On April 30, 2021, July 13, 2021, and October 15, 2021, the Company issued 364,492, 635,589, and 934,433 restricted voting shares under the same consulting agreement at a fair value of $1,006,000, $991,520, and 1,019,280, respectively. The shares were recorded as share-based payments in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021.

On February 8, 2021, pursuant to the closing of a non-brokered private placement offering of common shares, the Company issued 5,201,093 common shares at a price of $2.28 per share. The Company raised gross proceeds of $11,858,493 in connection with the offering.

Under a brand services agreement dated February 2, 2021, an unrelated third party is entitled to share-based compensation with a maximum aggregate value of $2,000,000 U.S. in Company common shares based upon achievement of specific performance conditions. On February 10, 2021, the Company issued 192,257 common shares at $3.30 for the completion of a performance condition under the agreement. The shares were recorded as share-based payments in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021.

25. Share capital, continued

On June 9, 2021, pursuant to an agreement with a director of the Company, the Company issued 18,672 common shares for consulting services received at a value of $62,740. The shares were recorded as share-based payments in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021.

On July 6, 2021, pursuant to the settlement of a deferred fee payment under a consulting agreement with a third party, the Company issued 101,845 common shares at a fair value of $155,824. Subsequently, on August 26, 2021, the Company issued an additional 509,266 common shares at a fair value of $641,153. This deferred fee was previously accrued for and recorded in share-based payments in the consolidated statement of loss and comprehensive loss for the year-ended December 31, 2020.

On August 25, 2021, the Board of Directors approved a reduction of the stated capital account maintained in respect of the common shares by an aggregate of $235,552,213. The reduction of stated capital has been added to accumulated deficit and did not result in any change to total equity.

On November 15, 2021, pursuant to a consulting agreement, the Company issued 100,080 common shares for consulting services received at a value of $93,878. The shares were recorded as share-based payments in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2021.

Pursuant to share exchange agreements, various shareholders exchanged 2,287,877 restricted voting shares to an equal amount of common shares at a value of $2,981,815 for the year ended December 31, 2021.

Shares issued for business combinations or asset acquisitions

On June 8, 2021, NS Holdings Inc., TC Colorado Holdings Inc., Slang Oregon Holdings Inc., and the Company entered into an agreement and plan of merger (“Merger Agreement”) outlined in Note 5. As a deposit on signing of the agreement, the Company issued 354,166 common shares and 531,249 restricted voting shares at a fair value of $521,566 and $555,298, respectively. On April 12, 2022, the Company issued 708,326 common shares and 1,062,490 restricted voting shares at a fair value of $166,457 and $177,692, respectively, in connection with the closing of the acquisition of NSH outlined in Note 5.

On August 11, 2021, the Company issued 5,287,389 restricted voting shares at a fair value of $0.834 per share in connection with its acquisition of High Fidelity outlined in Note 4. In addition, on the date that is 18 months following the date of the Merger Agreement, being June 25, 2021, the Company will issue 109,649 restricted voting shares at a fair value of $88,670, as determined on the acquisition date.

Share-based payments

On June 9, 2021, the Company issued a bonus award of 52,541 common shares to employees at a value of $43,343, net of withholding taxes of $51,093, for services received in the three months ended March 31, 2021.

On August 3, 2021, the Company issued a bonus award of 122,156 common shares to employees at a value of $70,267, net of withholding taxes of $85,698, for services received in the three months ended June 30, 2021.

(Prepared in Canadian dollars)

25. Share capital, continued

On December 31, 2021, the Company issued 62,970 common shares to a former executive in lieu of 2020 deferred salaries at a value of $26,448. The former executive was terminated in November 2021 and the issuance was in accordance with the former executive's termination and severance agreement.

On January 7, 2022, the Company issued 23,017 common shares to executives in lieu of 2020 deferred salaries at a value of $9,667. These shares had been recorded in share capital to be issued at December 31, 2021.

Under an employment agreement with an executive of the Company, the Company recorded $415,376 in share capital to be issued during the nine months ended September 30, 2022. Of this amount, the Company issued 214,760 common shares at a value of $20,333, net of withholding taxes of $73,545, during the nine months ended September 30, 2022.

On April 27, 2022, the Board of the Company approved a new share compensation plan (the Plan). Stock options granted under the Plan (options) are equity settled, are non-transferable and will be exercisable for a period not to exceed ten years. Stock options vest evenly over the related service period between one to four years. Under the Plan the maximum number of shares of the Company that are reserved pursuant to the Plan is limited to 15% (2021 – 10%) of all issued and outstanding common shares of the Company at any given time.

The following provides a summary of the status of the Plan at September 30, 2022:

	Options	**Weighted average exercise price**
Balance outstanding, December 31, 2020	2,403,810	$1.20
Forfeited	(180,416)	1.11
Granted	1,482,353	2.06
Exercised	(486,185)	0.84
Balance outstanding, December 31, 2021	3,219,562	1.66
Cancelled	(1,179,071)	0.69
Forfeited	(587,028)	1.00
Expired	(83,333)	1.32
Granted	6,087,010	0.13
Balance outstanding, September 30, 2022	**7,457,140**	**$0.62**

(Prepared in Canadian dollars)

25. Share capital, continued

Grant date	Expiry date	Exercise price	Number outstanding	Weighted average remaining contractual life	Number exercisable
Nov 2, 2017	Nov 2, 2027	$0.30	41,667	0.03	41,667
Nov 2, 2017	Nov 15, 2022	$0.30	83,333	0.00	83,333
Jul 6, 2018	Jul 6, 2023	$4.50	66,667	0.01	66,667
Jul 16, 2018	Jul 16, 2023	$4.50	16,667	0.00	16,667
Jan 28, 2019	Jan 28, 2024	$9.00	16,667	0.00	16,667
Jan 28, 2019	Nov 15, 2022	$9.00	33,333	0.00	33,333
Nov 26, 2019	Nov 26, 2024	$2.94	66,668	0.02	33,333
Aug 14, 2020	Jul 6, 2023	$0.90	62,500	0.01	62,500
Aug 14, 2020	Nov 15, 2022	$0.90	521,199	0.01	521,199
Aug 14, 2020	Jan 28, 2024	$0.90	8,333	0.00	6,249
Feb 2, 2021	Aug 2, 2023	$3.03	675,287	0.08	675,287
Aug 3, 2021	Nov 15, 2022	$1.26	197,809	0.00	197,809
Jun 20, 2022	Jun 20, 2032	$0.14	4,408,676	5.75	1,102,169
Sep 27, 2022	Sep 27, 2027	$0.08	1,258,334	0.84	419,445
			7,457,140	6.75	3,276,325

The options granted on November 2, 2017, vest over 4 years annually. During the year ended December 31, 2021, 83,333 options were modified to amend the expiry of the options to November 15, 2022. During the nine months ended September 30, 2022, 41,666 options were forfeited.

The options granted in July 2018 vest over the period between 1 and 4 years. The fair value of each of the 2018 options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: risk free interest rate: 1.57%; stock price: $3.36; volatility: 102%; Dividend yield: 0%; and expected life: four years. In July 2020, the Company modified 243,333 of these options in two tranches. In the first tranche, the Company modified 112,500 options to reduce the exercise price to $0.90. The fair value of the modified options was determined using the same models and principles described previously, with the following model inputs: risk free interest rate: 0.29%; stock price: $0.90; volatility: 99%; Dividend yield: 0%; and expected life: 3 years. The incremental fair value of $32,665 will be recognized as an expense over the period from the modification date to the end of the vesting period. During the year ended December 31, 2021, 8,333 options of this first tranche was modified again to accelerate the vesting and amend the expiry of the options to November 15, 2022. During the nine months ended September 30, 2022, 41,666 options of this first tranche were cancelled. In the second tranche, the Company modified an additional 130,833 options. During the year ended December 31, 2021, 83,333 options were exercised at a price of $0.15. No options remain outstanding at September 30, 2022.

25. Share capital, continued

On January 22, 2019, the Company approved the grant of options to various employees, advisors and contractors. A total of 555,393 options were granted which will vest over a period between 1 and 2 years. Of this grant, 444,412 options expired in 2019. In July 2020, the Company modified 110,981 of these options in two tranches. In the first tranche, the Company modified 55,491 options to reduce the exercise price to $0.90. The fair value of the modified options was determined using the same models and principles described previously, with the following model inputs: risk free interest rate: 0.51%; stock price: $0.90; volatility: 99%; Dividend yield: 0%; and expected life: 8.55 years. The incremental fair value of $11,575 was recognized as an expense on modification date as the options were fully vested. During the year ended December 31, 2021, this first tranche was modified again to amend the expiry of the options to November 15, 2022. In the second tranche, the Company modified an additional 55,490 options. All options related to this second tranche were exercised at a price of $0.09 during the year ended December 31, 2021.

On January 28, 2019, the Company approved the grant of options to various employees, advisors and contractors. 653,921 options were granted which will vest over a 4-year period and 116,666 options were granted which vest on a monthly basis over 1 year. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 1.83%; stock price: $9; volatility: 108%; Dividend yield: 0%; and expected life: five years. During the year ended December 31, 2021, 33,333 options were modified to amend the expiry of the options to November 15, 2022. Further, in July 2020, the Company modified 548,921 of these options in two tranches. In the first tranche, the Company modified 365,588 options to reduce the exercise price to $0.90. The fair value of the modified options was determined using the same models and principles described previously, with the following model inputs: risk free interest rate: 0.29%; stock price: $0.90; volatility: 99%; Dividend yield: 0%; and expected life: 3.56 years. The incremental fair value of $137,736 will be recognized as an expense over the period from modification date to the end of the vesting period. During the year ended December 31, 2021, 31,250 options were forfeited, 11,250 options were exercised at a price of $0.90, and 59,755 options were modified again to accelerate the vesting and amend the expiry of the options to November 15, 2022. In addition, during the nine months ended September 30, 2022, 25,000 options were forfeited and 230,000 options were cancelled. In the second tranche, the Company modified an additional 183,333 options. All options related to this second tranche were exercised at a price of $0.09 during the year ended December 31, 2021.

25. Share capital, continued

On November 26, 2019, the Company approved the grant of options to various employees, advisors and contractors. A total of 201,250 options were granted which will vest over a 4-year period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 1.58%; stock price: $2.64; volatility: 100%; Dividend yield: 0%; and expected life: four years. In 2019, 1,248 options were forfeited. In July 2020, the Company modified 133,334 of these options in two tranches. In the first tranche, the Company modified 116,667 options to reduce the exercise price to $0.90. The fair value of the modified options was determined using the same models and principles described previously, with the following model inputs: risk free interest rate: 0.35%; stock price: $0.90; volatility: 99%; Dividend yield: 0%; and expected life: 4.39 years. The incremental fair value of $20,635 will be recognized as an expense over the period from modification date to the end of the vesting period. During the year ended December 31, 2021, 22,500 options were forfeited, and 35,833 options were exercised at a price of $0.90. In addition, during the nine months ended September 30, 2022, 16,666 options were forfeited and 41,668 options were cancelled. No options remain outstanding of the first tranche. In the second tranche, the Company modified 16,667 options to reduce the exercise price to $0.90, accelerate the vesting to modification date, and to amend the expiry date to February 14, 2021. All options related to the second tranche were exercised at a price of $0.90 in the year ended December 31, 2020.

On July 7, 2020, the Company approved the grant of 83,333 options to a consultant, which will vest quarterly over a 12-month period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.28%; stock price: $0.90; volatility: 99%; Dividend yield: 0%; and expected life: two years. At September 30, 2022, all options related to this grant expired unexercised.

On August 14, 2020, the Company approved the grant of 44,444 options to a director of the Company, which vested immediately. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.30%; stock price: $0.90; volatility: 122%; Dividend yield: 0%; and expected life: 0.50 years. During the year ended December 31, 2021, all the options were exercised at a price of $0.90.

On August 14, 2020, the Company approved the grant of options to various employees, advisors and contractors. A total of 260,000 options were granted which will vest over a 4-year period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.42%; stock price: $0.90; volatility: 97%; Dividend yield: 0%; and expected life: 5 years. During the year ended December 31, 2021, 46,666 options were forfeited, and 16,667 options were exercised at a price of $0.90. During the nine months ended September 30, 2022, 8,333 options were forfeited and 188,334 were cancelled. No options remain outstanding of this grant at September 30, 2022.

On August 14, 2020, the Company approved the grant of options to various employees, advisors and contractors. A total of 522,796 options were granted which will vest monthly over a 12-month period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.61%; stock price: $0.90; volatility: 97%; Dividend yield: 0%; and expected life: 10 years. During the year ended December 31, 2021, 397,620 options were modified to amend the expiry of the options to November 15, 2022. During the nine months ended September 30, 2022, 125,176 options of the original grant was forfeited. No options remain outstanding of the original grant at September 30, 2022.

25. Share capital, continued

On October 1, 2020, the Company approved the grant of options to various employees, advisors and contractors. A total of 98,333 options were granted which will vest over a 4-year period and 16,666 options were granted which vested immediately. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.35%; stock price: $0.84; volatility: 96%; Dividend yield: 0%; and expected life: 5 years. During the year ended December 31, 2021, 36,667 options were forfeited, and 16,666 options were exercised at a price of $0.90. During the nine months ended September 30, 2022, 43,333 options were forfeited and 18,333 options were cancelled. No options remain outstanding of this grant at September 30, 2022.

On February 2, 2021, under a brand services agreement, an unrelated third party was granted 675,287 stock options, vesting immediately, with an exercise price of $3.03, expiring 30 months after the grant date. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.16%; stock price: $2.76; volatility: 94%; Dividend yield: 0%; and expected life: 2.5 years. All options remain outstanding at September 30, 2022.

On March 8, 2021, the Company approved the grant of options to various employees, advisors and contractors. A total of 63,333 options were granted which will vest over a 4-year period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.92%; stock price: $2.76; volatility: 95%; Dividend yield: 0%; and expected life: 5 years. During the year ended December 31, 2021, 21,666 options were forfeited. During the nine months ended September 30, 2022, 15,000 options were forfeited and 26,667 options were cancelled. No options remain outstanding of this grant at September 30, 2022.

On August 3, 2021, the Company approved the grant of options to various employees, advisors and contractors. A total of 123,333 options were granted which will vest over a 4-year period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.75%; stock price: $1.32; volatility: 94%; Dividend yield: 0%; and expected life: 5 years. During the year ended December 31, 2021, 10,000 options were forfeited. During the nine months ended September 30, 2022, 78,333 options were forfeited and 35,000 options were cancelled. No options remain outstanding of this grant at September 30, 2022.

On August 3, 2021, the Company approved the grant of options to various directors of the Company. A total of 415,400 options were granted which will vest monthly over a 12-month period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 0.75%; stock price: $1.32; volatility: 94%; Dividend yield: 0%; and expected life: 10 years. During the year ended December 31, 2021, 197,809 options were modified to accelerate the vesting and amend the expiry of the options to November 15, 2022. In addition, during the nine months ended September 30, 2022, 133,521 options were forfeited and 84,070 options were cancelled related to the original grant. No options remain outstanding of this original grant at September 30, 2022.

25. Share capital, continued

On November 24, 2021, the Company approved the grant of options to various employees, advisors and contractors. A total of 205,000 options were granted which will vest over a 4-year period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 1.56%; stock price: $0.66; volatility: 93%; Dividend yield: 0%; and expected life: 5 years. During the year ended December 31, 2021, 11,667 options were forfeited. During the nine months ended September 30, 2022, 100,000 options were forfeited and 93,333 options were cancelled. No options remain outstanding of this grant at September 30, 2022.

On June 20, 2022, the Company approved the grant of options to various directors of the Company. A total of 4,408,676 options were granted which will vest monthly over a 12-month period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 3.46%; stock price: $0.14; volatility: 106%; Dividend yield: 0%; and expected life: 10 years.

On June 20, 2022, the Company approved the grant of options to various employees, advisors and contractors. A total of 420,000 options were granted which will vest over a 4-year period. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 3.37%; stock price: $0.14; volatility: 106%; Dividend yield: 0%; and expected life: 5 years. During the nine months ended September 30, 2022, all options related to this grant were cancelled.

On September 27, 2022, the Company approved the grant of options to various employees, advisors and contractors. A total of 1,258,334 options were granted of which 1/3 vest immediately and 1/3 vest each year thereafter. These options were valued at the grant date using the Black-Scholes option pricing model with the following assumptions: risk free interest rate: 3.45%; stock price: $0.07; volatility: 112%; Dividend yield: 0%; and expected life: 5 years.

Compensation expense related to stock options is recognized over the years in which entitlement to the compensation vests. During the three and nine months ended September 30, 2022, the Company recorded $551,196 and $720,416 in share-based payments in its interim condensed consolidated statement of loss and comprehensive loss (2021 - $343,604 & $1,751,474).

The expected volatility is based on the historical volatility of the Company, which may not necessarily be the actual outcome.

25. Share capital, continued

Restricted share units

On April 27, 2022, the Board approved a new share compensation plan, replacing the previous share compensation plan that was introduced on January 15, 2019. RSUs granted under the share compensation plan are equity settled and non-transferable. The maximum number of shares of the Company that are reserved pursuant to the share compensation plan is limited to 10,000,000 shares (2021 – 5,000,000), provided that the aggregate number of shares available for issuance under this share compensation plan together with all other share compensation arrangements may not exceed 15% (2021 – 10%) of all issued and outstanding common shares at any given time.

On January 22, 2019 and November 26, 2019, the Company provided key management personnel with Restricted Share Units ("RSU") to vest in equal annual amounts over a two-year period and contingent on continued employment at the Company. There was a total of 1,008,333 RSUs issued. During the year ended December 31, 2020, 695,833 of the RSUs vested. This resulted in the issuance of 497,087 common shares issued at a value of $3,582,494 during the year ended December 31, 2020, and the issuance of 83,333 common shares at a value of $220,000 during the year ended December 31, 2021. An additional 312,500 of the RSUs vested during the year ended December 31, 2021, resulting in the issuance of 213,650 common shares issued at a value of $975,068, net of withholding taxes of $114,932.

On August 31, 2020, the Company provided key management personnel with 375,000 RSUs to vest in equal annual amounts over a two-year period and contingent on continued employment at the Company. During the year ended December 31, 2021, 250,000 of the RSUs vested, resulting in the issuance of 162,357 common shares issued at a value of $111,230, net of withholding taxes of $83,770. Of these vested RSUs, 62,500 were subject to accelerated vesting on the termination of a member of management. In August 2022, the remaining 125,000 RSUs vested, resulting in the issuance of 64,107 common shares issued at a value of $92,075, net of withholding taxes of $5,425.

On August 31, 2020, the Company provided key management personnel with 625,000 RSUs to vest equally in five tranches with a vesting schedule based entirely on the attainment of both operational milestones (performance conditions) and market conditions.

In December 2020, 1/5 of the RSUs vested upon achievement of a performance milestone whereby the Company finalized the acquisitions of i) Pleasant Valley Ranch LLC and ii) LBA Global LLC. This resulted in the issuance of 65,271 common shares issued in January 2021 at a value of $Nil, net of withholding taxes of $123,638.

In January 2021, 1/5 of the RSUs vested upon achievement of a performance milestone whereby the Company was able to i) maintain an average market capitalization in excess of $80,000,000 over a period of thirty (30) trading days and, ii) maintain an average share price that is at least 50% higher than the share price on the award date over a period of thirty (30) trading days. This resulted in the issuance of 78,372 common shares issued at a value of $12,337, net of withholding taxes of $97,917.

In May 2021, 1/5 of the RSUs vested upon achievement of a performance milestone whereby the Company reported consolidated revenues in excess of $30MM in a trailing 12-month period. This resulted in the issuance of 79,695 common shares issued at a value of $29,543, net of withholding taxes of $67,957.

25. Share capital, continued

In September 2021, 1/5 of the RSUs vested upon achievement of a performance milestone whereby the Company expanded its market presence to include three new territories. This resulted in the issuance of 78,613 common shares issued at a value of $40,973, net of withholding taxes of $56,527.

In November 2021, the vesting of an additional 41,667 RSUs were related to the termination and severance of a member of executive management. This resulted in the issuance of 29,624 common shares issued at a value of $24,552, net of withholding taxes of $7,948.

On August 31, 2020, the Company issued 300,000 RSUs to a consultant of the Company. The RSUs vest over a period of one-year from grant date. In August 2021, upon vesting of the RSUs, 300,000 common shares were issued at a value of $234,000.

On December 31, 2020, the Company provided key management personnel with 685,279 RSUs to vest one-year from grant date, contingent on continued employment at the Company. During the year ended December 31, 2021, all the RSUs vested. This resulted in the issuance of 186,637 common shares issued at a value of $453,931, net of withholding taxes of $50,070 on December 31, 2021, and 237,756 common shares issued at a value of $722,615, net of withholding taxes of $89,121 on January 7, 2022. The vesting of 262,500 of these RSUs were related to the termination and severance of a member of executive management.

On March 8, 2021, the Company provided employees with 41,666 RSUs to vest in equal amounts over a two-year period, contingent on continued employment at the Company. During the nine months ended September 30, 2022, 33,333 of the RSUs vested, resulting in the issuance of 18,484 common shares issued at a value of $86,312, net of withholding taxes of $5,688. The vesting of 10,416 of these RSUs were related to the termination and severance of an employee.

On August 3, 2021, the Company provided key management personnel and employees with 58,333 RSUs to vest in equal amounts over a two-year period, contingent on continued employment at the Company. During the nine months ended September 30, 2022, 58,333 of the RSUs vested, resulting in the issuance of 39,745 common shares issued at a value of $70,782, net of withholding taxes of $6,218. The vesting of the RSUs were related to the termination and severance of a member of executive management and an employee.

During the three and nine months ended September 30, 2022, the Company recorded a share-based payments expense of $11,179 and $125,295 for the RSUs in its interim condensed consolidated statement of loss and comprehensive loss (2021 - $511,887 & $1,666,166), based on the vesting period and fair values ranging from $0.78 to $2.76 per share. Fair values are determined by the Company’s share price on the RSU grant date.

(Prepared in Canadian dollars)

25. Share capital, continued

Agents' options and compensation warrants

Warrant continuity

	Number of warrants	Total
Outstanding - December 31, 2020	10,003,181	$15,590,961
Warrants expired	(4,196,480)	(8,396,189)
Outstanding - December 31, 2021 & September 30, 2022	**5,806,701**	**$7,194,772**

During the year ended December 31, 2018, the Company issued 545,833 units of share purchase warrants to XIB Consulting Inc. in exchange of services. The warrants can be exercised at a price of $4.5 per share until the date on the later of (i) September 30, 2020; or (ii) the date that is 24 months from the date of a Liquidity Event. During year ended December 31, 2021, the warrants were expired unexercised.

On September 26, 2018, pursuant to the terms of an agency agreement as between the Company and the Agents ("Agency Agreement"), the Company issued 244,241 broker warrants and 162,411 corporate finance warrants (together "Compensation Options"). Each compensation option will entitle the holder to acquire one unit at the subscription price of $9 for the period of 24 months from the listing date as defined in the Agency Agreement. Each compensation option will be comprised of one common share ("compensation share") and one half of one common share purchase warrant (each whole common share purchase warrant, a "compensation warrant"). Each compensation warrant entitles the holder to acquire one common share ("compensation warrant share") at an exercise price of $13.5 per warrant for the period of 24 months following the listing date. During the year ended December 31, 2021, 405,120 compensation options and 766 compensation warrants expired unexercised. No compensation options or compensation warrants remain outstanding at September 30, 2022.

On January 29, 2019, pursuant to an advisory services agreement, PowerOne Management & Advisory Services Limited agreed to provide corporate and financial advisory services to the Company in exchange for 73,330 compensation options with the same terms as those issued under the September 26, 2018, Agency Agreement, above. During the year ended December 31, 2021, these compensation options expired unexercised.

On September 26, 2018, Subscription Receipts were sold at a price of $9 per Subscription Receipt. Each receipt entitles the holder to receive one unit of the Company upon satisfaction of the escrow requirements. Each Subscription Receipt entitles the holder thereof to receive, upon satisfaction or waiver of the escrow release conditions prior to the escrow release deadline and without payment of additional consideration or further action, one unit (the "Unit") of the Company.

25. Share capital, continued

On September 26, 2018, the Company closed the Subscription Receipt Offering and issued 7,333,098 Subscription Receipts for total gross proceeds to the Company of approximately $65,997,885 (net $63,929,156 after agents' fees paid in cash and net $59,041,705 after closing costs and agents' fees paid in cash and compensation options and to be paid in cash).

Each Subscription Receipt was automatically converted, without payment of any additional consideration and without any further action by the holder and subject to adjustment, for one Common Share and one-half of one Warrant on the satisfaction of the following escrow release conditions (the "Escrow Release Conditions"). The Escrow Release Conditions were satisfied on January 29, 2019 and the Subscription Receipts were converted into Underlying Shares and Underlying Warrants. During year ended December 31, 2021, these warrants expired unexercised.

On September 17, 2019, the Company entered into a subscription agreement with a third-party, whereby the Company issued 57,870 units for gross proceeds of $250,000. Each subscription unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.89 per share, expiring in September 2024. The common shares and the purchase warrants were valued at $145,192 and $104,808, respectively, using the relative fair value method. All warrants remain outstanding at September 30, 2022.

On November 26, 2019, the Company entered into a subscription agreement with a group of existing shareholders, whereby the Company issued 5,153,763 units for gross proceeds of $15,111,814, net of $40,250 in share issuance costs. Each subscription unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.52 per share, expiring in November 2024. The common shares and the purchase warrants were valued at $8,793,079 and $6,358,985, respectively, using the relative fair value method. All warrants remain outstanding at September 30, 2022.

On December 5, 2019, the Company entered into a subscription agreement with a group of existing shareholders, whereby the Company issued 595,068 units for gross proceeds of $1,749,499. Each subscription unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of $0.52 per share, expiring in December 2024. The common shares and the purchase warrants were valued at $1,018,520 and $730,979, respectively, using the relative fair value method. All warrants remain outstanding at September 30, 2022.

(Prepared in Canadian dollars)

26. Discontinued Operations

The following table summarizes the Company's consolidated discontinued operations for the three and nine months ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Revenue	**$-**	$741,890	**$-**	$2,370,242
Cost of goods sold	**-**	687,658	**30,840**	2,423,203
Gross profit (loss) before fair value adjustment of biological assets	**-**	54,232	**(30,840)**	(52,961)
Realized fair value amounts included in inventory sold	**-**	90	**-**	26,463
Unrealized gain on changes in fair value of biological assets	**-**	(25,913)	**-**	305,599
Gross profit (loss)	**-**	28,409	**(30,840)**	279,101
Expenses				
General and administrative (Note 29)	**19,223**	94,197	**255,217**	264,172
Depreciation and amortization (Note 19)	**780**	72,758	**88,528**	212,354
Insurance	**(816)**	12,087	**23,948**	64,574
Expected credit losses (recovery)	**-**	1,062	**(25,832)**	2,372
Salaries and wages	**1,877**	281,659	**10,293**	873,725
Professional fees	**-**	6,425	**38**	10,378
Sales and marketing	**-**	16,958	**-**	55,322
Consulting and subcontractors	**-**	32,036	**-**	76,769
Total expenses	**21,064**	517,182	**352,192**	1,559,666
Loss from discontinued operations	**(21,064)**	(488,773)	**(383,032)**	(1,280,565)
Financing cost and fair value adjustment (Note 28)	**943**	71,883	**107,114**	220,677
Impairment (Note 17)	**8,530**	-	**8,530**	-
Other expense (Note 31)	**2,130**	-	**241,774**	-
Net loss from discontinued operations, net of tax	**$(32,667)**	$(560,656)	**$(740,450)**	$(1,501,242)

Included in general and administrative expenses for the nine months ended September 30, 2022 is a loss on termination of $134,856 related to the termination of a lease (Note 19). In addition, the other expense relates solely to a loss on the sale of fixed assets.

(Prepared in Canadian dollars)

27. Held for Sale

The following provides a summary of assets and liabilities classified as held for sale at September 30, 2022:

	Purple	SCM	NCG	Total
Assets held for sale				
Right of use assets (Note 19)	-	376,521	-	376,521
Property, plant and equipment (Note 16)	616,815	356,811	-	973,626
Intangible assets (Note 17)	-	76,090	171,755	247,845
Total assets held for sale	**$616,815**	**$809,422**	**$171,755**	**$1,597,992**
Liabilities held for sale				
Lease liabilities (Note 23)	-	356,493	-	356,493
Total liabilities held for sale	**$-**	**$356,493**	**$-**	**$356,493**

28. Financing cost and fair value adjustment

The Company's financing cost and fair value adjustment for the three and nine months ended September 30, 2022 and 2021 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Fair value adjustment on derivative liabilities (Note 24)	**$(545,775)**	$(610,139)	**$(4,478,557)**	$(1,527,040)
Accretion on lease liabilities (Note 23)	**184,583**	130,174	**529,834**	326,773
Accretion expense (Note 24)	**960,593**	197,954	**2,390,844**	462,736
Interest on convertible notes (Note 24)	**622,726**	23,006	**1,760,612**	69,167
Other interest expense	**46,282**	74,394	**130,480**	259,886
Fair value adjustment on financial instruments (Note 4 & 13)	**530,953**	-	**1,502,631**	-
Gain on settlement of pre-existing relationships (Note 5 & 12)	**-**	-	**(2,019,965)**	-
Foreign currency exchange gain	**-**	697	**-**	(43,872)
	1,799,362	(183,914)	**(184,121)**	(452,350)
	943	71,883	**107,114**	220,677
	$1,800,305	$(112,031)	**$(77,007)**	$(231,673)

(Prepared in Canadian dollars)

29. Expenses by nature

Expenses are presented on the face of the interim condensed consolidated statement of loss and comprehensive loss using a classification based on the functions "Cost of goods sold," "Sales and marketing," and "General and administrative". The Company also presents other material operating expenses separately as they were deemed to be items of dissimilar function. Included within cost of goods sold for the three and nine months ended September 30, 2022 were direct production staff costs amounting to $735,282 and $2,241,874 (2021 - $800,906 & $2,024,442). Included within cost of goods sold for the nine months ended September 30, 2022 was depreciation and amortization charges amounting $402,039 (2021 - $412,816).

The Company's General and administrative expenses for the three and nine months ended September 30, 2022 and 2021 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Office and general	**$626,727**	$378,859	**$1,535,109**	$1,204,989
Software and subscriptions	**227,360**	170,081	**721,411**	528,826
Rent and variable lease payments	**56,997**	109,674	**197,906**	213,967
Product development	**13,316**	44,609	**28,604**	75,869
	924,400	703,223	**2,483,030**	2,023,651
Discontinued operations (Note 26)	**19,223**	94,197	**255,217**	264,172
	$943,623	$797,420	**$2,738,247**	$2,287,823

30. Insurance

In 2021, the Company entered into a group captive insurance policy, whereby a series was formed to insure certain enterprise risks of the Company. Under the insurance policy, the Company entered into a Surplus Note and a Demand Promissory Note to address obligations arising from any self-insured retention losses incurred if the Company has a covered claim under the policy.

Under the Surplus Note, the series promises to pay to the Company the principal sum of US$2,000,000 bearing interest of 2.5% per annum. Under the Demand Promissory Note, the Company promises to pay to the series the principal sum of US$2,000,000, bearing interest at 2.5% per annum. The Company has a legally enforceable right to set off the amounts under both agreements and the amounts are intended to be settled on a net basis. As such, the net amount presented in the interim condensed consolidated statement of financial position is $Nil (2021 - $Nil). For the three and nine months ended September 30, 2022, the insurance expense associated with this group captive insurance policy amounted to $368,783 and $1,124,107 (2021 - $140,566 & $140,566) recorded in insurance expense in the interim condensed consolidated statement of loss and comprehensive loss.

(Prepared in Canadian dollars)

31. Other expense

The Company's other expense for the three and nine months ended September 30, 2022 and 2021 is comprised of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Foreign currency exchange loss (gain)	**$(247,022)**	$(443,942)	**$(556,198)**	$71,066
Gain on extinguishment of financial liabilities	**(212,680)**	-	**(212,680)**	-
Gain on sale of capital assets	**(37)**	-	**(4,217)**	(8,979)
Realized loss on sale of investments	**-**	33,333	**-**	33,333
	(459,739)	(410,609)	**(773,095)**	95,420
Discontinued operations (Note 26)	**2,130**	-	**241,774**	-
	$(457,609)	$(410,609)	**$(531,321)**	$95,420

32. Related party transactions

Key Management Compensation

Key management compensation includes the Company's directors and members of the executive team. Key management compensation for the three and nine months ended September 30, 2022 and 2021 is detailed below.

	Three months ended September 30,		Nine months ended September 30,	
Type of expense	**2022**	2021	**2022**	2021
Management compensation and directors' expense	**$426,112**	$461,272	**$1,330,601**	$1,343,054
Restricted share unit compensation expense	**8,280**	487,525	**32,455**	1,614,866
Stock-based compensation expense	**424,548**	256,219	**820,634**	482,736
	$858,940	$1,205,016	**$2,183,690**	$3,440,656

Management compensation and directors' expense are included in salaries and wages, and restricted share unit and stock-based compensation expense are included in share-based payments in the interim condensed consolidated statement of loss and comprehensive loss.

Included in management compensation and directors' expense is $197,074 in severance and termination accruals related to the termination of the Company's Chief Revenue Officer in January 2022.

32. Related party transactions, continued

Included in stock-based compensation expense is a retention bonus of $415,376 and included in management compensation and directors' expense is a cash retention bonus of $91,092 related to an employment agreement with the Chief Operating Officer.

In November 2021, Drew McManigle was appointed as Interim CEO and Chairman of the Board. McManigle is the founder and CEO of MACCO Restructuring Group, LLC ("MACCO"), which provides financial advisory and consulting services to the Company. For the three and nine months ended September 30, 2022, MACCO provided financial advisory and consulting services amounting to $130,824 and $1,038,554, respectively, recorded in consulting & subcontractors expense in the interim condensed consolidated statement of loss and comprehensive loss. On September 30, 2022, Drew McManigle stepped down as Interim CEO and Chairman of the Board. John Moynan was promoted to CEO as his replacement.

33. Commitments

The Greenleaf Operating Agreement has a cash-call clause, which requires members to contribute additional capital to Greenleaf from time-to-time relative to their respective membership interests (Note 14f). Management estimates that no significant cash-call will be required within the next 12 months.

On June 30, 2021, the Company entered into a Cloud Agreement for SAP ByDesign, a cloud subscription service, with Navigator Business Solutions, Inc. The initial term of the agreement is for 5 years. At September 30, 2022, the Company has agreed to pay remaining consideration of $978,229 under the agreement.

34. Segmented information

Operating Segment

The Company operates in two reportable segments, which include 1) Core Markets, and 2) Emerging Markets, Distribution, and CBD, plus corporate & other. The Company defines core markets as those with the following characteristics: (i) mature regulatory structure, (ii) favorable tax regime, (iii) low capital barrier to entry and access to licenses (iv) demonstrated supply of raw material, (v) multiple point of (retail) distribution, (vi) demonstrated operational leadership in place and (vii) a demonstrable ROI. Emerging Markets is defined as those that the Company views as markets with regulatory or commercial environments in which profitability and high-margin sales are more challenging for consumer product-focused companies currently, or barriers to entry are too cost prohibitive or onerous. Distribution and CBD include non-plant touching hardware and CBD sales to distributors and through e-commerce platforms.

Information related to each operating segment is set out below. Operating segment revenue and net income (loss) is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Asset information by segment is not provided to, or reviewed by, the Company's chief operating decision maker as it is not used to make strategic decisions, allocate resources, or assess performance.

(Prepared in Canadian dollars)

34. Segmented information, continued

The following tables presents the Company's operating segments for the three months ended September 30, 2022 and 2021, respectively:

	Core markets	Emerging markets, CBD, and distribution	Corporate & other	Total
Revenue	$6,680,829	$2,793,927	$20,799	$9,495,555
Inter-segment revenue	-	(1,320,603)	(4,791)	(1,325,394)
Net revenue	6,680,829	1,473,324	16,008	8,170,161
Share based payments	-	-	1,751,656	1,751,656
Depreciation and amortization	670,577	1,056,345	33,899	1,760,821
Expected credit losses (recovery)	24,938	64	-	25,002
Financing cost and fair value adjustment	103,875	81,668	1,613,819	1,799,362
Net income (loss) from continued operations	525,902	(2,266,936)	(4,589,362)	(6,330,396)
Loss on discontinued operations, net of tax	(32,667)	-	-	(32,667)
Net income (loss)	$493,235	$(2,266,936)	$(4,589,362)	$(6,363,063)

	Core markets	Emerging markets, CBD, and distribution	Corporate & other	Total
Revenue	$6,220,555	$6,422,969	$22,046	$12,665,570
Inter-segment revenue	(232)	(3,294,466)	(13,982)	(3,308,680)
Net revenue	6,220,323	3,128,503	8,064	9,356,890
Share based payments	-	-	1,874,770	1,874,770
Depreciation and amortization	283,355	1,498,126	8,423	1,789,904
Expected credit losses	3,409	1,884,053	-	1,887,462
Financing cost and fair value adjustment	92,289	89,495	(365,698)	(183,914)
Net income (loss) from continued operations	1,259,450	(5,327,175)	(2,849,712)	(6,917,437)
Loss on discontinued operations, net of tax	(560,656)	-	-	(560,656)
Net income (loss)	$698,794	$(5,327,175)	$(2,849,712)	$(7,478,093)

(Prepared in Canadian dollars)

34. Segmented information, continued

The following tables presents the Company's operating segments for the nine months ended September 30, 2022 and 2021, respectively:

	Core markets	Emerging markets, CBD, and distribution	Corporate & other	Total
Revenue	$18,926,811	$10,412,622	$41,515	$29,380,948
Inter-segment revenue	-	(2,955,040)	(14,002)	(2,969,042)
Net revenue	18,926,811	7,457,582	27,513	26,411,906
Share based payments	-	-	2,987,017	2,987,017
Depreciation and amortization	950,717	3,106,684	67,278	4,124,679
Expected credit losses (recovery)	29,975	(5,007,304)	(3,634,565)	(8,611,894)
Financing cost and fair value adjustment	332,780	(915,687)	398,786	(184,121)
Net income (loss) from continued operations	2,832,435	26,129	(16,782,336)	(13,923,772)
Loss on discontinued operations, net of tax	(740,450)	-	-	(740,450)
Net income (loss)	$2,091,985	$26,129	$(16,782,336)	$(14,664,222)

	Core markets	Emerging markets, CBD, and distribution	Corporate & other	Total
Revenue	$16,845,478	$19,631,518	$266,246	$36,743,242
Inter-segment revenue	(1,226)	(7,773,268)	(29,593)	(7,804,087)
Net revenue	16,844,252	11,858,250	236,653	28,939,155
Share based payments	-	-	7,420,922	7,420,922
Depreciation and amortization	841,025	4,492,947	15,189	5,349,161
Expected credit losses (recovery)	30,570	1,876,068	-	1,906,638
Financing cost and fair value adjustment	248,984	285,613	(986,947)	(452,350)
Net income (loss) from continued operations	4,379,262	(10,771,841)	(11,756,043)	(18,148,622)
Loss on discontinued operations, net of tax	(1,501,242)	-	-	(1,501,242)
Net income (loss)	$2,878,020	$(10,771,841)	$(11,756,043)	$(19,649,864)

(Prepared in Canadian dollars)

34. Segmented information, continued

Geographical Information

The Company operates in two geographical locations: Canada and the USA. The following tables present the Company's revenues for the three and nine months ended September 30, 2022 and 2021, and non-current assets by location on September 30, 2022 and December 31, 2021.

	Three months ended September 30,		Nine months ended September 30,	
Revenue	**2022**	2021	**2022**	2021
Canada	**$16,008**	$8,064	**$27,513**	$236,653
USA	**8,154,153**	9,348,826	**26,384,393**	28,702,502
	$8,170,161	$9,356,890	**$26,411,906**	$28,939,155

Non-current assets	**September 30, 2022**	December 31, 2021
Canada	**$1,216,019**	$207,415
USA	**38,261,667**	38,130,079
	$39,477,686	$38,337,494

35. Financial instruments and capital management

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for invested assets are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3).

The fair value of other financial assets and financial liabilities is considered to be the carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates.

Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's interim condensed consolidated statement of financial position at September 30, 2022 and December 31, 2021.

These assets and liabilities have been categorized into hierarchical levels, according to the reliability of the inputs used in determining fair value measurements. During the period ended September 30, 2022, no transfers between fair value hierarchy levels occurred. The fair value hierarchy has the following levels:

35. Financial instruments and capital management, continued

Level 1 – quoted prices
Represents unadjusted quoted prices for identical instruments exchanged in active markets.

Level 2 – significant other observable inputs
Includes directly or indirectly observable inputs, other than quoted prices for identical instruments exchanged in active markets.

Level 3 – significant unobservable inputs
Includes inputs that are not based on observable market data.

			At September 30, 2022	
	Level 1	Level 2	Level 3	Total
Cash	$8,116,578	$-	$-	$8,116,578
Restricted cash	4,112,100	-	-	4,112,100
Investments, fair value	-	-	840,407	840,407
Derivative liabilities	-	-	(388,678)	(388,678)
Contingent consideration	-	-	(7,738,093)	(7,738,093)
	$12,228,678	$-	$(7,286,364)	$4,942,314

			At December 31, 2021	
	Level 1	Level 2	Level 3	Total
Cash	$17,027,648	$-	$-	$17,027,648
Restricted cash	$3,803,400	-	-	3,803,400
Investments, fair value	-	-	-	-
Option asset	-	-	-	-
Derivative liabilities	-	-	(4,867,235)	(4,867,235)
Contingent consideration	-	-	(7,140,250)	(7,140,250)
	$20,831,048	$-	$(12,007,485)	$8,823,563

Foreign currency risk

The operating results and financial position of the Company are reported in Canadian dollars (“CAD”). As the Company operates in an international environment, some of the Company’s financial instruments and transactions are denominated in currencies other than the CAD. The results of the Company’s operations are subject to currency transaction and translation risks. The Company holds cash in US dollars. The Company’s main risk is associated with fluctuations in the US dollar. Assets and liabilities are translated based on the foreign currency translation policy described in Note 3. At September 30, 2022 and December 31, 2021, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. The Company has estimated that the effect of a 10% increase or decrease in the US dollar against the Company's functional currency (CAD) on the financial assets and liabilities, as at September 30, 2022, including cash, restricted cash, accounts payable, convertible debentures, and deferred cash consideration would result in an increase or decrease of approximately $1,514,000 (2021 - $318,000) in the net loss for the period ended September 30, 2022.

(Prepared in Canadian dollars)

35. Financial instruments and capital management, continued

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. Interest rate risk exposure is minimal because interest rates on notes payable and convertible notes are fixed.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company typically settles its financial obligations in cash. The ability to settle obligations in cash is dependent on the Company raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. At September 30, 2022, the Company had a cash balance of $8,116,578, net of restricted cash of $4,112,100 (2021 - $17,027,648, net of restricted cash of $3,803,400) and current liabilities of $15,384,949 (2021 - $16,046,515). All of the Company's current liabilities are expected to be settled within the next 12 months.

In addition to the commitments outlined in Note 33, the Company has the following estimated future contractual payment obligations, excluding interest payments, at September 30, 2022:

	< 1 year	**1 to 2 years**	**3 to 5 years**	**> 5 years**	**Total**
Accounts payable and accrued liabilities	5,757,164	-	-	-	$5,757,164
Notes payable	61,013	770,630	8,488	-	$840,131
Convertible debentures	-	28,725,350	2,526,243	-	$31,251,593
Lease liabilities	1,342,665	2,725,822	2,245,580	2,574,102	$8,888,169
Deferred cash consideration	2,741,400	-	-	-	$2,741,400

Credit risk

The Company's financial instruments exposed to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, and other receivables. The carrying amounts for these financial assets represent their maximum credit exposure to the Company. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company's objective with regard to credit risk in its operating activities is to reduce its exposure to losses. At September 30, 2022, the overdue accounts receivable balance, net of provision, is $2,655,058 (2021 - $1,193,430). The Company believes that the balance is collectable and that no additional allowance is required.

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate.

35. Financial instruments and capital management, continued

Management of capital

The Company's objective of managing capital, comprising shareholders' equity of $28,707,296, is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the board of directors, management will adjust its capital structure through the issue of new shares, convertible debentures, debt, or other activities deemed appropriate under the specific circumstances. Management and the board of directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and the Company's strategy with respect to capital risk management has not changed since the year ended December 31, 2021.

36. Subsequent events

The Company evaluated subsequent events through to November 28, 2022, the date these consolidated financial statements were issued.

On October 3, 2022, the Company announced that Mr. John Moynan had been promoted to Chief Executive Officer of the Company and Mr. Drew McManigle, former Interim Chief Executive Officer and Chair of the Board, has stepped down as he and MACCO, who served as financial advisor, had successfully completed the corporate transformation of the Company. Furthermore, Ms. Ruth Chun, an independent director of the Company, had been appointed Chair of the Board to replace Mr. McManigle.

On October 3, 2022, the Company granted incentive stock options to the CEO of the Company to acquire an aggregate of 1,000,000 common shares.

On October 4, 2022 and October 25, 2022, pursuant to share exchange agreements, various shareholders exchanged 775,647 Restricted Voting Shares and 20,540 restricted voting shares, respectively, for an equivalent number of common shares.

On November 15, 2022, pursuant to a consulting agreement with a third party, the Company issued 6,180,293 common shares at a fair value of $458,436.