



1933 INDUSTRIES INC.

Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six months Ended January 31, 2024 and 2023

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of 1933 Industries Inc. for the interim periods ended January 31, 2024 and 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, MNP LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

March 28, 2024

1933 INDUSTRIES INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	January 31, 2024	July 31, 2023
		\$	\$
ASSETS			
Current			
Cash		805,594	1,092,562
Receivables	5	2,408,688	2,231,302
Inventory	6	2,586,262	2,191,403
Biological assets	7	156,416	414,075
Prepaid expenses and deposits	8	353,284	539,131
		6,310,244	6,468,473
Property and equipment	9	11,293,293	11,551,256
Total assets		17,603,537	18,019,729
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11,17	3,787,672	4,017,644
Income tax payable		1,722,497	1,694,210
Current portion of lease liability	12	545,545	551,366
Current portion of note payable	13	41,611	37,565
Current portion of convertible debentures	14	-	4,406,730
		6,097,325	10,707,515
Convertible debentures	14	3,073,000	-
Lease liability	12	12,840,286	12,554,029
Note payable	13	8,331	21,337
Total liabilities		22,018,942	23,282,881
SHAREHOLDERS' DEFICIENCY			
Share capital	15(b)	83,856,672	82,387,033
Reserves	15(c)	10,343,797	10,335,086
Accumulated other comprehensive loss		(123,227)	(594,933)
Deficit		(96,987,395)	(95,820,123)
Deficiency attributable to shareholders of the Company		(2,910,153)	(3,692,937)
Non-controlling interest		(1,505,252)	(1,570,215)
Total shareholders' deficiency		(4,415,405)	(5,263,152)
Total liabilities and shareholders' deficiency		17,603,537	18,019,729

Nature of operations and going concern (Note 1)

Approved and authorized for the issue on behalf of the Board of Directors:

/s/ "Brian Farrell"

Director

/s/ "Paul Rosen"

Director

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

1933 INDUSTRIES INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars, except share numbers)

	Note	Three months ended		Six months ended	
		2024	January 31, 2023	2024	January 31, 2023
		\$	\$	\$	\$
Revenues		4,744,948	4,297,375	10,259,335	9,262,226
Cost of sales		(2,568,655)	(2,153,736)	(4,226,913)	(5,254,190)
Gross profit, excluding fair value adjustments		2,176,293	2,143,639	6,032,422	4,008,036
Change in fair value due to biological transformation		(925,467)	(373,464)	(925,467)	(472,549)
Fair value adjustment on sale of biological assets		154,285	(1,723,616)	(1,981,504)	(2,959,868)
Gross profit		1,405,111	46,559	3,125,451	575,619
Expenses (income)					
Depreciation	9	257,420	80,508	276,758	221,437
Foreign exchange loss (gain)		3,241	(8,146)	2,801	(51,833)
Gain on disposal of assets held for sale	9	(9,429)	-	(9,429)	(63,481)
General and administration	16,17	249,336	584,600	624,923	715,609
Interest expense		464,516	420,410	915,203	851,927
License, taxes, and insurance		520,630	623,877	1,373,344	1,385,527
Management and consulting fees	17	177,104	150,000	322,266	278,000
Other expenses (income)		19,561	(2,043,238)	-	(2,962,283)
Professional fees		108,142	292,322	186,995	609,535
Share-based compensation	17	7,507	26,015	16,461	142,928
Wages and benefits		340,082	272,327	543,517	458,761
		2,138,110	398,675	4,252,839	1,586,127
Loss before income tax expense		(732,999)	(352,116)	(1,127,388)	(1,010,508)
Current income tax expense		-	(7,075)	-	(515,534)
Net loss for the period		(732,999)	(359,191)	(1,127,388)	(1,526,042)
Foreign currency translation adjustment		303,264	(267,546)	496,785	474,400
Comprehensive loss for the period		(429,735)	(626,737)	(630,603)	(1,051,642)
Net loss attributable to:					
Shareholders of the Company		(741,280)	(402,321)	(1,167,272)	(1,466,403)
Non-controlling interest		8,281	43,130	39,884	(59,639)
Foreign currency translation adjustment attributable to:					
Shareholders of the Company		287,315	(261,201)	471,706	457,017
Non-controlling interest		15,949	(6,345)	25,079	17,383
Comprehensive loss attributable to:					
Shareholders of the Company		(517,171)	(663,522)	(695,566)	(1,009,386)
Non-controlling interest		87,436	36,785	64,963	(42,256)
Net loss per share					
Basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding					
Basic and diluted		469,152,428	451,045,719	465,193,149	450,699,319

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

1933 INDUSTRIES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended	
	2024	January 31, 2023
	\$	\$
Operating activities		
Net loss for the period	(1,127,388)	(1,526,042)
Adjustments for:		
Depreciation included in cost of sales	608,485	-
Change in fair value due to biological transformation	925,467	472,549
Fair value adjustment on sale of biological assets	1,981,504	2,959,868
Depreciation	276,758	221,437
Unrealized foreign exchange	-	25,690
Gain on disposal of assets held for sale	(9,429)	(63,481)
Interest expense	915,203	180,740
Share-based compensation	16,461	142,928
Changes in non-cash working capital:		
Receivables	(177,386)	(607,766)
Inventory	(394,859)	1,280,166
Biological assets	(2,649,312)	(2,962,871)
Prepaid expenses and deposits	185,847	(745,931)
Accounts payable and accrued liabilities	(271,721)	(733,699)
Income tax payable	28,287	515,534
Net cash provided by (used in) operating activities	307,917	(840,878)
Investing activities		
Purchase of property and equipment	(400,852)	-
Proceeds from disposal of assets held for sale	-	3,134,818
Net cash (used in) provided by investing activities	(400,852)	3,134,818
Financing activities		
Repayment of lease liability	(678,395)	(214,531)
Repayment of note payable	(23,062)	-
Net cash used in financing activities	(701,457)	(214,531)
Effect of exchange rate on changes on cash	507,424	474,400
Change in cash	(286,968)	2,553,809
Cash, beginning of period	1,092,562	363,274
Cash, end of period	805,594	2,917,083

Supplemental disclosure with respect to cash flows (Note 18)

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

1933 INDUSTRIES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited - Expressed in Canadian dollars, except share numbers)

	Common shares	Share capital	Reserves	Accumulated other comprehensive loss	Deficit	Non- controlling interest	Total shareholders' equity (deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance, July 31, 2022	450,699,319	81,855,012	10,157,141	(1,034,349)	(82,456,203)	(998,876)	7,522,725
Shares issued - conversion of convertible debentures \$0.05	3,495,376	175,785	(1,016)	-	-	-	174,769
Share-based compensation	-	-	142,928	-	-	-	142,928
Non-controlling interest	-	-	-	-	-	(59,639)	(59,639)
Foreign currency translation adjustment	-	-	-	457,017	-	17,383	474,400
Net loss for the period	-	-	-	-	(1,466,403)	-	(1,466,403)
Balance, January 31, 2023	454,194,695	82,030,797	10,299,053	(577,332)	(83,922,606)	(1,041,132)	6,788,780
Shares issued - conversion of convertible debentures \$0.05	7,039,175	356,236	(4,277)	-	-	-	351,959
Share-based compensation	-	-	40,310	-	-	-	40,310
Non-controlling interest	-	-	-	-	-	59,639	59,639
Foreign currency translation adjustment	-	-	-	(17,601)	-	6,113	(11,488)
Net loss for the period	-	-	-	-	(11,897,517)	(594,835)	(12,492,352)
Balance, July 31, 2023	461,233,870	82,387,033	10,335,086	(594,933)	(95,820,123)	(1,570,215)	(5,263,152)
Shares issued - conversion of convertible debentures \$0.05	29,237,787	1,469,639	(7,750)	-	-	-	1,461,889
Share-based compensation	-	-	16,461	-	-	-	16,461
Foreign currency translation adjustment	-	-	-	471,706	-	25,079	496,785
Net loss for the period	-	-	-	-	(1,167,272)	39,884	(1,127,388)
Balance, January 31, 2024	490,471,657	83,856,672	10,343,797	(123,227)	(96,987,395)	(1,505,252)	(4,415,405)

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

1933 INDUSTRIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

1933 Industries Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of Alberta and later continued into the Province of British Columbia. The Company is a publicly traded company with its registered office located at 300 - 1055 West Hastings Street, Vancouver, British Columbia, Canada. The Company's common shares are listed under the symbol "TGIF" on the Canadian Securities Exchange and under the symbol "TGIF" on the OTCQX.

The Company operates in the medical and recreational cannabis sectors in Nevada, USA. Alternative Medicine Association ("AMA"), a 91% owned subsidiary of the Company, is licensed in the State of Nevada as (i) a cultivation facility; and (ii) a production facility for edible, or cannabis-infused products. Infused Mfg ("Infused"), a 100% owned subsidiary of the Company, is focused on developing, and manufacturing hemp and cannabidiol ("CBD") infused products and brands for retail sale and use in jurisdictions where permitted.

While some states in the United States ("U.S.") have authorized the use and sale of cannabis, it remains illegal under federal law and the approach to enforcement of U.S. federal laws against cannabis is subject to change. The Company assumes certain risks due to conflicting state and federal laws because the Company engages in cannabis related activities in the U.S. The federal law relating to cannabis could be enforced at any time and this would put the Company at risk of being prosecuted and having its assets seized. The Company may be irreparably harmed by a change in enforcement policies of the federal government depending on the nature of such change.

Given the current illegality of cannabis under U.S. federal law, the Company's ability to access both public and private capital may be hindered by the fact that certain financial institutions are regulated by the U.S. federal government and are thus prohibited from providing financing to companies engaged in cannabis-related activities. The Company's ability to access public capital markets in the U.S. is directly hindered as a result. The Company may, however, be able to access public and private capital markets in Canada in order to support continuing operations.

Going concern

The Company has not yet achieved profitable operations and during the three and six months ended January 31, 2024 and 2023, the Company incurred a net loss of \$732,999 and \$1,127,388, respectively (2023 - \$359,191 and \$1,526,042, respectively). As at January 31, 2024, the Company had an accumulated deficit of \$96,987,395 (July 31, 2023 - \$95,820,123) and a working capital of \$212,919 (July 31, 2023 - working capital deficiency of \$4,239,042). These factors represent a material uncertainty that may raise significant doubt regarding the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

These unaudited condensed interim consolidated financial statements for the three and six months ended January 31, 2024 and 2023 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months.

The Company evaluates if the going concern assumption at each reporting period is appropriate and will consider removing the going concern and uncertainty note when the Company can depend on profitable operations or is confident of obtaining additional debt, equity or other financing to fund ongoing operations until profitability is achieved. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to obtain additional capital in the future and the Company's ability to continue as a going concern be impaired, material adjustments may be necessary to these financial statements. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. As such, these financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the years ended July 31, 2023 and 2022 ("Annual Financial Statements").

These financial statements were approved by the Board of Directors and authorized for issue on March 28, 2023.

1933 INDUSTRIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION (continued)

b) Basis of measurement

The financial statements have been prepared using the historical cost basis, except for biological assets, which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar. References to "CAD" are to Canadian dollars and "USD" or "USD\$" are to United States dollars.

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries included in these financial statements as at January 31, 2024 is as follows:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
1080034 B.C. Ltd.	0034 BC	Canada	100%	CAD	Inactive
1933 Management Services Inc.	FNM	USA	100%	USD	Holding company
1933 Legacy Inc.	Legacy	USA	100%	USD	Inactive
					Hemp and CBD -
Infused Mfg LLC	Infused MFG	USA	100%	USD	Infused products
FN Pharmaceuticals LLC	FNP	USA	100%	USD	Inactive
					Cannabis cultivation
Alternative Medicine Association LLC	AMA	USA	91%	USD	and production
AMA Productions LLC	AMA Pro	USA	100%	USD	Inactive
Spire Secure Logistics Inc.	Spire	Canada	100%	CAD	Inactive

3. ACCOUNTING POLICIES

These financial statements were prepared using accounting policies consistent with those in the notes to the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under IFRS requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these financial statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed its Annual Financial Statements.

1933 INDUSTRIES INC.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

5. RECEIVABLES

A summary of the Company's receivables is as follows:

	January 31, 2024	July 31, 2023
	\$	\$
Trade receivables	2,355,403	2,226,170
Other	53,285	5,132
	2,408,688	2,231,302

As at January 31, 2024, trade receivables are presented net of lifetime expected credit losses of \$348,085 (July 31, 2023 - \$442,131). During the three and six months ended January 31, 2024, general and administration included a provision for expected credit losses on trade receivables of \$48,446 and \$55,728, respectively (2023 - \$241,208 and \$45,835, respectively) (Note 16)

6. INVENTORY

A summary of the Company's inventory is as follows:

	January 31, 2024	July 31, 2023
	\$	\$
Raw materials	292,885	527,084
Harvested cannabis and trim	1,372,133	1,072,963
Cannabis oil and equivalent	-	266,583
Finished goods	921,244	324,773
	2,586,262	2,191,403

7. BIOLOGICAL ASSETS

A summary of the Company's biological assets is as follows:

	\$
Balance, July 31, 2022	1,311,192
Capitalized production costs	6,266,049
Transferred to inventory upon harvest	(7,236,233)
Effects of movement in foreign exchange	73,067
Balance, July 31, 2023	414,075
Capitalized production costs	2,878,961
Transferred to inventory upon harvest	(3,135,364)
Effects of movement in foreign exchange	(1,256)
Balance, January 31, 2024	156,416

As at January 31, 2024, the carrying value of biological assets comprises cannabis plants. On average, the grow cycle is approximately 16 weeks (July 31, 2023 - 16 weeks).

The fair value less costs to sell is estimated using an expected cash flow model which assumes the biological assets will grow to maturity, be harvested, converted into finished goods inventory, and sold in the retail cannabis market. The fair value measurement for biological assets is categorized as Level 3 (as defined in the fair value hierarchy - Note 21). These estimates are subject to volatility in market prices and several uncontrollable factors, which will be reflected in profit or loss on biological assets in future periods.

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

7. BIOLOGICAL ASSETS (continued)

The following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy, were used by management as part of the model:

- Selling price - calculated as the weighted average selling price for all expected grades and strains of cannabis based on actual selling prices of the fair value of cannabis forms on a per pound basis.
- Yield per plant - represents the number of grams of finished cannabis that are expected to be obtained from each harvested cannabis plant.
- Stage of growth - represents the weighted average number of weeks out of the expected 16-week growing cycle that cannabis plants have reached as of the measurement date.
- Wastage - represents the weighted average percentage of cannabis plants expected to fail to mature to the point of harvest.
- Post-harvest processing costs - calculated as the cost per gram of harvested cannabis to convert into finished dry bulk flower ready to be packaged into finished goods.

A summary of the Company's significant unobservable inputs used in the model to estimate fair value less costs to sell is as follows:

	January 31, 2024	July 31, 2023
Estimated sales price per gram ⁽¹⁾	\$2.35	\$3.08
Weighted average stage of growth	10 weeks	6 weeks
Expected yield per plant	47 grams	92 grams
Wastage	0.17%	0.26%
Post-harvest processing cost per gram ⁽²⁾	\$1.82	\$2.02

(1) Estimated sales price per gram input is translated from USD\$1.75 (July 31, 2023 - USD\$2.33).

(2) Post-harvest processing cost per gram input is translated from USD\$1.36 (July 31, 2023 - USD\$1.53).

Increases in costs required up to the point of harvest, harvesting costs and selling costs will decrease the fair value of biological assets, while increases in sales price and expected yield for the cannabis plant will increase the fair value of biological assets.

A summary of the impact on the Company's net loss and comprehensive loss due to a 10% increase or decrease of each input used in the estimation of fair value less costs to sell is as follows:

	January 31, 2024	July 31, 2023
	\$	\$
Estimated sales price per gram	43,219	193,899
Weighted average stage of growth	15,465	34,390
Expected yield per plant	11,757	43,364
Wastage	(438)	(8,212)
Post-harvest processing cost per gram	(33,508)	(191,176)

8. PREPAID EXPENSES AND DEPOSITS

A summary of the Company's prepaid expenses and deposits is as follows:

	January 31, 2024	July 31, 2023
	\$	\$
Prepaid expenses	146,207	316,481
Security deposit on leased facilities	207,077	222,650
	353,284	539,131

1933 INDUSTRIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

9. PROPERTY AND EQUIPMENT

A summary of the Company's property and equipment is as follows:

	Land	Leasehold improvements	Production equipment	Office equipment	Right of use assets	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, July 31, 2022	3,848	903,726	4,080,578	424,668	13,610,173	19,022,993
Additions	-	264,052	610,691	-	300,282	1,175,025
Disposals	(3,953)	-	(658,850)	-	-	(662,803)
Termination	-	-	-	-	(194,519)	(194,519)
Modification	-	-	-	-	(329,114)	(329,114)
Effects of movement in foreign exchange	105	24,876	112,324	10,394	374,641	522,340
Balance, July 31, 2023	-	1,192,654	4,144,743	435,062	13,761,463	19,533,922
Additions	-	-	386,042	21,076	-	407,118
Transfers	-	416,685	(425,900)	9,215	-	-
Effects of movement in foreign exchange	-	10,554	318,483	6,416	229,757	565,210
Balance, January 31, 2024	-	1,619,893	4,423,368	471,769	13,991,220	20,506,250
Accumulated depreciation						
Balance, July 31, 2022	-	461,095	2,727,911	296,160	3,366,887	6,852,053
Depreciation	-	124,184	704,767	51,637	809,680	1,690,268
Disposal	-	-	(556,885)	-	-	(556,885)
Termination	-	-	-	-	(171,589)	(171,589)
Effects of movement in foreign exchange	-	146,988	445,621	7,968	(431,758)	168,819
Balance, July 31, 2023	-	732,267	3,321,414	355,765	3,573,220	7,982,666
Depreciation	-	81,435	374,941	36,571	392,296	885,243
Effects of movement in foreign exchange	-	(9,079)	303,338	(4,207)	54,996	345,048
Balance, January 31, 2024	-	804,623	3,999,693	388,129	4,020,512	9,212,957
Carrying amount						
Balance, July 31, 2023	-	460,387	823,329	79,297	10,188,243	11,551,256
Balance, January 31, 2024	-	815,270	423,675	83,640	9,970,708	11,293,293

1933 INDUSTRIES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars, except where noted)

9. PROPERTY AND EQUIPMENT (continued)

During the three and six months ended January 31, 2024:

The Company transferred production equipment with a cost of \$425,900 and \$nil accumulated depreciation as follows: \$416,685 to leasehold improvements and \$9,215 to office equipment.

Total depreciation of property and equipment for the three and six months ended January 31, 2024 was \$463,721 and \$885,243, respectively (2023 - \$439,527 and \$919,706, respectively). Of the total depreciation during the three and six months ended January 31, 2024, \$206,301 and \$608,485 was capitalized to inventory, respectively (2023 - \$359,019 and \$698,269, respectively). As a result of the capitalization to inventory, the Company recognized a depreciation expense for the three and six months ended January 31, 2024 of \$257,420 and \$276,758, respectively (2023 - \$80,508 and \$221,437, respectively) in profit or loss.

During the year ended July 31, 2023:

The Company amended its lease agreement with an Infused facility lease for reduce facility space and an extension of the lease term from December 31, 2023 to December 31, 2024. As a result of the reduction in facility space, the Company derecognized right of use assets cost of \$115,276 and accumulated depreciation of \$92,346, and \$32,904 (USD\$24,971) in lease liability resulting in a gain on lease termination of \$9,974. As a result of the lease extension, Company recognized an increase to right of use assets cost of \$152,205 (USD\$115,508) resulting from the incremental increase in lease liability.

The Company entered into an agreement with the landlord of its AMA manufacturing facility for a rent reduction for two years beginning July 1, 2023 and ending May 31, 2025. As a result of the amendments to the lease payments, the Company recognized a decrease to right of use assets cost of \$481,319 (USD\$365,272) resulting from the incremental decrease in lease liability. In consideration for the rent reductions, the Company issued a promissory note which will increase for the difference between the original rent payments and the amended rent reduction payments monthly up to USD\$400,000. Pursuant to the agreement, the promissory note will be forgiven on May 31, 2031 if the Company remains in compliance and in good standing with its lease obligations. In the event the Company defaults the outstanding principal of the promissory note and a penalty of USD\$50,000 will be due on demand.

The Company entered into an extension agreement for one of its AMA leases for an additional two years ending January 9, 2025. As a result of the lease extension, the Company recognized an addition to right of use assets of \$300,282 (USD\$225,804) measured as the future minimum lease payments discounted at 10% per annum.

The Company derecognized a right of use asset with cost of \$79,243 and accumulated depreciation of \$79,243 relating to Infused facility as the lease expired.

The Company incurred additions to leasehold improvement relating to upgrades and installation of irrigation and plumbing system for AMA manufacturing facility. In addition, the Company incurred additions of \$610,691 (USD\$463,456) to production equipment to improve its cultivation activities, including environmental and sensory control systems.

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

10. GOODWILL

A summary of the Company's goodwill is as follows:

	\$
Balance, July 31, 2022	4,491,721
Impairment	(4,599,734)
Effects of movement in foreign exchange	108,013
Balance, January 31, 2024 and July 31, 2023	-

The goodwill balance of \$4,491,721 (USD\$3,490,729) at July 31, 2022 was related to the acquisition of AMA on June 15, 2017 which was considered as a distinct cash generating unit.

On July 31, 2023, as part of its annual test for impairment, the Company determined that the carrying amount of the AMA cash generating unit exceeded its recoverable amount and that goodwill associated with the acquisition of AMA was impaired. Accordingly, during the year ended July 31, 2023, the Company recognized impairment of \$4,599,734 (USD\$3,490,729).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	January 31, 2024	July 31, 2023
	\$	\$
Trade payables	3,627,647	3,394,148
Accrued liabilities	60,142	282,000
Payroll liabilities	99,883	341,496
	3,787,672	4,017,644

12. LEASE LIABILITY

A summary of the Company's lease liability is as follows:

	\$
Balance, July 31, 2022	13,106,796
Repayments	(1,669,677)
Interest expense	1,342,625
Addition	303,027
Termination	(32,904)
Modifications	(329,114)
Effects of movement in foreign exchange	384,642
Balance, July 31, 2023	13,105,395
Repayments	(678,395)
Interest expense	740,727
Effects of movement in foreign exchange	218,104
Balance, January 31, 2024	13,385,831
Current portion	545,545
Non-current portion	12,840,286

During the year ended July 31, 2023, the Company amended its lease agreement with an Infused facility lease for reduced facility space and an extension of the lease term from December 31, 2023 to December 31, 2024. As a result of the amendment, the Company derecognized \$32,904 (USD\$24,971) in lease liability. As a result of the extension, the Company recognized an incremental increase of \$152,205 (USD\$115,508) in modification of lease.

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

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12. LEASE LIABILITY (continued)

During the year ended July 31, 2023, the Company entered into an agreement with the landlord of its AMA manufacturing facility for a rent reduction for two years beginning July 1, 2023 and ending May 31, 2025. As a result of the amendments to the lease payments, the Company recognized a decrease to right of use asset of \$481,319 (USD\$365,272) resulting from the incremental decrease in lease liability. In consideration for the rent reductions, the Company issued a promissory note which will increase for the difference between the original rent payments and the amended rent reduction payments monthly up to USD\$400,000. Pursuant to the agreement, the promissory note will be forgiven on May 31, 2031 if the Company remains in compliance and in good standing with its lease obligations. In the event the Company defaults the outstanding principal of the promissory note and a penalty of USD\$50,000 will be due on demand. As at January 31, 2024, the Company is in good standings with its lease obligations.

During the year ended July 31, 2023, the Company entered into an extension agreement for one of its AMA leases for an additional two years ending January 9, 2025. As a result of the lease extension, the Company recognized an addition to lease liability of \$303,027 (USD\$225,804) measured on the future minimum lease payments discounted at 10% per annum.

Included in general and administration expense relating to short-term leases and low-value leases for the three and six months ended January 31, 2024 are \$8,014 and \$8,014, respectively (2023 - \$nil and \$nil, respectively).

A summary of the Company's future minimum lease payments related to the leases under is as follows:

	January 31, 2024
	\$
2024	1,375,049
2025	1,980,744
2026	1,494,908
2027	1,539,756
Thereafter	25,586,666
Total future minimum lease payments	31,977,123
Effects of discounting	(18,591,292)
Total present value of minimum lease payments	13,385,831

13. NOTE PAYABLE

A summary of the Company's note payable is as follows:

	\$
Balance, July 31, 2022	-
Addition	72,754
Interest expense	4,905
Installment payments	(18,928)
Effects of movement in foreign exchange	171
Balance, July 31, 2023	58,902
Interest expense	4,568
Installment payments	(23,062)
Effects of movement in foreign exchange	9,534
Balance, January 31, 2024	49,942
Current portion	41,611
Non-current portion	8,331

During the year ended July 31, 2023, the Company purchased a production equipment for its AMA manufacturing facility. The production equipment cost \$137,968 (USD\$104,704) of which was partially paid in the amount of \$65,214 (USD\$49,491). The remainder of \$72,754 (USD\$55,213) was financed through monthly installment payments of USD\$2,837 for 23 months at an annual percentage rate of 17.27% and scheduled to mature on February 1, 2025.

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Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended January 31, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

13. NOTE PAYABLE (continued)

During the three and six months ended January 31, 2024, the Company incurred interest expense of \$2,086 (USD\$1,543) and \$4,568 (USD\$3,378), respectively (2023 - \$nil and \$nil, respectively). The repayment of interest was included in the installment payments.

14. CONVERTIBLE DEBENTURES

A summary of the Company's convertible debentures is as follows:

	\$
Balance, July 31, 2022	4,574,279
Interest expense	359,179
Converted to common shares	(402,000)
Interest paid - shares	(124,728)
Balance, July 31, 2023	4,406,730
Interest expense	169,159
Converted to common shares	(155,000)
Interest paid - shares	(1,306,889)
Payable to holders - transferred to accounts payable	(41,000)
Balance, January 31, 2024	3,073,000

On August 24, 2022, debenture holders approved the amendment of the conversion price applicable to the convertible debentures to \$0.05 per share being the lowest price at which the Company is permitted to amend the conversion price, the reduction of the price per share for interest payments on the Debentures from \$0.10 to \$0.05 per share, if the Company in its sole discretion elects to pay such interest through the issuance of its common shares, and the extension of the maturity date for the Debentures from September 14, 2022 to December 31, 2023 (the "Amended Debentures").

On December 31, 2023, the maturity date of the convertible debentures was extended to December 31, 2025 through the settlement of the Amended Debentures excluding interest in arrears, and replacement through the issuance of 3,073,000 10% unsecured convertible debentures (the "2024 Debentures"). A cash payment of \$41,000 is payable to certain holders that did not renegotiate their terms. The 2024 Debentures have a two-year maturity date and are convertible into units at a price of \$0.05 per unit. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.05 for a period of five years from the date of issuance of the new convertible debentures. As the terms of the 2024 Debentures are not substantially different from those of the Amended Debentures, the Company treated this as an extension of the term.

During the three and six months ended January 31, 2024, interest expense on convertible debentures was \$86,989 and \$169,159, respectively (2023 - \$91,865 and \$180,740, respectively). The principal and interest balance outstanding as at January 31, 2024 was \$3,073,000 and \$1,315,882, respectively (July 31, 2023 - \$3,260,007 and \$1,146,723, respectively).

15. SHARE CAPITAL AND RESERVES

a) Authorized

Unlimited common shares with no par value and unlimited preferred shares issuable in series.

b) Issued common shares

As of January 31, 2024, there were 490,471,657 common shares outstanding (July 31, 2023 - 461,233,870).

The Company had the following common share transaction during the three and six months ended January 31, 2024:

- The Company issued 29,237,787 common shares pursuant to the conversion of \$155,000 of convertible debentures and interest payable on the convertible debentures of \$1,306,889.

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

15. SHARE CAPITAL AND RESERVES (continued)

The Company had the following common share transaction during the year ended July 31, 2023:

- The Company issued 10,534,551 common shares pursuant to the conversion of \$402,000 of convertible debentures and interest payable on the convertible debentures of \$124,728.

c) Reserves

A summary of the Company's reserves activity is as follows:

	Stock options	Convertible debentures	Warrants	Total
	\$	\$	\$	\$
Balance, July 31, 2022	6,247,082	77,534	3,832,525	10,157,141
Share-based compensation	183,238	-	-	183,238
Reclassified to share capital on conversion of convertible debentures	-	(5,293)	-	(5,293)
Balance, July 31, 2023	6,430,320	72,241	3,832,525	10,335,086
Share-based compensation	16,461	-	-	16,461
Reclassified to share capital on conversion of convertible debentures	-	(7,750)	-	(7,750)
Balance, January 31, 2024	6,446,781	64,491	3,832,525	10,343,797

d) Warrants

A summary of the Company's share purchase warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, July 31, 2022	54,041,199	0.15
Expired	(50,341,199)	0.16
Balance, January 31, 2024 and July 31, 2023	3,700,000	0.08

A summary of the Company's share purchase warrants outstanding and exercisable as at January 31, 2024 is as follows:

	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
June 13, 2024	3,700,000	0.08	0.37

e) Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the stock options are determined by the Board of Directors.

The aggregate number of stock options granted will not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval of the Plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the Plan will not be lower than the exercise price permitted by the Canadian Securities Exchange, and all stock options granted under the Plan will have a maximum term of five years.

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15. SHARE CAPITAL AND RESERVES (continued)

A summary of the Company's stock option activity is as follows:

	Number of options	Weighted average exercise price
	#	\$
Balance, July 31, 2022	12,100,000	0.11
Granted	13,490,000	0.05
Expired	(750,000)	0.35
Forfeited	(300,000)	0.05
Balance, July 31, 2023	24,540,000	0.07
Granted	1,000,000	0.05
Forfeited	(2,750,000)	0.05
Balance, January 31, 2024	22,790,000	0.07

A summary of the Company's stock options outstanding and exercisable as at January 31, 2024 is as follows:

Expiry date	Number of options	Number of exercisable options	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
November 8, 2025	11,050,000	11,050,000	0.10	1.77
August 24, 2027	10,740,000	7,855,843	0.05	3.56
October 27, 2028	1,000,000	333,333	0.05	4.74
	22,790,000	19,239,176	0.07	2.75

16. GENERAL AND ADMINISTRATION

A summary of the Company's general and administration for the three and six months ended January 31, 2024 and 2023 is as follows:

	Three months ended		Six months ended	
	2024	2023	2024	2023
	\$	\$	\$	\$
Advertising, promotion and selling costs	26,970	153,579	111,264	308,063
Investor relations	3,109	6,150	8,055	26,227
Public company admin	26,921	20,487	39,711	32,843
Office expenses and general administration	133,049	137,119	385,497	231,193
Utilities	6,909	19,761	18,696	56,567
Provision for expected credit losses on trade receivables (Note 5)	48,446	241,208	55,728	45,835
Travel and entertainment	3,932	6,296	5,972	14,881
	249,336	584,600	624,923	715,609

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

17. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A summary of the Company's related party transactions for the three and six months ended January 31, 2024 and 2023 is as follows:

	Three months ended January 31,		Six months ended January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Directors' fees included in general and administration ⁽¹⁾	21,028	21,724	35,988	51,146
Management and consulting fees	132,501	120,000	277,662	218,000
Share-based compensation ⁽²⁾	7,781	11,638	14,294	82,831
	161,310	153,362	327,944	351,977

(1) Included under office expenses and general administration within general and administration (Note 16).

(2) Total share-based compensation expense on the Condensed Interim Consolidated Statements of Loss and Comprehensive Loss for the three and six months ended January 31, 2024 is presented net of a recoveries of share-based compensation of \$2,452 and \$5,833 resulting from forfeiture of unvested options.

As at January 31, 2024, \$250,174 (July 31, 2023 - \$99,079) was owed to directors and officers or their related companies in respect of the services rendered and were included in accounts payable and accrued liabilities. These are non-interest bearing and payable on demand.

18. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

A summary of the significant non-cash transactions and supplemental disclosure for the six months ended January 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Conversion of convertible debentures principal into common shares	155,000	36,000
Settlement of convertible debentures interest with common shares	1,306,889	9,582
Cash received from refund from IRS	-	537,114
Cash received from legal settlement	-	26,601
Cash interest on lease paid	-	339,652
Cash interest on note payable paid	4,568	-
Cash income tax paid	-	-

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars, except where noted)

19. SEGMENTED INFORMATION

The Company operates in three segments, referred to as AMA, Infused MFG, and Corporate. AMA is focused on the cultivation and sale of medical and adult use cannabis products, and Infused MFG is focused on the manufacturing of Hemp derived CBD products. The corporate head office is located in Canada while the operations of AMA and Infused MFG are located in the United States. All revenues are earned in the United States. All long-lived assets are located or owned in the United States.

A summary of the Company's net income (loss) by operating segment for the three months ended January 31, 2024 is as follows:

	AMA	Infused MFG	Corporate	Total
	\$	\$	\$	\$
Revenues	4,537,055	207,893	-	4,744,948
Gross profit	1,373,016	37,846	(5,751)	1,405,111
Operating expenses				
Depreciation	204,836	10,160	42,424	257,420
General and administration	113,921	66,811	68,604	249,336
License, taxes, and insurance	410,228	278	110,124	520,630
Interest, accretion, and other	552,013	71,388	487,323	1,110,724
	1,280,998	148,637	708,475	2,138,110
Net income (loss) before income tax expense	92,018	(110,791)	(714,226)	(732,999)
Current income tax expense	-	-	-	-
Net income (loss) for the period	92,018	(110,791)	(714,226)	(732,999)

A summary of the Company's net loss by operating segment for the six months ended January 31, 2024 is as follows:

	AMA	Infused MFG	Corporate	Total
	\$	\$	\$	\$
Revenues	9,820,437	438,898	-	10,259,335
Gross profit	3,019,039	112,163	(5,751)	3,125,451
Operating expenses				
Depreciation	204,836	21,002	50,920	276,758
General and administration	308,550	153,703	162,670	624,923
License, taxes, and insurance	1,120,212	7,773	245,359	1,373,344
Interest, accretion, and other	942,280	54,453	981,081	1,977,814
	2,575,878	236,931	1,440,030	4,252,839
Net loss before income tax expense	443,161	(124,768)	(1,445,781)	(1,127,388)
Current income tax expense	-	-	-	-
Net loss for the period	443,161	(124,768)	(1,445,781)	(1,127,388)

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

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19. SEGMENTED INFORMATION (continued)

A summary of the Company's net income (loss) by operating segment for the three months ended January 31, 2023 is as follows:

	AMA	Infused MFG	Corporate	Total
	\$	\$	\$	\$
Revenues	3,950,407	346,968	-	4,297,375
Gross profit	(81,524)	128,083	-	46,559
Operating expenses:				
Depreciation	11,152	16,807	52,549	80,508
General and administration	368,650	110,955	104,995	584,600
License, taxes, and insurance	558,890	15,979	49,008	623,877
Interest, accretion, and other	(1,506,513)	(54,405)	670,608	(890,310)
	(567,821)	89,336	877,160	398,675
Net income (loss) before income tax expense	486,297	38,747	(877,160)	(352,116)
Current income tax expense	(7,075)	-	-	(7,075)
Net income (loss) for the period	479,222	38,747	(877,160)	(359,191)

A summary of the Company's net loss by operating segment for the six months ended January 31, 2023 is as follows:

	AMA	Infused MFG	Corporate	Total
	\$	\$	\$	\$
Revenues	8,525,800	736,426	-	9,262,226
Gross profit	186,864	388,755	-	575,619
Operating expenses				
Depreciation	27,650	87,730	106,057	221,437
General and administration	256,239	216,648	242,722	715,609
License, taxes, and insurance	1,218,658	30,940	135,929	1,385,527
Interest, accretion, and other	(1,168,560)	(596,427)	1,028,541	(736,446)
	333,987	(261,109)	1,513,249	1,586,127
Net loss before income tax expense	(147,123)	649,864	(1,513,249)	(1,010,508)
Current income tax expense	(515,534)	-	-	(515,534)
Net loss for the period	(662,657)	649,864	(1,513,249)	(1,526,042)

A summary of the Company's carrying amount of assets and liabilities by operating segment as at January 31, 2024 is as follows:

	AMA	Infused MFG	Corporate	Total
	\$	\$	\$	\$
Total assets	16,704,336	289,783	609,418	17,603,537
Total liabilities	17,910,934	159,993	3,948,015	22,018,942

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19. SEGMENTED INFORMATION (continued)

A summary of the Company's carrying amount of assets and liabilities by operating segment as at July 31, 2023 is as follows:

	AMA	Infused MFG	Corporate	Total
	\$	\$	\$	\$
Total assets	16,897,951	478,727	643,051	18,019,729
Total liabilities	17,812,122	199,328	5,271,431	23,282,881

20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

a) Fair value

IFRS 13 *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The Company measures biological assets at fair value which is categorized as Level 3.

The carrying values of cash, receivables, accounts payable and accrued liabilities, and convertible debentures approximate their respective fair values due to the short-term nature of these instruments. The Company's financial instruments are classified as and measured at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

The types of risk exposure and the way in which such exposures are managed are as follows:

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash and receivables. The Company minimizes its credit risk related to cash by placing cash with major financial institutions. The Company regularly reviews the collectability of its receivables. The Company considers the credit risk related to both cash and receivables to be minimal, as the amounts presented in the financial statements already show the expected recoverable amount, which, based on historical trends, is considered reasonable.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's liquidity risk relates primarily to accounts payable and accrued liabilities, lease liability, note payable, as well as convertible debentures. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that there is sufficient capital to meet short term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of assets, liabilities and cash flows.

1933 INDUSTRIES INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the three and six months ended January 31, 2024 and 2023**

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20. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (continued)

A summary of the Company's undiscounted liabilities as at January 31, 2024 is as follows:

	Within 1 year	1 - 3 years	Greater than 3 years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	3,787,672	-	-	3,787,672
Income tax payable	1,722,497	-	-	1,722,497
Lease liability	1,375,049	5,015,408	25,586,666	31,977,123
Note payable	47,219	-	-	47,219
Convertible debentures	-	3,073,000	-	3,073,000
	6,932,437	8,088,408	25,586,666	40,607,511

The Company's cash is deposited in major banks, which is available on demand to fund the Company's operating costs and other financial demands.

d) Foreign exchange risk

The Company's operational activities are conducted in the U.S. and is exposed to foreign exchange risk due to fluctuations in the U.S. dollar relative to the Canadian dollar. Foreign exchange risk arises from financial assets and liabilities that are denominated in U.S. dollars. The Company has not entered into any agreements or purchased any foreign currency hedging instruments to hedge possible currency risks at this time. Management believes the foreign exchange risk derived from currency conversions is significant.

A summary of the Company's financial assets and liabilities held in U.S. dollar, expressed in Canadian dollars, is as follows:

	January 31, 2024	July 31, 2023
	\$	\$
Cash	787,018	1,074,208
Receivables	2,358,537	2,231,302
Accounts payable and accrued liabilities	(3,063,367)	(3,356,702)
Income tax payable	(1,722,496)	(1,694,210)
Lease liability	(12,840,286)	(13,105,395)
Note payable	(49,942)	(58,902)
Net financial liabilities	(14,530,536)	(14,909,699)

The effect on net loss and comprehensive loss for the six months ended January 31, 2024 of a 10% change in Canadian dollar against the U.S. dollar on the above-mentioned net financial liabilities of the Company is estimated to have an increase or decrease in foreign exchange gain or loss of \$1,453,054.

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to any cash flow interest rate volatility as its convertible debentures and note payable are carried at a fixed interest rate throughout their term.

21. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business. The capital structure of the Company consists of shareholder's deficiency, which was \$4,415,405 as at January 31, 2024 (July 31, 2023 - \$5,263,152), and convertible debentures, which was \$3,073,000 as at January 31, 2024 (July 31, 2023 - \$4,406,730). The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets.

21. CAPITAL RISK MANAGEMENT (continued)

To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. The Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, the lack of adverse political developments in the United States with respect to cannabis legislation and securing additional financing. As at January 31, 2024, the Company is not subject to externally imposed capital requirement.

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