Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

Applicants

MOTION RECORD OF BZAM LTD.
(MOTION FOR SECURITY FOR COSTS)

April 24, 2024

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

Sean Zweig (LSO# 57307I)
Joseph Blinick (LSO# 64325B)
Mike Shakra (LSO# 64604K)
Tom Feore (LSO# 82456H)

Tel: 416-863-1200
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Lawyers for BZAM Ltd. and the other Applicants

TO: THE SERVICE LIST

Court File No. CV-24-00715773-00CL

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SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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Applicants

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TAB 1

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Applicants

NOTICE OF MOTION OF BZAM LTD.
(Order for Security for Costs)

BZAM Ltd. ("**BZAM**") makes an urgent motion in writing to the Court.

PROPOSED METHOD OF HEARING: The motion is to be heard

[x] In writing as an opposed motion under subrule 37.12.1(4).

THE MOTION IS FOR:

(a) an order that Final Bell Holdings International Ltd. ("**Final Bell**") immediately pay into Court security for the costs of its claim seeking rescission of the Share Exchange Agreement dated December 5, 2023 (the "**Share Exchange**

Agreement") on the basis of alleged fraudulent misrepresentations (the "**Rescission Motion**"), up to the completion of the hearing:

(i) in the full indemnity amount of $636,000; or, in the alternative,

(ii) in the substantial indemnity amount of $575,000; or, in the further alternative,

(iii) in such other amount or manner as the Court may direct;

(b) the costs of this motion; and,

(c) such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

The Parties

(a) Final Bell is a US-based cannabis company, incorporated under the laws of British Columbia. It was originally incorporated in 2012 as a mining company under the name "Karsten Energy Corp.", until its name was changed to Final Bell in 2021.

(b) BZAM is a cannabis company domiciled in Canada. It owns cannabis cultivation facilities in Ontario and Alberta; it leases production facilities in Ontario, British Columbia and Quebec; it leases a retail store in Saskatchewan; and it has its corporate offices in Ontario and British Columbia.

The CCAA Proceeding and Final Bell's Claim

(c) On February 28, 2024, BZAM, together with the other Applicants, entered into proceedings under the *Companies' Creditors Arrangement Act,* R.S.C., 1985, c. C-36 ("**CCAA**").

(d) On March 18, 2024, Final Bell brought a claim seeking to rescind the Share Exchange Agreement between itself and BZAM, under which Final Bell divested its wholly owned subsidiary, Final Bell Canada Inc. ("**FBC**"), to BZAM (and which BZAM has since renamed High Road Holding Corp.).

(e) This matter has proceeded, in effect, as a trial of an issue (viz., the interrelated issues of whether BZAM is liable for alleged fraudulent misrepresentation and whether Final Bell is entitled to rescission of the Share Exchange Agreement on that basis).

(f) In the last 4-5 weeks, BZAM has undertaken a substantial amount of work to respond to Final Bell's claim. Among other things, it has delivered a responding motion record, made extensive documentary productions pursuant to Redfern requests, defended a cross-examination as well as a Rule 39.03 examination, conducted cross-examinations of Final Bell's witnesses, answered undertakings, and taken all other steps necessary to prepare for the hearing. That hearing was to be returnable on April 22 and 23, 2024, and BZAM and all other parties were ready to proceed then.

(g) However, on April 19, 2024, the hearing was adjourned at Final Bell's insistence, and over the objection of BZAM and other parties, to allow Final Bell to explore a narrow issue of fact relating to BZAM Management Inc.'s B300 filings.

(h) Despite previously having the opportunity to explore all issues through the agreed-upon process designed by the parties (including through Redfern requests and in-depth examinations of BZAM witnesses), and having also strongly opposed the Monitor adducing or obtaining any additional evidence to fill any gaps the Monitor perceived in the record, Final Bell now seeks to expand the scope of the process (albeit in an entirely one-sided manner) and put BZAM and the other parties to even further expense.

(i) The hearing is now expected to be returnable some time between May and July, 2024.

Security for Costs Should be Posted

(j) As this matter moves to the hearing stage of the proceeding, it is reasonable and just in all of the circumstances to require Final Bell to post security for costs.

(k) Final Bell is a corporation ordinarily resident outside of Ontario—specifically, in Van Nuys, California, in the United States.

(l) Additionally, there is very good reason to believe that Final Bell lacks sufficient assets in Ontario (and elsewhere) to pay the costs of BZAM.

(m) Final Bell has at all material times been (and remains) balance-sheet insolvent. Its condensed consolidated financial statements as of and for the three and nine months ended December 31, 2022 and 2021, which are its most recent publicly-disclosed financial statements, reveal that its total assets were USD $72,575,890, and its total liabilities USD $86,015,166. Its total liabilities therefore exceeded its total assets by USD $13,439,276 as at December 31, 2022.

(n) Over time (between December 31, 2022 and September 30, 2023 – the period preceding the negotiation of the Share Exchange Agreement), Final Bell's financial situation deteriorated even more. In the most recent financial statements it has prepared (but which remain unaudited and not publicly disclosed) – Final Bell's condensed consolidated financial statements as of and for the years ended March 31, 2022 and March 31, 2023 – Final Bell's total assets decreased to USD $71,413,507 while its total liabilities grew to USD $100,443,891. As at March 31, 2023, Final Bell's total liabilities exceeded its total assets by USD $29,030,384.

(o) Final Bell’s condensed consolidated statement of cash flows as at March 31, 2022 and March 31, 2023 show that it suffered losses from operations in the amount of USD $13,137,736 and USD $17,710,102, respectively, and that it suffered net losses of USD $22,521,933 and USD $52,201,853, respectively.

(p) The audit of Final Bell’s condensed consolidated financial statements as of and for the years ended March 31, 2022 and March 31, 2023 was never completed. Indeed, as Final Bell publicly disclosed on November 9, 2023, Final Bell’s auditor resigned on November 3, 2023, citing its professional standards and issues of "concern" regarding Final Bell's valuation of FBC (the company it divested to BZAM under the Share Exchange Agreement signed less than one month after Final Bell's auditor resigned).

(q) As a result of its failure to file its financial statements, on August 14, 2023, Final Bell was placed under a Cease Trade Order ("**CTO**") by the British Columbia Securities Commission ("**BCSC**"). The CTO order remains active.

(r) Representing that it was dependent on issuing increasing equity to make required payments to its noteholders—otherwise the debt would come due at once on September 30, 2023, which would "materially prejudice [its] financial position"—Final Bell obtained a partial revocation order of the CTO from the BCSC on September 27, 2023.

(s) Later, on January 9, 2024, Final Bell applied for and obtained a second partial revocation order of the CTO. This time, Final Bell needed to complete an equity financing by January 31, 2024, otherwise the principal and interest owed to its noteholders would come due and payable—in cash. Final Bell represented to the BCSC that it was "currently unable to fund" such a repayment at that time.

(t) Final Bell's quarterly financial statements for the three months ended September 30, 2023 showed a loss from operations of USD $6,616,829, with net losses of USD $7,964,973. For the six months of operation ended September 30, 2023, Final Bell had a loss from operations of USD $14,302,082, with net losses of $18,110,023.

(u) In its internal communications and documents pre-dating the signing of the Share Exchange Agreement, Final Bell has also repeatedly recognized the terrible cash position of FBC in particular. For instance, Keith Adams, CFO of Final Bell, noted on November 15, 2023 (two weeks before the signing of the Share Exchange Agreement) that Final Bell projected FBC to “show a terrible cash position (Negative cash)”.

(v) In short, Final Bell is (and has at all material times been) balance sheet insolvent, with losses in the millions of dollars every quarter preceding the negotiation of the Share Exchange Agreement, and without any assets in Ontario (or elsewhere) to pay any costs order that may be made in this proceeding.

(w) It is just and appropriate that Final Bell be required to post security for BZAM's costs of the litigation, which are already extensive and which will only increase as the matter awaits a rescheduled hearing (and which are in addition to: (i) the costs of the Monitor and the Monitor's counsel, which BZAM is funding; and (ii) the significant burn-rate BZAM is incurring while Final Bell's claim remains extant and BZAM is thereby precluded from undertaking various restructuring steps designed to reduce and rationalize costs).

Other Grounds

(x) Rule 56.01(a) and 56.01(d) of the *Rules of Civil Procedure*; and

(y) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(z) The record before the court on the Rescission Motion;

(aa) The Affidavit of Wenbo Sun, sworn April 24, 2024; and

(bb) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

April 24, 2024

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Toronto, ON M5X 1A4

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Joseph Blinick (LSO# 64325B)
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Lawyers for BZAM Ltd. and the other Applicants

TO: THE SERVICE LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,* AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

Court File No.: CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

NOTICE OF MOTION OF BZAM LTD.

(SECURITY FOR COSTS)

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Lawyers for BZAM Ltd. and the other Applicants

TAB 2

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Applicants

AFFIDAVIT

I, Wenbo Sun, of the City of Toronto, in the Province of Ontario, AFFIRM:

1. I am a legal assistant at Bennett Jones LLP, lawyers for BZAM Ltd. ("**BZAM**") and the other applicants in this proceeding (collectively with BZAM, the "**Applicants**"). Accordingly, I have personal knowledge of the facts set out in this affidavit, except where otherwise indicated to be based on information provided to me by others or from reviewing a document, in which case I state the source of the information and I believe that information to be true. Nothing in this affidavit is intended to waive any privilege of any kind.

2. Attached as **Exhibit "A"** is the British Columbia Company Summary for Final Bell. I am advised by Keith Merker (a director of BZAM), and believe, that Final Bell is a cannabis company based in the United States (specifically, in Van Nuys, California).

3. Attached as **Exhibit "B"** are Final Bell's condensed consolidated financial statements as of and for the three and nine months ended December 31, 2022 and 2021.

4. Attached as **Exhibit "C"** are Final Bell's condensed consolidated financial statements as of and for the years ended March 31, 2022, and March 31, 2023.

5. Attached as **Exhibit "D"** is a Cease Trade Order of the British Columbia Securities Commission ("**BCSC**") in respect of Final Bell, dated August 14, 2023.

6. Attached as **Exhibit "E"** are Final Bell's consolidated statements of financial position as at September 30, 2023.

7. Attached as **Exhibit "F"** is a copy of a resignation letter from Final Bell's former auditor, Macias Gini & O'Connell LLP, dated November 3, 2023.

8. Attached as **Exhibit "G"** is a copy of Final Bell's Notice of Change of Auditor dated November 9, 2023.

9. Attached as **Exhibit "H"** is a Partial Revocation Order of the BCSC in respect of Final Bell, dated September 27, 2023.

10. Attached as **Exhibit "I"** is an email from Keith Adams to Robert Meyer, Jimmy Nguyen, and Christy Zhou, dated November 15, 2023.

11. Attached as **Exhibit "J"** is a further Partial Revocation Order of the BCSC in respect of Final Bell, dated January 9, 2024.

12. Attached as **Exhibit "K"** is a print-out of the SEDAR webpage for Final Bell, accessed on April 23, 2024.

13. Attached as **Exhibit "L"** is the endorsement of the Honourable Justice Osborne dated April 12, 2024.

14. Attached as **Exhibit "M"** is the endorsement of the Honourable Justice Osborne dated April 19, 2024.

15. Attached as **Exhibit "N"** is a letter from counsel for Final Bell to counsel for BZAM dated April 22, 2024.

16. Attached as **Exhibit "O"** is a bill of costs reflecting both the litigation costs that have been incurred by BZAM to date in respect of Final Bell's claim, as well as the litigation costs that are anticipated to be incurred by BZAM to obtain an adjudication of Final Bell's claim on the merits.

17. In addition to the litigation costs that have been incurred to date and will be incurred going forward in respect of Final Bell's claim as set out in the bill of costs attached hereto, I am advised by Mr. Merker, Director of BZAM, and believe, that the Applicants have incurred and are continuing to incur significant costs in: (i) funding the Monitor and the Monitor's counsel; and (ii) operating the business that they are seeking to restructure as part of the CCAA proceedings (which restructuring steps would include shutting facilities and rationalizing costs), certain of which steps it cannot take until Final Bell's motion is determined.

18. I make this affidavit solely in support of BZAM's motion seeking security for costs and for no other or improper purpose.

AFFIRMED BEFORE ME by Wenbo Sun stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on April 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be) **TOM FEORE**	**WENBO SUN**

Exhibit "A" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BRITISH COLUMBIA | BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Date and Time of Search:	**April 22, 2024 01:13 PM Pacific Time**
Currency Date:	January 02, 2024

ACTIVE

Incorporation Number:	BC0956222		
Name of Company:	FINAL BELL HOLDINGS INTERNATIONAL LTD.		
Business Number:	835795840 BC0001		
Recognition Date and Time:	Incorporated on November 28, 2012 01:04 PM Pacific Time	**In Liquidation:**	No
Last Annual Report Filed:	November 28, 2023	**Receiver:**	No

COMPANY NAME INFORMATION

Previous Company Name	**Date of Company Name Change**
KARSTEN ENERGY CORP.	October 27, 2021

REGISTERED OFFICE INFORMATION

Mailing Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

Delivery Address:
1000 CATHEDRAL PLACE
925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
DeLand, Jason

Mailing Address:	Delivery Address:
530 BROADWAY NEW YORK NY 10012 UNITED STATES	530 BROADWAY NEW YORK NY 10012 UNITED STATES

Last Name, First Name, Middle Name:
Jessel, Kay S.

Mailing Address:	Delivery Address:
2985 ROSBERY AVENUE WEST VANCOUVER BC V5V 3A8 CANADA	2985 ROSBERY AVENUE WEST VANCOUVER BC V5V 3A8 CANADA

Last Name, First Name, Middle Name:
Meyer, Robert

Mailing Address:	Delivery Address:
17A TREVOSE CRESCENT SINGAPORE 298094 SINGAPORE	17A TREVOSE CRESCENT SINGAPORE 298094 SINGAPORE

Last Name, First Name, Middle Name:
Segev, Ron

Mailing Address:	Delivery Address:
6TH FLOOR, 905 WEST PENDER STREET VANCOUVER BC V6C 1L6 CANADA	6TH FLOOR, 905 WEST PENDER STREET VANCOUVER BC V6C 1L6 CANADA

Last Name, First Name, Middle Name:
Wang, Chunxia (Nancy)

Mailing Address:	Delivery Address:
12 EDINBURGH ROAD WILLOUGHBY, NEW SOUTH WALES 2062 AUSTRALIA	12 EDINBURGH ROAD WILLOUGHBY, NEW SOUTH WALES 2062 AUSTRALIA

OFFICER INFORMATION AS AT November 28, 2023

Last Name, First Name, Middle Name:
Adams, Keith

Office(s) Held: (CFO)

Mailing Address:	Delivery Address:
UNIT #4, 108 S WETHERLY DRIVE LOS ANGELES CA 90048 UNITED STATES	UNIT #4, 108 S WETHERLY DRIVE LOS ANGELES CA 90048 UNITED STATES

Last Name, First Name, Middle Name:
Meyer, Robert

Office(s) Held: (CEO)

Mailing Address:
17A TREVOSE CRESCENT
SINGAPORE 298094
SINGAPORE

Delivery Address:
17A TREVOSE CRESCENT
SINGAPORE 298094
SINGAPORE

Exhibit "B" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

FINAL BELL HOLDINGS INTERNATIONAL LTD.
(formerly Karsten Energy Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Final Bell Holdings International Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants.

		December 31, 2022	March 31, 2022 (Audited)
ASSETS			
Current Assets:			
Cash		**$ 4,772,039**	$ 3,406,733
Accounts Receivable, Net	*NOTE 22*	**10,407,831**	12,360,287
Accounts Receivable, Related Party		**-**	-
Inventories		**12,778,662**	9,337,797
Prepaid Expenses		**2,439,305**	1,712,426
Total Current Assets		**30,397,837**	26,817,243
Property and Equipment, Net	*NOTE 7*	**5,588,115**	4,613,030
Intangible Assets, Net	*NOTE 8*	**13,811,309**	16,229,880
Goodwill	*NOTE 8*	**11,869,216**	2,029,682
Investments	*NOTE 9*	**1,845,018**	-
Right-of-Use Asset	*NOTE 12*	**7,656,517**	8,770,549
Notes Receivable- Related Party, Net of Current Portion	*NOTE 6*	**-**	5,950,630
Net Investment in Sublease	*NOTE 12*	**515,467**	759,026
Other Long Term Assets		**892,411**	413,703
TOTAL ASSETS		**$ 72,575,890**	$ 65,583,743
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Current Liabilities:			
Accounts Payable		**$ 21,246,013**	$ 12,851,728
Accrued Expenses	*NOTE 11*	**2,325,542**	5,335,254
Deferred Revenue		**2,483,400**	2,388,386
Related Party Loans	*NOTE 19*	**2,310,654**	3,215,999
Current Portion of Credit Facility	*NOTE 13*	**714,037**	-
Current Portion of Lease Liability	*NOTE 12*	**1,449,916**	1,364,668
Income Tax Payable		**196,600**	196,600
Total Current Liabilities		**30,726,162**	25,352,635
Series A Preferred Stock Liability	*NOTES 21*	**-**	11,150,038
Lease Liability, Net of Current Portion	*NOTE 12*	**7,993,953**	8,755,447
Credit Facility	*NOTE 13*	**4,240,041**	3,468,797
Contingent Liability	*NOTE 14*	**200,000**	499,623
Promissory Note	*NOTE 23*	**1,224,795**	-
Notes Payable	*NOTE 15*	**-**	27,897,907
Convertible Notes	*NOTE 15*	**13,994,226**	-
Derivative Financial Instruments	*NOTES 15, 17*	**6,134,835**	74,916
Secured Term Loan	*NOTE 16*	**21,000,000**	-
Other Long Term Liability		**59,290**	59,290
Deferred Income Tax Liability		**441,864**	469,710
TOTAL LIABILITIES		**86,015,166**	77,728,363

Continued Next Page

		December 31, 2022	March 31, 2022
Equity:	*NOTE 16*		
Share Capital		**91,588,272**	-
Additional Paid-in-Capital		**-**	6,617,111
Share Based Payments Reserve		**1,258,843**	-
Accumulated Other Comprehensive Income		**(517,869)**	35,157
Accumulated Deficit		**(106,786,350)**	(22,846,880)
Equity attributable to Controlling Shareholders		**(14,457,104)**	(16,194,612)
Non-controlling interest	*NOTE 17*	**1,017,828**	4,049,992
TOTAL SHAREHOLDERS' EQUITY		**(13,439,276)**	(12,144,620)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 72,575,890**	$ 65,583,743

Nature of Operations (Note 1)
Commitments and Contingencies (Note 18)
Subsequent events (Note 24)

Approved and authorized by the Board of Directors on March 1, 2023

"Jason DeLand"
Director and Chairman of the Board

"Kay Jessel"
Director

	For the three months ended December 31, 2022	For the three months ended December 31, 2021	For the nine months ended December 31, 2022	For the nine months ended December 31, 2021
Revenues	$ 18,307,004	$ 20,121,800	$ 52,262,871	$ 56,029,794
Cost of Goods Sold	13,275,651	15,893,772	37,360,418	42,663,412
Gross Profit	5,031,353	4,228,028	14,902,453	13,366,382
Expenses:				
General and Administrative	2,923,843	4,264,035	12,958,000	11,251,275
Bad Debt Expense	2,505,790	4,003,327	2,777,345	6,385,531
Stock Based Compensation	71,557	(295,910)	94,121	621,290
Depreciation and Amortization	1,621,876	1,312,833	4,781,557	3,341,052
Total Expenses	7,123,066	9,284,285	20,611,023	21,599,148
Loss from Operations	(2,091,713)	(5,056,257)	(5,708,570)	(8,232,766)
Other Income (Expense):				
Change in Fair Value of Series A Preferred Stock Liability	-	2,332,488	-	(864,675)
Change in Fair Value of Contingent Consideration	181,500	(3,432)	181,123	(14,768)
Change in Fair Value of Investments	-	-	(130,190)	-
Loss from Investment in Associate	-	(23,697)	-	(72,858)
Fair Value Adjustment on Equity Accounted Investment	-	72,858	-	72,858
Interest and Accretion Expense, Net and Financing Costs	(2,256,698)	(1,087,156)	(3,920,669)	(1,497,438)
Transaction Costs	(30,865,491)	-	(30,865,491)	-
Other Income/Expense	685,203	579,170	939,179	676,380
Total Other Expense	(32,255,486)	1,870,231	(33,796,048)	(1,700,501)
Loss before Income Taxes	(34,347,199)	(3,186,026)	(39,504,618)	(9,933,267)
Income Tax Benefit (Expense)	(9,282)	(339,712)	(27,846)	(516,226)
Net Loss	(34,337,917)	(2,846,314)	(39,476,772)	(9,417,041)
Other Comprehensive Income (Loss):				
Foreign Currency Translation Gain/(Loss)	(393,466)	(1,677)	(553,026)	23,125
Comprehensive Loss	$ (34,731,383)	$ (2,847,991)	$ (40,029,798)	$ (9,393,916)
Loss for the Period Attributable to:				
Final Bell Holding, Inc.	(34,040,242)	(3,068,107)	(39,382,245)	(7,769,416)
Non-Controlling Interest	(691,141)	220,116	(647,553)	(1,624,500)
	$ (34,731,383)	$ (2,847,991)	$ (40,029,798)	$ (9,393,916)
Basic and Diluted Loss per Share	$ (0.34)	$ (0.02)	$ (0.91)	$ (0.04)
Weighted Average Number of Common Shares (formerly LLC Units) - Basic and Diluted	100,425,483	173,596,400	43,225,704	173,596,400

		Share Capital	Additonal Paid-In-Capital	Share Based Payments Reserve	Accumulated Other Comprehensive Income	Accumulated Deficit	Equity Attributable to Controlling Shareholders	Non-Controlling Interest	Total Shareholders' Equity
Balance as of March 31, 2021		$ -	$ 6,617,111	$ -	$ 38,085	$ (3,224,317)	$ 3,430,879	$ 4,678,731	$ 8,109,610
Net (Loss)		-	-	-	-	(7,784,368)	(7,784,368)	(1,632,673)	(9,417,041)
Foreign Currency Translation Gain		-	-	-	14,952	-	14,952	8,173	23,125
Stock-Based Compensation	*NOTE 16*								
Vesting Stock		-	-	-	-	-	-	(197,650)	(197,650)
Warrants		-	-	-	-	-	-	41,216	41,216
Options		-	-	-	-	-	-	774,449	774,449
Warrant exercise		-	-	-	-	-	-	30,000	30,000
Amortization of Discount on Note Receivable - Related Party		-	-	-	-	-	-	13,116	13,116
Share of Assets Acquired from Non-Controlling Interest		-	-	-	-	178,692	178,692	(178,692)	-
Extinguishment of Note Receivable - Related Party		-	-	-	-	(313,399)	(313,399)	-	(313,399)
Acquistion of Westside		-	-	-	-	-	-	1,702,091	1,702,091
Balance as of December 31, 2021		**$ -**	**$ 6,617,111**	**$ -**	**$ 53,037**	**$ (11,143,392)**	**$ (4,473,244)**	**$ 5,238,761**	**$ 765,517**
Balance as of March 31, 2022		$ -	$ 6,617,111	$ -	$ 35,157	$ (22,846,880)	$ (16,194,612)	$ 4,049,992	$ (12,144,620)
Net (Loss) Income		-	-	-	-	(38,829,219)	(38,829,219)	(647,553)	(39,476,772)
Foreign Currency Translation Gain		-	-	-	(553,026)	-	(553,026)	-	(553,026)
Advisor Shares		3,374	-	-	-	-	3,374	-	3,374
Reclassification of Additional Paid-In-Capital		6,617,111	(6,617,111)	-	-	-	-	-	-
Acquisition of Final Bell Canada	*NOTE 23*	3,711,500	-	-	-	-	3,711,500	-	3,711,500
Acquisition of 14th Round Minority Interest	*NOTE 23*	57,480,178	-	1,258,843	-	(45,573,195)	13,165,826	(2,015,788)	11,150,038
FBHI Shares and Deemed Acquisition by FBH at Fair Value of Capital Consideration	*NOTE 23*	12,058,452	-	-	-	-	12,058,452	-	12,058,452
Compensation Share Issuable on Closing of Business Combination		11,717,657	-	-	-	-	11,717,657	-	11,717,657
Stock-Based Compensation	*NOTE 16*								
Vesting Stock		-	-	-	-	-	-	94,121	94,121
Option Expiry		-	-	-	-	94,427	94,427	(94,427)	-
Warrant Expiry		-	-	-	-	368,517	368,517	(368,517)	-
Balance as of December 31, 2022		**$ 91,588,272**	**$ -**	**$ 1,258,843**	**$ (517,869)**	**$ (106,786,350)**	**$ (14,457,104)**	**$ 1,017,828**	**$ (13,439,276)**

		For the nine months ended December 31, 2022		For the nine months ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Loss for the Period	**$**	**(39,476,772)**	$	(9,417,041)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and Amortization		**4,781,557**		3,341,052
Share-based Payments Expense		**94,121**		621,290
Deferred Income Taxes		**(27,846)**		(647,398)
Bad Debt Expense		**2,777,345**		6,385,531
Gain on Forgiveness of Small Business Loan		**-**		(1,260,314)
Gain Recognized on Transition of Lease		**-**		(272,829)
Gain on Lease Amendment		**(27,290)**		-
Loss on Disposal of Fixed Assets		**39,380**		-
Interest income accrued		**(413,640)**		(195,253)
Interest expense accrued		**2,098,354**		775,220
Change in Fair Value of Preferred Stock Liability		**-**		864,675
Change in Fair Value of Contingent Liability		**(181,123)**		(425,232)
Change in Fair Value of Investments		**(130,190)**		-
Transaction Costs		**19,147,834**		-
Issuance of Compensation Shares on Close of Business Combination		**11,717,657**		
Loss from investment in associate		**-**		72,858
Fair Value Adjustment on Equity Accounted Investment		**-**		(72,858)
Changes in Operating Assets and Liabilities:				
Accounts Receivable, Net		**(760,764)**		(9,414,855)
Inventories		**1,657,779**		(5,385,223)
Prepaid Expenses		**(684,225)**		(1,407,373)
Other Long Term Assets/Liabilities		**(73,146)**		235,020
Accounts Payable		**3,054,650**		7,202,272
Accrued Expenses		**(3,167,849)**		2,273,164
Performance Obligation		**(816,225)**		(65,428)
NET CASH USED IN OPERATING ACTIVITIES		**(390,393)**		(6,792,722)

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	For the nine months ended December 31, 2022	For the nine months ended December 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	**(1,858,105)**	(1,510,736)
Payment of Contingent Consideration	**(118,500)**	(197,279)
Principal Reduction in Lease Receivable	**270,193**	(97,825)
Investment in GSW and Sherbinski	**130,190**	(7,000,000)
Acquisition of Final Bell Canada	**(2,486,705)**	-
Cash Acquired on Acquisition of Final Bell Canada	**1,251,016**	-
Cash Acquired on Deemed Acquisition of Final Bell Holdings International Inc.	**517,973**	-
Acquisition of Westside	**-**	(7,400,000)
Issuance of notes receivable	**-**	(5,639,500)
NET CASH USED IN INVESTING ACTIVITIES	**(2,293,938)**	(21,845,340)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Common Shares	**809**	-
Issuance of Notes Payable	**-**	26,648,388
Proceeds of Credit Facility	**6,228,426**	-
Payment of Credit Facility	**(5,220,564)**	-
Proceeds of Related Party Loans	**112,828**	1,500,000
Repayment of Related Party Loans	**(1,631,259)**	(165,164)
Proceeds of Term Loan	**(298,933)**	-
Cash Contributions from Non-Controlling Interest	**-**	30,000
Principal Reduction in Lease Liability	**(1,089,804)**	(378,106)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**(1,898,497)**	27,635,118
Effect of Exchange Rate Changes on Cash	**5,948,134**	(17,537)
NET DECREASE IN CASH	**1,365,306**	(1,020,481)
CASH AT BEGINNING OF PERIOD	**3,406,733**	5,028,440
CASH AT END OF PERIOD	**$ 4,772,039**	**$ 4,007,959**
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES		
Cash Paid for Income Taxes and Installments	$ -	$ -
Cash Received for Income Taxes and Installments	$ -	$ (131,172)
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Value of Shares Issued on Acquisition of Final Bell Canada	$ 3,711,500	$ -
Acquisition of 14th Round Minority Interest	$ 57,480,178	$ -
Value of Shares Issued on Reverse Acquistion of FBHI	$ 12,058,452	$ -
Accounts Receivable for Common Shares	$ (2,565)	$ -
Investment in Sublease	$ -	$ (1,222,471)
Extinguishment of Note Receivable - Related Party	$ -	$ 313,399
Change in Non-Controlling Interest due to Effect of Exchange Rate on Cash	$ -	$ (8,173)
Change in Non-Controlling Interest due to Amortization of Note Receivable - Related I	$ -	$ (13,116)
Right of Use Asset and Lease Liability at Acquisition/Inception	$ -	$ 8,956,010

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Final Bell Holdings International Ltd.

The Company was incorporated as Karsten Energy Corp. under the Business Corporations Act (British Columbia) on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Company completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. Listing of the Company's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Company's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Company filed articles of amendment under the BCBCA changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd.".

Effective November 30, 2022, the Company completed a series of transactions (collectively the "Business Combination") pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities.

Also effective November 30, 2022, in connection with the Business Combination, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize the Proportionate Voting Shares and to reclassify the common shares as Subordinate Voting Shares, each having the special rights and restrictions set out in Schedule A to the management information circular dated January 28, 2022 further to which the shareholders of the Company approved the share reorganization at a special meeting on February 28, 2022. Subject to certain conditions, each Proportionate Voting Share is convertible into 100 Subordinate Voting Shares, and is entitled to vote with the Subordinate Voting Shares at the rate of 100 votes per Proportionate Voting Share.

Final Bell Holdings, Inc.

The predecessor of FBH is Final Bell Holdings, LLC ("FB LLC"), which was formed on November 25, 2020 as a California limited liability company. On December 27, 2020, pursuant to a formation and contribution agreement, a roll-up transaction was completed whereby FB LLC acquired the assets and liabilities of a combined group of companies operating in the cannabis space. The acquisition included a majority interest in 14R. Subsequently, on July 1, 2021, FB LLC completed a restructuring whereby the FB LLC shareholders transferred all of their membership interests in FB LLC to FBH in exchange for FBH shares. As a result of the restructuring, FB LLC became a Delaware corporation and a wholly owned subsidiary of FBH.

Business Combination

Prior to the Business Combination, the Company conducted business activities designed to support the advancement of the Business Combination, and to capitalize the business of FBH. The Company entered into a cooperation and investment agreement with FB LLC as of May 11, 2021, which provided for (i) an investment by the Company in the form of a convertible promissory note (the "Final Bell Note"), which was issued by Final Bell Corp. (a subsidiary of FB LLC) in November 2021; (ii) an agreement by the parties to mutually cooperate to jointly develop and expand their cannabis business; (iii) an agreement by the parties to negotiate, advance and consummate the Business Combination; and (iv) a license agreement providing for a 10 year license granted by FB LLC to the Company to produce and distribute cannabis products for certain leading cannabis brands in Canada.

On October 12, 2021, the Company entered into a share exchange agreement with FBH and FBH's shareholders, as amended (the "FBH SEA"), pursuant to which the Company would acquire all of the common shares of FBH common shares in exchange for Proportionate Voting Shares of the Company. The FBH SEA resulted in the Company acquiring, effective November 30, 2022, each outstanding share of FBH in exchange for approximately 0.69576 newly created Proportionate Voting Shares, being 1,735,964 Proportionate Voting Shares in the aggregate. The FBH SEA, as amended, further provides that, following the closing, the Company will use commercially reasonable efforts, subject to market conditions, to secure listing of the Subordinate Voting Shares on the Canadian Securities Exchange.

In order to expand into the cannabis business and to facilitate the Business Combination to acquire FBH, the Company raised C$22.7 million of unsecured convertible notes (the “Unsecured Convertible Notes”) and C$13.0 million through the issuance of units comprised of secured convertible notes (the "Secured Convertible Notes") pursuant to a note indenture made between the Company and Odyssey Trust Company (the "Trustee") dated as of November 17, 2021, and contingent common share purchase warrants (the "Warrants") pursuant to an indenture made between the Company and the Trustee dated as of November 17, 2021. Most of the net proceeds from the issuances of Unsecured Convertible Notes and Secured Convertible Notes were used by the Company to periodically invest in FBH, pursuant to the terms of the Final Bell Note, in order to finance its operations and growth and for general corporate purposes. The Secured Convertible Notes were repaid in full in August 2022, using proceeds from the Term Loan (as defined below).

Effective January 17, 2022, the Company entered into an agreement and plan of merger, as amended (the "14R Merger Agreement"), with 14R, the shareholders of 14R and a newly formed wholly owned subsidiary of the Company, pursuant to which the Company would acquire of all of the issued and outstanding shares of 14R held by the minority shareholders of 14R, being approximately 44% of the issued share capital of 14R. The Company would indirectly acquire the remaining 56% of the share capital of 14R, which was held by FBH, through the FBH SEA. Pursuant to the 14R Merger Agreement, effective November 30, 2022, the 14R shareholders received 639,986 Proportionate Voting Shares in consideration for their shares of 14R based on 14R having a total valuation equal to 70% of the $250,000,000 deemed valuation of Company immediately following the Business Combination.

Effective January 26, 2022, the Company entered into a share purchase agreement, as amended (the "FB Canada SPA"), with FB Canada and the FB Canada Shareholders, pursuant to which the Company would acquire all right, title and interest in and to the issued and outstanding shares in the capital of FB Canada for an aggregate purchase price of C$10 million payable in a combination of cash and Subordinate Voting Shares. Effective November 30, 2022, the shareholders of FB Canada received aggregate consideration comprised of C$3,350,000 in cash, C$1,650,000 in promissory notes and 4,453,609 Subordinate Voting Shares of the Company.

As a result of the Business Combination which closed on November 30, 2022, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree".

The Company now operates a highly competitive consolidated group of businesses providing end-to-end solutions to leading cannabis brands through integrated product development, manufacturing, and supply chain management. Through 14R, the Company also operates in the design and technology space, offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products. The Company’s California and Canada operations bring the ability for brands to fully outsource production and manufacturing of state-of-the-art hardware, packaging, licensed co-manufacturing, and product commercialization to a single supply chain partner.

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

	Country of incorporation	% Ownership December 31, 2022	March 31, 2022	Subsidiary of
Final Bell Holding, Inc.	USA	**100%**	NA	Final Bell Holdings International Ltd.
14th Round, Inc. ("14th Round")	USA	**100%**	56%	Final Bell Holding, Inc.
Uneka Concepts, Inc. ("Uneka")	USA	**100%**	100%	14th Round
14th Round Technology & Trade (Shenzhen) Co., Ltd. ("14th Round Shenzhen")	China	**100%**	100%	14th Round
Mallen Tech Co., Limited ("Mallentech")	Hong Kong	**100%**	100%	14th Round
Mallen Tech (Dongguan) Co., Ltd. ("DG Co.")	China	**100%**	100%	14th Round
Ares Imports, Inc. ("Ares")	USA	**100%**	100%	14th Round
14th Round (Canada) Inc.	Canada	**100%**	100%	14th Round
Final Bell Corp	USA	**100%**	100%	Final Bell Holding, Inc.
DB Innovation Inc. ("DB Innovation")	USA	**89%**	89%	Final Bell Holding, Inc.
DB Designs, LLC ("DB Designs")	USA	**100%**	100%	DB Innvoation Inc.
Westside Caregivers Club, Inc. ("WCC")	USA	**81%**	81%	Final Bell Corp.
Final Bell Canada Inc.	Canada	**100%**	NA	Final Bell Holdings International Ltd.
Final Bell Corp	Canada	**100%**	100%	Final Bell Canada Inc.
Starseed Medicinal Inc.	Canada	**100%**	100%	Final Bell Canada Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Statement of Compliance

The Company's unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2022 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and footnote disclosures included in audited annual consolidated financial statements 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"), have been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with FBH's audited consolidated financial statements for the year ended March 31, 2022, filed on the System for Electronic Document Analysis and Retrieval ("SEDAR"), and the related notes thereto, and have been prepared using the same accounting policies described therein.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Company's board of directors on March 1, 2023.

Adoption of New and Revised Standards and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these condensed interim consolidated financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income (loss), and the related disclosure of contingent assets and liabilities, if any. Such estimates are based on various assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net income (loss) that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and actual results may differ from these estimates under different assumptions or conditions. Set out below are the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of these condensed interim consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Going concern

At the end of each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends and are consistent with those used to evaluate impairment of goodwill and intangible assets at December 31, 2022. Management believes there is sufficient capital to meet the Company's business obligations for at least the next twelve months, after taking into account expected cash flows and the Company's cash position at period-end. See Note 23 for the details of the funding of a term loan agreement and Note 13 for the details of asset-based lending facilities.

These condensed interim consolidated financial statements do not reflect adjustments to the reported carrying values of assets and liabilities; reported revenues and expenses; or classifications in statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

Consolidation and Combination

The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over an entity, exposure or rights of variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are activities that significantly affect the investee's returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company's interest, without giving it power over the entity.

Prior to the Business Combination, and as of March 31, 2022, Final Bell Holdings Inc. owned 56% of 14th Round, Inc. and 89% of DB Innovations from a roll-up transaction on December 27, 2020 and pursuant to a Formation and Contribution Agreement. As a result of the Business Combination that closed on November 30, 2022, the Company fully acquired 100% of 14th Round, Final Bell Holdings Inc., and Final Bell Canada at December 31, 2022. The Company continues to retain its 89% ownership in DB Innovations at December 31, 2022.

On January 1, 2021, the FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. ("WCC"), totaling 813 shares or 81.3% of the total ownership stake. On May 17, 2021, FBH purchased 220 shares (22.0% of WCC) for $2,000,000 and on November 30, 2021, acquired an additional 593 shares of WCC for $5,400,000. FBH classified its investment in WCC as an investment in associate from May 17, 2021 to November 30, 2021 based on management's judgement that FBH had significant influence through its ownership of 22.0% of WCC and on November 30, 2021 transferred its investment in WCC to a business acquisition based on management's assessment that it had control through its 81.3% ownership interest. See Note 4.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Determination of Cash Generating Units ("CGUs")

Management is required to use judgment in determining which assets or group of assets make up appropriate CGUs, for the level at which goodwill and intangible assets are tested for impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent on the cash inflows from other assets or groups of assets. Determining the impact of impairment requires significant judgment in identifying which assets or groups of assets form CGUs of the Company. At March 31, 2020, Uneka was identified as a CGU as it operated under separate management, used separate assets, and generated cash inflows independent from one another that were monitored by the Company on this basis. For the period from Inception to March 31, 2021, 14th Round integrated the Uneka operations with operations of the 14th Round as a whole. Management views 14th Round as a vertically integrated design, development and technology company. The units cannot be separated further due to the level of integration, and to a certain degree, interdependence between products and services lines within the business.

Purchase Price Allocation

Applying the acquisition method to the business combination requires each identifiable asset and liability to be measured at acquisition date fair value. The excess, if any, of the fair value of the consideration over the fair value of the net identifiable assets is allocated to goodwill. The assumptions and estimates relating to the determination of fair value require management to use a high degree of judgement and includes estimates of future incomes, cash flows and discount rates. Changes in any of these estimates or assumptions could result in changes in fair values assigned to the consideration for the acquisition and the fair value of the assets, liabilities and goodwill in the purchase price allocation.

At the time of filing, the Company is in process on its purchase price allocation and fair value determination surrounding the Business Combination. As such, the fair value measurements presented herein surrounding purchase price allocation have been left at the book values at the time of acquisition. The Company plans to complete its purchase price allocation work associated with the Business Combination in the coming quarter.

Fair Value of Financial Instruments

Certain financial instruments, such as contingent liability and preferred stock liability, are measured at fair value. The Company uses judgement in selecting the methods used to make certain assumptions and in performing the fair value calculations in order to determine the fair value measurements for financial instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. See Note 21.

Useful life of property, plant and equipment and intangible assets with finite useful lives

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Useful life of property, plant and equipment and intangible assets with finite useful lives (Continued)

Components of an item of property, plant and equipment may have different useful lives. The Company makes estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires taking into account industry trends and company-specific factors. The Company reviews depreciation methods, useful lives and residual values annually or when circumstances change and adjusts its depreciation methods and assumptions prospectively.

Expected credit losses

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Discount rate used in adoption of IFRS 16

The determination of the Company's lease liabilities, right-of-use assets, and net investment in leases depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

Income and other taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences

Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the condensed interim consolidated statements of financial position, a charge or credit to income tax expense included as part of net income (loss) and may result in cash payments or receipts. Judgment includes consideration of the Company's future cash requirements in its tax jurisdictions.

All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Share-based payment transactions and warrants

The Company measures the cost of equity-settled transactions with officers, directors, warrants, and options by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair values for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain and changes in these assumptions will affect the fair value estimates.

Inventory obsolescence

Inventories are stated at the lower of cost and estimated net realizable value. The Company estimates net realizable value as the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or declining selling prices.

Functional currency

Determining the appropriate functional currencies for entities in the Company requires analysis of various factors, including the currencies and country-specific factors that mainly influence sales prices, and the currencies that mainly influence labor, materials, and other costs of providing goods or services. The Company's functional currency is the U.S. Dollar ("USD").

4. ACQUISITION OF WESTSIDE CAREGIVERS CLUB, INC.

On January 1, 2021, FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. ("WCC"), totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial $2,000,000 for 220 shares or 22% of WCC equity and on November 30, 2021, paid $5,400,000 for an additional 593 shares or 59.3% of WCC.

WCC has a cannabis license under the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA") to operate a microbusiness, including the manufacture, distribution, and retail sale of cannabis products in California at its existing location in Los Angeles, California. WCC has applied for a corresponding permanent license to continue its business at its current location. WCC has operated as a cannabis company, specializing in co-packing, formulating, and manufacturing cannabis products. The following table summarizes the preliminary accounting estimates of the acquisition of WCC with a purchase price of $7,400,000:

Cash	$ 5,400,000
Transfer from Investment in Associate (see Note 10)	2,000,000
Total Consideration	$ 7,400,000
Property and Equipment	$ 1,160,579
Right of Use Asset	4,546,034
Deposits	168,750
License	6,300,000
Right of Use Liability	(4,546,034)
Deferred Tax Liability	(556,920)
Total Identifiable Net Assets	7,072,409
Goodwill	2,029,682
Non-controlling Interest	(1,702,091)
Preliminary Accounting Estimates of Net Assets Acquired	$ 7,400,000

5. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in reputable financial institutions in Canada and financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations. The Company has not historically experienced any material losses. The Company's cash held in foreign banks are not subject to FDIC insurance coverage and at December 31, 2022 and March 31, 2022 the Company had $273,561 and $283,544, respectively, in foreign banks.

The Company provides credit in the normal course of business to customers located throughout the U.S. and Canada. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

Sales to the Company's three largest customers accounted for 38.3% of total revenues for the nine months ended December 31, 2022 (nine months ended December 31, 2021 – 46%). As of December 31, 2022, $3,212,165 (March 31, 2022 - $3,503,098) was included in trade accounts receivable for these three hardware and packaging customers. In management's opinion, these customers could be replaced by other customers, if necessary.

One of the Company's hardware suppliers accounted for 46% of the cost of goods sold for the nine months ended December 31, 2022 (nine months ended December 31, 2021 – 49%). As of December 31, 2022, $9,803,150 (March 31, 2022, $7,055,799) was included in accounts payable and $157,737 (March 31, 2022 - $185,478) was included in prepaid expenses as amounts related to the Company's outsourced hardware and packaging manufacturer. In management's opinion, the hardware and packaging supplies and manufacturing capabilities can be acquired from another outsourced manufacturer, if necessary.

6. NOTES RECEIVABLE – RELATED PARTY

FB Canada

During the year ended March 31, 2022, FBH entered into a promissory note and related amendments with FB Canada, whereby FBH agreed to lend FB Canada $5,639,500. The note bore interest at a rate of 8% per annum calculated on the principal outstanding. During the three and nine months ended December 31, 2022, the Company accrued $123,987 and $362,571 (three and nine months ended December 30, 2021 - $98,979 and $195,253), respectively, in interest on the loan that is included in other income/expense in the condensed interim consolidated statements of loss and comprehensive loss. On November 30, 2022, the Company completed the acquisition of FB Canada (see Note 23) and the balance of the intercompany loan was eliminated on consolidation. As of December 31, 2022, the balance of the principal and accrued interest was $nil (March 31, 2022 - $5,950,630).

7. PROPERTY AND EQUIPMENT

As of December 31, 2022 and March 31, 2022, property and equipment consisted of the following:

	Furniture and Fixtures	Machinery and Equipment	Tooling, Moulding and Dies	Leasehold Improvements	Automobiles	Computers	Total
Cost							
Balance as of April 1, 2022	$ 430,429	$ 4,011,234	$ 1,440,432	$ 1,265,532	$ 269,955	$ 363,701	$ 7,781,283
Additions	-	623,703	702,907	520,343	9,239	1,913	1,858,105
Acquisition of FB Canada	5,880	206,482	-	351,452	-	5,368	569,182
Disposals	-	(61,744)	-	-	-	-	(61,744)
Effect of Foreign Exchange	(671)	(107,449)	-	(2,505)	-	(1,177)	(111,802)
Balance as of December 31, 2022	**$ 435,638**	**$ 4,672,226**	**$ 2,143,339**	**$ 2,134,822**	**$ 279,194**	**$ 369,805**	**$ 10,035,024**
Accumulated Depreciation							
Balance as of April 1, 2022	$ 197,139	$ 1,183,430	$ 1,217,322	$ 243,902	$ 151,679	$ 174,781	$ 3,168,253
Depreciation	72,632	637,099	215,664	308,232	37,921	45,178	1,316,726
Disposals	-	(22,364)	-	-	-	-	(22,364)
Effect of Foreign Exchange	(242)	(16,361)	-	1,341	-	(444)	(15,706)
Balance as of December 31, 2022	**$ 269,529**	**$ 1,781,804**	**$ 1,432,986**	**$ 553,475**	**$ 189,600**	**$ 219,515**	**$ 4,446,909**
Net Book Value							
Balance as of April 1, 2022	$ 233,290	$ 2,827,804	$ 223,110	$ 1,021,630	$ 118,276	$ 188,920	$ 4,613,030
Balance as of December 31, 2022	**$ 166,109**	**$ 2,890,422**	**$ 710,353**	**$ 1,581,347**	**$ 89,594**	**$ 150,290**	**$ 5,588,115**
Cost							
Balance as of April 1, 2021	$ 227,483	$ 2,744,467	$ 1,124,933	$ 300,010	$ 215,677	$ 168,522	$ 4,781,092
Acquisition of Westside	133,637	245,925	15,211	765,806	-	-	1,160,579
Additions	69,070	995,534	300,288	344,198	54,278	194,781	1,958,149
Disposals	-	(18,981)	-	(149,648)	-	-	(168,629)
Effect of Foreign Exchange	239	44,289	-	5,166	-	398	50,092
Balance as of March 31, 2022	**$ 430,429**	**$ 4,011,234**	**$ 1,440,432**	**$ 1,265,532**	**$ 269,955**	**$ 363,701**	**$ 7,781,283**
Accumulated Depreciation							
Balance as of April 1, 2021	$ 153,161	$ 566,192	$ 972,536	$ 111,509	$ 102,900	$ 119,654	$ 2,025,952
Disposals	-	(4,436)	-	(36,332)	-	-	(40,768)
Depreciation	43,919	617,609	244,786	168,111	48,779	55,032	1,178,236
Effect of Foreign Exchange	59	4,065	-	614	-	95	4,833
Balance as of March 31, 2022	**$ 197,139**	**$ 1,183,430**	**$ 1,217,322**	**$ 243,902**	**$ 151,679**	**$ 174,781**	**$ 3,168,253**
Net Book Value							
Balance as of April 1, 2021	$ 74,322	$ 2,178,275	$ 152,397	$ 188,501	$ 112,777	$ 48,868	$ 2,755,140
Balance as of March 31, 2022	**$ 233,290**	**$ 2,827,804**	**$ 223,110**	**$ 1,021,630**	**$ 118,276**	**$ 188,920**	**$ 4,613,030**

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment and assesses their useful lives in accordance with IAS 36. The Company did not record any impairment losses related to its property and equipment during the nine months ended December 31, 2022 or the year ended March 31, 2022.

Depreciation expense for the three and nine months ended December 31, 2022 was $489,876 and $1,316,726, respectively.

8. INTANGIBLE ASSETS AND GOODWILL

Intangibles

The components of intangible assets as of March 31, 2022 and December 31, 2022 are as follows:

	Patents and Intellectual Property	Customer Relationships	Marketing Related Intangible Assets	Non-competition agreement	Licenses	Total
Balance March 31, 2021	$ 11,643,809	$ 1,085,000	$ 175,000	$ 12,500	$ -	$ 12,916,309
Acquistion of WCC	-	-	-	-	6,300,000	6,300,000
Amortization	(2,411,429)	(310,000)	(116,667)	(8,333)	(140,000)	(2,986,429)
Balance March 31, 2022	$ 9,232,380	$ 775,000	$ 58,333	$ 4,167	$ 6,160,000	$ 16,229,880
Amortization	(1,808,571)	(232,500)	(58,333)	(4,167)	(315,000)	(2,418,571)
Balance December 31, 2022	$ 7,423,809	$ 542,500	$ -	$ -	$ 5,845,000	$ 13,811,309

On November 30, 2021, FBH acquired WCC and recognized the fair value of the WCC cannabis license under MAUCRSA (the "WCC License"). Management estimated a useful life of 15 years for the WCC License based on analysis of market and legislative trends and standard practice for intangibles.

The Company reviews the carrying value of its intangible assets with definite lives in accordance with IAS 36 at each reporting period for indicators of impairment. During the nine months ended December 31, 2022 and the year ended March 31, 2022, no impairment losses were recorded related to the Company's intangible assets.

Amortization expense for the three and nine months ended December 31, 2022 was $785,357 and $2,418,571, respectively.

Goodwill

Changes in the carrying amount of goodwill are as follows:

Balance March 31, 2021	$ -
Acquisition of WCC	2,029,682
Balance March 31, 2022	$ 2,029,682
Acquisition of FB Canada (see Note 23)	9,839,534
Balance December 31, 2022	$ 11,869,216

On an annual basis, the Company assesses for indicators of impairment or when facts or circumstances suggest that the carrying amount may exceed the recoverable amount. Goodwill is tested for impairment annually.

Intangible assets and goodwill associated with the Business Combination are still being evaluated at this time. The Company is in process on its purchase price allocation and fair value determination surrounding the Business Combination. As such, the intangible asset and goodwill metrics presented herein do not reflect the final determinations surrounding the purchase price allocation of the Business Combination. The Company plans to complete its purchase price allocation work associated with the Business Combination in the coming quarter.

9. INVESTMENTS

GSW Creative Corporation dba dosist ("GSW")

On March 15, 2021, FBH executed a stock purchase agreement with GSW to purchase 8,000,000 shares of its Series B-1 Preferred Stock at $0.625 per share for a total consideration of $5,000,000, representing 4% of the outstanding shares of GSW. GSW is a wellness company empowering people to naturally manage their health through dose-controlled cannabis therapy. The purchase closed in May 2021. In November 2021, FBH executed a licensing agreement with GSW which provides FBH the right to manage the manufacturing, sale and distribution of GSW's products in exchange for a sales-based royalty. At December 31, 2022 and March 31, 2022, management assessed the fair value of its investment in GSW as $nil.

Sherbinskis

On August 5, 2021, FBH executed a stock purchase agreement with Elysian Group, Inc. ("Elysian"), which owns the trademarks for the brand Sherbinskis ("Sherbinskis"), whereby FBH agreed to purchase 17,400 shares of Elysian Common Stock, representing a 3.8% ownership interest, at a price of $143.68 for an aggregate purchase price of $2,500,000. In September 2021, FB completed a cash payment of $2,000,000 to Elysian and made other payments of $48,819 related to the purchase. At December 31, 2022 and March 31, 2022, management assessed the fair value of its investment in Sherbinskis as $nil.

During the three and nine months ended December 31, 2022 the Company recorded losses of $nil and $130,190, respectively, related to customer manufacturing incentives associated with the initial investment.

Starseed Medicinal Inc.

On acquisition of FB Canada on November 30, 2022, FB Canada owned 100% of Starseed Medicinal Inc. FB Canada closed its stock purchase agreement to acquire all of the issued and outstanding shares of Starseed Medicinal Inc. on June 14, 2021 for C$2,500,000. Through this acquisition, FB Canada acquired its Health Canada license and was able to process, manufacture, and package cannabis for distribution throughout the country.

10. INVESTMENT IN ASSOCIATE

On January 1, 2021, FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. ("WCC"), totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial $2,000,000 for 22% of WCC equity. On November 30, 2021, FBH paid an additional $5,400,000 for an additional 593 and transitioned the investment from equity accounted to investment in subsidiary. See Note 4.

WCC has a cannabis license under the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA") to operate a microbusiness, including the manufacture, distribution, and retail sale of cannabis products in California at its existing location in Los Angeles, California. WCC has applied for a corresponding permanent license to continue its business at its current location. WCC has operated as a cannabis company, specializing in co-packing, formulating, and manufacturing cannabis products.

FBH recorded equity losses of $23,697 and $72,858, respectively, for the three and nine months ended December 31, 2021 which represented the proportionate share of WCC's net loss for the three and nine months ended December 31, 2021.

11. ACCRUED EXPENSES

As of December 31, 2022 and March 31, 2022 accrued expenses consisted of the following:

	December 31, 2022	March 31, 2022
Goods Received/Not Invoiced	$ -	$ 4,492,514
Credit Card Payable	27,449	21,629
Accrued salaries	294,794	577,148
Accrued Audit and Tax Fees	-	25,000
Accrued Interest Expense	861,670	16,405
Other	1,141,629	202,559
Total Accrued Expenses	**$ 2,325,542**	**$ 5,335,255**

12. LEASES

The Company records its lease liabilities in accordance with IFRS 16, and as a result recognizes the right-of-use ("ROU") assets and lease liabilities.

As of December 31, 2022, the Company's right of use asset consisted of the following:

	Cost	Amortization	Balance
Balance, March 31, 2021	**$ 2,305,958**	**$ (916,208)**	**$ 1,389,750**
Additions	4,527,511	(544,526)	3,982,985
Acquisiton of Westside	4,546,034	(209,013)	4,337,021
Transition to investment in sublease receivable	(1,772,666)	823,023	(949,643)
Effect of Foreign Exchange	-	10,436	10,436
Balance, March 31, 2022	**$ 9,606,837**	**$ (836,288)**	**$ 8,770,549**
Additions	-	(1,046,260)	(1,046,260)
Lease modification	(46,529)	-	(46,529)
Effect of Foreign Exchange	-	(21,243)	(21,243)
Balance, December 31, 2022	**$ 9,560,308**	**$ (1,903,791)**	**$ 7,656,517**

On May 7, 2018, 14R entered into a lease assignment agreement for its corporate office with a related party, which includes an option to extend or terminate the lease. 14R's monthly payments are $26,172, subject to a 3% annual increase during the duration of the lease term. On September 1, 2021, 14R subleased the space to a third party under the same terms as the original lease and recognized an investment in sublease receivable of $1,222,471 included in other long-term assets in the consolidated statements of financial position. The gain on the lease transition of $272,828 is included in general and administrative expense in the condensed interim consolidated statements of loss and comprehensive loss. This sublease agreement resulted in the recognition of a net investment in sublease by 14R included under long-term assets in the condensed interim statements of financial position.

On May 1, 2020, 14R entered into a lease agreement for factory space in China. 14R's average monthly payments for the lease term are RMB 48,382 subject to an 8% increase after two years. At inception, 14R recognized a ROU asset and a lease liability in the amount of $374,075.

On June 24, 2021, 14R entered into a lease assignment agreement for its warehouse space with a 5 year lease term commencing September 1, 2021, which includes two renewal options for 60 months each. 14R's monthly payments are $26,053, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $1,396,353.

On September 29, 2021, 14R entered into a lease agreement for office space with a 6 year lease term commencing March 1, 2022. The lease includes a renewal option for 60 months. 14R's monthly payments are $40,540, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $3,013,623.

On November 30, 2021, FBH acquired WCC (see Note 4) which had a lease agreement for its warehouse space. At acquisition, FBH recognized a right of use asset and a lease liability in the amount of $4,546,034, using its incremental borrowing rate of 7.33%.

On January 15, 2022, FBH entered into a lease agreement for office space with a 2-year lease term commencing January 15, 2022. The lease includes a renewal option for 24 months. FBH's monthly payments were $6,250, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $117,535. On August 1, 2022, the lease was amended to reduce the office space and lower the monthly payments to $1,950 subject to a 3% annual increase for the remainder of the lease term. A gain on the lease amendment of $27,290 is included in general and administrative expense in the condensed interim consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2022.

For the nine months ended December 31, 2022, the Company recognized amortization and interest expense in the amounts of $1,046,260 and $529,883 (nine months ended December 31, 2021 - $402,800 and $61,828), respectively. As of December 31, 2022, the right-of use asset and lease liability balances are $7,656,517 and $9,443,869 (March 31, 2022 - $8,770,549 and $10,120,115), respectively.

A reconciliation of the lease liabilities for the nine months ended December 31, 2022 and the year ended March 31, 2022 are as follows:

	December 31, 2022	March 31, 2022
Balance, Beginning of Period	$ 10,120,115	$ 1,639,313
Acquisition of WCC	-	4,546,034
Lease amendment	(73,819)	-
Lease Additions	-	4,527,511
Lease Payments	(1,091,922)	(927,317)
Interest Expense on Lease Liability	513,004	323,411
Foreign Currency Adjustment	(23,509)	11,163
Balance, End of Period	$ 9,443,869	$ 10,120,115

12. LEASES *(Continued)*

Future minimum payments due under the Company's operating leases are as follows:

Year Ended March 31		Operating Lease Payment
2023		504,229
2024		2,060,675
2025		2,095,512
2026		1,796,668
Thereafter		5,001,118
Total Lease Payments		11,458,202
Less Imputed Interest		(2,014,333)
Total	$	9,443,869
Less: current portion		(1,449,916)
Lease Liability, Net of Current Portion	**$**	**7,993,953**

A reconciliation of investment in sublease for the nine months ended December 31, 2022 and the year ended March 31, 2022 is as follows:

Year Ended March 31		Operating Lease Receivable
2023	$	91,476
2024		372,680
2025		384,296
2026		64,856
Total Undiscounted Lease Receivable		913,308
Less Imputed Interest Income		(77,183)
Total	$	836,125
Receivable		(320,658)
Investment in Sublease, Net of Current Portion	**$**	**515,467**

Future minimum payments receivable under the Company's investment in sublease are as follows:

		December 31, 2022		March 31, 2022
Balance, Beginning of Period	$	1,055,250	$	-
Transition from Lease Liability		-		1,222,471
Lease Payments Received		(270,194)		(207,515)
Interest Income		51,069		40,294
Balance, End of Period	$	836,125	$	1,055,250

13. CREDIT FACILITIES

East West Bank ("EWB")

In February 2022, 14th Round entered into a credit agreement with EWB, whereby EWB will provide an Asset Based Lending Facility (the "ABL Facility") in the amount of up to $5,000,000 to fund the 14th Round's working capital needs. The ABL Facility matures on January 5, 2024 and is secured by 14th Round's inventory and accounts receivable. If at any time the aggregate principal amount of the ABL Facility exceeds the Borrowing Base (the lesser of $5,000,000 and 80% of eligible accounts receivable), 14th Round is required to immediately repay, upon written or oral notice from EWB, an amount equal to the difference between the outstanding principal balance and the Borrowing Base. Interest on amounts drawn under the ABL Facility will be paid monthly at the Wall Street Journal Prime rate plus 2.50% per annum, subject to a minimum interest rate of 5.75% per annum. Principal payments shall be made based on borrowing base availability. The balance of the unpaid principal and any unpaid interest is due and payable on January 5, 2024. The ABL Facility contains certain covenants, including but not limited to a Minimum Fixed Charge Coverage Ratio of 1.50x to be tested on a quarterly basis. As at December 31, 2022, the Company was in compliance with the loan covenants. On March 2, 2022, the Company drew down $3,468,797. During the nine months ended December 31, 2022, 14th Round drew down $1,531,203 on the credit facility, recorded $278,767 in interest expense and repaid principal and interest of $1,024,505. As of December 31, 2022, the principal balance of the lending facility was $4,240,041 (March 31, 2022 - $3,468,797). Interest accrued of $30,656 at December 31, 2022 (March 31, 2022 - $16,405) is included in accrued expenses in the statements of financial position.

Short-Term Financing Facility

In September 2022, the Company entered into a short-term financing facility with Fusion LLF, LLC (dba "Leaflink Financial"). The outstanding balance accrues interest at 2% per month and was due on December 1, 2022. On November 28, 2022, the Company drew down an additional tranche of funding from Leaflink Financial in the principal amount of $700,695. The additional tranche matures on February 21, 2023 and accrues interest at 2.0% per month. During the nine months ended December 31, 2022, the Company drew down $4,697,223 against the facility, incurred interest expense of $212,873 and made repayments of principal and interest of $4,196,059. As of December 31, 2022, the principal and accrued interest outstanding on the facility was $714,037.

14. HOLDBACK AND CONTINGENT LIABILITY

On October 1, 2019, 14th Round obtained control of Uneka Concepts, Inc. ("Uneka") through a management service agreement. Uneka is a successful, private company, the acquisition of which provided 14th Round with backward integration of a portion of its supply chain. Through the management service agreement, 14th Round had the power to control the relevant activities of Uneka, provides for exposure to variable returns and through its control, is able to use its power to affect the amount of returns to 14th Round. As a result of the control obtained, the assets and liabilities were consolidated into 14th Round's consolidated financial statements. The acquisition was accounted for in accordance with IFRS 3. The assets consisted primarily of the cash, accounts receivable, inventory, property and equipment, customer relationships, intellectual property and certain other assets. The liabilities assumed consisted of accounts payable and various accrued liabilities. Subsequently, on February 26, 2020, 14th Round acquired 100% ownership of Uneka through entering into an Agreement and Plan of Merger ("the Agreement").

As consideration for the acquisition, 14th Round issued 50,813 shares of its common stock with a per share fair value of $246, based on management's estimate of the fair value of 14th Round's stock, for an aggregate purchase price of $12,499,998. In addition, 14th Round would pay $500,000 in cash, subject to any holdbacks for indemnification, one year after closing (the "Holdback Payable"). The net present value of the Holdback Payable on formation and roll up was $497,636. Additionally, 14th Round had a working capital adjustment based upon the final closing working capital of $408,233. The resulting holdback liability (the "Holdback Liability") at the date of formation and roll up was $89,402. During the six months ended September 30, 2021, the balance of the Holdback Liability of $197,279 was paid. Additional consideration up to $500,000 would be paid in cash on March 31, 2021 and March 31, 2022, contingent on gross profit milestones of $5 million and $6 million, respectively, being met. The net present fair value of the contingent consideration (the "Contingent Liability") was estimated at $479,681 at the date of formation and roll up. As of December 31, 2022, the fair value of the Contingent Liability was $318,500 (March 31, 2022 $499,623), with the gain on the change in fair value of the contingent consideration of $181,500 and $181,123, respectively, during the three and nine months ended December 31, 2022 (three and nine months ended December 31, 2021 – losses of $3,432 and $14,768, respectively) recorded in the condensed interim consolidated statements of loss and comprehensive loss. During the nine months ended December 31, 2022, the Company made payments of $118,500 against the liability (nine months ended December 31, 2021 - $440,000).

15. DEBT

FBHI Notes Payable

On May 10, 2021, Final Bell Corp (the California entity) entered into a convertible note agreement with the Company in the principal amount of $6,250,000. The note bore interest at a rate of 7.00% per annum calculated on the principal outstanding. On May 24, 2021, July 29, 2021, October 13, 2021, November 22, 2021, and September 6, 2022 the Company subscribed for additional principal amounts of $7,570,000, $3,400,000, 400,000, $9,028,388, and $500,000, respectively, under the same terms. The notes give the Company the right to convert the principal and interest outstanding into equity securities of Final Bell Corp at any time up to the maturity date at price of $2,000,000 per equity security. In the event Final Bell Corp raises $50 million (including through a series of financings) in equity securities, the conversion price will be adjusted to 80% of the price in that equity raise (or in the event it issues a series of equity raises, the weighted average price thereof). As a result of this provision, the conversion option does not have a fixed settlement amount and was designated a financial liability. The estimated fair value of the conversion option at inception and as at December 31, 2021, was immaterial and has not been recorded. The Company recognized interest expenses related to these notes of $1,551,415 for the nine months ended December 31, 2022 (nine months ended December 31, 2021 - $774,275). On November 30, 2022, the Company completed a reverse take-over transaction with FBH under the terms of a Share Exchange Agreement (see Note 23 for details) and the intercompany notes were eliminated, and, as a result, as at December 31, 2022, the balance of the loan, including interest accrued, was $nil (March 31, 2022 - $27,897,907).

15. DEBT *(continued)*

Convertible Notes / Karsten Convertible Notes

Throughout calendar year 2021, the Company completed private placements in the aggregate principal amount of C$22,770,000, primarily to further invest in and build the business operations of FBH and 14R. The Karsten Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the "Indenture") and will mature on January 31, 2024 (the "Maturity Date"). The Karsten Convertible Notes bear interest at 4% per annum from the date of issue and will be payable semi-annually in either cash or common shares of Karsten, at the discretion of the Company.

The principal amount of the Convertible Notes is convertible, at the option of the holder, into the Company shares at any time prior to the Maturity Date, at a conversion price of C$1.65 per common share (the "Conversion Price"), being a conversion rate of approximately 606 common shares per $1,000 principal amount of Convertible Notes so converted. In the event that the Company completes the Business Combination and issues shares to raise new equity capital of an aggregate value of C$15 million or more (a "QCT"), the Convertible Notes will mandatorily and automatically convert into common shares, provided that: (i) if the issue price per common share (the "Issue Price") for the QCT is C$2.00 or more, the Convertible Notes shall be converted into common shares at the Conversion Price; or (b) if the Issue Price for the QCT is between C$0.80 and C$2.00 per common share, the Convertible Notes shall be converted into common shares at the Issue Price minus 20%. If the Issue Price for the QCT is less than C$0.80 per common share, the Convertible Notes shall not be automatically converted. The Convertible Notes are redeemable at par at the option of the Company on thirty days prior written notice after March 15, 2023.

The Convertible Notes are subordinated to the senior indebtedness of the Company but rank pari passu with other issues of Convertible Notes and, subject to statutory preferred exceptions, with all other present and future unsecured indebtedness of the Company. As the conversion price of the convertible notes is variable, the Company accounted for the convertible notes as a hybrid financial instrument with separate debt and derivative liability components.

The Company incurred interest expense of $501,112 for the nine months ending December 31, 2022 and had $222,716 of accrued interest payable on the convertible debentures as of December 31, 2022.

Secured Convertible Notes

On November 17, 2021 the Company issued an aggregate amount of C$13,000,000 of Secured Convertible Notes as part of a units private placement comprised of Secured Convertible Notes and Warrants between the Company and Odyssey Trust Company. Interest was payable on such notes at a rate of 8% per annum and was payable on the maturity date. The maturity date for the Secured Convertible Notes was six months after closing being May 18, 2022. Most of the net proceeds from the issuance the Secured Convertible Notes were used by the Company to invest in and further develop the business of FBH.

On May 19, 2022, the Company entered into a first supplemental indenture to the trust indenture dated November 17, 2021, to extend the maturity date to August 17, 2022, increase the interest rate to 12.0%, permit additional indebtednesss, among other adjustments to the original agreement. In consideration for the amendments and adjustments to the trust indenture, the Company paid an amendment fee to the note holders in the amount of C$1,300,000.

On August 30, 2022 the Company fully repaid and retired the Secured Convertible Notes. Further, upon retirement, the Company entered into a supplement to the indenture governing the contingent share purchase warrants that were issued to the holders of the Secured Convertible Notes. As a result of the supplement, and upon completition of the Business Combination, the exercise price for the contingent share purchase warrants were adjusted to C$0.92.

15. DEBT *(continued)*

Senior Secured Term Loan Facility

On August 18, 2022, the Company entered into a loan agreement with Golden Iris International Limited, which provided for a senior secured term loan facility of up to US$25 million (the "Term Loan"). The proceeds of the Term Loan were used to repay the Secured Convertible Notes plus all accrued interest, costs and expenses related thereto, including the amendment fee, and are also available to finance growth initiatives, pay the cash portion of the purchase price pursuant to the FB Canada SPA, and provide for ongoing working capital requirements. The Term Loan has a maturity date of August 18, 2025 and bears interest from and including each funding date at a rate of 12.0% per annum, the first half of which (6.0% per annum) is payable quarterly, and the second half of which (6.0% per annum) accrues quarterly and is due and payable on the Maturity Date or earlier repayment in full of the Term Loan.

The Term Loan also provides for an incentive payment to the senior lender in an amount equal to the full amount of the Term Loan plus interest thereon, which will be satisfied through the issuance of a share purchase warrant following funding and another share purchase warrant on equivalent terms following repayment of the Term Loan in respect of the second half of the interest rate accrued to such time.

At December 31, 2022, $21,000,000 of the Term Loan had been fully funded across three funding tranches. The first tranche of $13,000,000 was funded on August 30, 2022, the second tranche of $4,000,000 was funded on Ocober 12, 2022, and the third tranche of $4,000,000 million was funded on November 15, 2022. Accordingly, accrued interest payable (the first half of the interest) on the Term Loan totaled $381,616 and $468,423 for the three and nine months ended December 31, 2022, respectively. The same amounts for the respective time periods were accrued (the second half of the interest) and added to the balance of the Term Loan and are due at maturity.

Bridge Acquisition Loan

In December 2022, the Company strengthened its balance sheet to opportunistically look at acquisitions in its operating territories and secured debt financing in the aggregate principal amount of $1,250,000 from a group of strategic investors, which will be used to provide bridge and acquisition financing for potential targets in the operating territory. The Bridge Acquisition Loan bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors warrants to acquire subordinate voting shares of the Company upon closing. As of December 31, 2022, $600,000 of the Bridge Acquisition Loan had been funded and interest of $2,318 had accrued.

Final Bell Canada Shareholder Promissory Note

Upon closing of the Business Combination, and to effectuate the Final Bell Canada Acquisition, the Company issued (as part of the total consideration for the acquisition) a promissory note to Final Bell Canada shareholders in the aggregate amount of C$1,650,000. The promissory note matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C$5,000,000.

16. SHAREHOLDERS' EQUITY

Common Shares

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Proportionate Voting Shares and an unlimited number of Class C Preferred Shares.

Holders of Subordinate Voting Shares are entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting at which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

Holders of Proportionate Voting Shares will be entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. Subject to the terms set out in the articles of the Company, at each such meeting, holders of Proportionate Voting Shares will be entitled to 100 votes in respect of each Proportionate Voting Share, and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

The changes in the number of issued and outstanding shares for the periods is as follows:

	Share Capital	Class A Subordinate Voting Shares	Class B Proportionate Voting Shares
Balance, March 31, 2022 and 2021	**1,501,718**	**-**	**-**
Issuance of Common Shares	234,246	-	-
Conversion of common shares	(1,735,964)	-	1,735,964
Acquisition of Final Bell Canada	-	4,453,609	-
Acquisition of 14th Round Minority Interest	-	-	639,986
Shares Issued on Reverse Take-Over	-	14,469,531	-
Compensation Shares Issued on Closing of Business Combination	-	13,046,474	-
Balance, December 31, 2022	**-**	**31,969,614**	**2,375,950**

Class B proportionate voting shares of the Company have yet to be issued to 14th Round minority shareholders that either dissented to the transaction or have options and / or warrants that will be reissued by FBHI at a later date.
On November 30, 2022 FBH consolidated its common shares on the basis of one common share for each 0.696 shares outstanding of the Company. The impact of the share capital consolidation has been reflected retroactively in these condensed interim consolidated financials.

Series A Preferred Stock

14th Round was authorized to issue up to 84,389 preferred shares with $0.01 par value per share.

On September 18, 2019, 14th Round closed on a Series A brokered financing (the "Second Offering") for 50,211 preferred shares, at a price of $237 per share, for gross proceeds of $11,900,007. On December 6, 2019, 14th Round closed an additional tranche to the Second Offering issuing 3,164 preferred shares, at a price of $237 per share (the "Original Issue Price"), for gross proceeds of $749,868. The Series A preferred stock is a class of voting preferred stock with certain anti-dilution rights and protective provisions. The holders of Series A preferred are entitled to receive dividends at a rate of 6% per annum. Such dividend is payable only when, as, and if declared by the board of directors of 14th Round and is non-cumulative. On February 12, 2021, 14th Round filed an Amended and Restated Certificate of Incorporation changing the conversion ratio for Series A preferred stock to common stock from a 1:1 ratio to a ratio equal to 1:1.354286 calculated by taking the Original Issue Price of $237 divided by the Series A Conversion Price of $175 (the "Conversion Ratio") and also made changes to the mandatory conversion price and threshold for such underwritten public offering as outlined in the conversion rights listed below.

Each share of Series A preferred is convertible, without payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable common stock as determined by the Conversion Ratio. The rights terminate in the event of liquidation, dissolution or winding up of 14th Round. The Series A preferred stockholders also have an anti-dilution protection that in the event of a merger or reorganization for example where additional shares of common stock are issued by 14th Round, the holders of Series A preferred stock are entitled to anti-dilution protection and the Series A Conversion Price would be adjusted, such that any value of common stock that is less than the Series A Conversion Price would result in an increase to the Conversion Ratio in favor of the holders of Series A preferred stock. As a result of this provision, the conversion option does not have a fixed settlement amount and the Series A preferred stock was designated a financial liability (see Note 21).

As of November 30, 2022, in connection with the acquisition of the minority interest of 14th Round, the preferred shares will be exchanged for 140,844 Class B Proportionate Voting Shares of FBHI. See Note 23.

Share - Based Compensation

From time to time, 14th Round may grant options, warrants, restricted stock units ("RSUs") (the "Awards") or common stock in exchange for services under 14th Round's stock plan (the "Stock Plan"). The aggregate number of shares of stock that may be issued under the Stock Plan is 100,000 and the total number of shares of stock issuable on the exercise of all outstanding Awards and the total number of shares provided for under any stock bonuses of similar plan may not exceed 30% of the then outstanding shares of the 14th Round. 14th Round recognizes compensation expense for stock option, warrant and RSU awards over the applicable service period of the award. The service period is generally the vesting period.

The share-based payments recorded on the condensed interim consolidated statements of loss and comprehensive loss are presented in the table below:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
Restricted Share Units	$ -	$ -	$ -	$ 3,275
Warrants	-	-	-	41,216
Common Shares	71,557	(295,910)	94,121	(197,650)
Options	-	-	-	774,449
	$ 71,557	$ (295,910)	$ 94,121	$ 621,290

The continuity of share-based payments reserve activity for the nine months ended December 31, 2022 and the year ended March 31, 2022 was as follows:

	Nine months ended December 31, 2022	Year ended March 31, 2022
Balance, beginning of period	**$ -**	**$ -**
Amortization of fair value of warrants	-	108,926
Amortization of fair value of common stock	94,121	(52,725)
Grant of options	-	774,449
Options cancelled	(94,427)	-
Warrants cancelled	(368,517)	-
Exercise of warrants	-	(16,840)
Reclass to Non-Controlling Interest upon Rollup	-	(813,810)
Acquisition of minority interest	1,627,666	-
Balance, end of period	**$ 1,258,843**	**$ -**

Share - Based Compensation *(Continued)*

Restricted Stock Units

From time to time, 14th Round may grant restricted share units in exchange for services provided. During the year ended March 31, 2022, 14th Round issued nil restricted share units to employees. 6,500 restricted share units were issued in advance for future services and vested on July 1, 2020. 14th Round also has 7,230 restricted share units outstanding that vest at a rate of 1/6th every six months beginning in December 2018, with each vesting tranche considered a separate award.

As the restricted share units were issued in advance, 14th Round recorded prepayments of these shares in the amount of $513,435 which was the grant date fair value of the shares based on the price of the most recent private placement. The grant date fair value was amortized over the vesting period. For the three and nine months ended December 31, 2022, $nil (three and nine months ended December 30, 2021 - $nil and $3,275), respectively related to this amortization was recognized as share-based payments expense in the statements of loss and comprehensive loss. As of December 31, 2022, 13,730 (March 31, 2022 - 13,730) restricted share units were issued and outstanding, all of which were vested.

Vesting Stock

On July 1, 2020, 14th Round granted 2,777 common shares of 14th Round under the terms of a board of advisors agreement (the "Advisors Agreement"). The Advisors Agreement was subsequently amended on February 1, 2021, May 24, 2021, December 30, 2021 and February 11, 2022. The estimated fair value of the common shares on the date of grant of $180 per common share was based on the consideration value in the Advisors Agreement. According to the terms of the Advisors Agreement, 1,111 of the shares vest on June 30, 2023 or 30 days following the successful completion of a change in control of 14th Round or the successful completion of a merger, stock transfer or public offering transaction that results in in the shares of 14th Round being listed on a securities exchange ("Public Listing") and 1,666 of the shares vest in the event 14th Round completes a Public Listing on or before June 30, 2023. The grant date fair value of the common shares of $499,860 is amortized over the vesting period. During the three and nine months ended December 31, 2022, 14th Round recorded an expense of $71,557 and $94,121, respectively (three and nine months ended December 31, 2021 – recovery of $295,910 and $197,650), related to this amortization included in share-based payments expense in the condensed interim statements of loss and comprehensive loss.

The following table summarizes the option activity for the periods:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life
Options Exercisable as of March 31, 2021	-	$ -	-
Options Granted	17,223	73	2.42
Options Exercisable as of March 31, 2022	17,223	$ 73	2.42
Options Cancelled	(2,100)	73	1.92
Options Exercisable as of December 31, 2022	15,123	$ 73	1.92

During the year ended March 31, 2022, 14th Round granted 17,223 options with an exercise price of $73.24 to employees and consultants of 14th Round that vested upon grant. The weighted average grant date fair value of the options was estimated using the Black Scholes option pricing model with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14th Round's shares, expected dividend yield of 0%, expected volatility of 172.5%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 0.42% and a weighted average expected life of 3 years. The weighted average grant-date fair value of the options was $774,449.

During the nine months ended December 31, 2022, 2,100 options with exercise prices of $73.24, expired, unexercised.
Share - Based Compensation *(Continued)*

Vesting Stock (continued)

As of December 31, 2022, 14th Round had the following options outstanding:

Date of expiry	Options outstanding	Options exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
August 31, 2024	15,123	15,123	$ 73.24	$ 680,021	1.67

Warrants

Warrant transactions for the nine months ended December 31, 2022 and the year ended March 31, 2022 were as follows:

	Nine months ended December 31, 2022		Year ended March 31, 2022	
	Number of warrants	**Weighted-Average Exercise Price Per Share**	Number of warrants	Weighted-Average Exercise Price Per Share
Balance, beginning of period	**23,289**	**$ 80**	22,180	$ 63
Warrants Granted	**-**	**-**	2,109	237
Warrants Exercised	**-**	**-**	(1,000)	30
Warrants Cancelled	**(15,180)**	**59**	-	-
Balance, end of period	**8,109**	**$ 119**	23,289	80

During the year ended March 31, 2022, 1,000 warrants were exercised for gross proceeds of $30,000.

On January 14, 2022, 14th Round granted 2,109 warrants to EWB with an initial exercise price of $237 per common share. The warrants carry a conversion right which allows the holder to exercise the warrants, into that number of shares as determined by dividing the fair market value of the common shares issuable upon exercise less the aggregate exercise value by the fair market value of one common share. The fair market value will be either (a) the closing price of the common shares on the business day immediately preceding the date the holder delivers a notice of exercise to 14th Round, if the common shares are traded in a public market or (b) if the shares are not traded in a public market, a market price as determined by the board of directors of 14th Round. Since the number of shares to be issued on the exercise of the warrants is not fixed, the warrants have been classified as a derivative financial instrument in the consolidated statements of financial position. The fair value of the warrants was estimated using the Black Scholes option pricing model, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14th Round's shares, expected dividend yield of 0%, expected volatility of 88.53%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.55% and a weighted average expected life of 5 years. The grant-date fair value of the warrants was $74,916.

On February 11, 2022, 14th Round extended the expiry dates of certain warrants such that 6,000 warrants expiring on June 30, 2022, would expire on June 30, 2023. The weighted average incremental fair value of the warrants was estimated using the Black Scholes option pricing model, calculated immediately before and after the extension, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14th Round's shares, expected dividend yield of 0%, expected volatility of 96.35%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.07% and a weighted average expected life of 1.4 years. The grant-date fair value of the warrant extension was $67,710.

During the nine months ended December 31, 2022, 15,180 warrants with weighted average exercise prices of $59, were cancelled.

Share - Based Compensation *(Continued)*

Warrants (Continued)

As of December 31, 2022, 14th Round had warrants outstanding as follows:

Date of expiry	Warrants outstanding	Warrants exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
June 30, 2023	6,000	6,000	$ 78	$ 219,745	0.50
January 14, 2027	2,109	2,109	237	74,916	4.04
	8,109	8,109	$ 119	$ 294,661	1.42

There were no equity settled share-based payments granted during the nine months ended December 31, 2022. The weighted average inputs used in the measurement of the grant date fair values of equity-settled share-based payments granted during the year ended March 31, 2022 were as follows:

	Year ended March 31, 2022
Fair Value at Grant Date	$ 33.03
Share Price at Grant Date	$ 73.24
Exercise Price	$ 86.04
Expected Volatility	142.14%
Expected Life	2.56
Divident Yield	0%
Risk-free Interest Rate	0.59%

17. NON-CONTROLLING INTEREST

As part of the Final Bell Roll-Up transaction from the period of inception through March 31, 2021, the assets and liabilities of a combined group of companies were transferred into FBH. As a result, FBH owned 56% of 14th Round and 89% of DB Innovations as of March 31, 2022 with the remaining 44% and 11%, respectively were retained by the other owners of the contributed entities. On November 30, 2022, as part of the FBH SEA, FBHI acquired the remaining 44% of 14th Round. As a result, the Company owns 100% of 14th Round and 89% of DB Innovations as of December 31, 2022

17. NON-CONTROLLING INTEREST *(Continued)*

On November 30, 2021, FBH paid the remaining $5,400,000 for 593 shares of WCC under the terms of an SPA with the Seller, whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. (“WCC”), totaling 813 shares or 81.3% of the total ownership stake. The remaining 18.7% was retained by the other owners of WCC. See Note 4.

The following summarizes the changes in non-controlling interest for the year ended March 31, 2022 and the nine months ended December 31, 2022:

Balance, March 31, 2021	$	4,678,731
Share of Assets Acquired from Non-Controlling Interest		(178,692)
Amortization of Discount on Note Receivable - Related Party		13,116
Share Based Compensation		830,650
Warrant exercise		30,000
Acquisiton of WCC		1,702,091
Share of loss for the year		(3,025,904)
Balance, March 31, 2022	$	4,049,992
Share Based Compensation		94,121
Option cancellation		(94,427)
Warrant cancellation		(368,517)
Share of loss for the period		(647,553)
Share of Assets Acquired from Non-Controlling Interest		(2,015,788)
Balance, December 31, 2022	$	1,017,828

The following table summarizes the information relating to non-controlling interest (“NCI”), before any intra-company eliminations:

Current assets	$	90,583
Non-current assets		12,548,773
Liabilities - Current and Non-Current		(6,297,072)
Net Assets		6,342,284
Carrying amount of NCI	$	1,017,828
Loss for the period	$	3,341,539
Loss allocated to NCI		647,553

18. COMMITMENTS AND CONTINGENCIES

On April 4, 2019, 14^{th} Round entered into an agreement for capital markets advisory services (the "Agreement") with an advisory service company (the "Advisor"). The term of the agreement is two years. In consideration for services provided by the Advisor to 14^{th} Round, pursuant to the terms of the agreement, and upon the closing of a financing by 14^{th} Round, the Advisor will be paid an advisory fee of 1% of the gross proceeds of a financing that involves an agent and/or underwriter and 5% of the gross proceeds of a financing by 14^{th} Round that does not involve an agent and/or underwriter. In addition, on the occurrence of a Liquidity Event (defined below), the Advisor shall be granted an option to acquire for nominal consideration, (A) two percent (2.0%) on that portion of the total value of the Company (calculated on a fully--diluted basis) on a Liquidity Event up to Two Hundred Fifty Million ($250 million), and (B) three and 3/4 percent (3.75%) on that portion of the total value of the Company (calculated on a fully-diluted basis) on a Liquidity Event that is Two Hundred Fifty Million ($250 million) and greater, immediately prior to and contemporaneously with the occurrence of a Liquidity Event (the "Option").

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulation as of December 31, 2023, regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

From time to time, the Company may be involved in litigation related to claims arising out of operations in the normal course of business. As of December 31, 2022, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has material interest adverse to the Company's interest.

At formation and rollup, 14^{th} Round had a loan from First Republic Bank in the amount of $534,000 dated April 20, 2020, and during the period from Inception to March 31, 2021, received an additional loan from First Republic in the amount of $726,314, dated January 31, 2021. Both loans were received under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. On April 7, 2021, and November 24, 2021, $534,000 and $726,314, respectively, of loans received under the Payroll Protection Program were forgiven.

19. RELATED PARTIES

In the normal course of business, the Company regularly has product sales to customers that are affiliated through common ownership. During the three and nine months ended December 31, 2022, the Company had sales to related parties of approximately $240,248 and $1,377,241, respectively (three and nine months ended December 31, 2021 - $697,457 and $1,839,523) and as of December 31, 2022, is owed trade receivables from related parties in the amount of $160,810 (March 31, 2022 - $445,959) that are included in accounts receivable in the condensed interim consolidated statements of financial position.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended December 31, 2022	Three months ended December 31, 2021	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Directors & officer compensation	$ 525,826	$ 691,836	$ 1,839,523	$ 1,714,832
Share-based Payments	-	5,621	-	388,994
	$ 525,826	$ 697,457	$ 1,839,523	$ 2,103,826

During the nine months ended December 31, 2021, 14th Round granted 8,300 options to directors and officers of 14th Round with an estimated grant date fair value of $383,374 (see Note 16). No options were granted during the nine months ended December 31, 2022.

Notes Payables

During the nine months ended December 31, 2022, the Company received $117,349 and repaid $116,084 from ATC and received an additional $2,080 from GEV. During the nine months ended December 31, 2021, the Company repaid $1,347 to ATC.

As of December 31, 2022, outstanding balances of note payables to GEV and ATC are $680,604 and $1,030,315 (March 31, 2022 - $678,524 and $1,029,050), respectively. The entire remaining balance of principal, and all accrued interest at the rate of 0% per annum, will be due and payable in full on January 1, 2026. GEV and ATC are controlled by directors of the Company.

On September 7, 2021, the Company entered into a promissory note with PrimeTime Raley LLC ("PrimeTime"), a company with a common director, in the principal amount of $1,500,000. The interest rate on the promissory note is 1%. The principal balance, and all accrued interest, would be due and payable in full on March 1, 2022 ("Maturity Date"). On March 1, 2022, the Maturity date on the promissory note with PrimeTime was extended to August 31, 2022. The promissory note may be prepaid in whole or part, without penalty, at any time or from time to time. By December 31, 2022, the Company repaid the note in full and the balance of the loan, including interest accrued, was $nil at December 31, 2022 (March 31, 2022 - $1,508,425).

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the three and nine months ended December 31, 2022 and 2021, general and administrative expenses comprised:

	For the three months ended December 31, 2022		For the three months ended December 31, 2021		**For the nine months ended December 31, 2022**		For the nine months ended December 31, 2021	
Salaries and Benefits	**$ 2,845,050**	**97.31%**	$ 1,937,789	45.44%	**$ 8,458,767**	**65.28%**	$ 5,055,205	44.93%
Consulting and Management Fee:	**452,011**	**15.46%**	551,704	12.94%	**953,809**	**7.36%**	1,343,592	11.94%
Professional Fees	**441,859**	**15.11%**	635,498	14.90%	**1,282,083**	**9.89%**	1,815,767	16.14%
Office Expenses	**1,238,781**	**42.37%**	1,220,624	28.63%	**3,717,501**	**28.69%**	2,720,408	24.18%
Advertising and Marketing	**402,184**	**13.76%**	(193,295)	-4.53%	**827,689**	**6.39%**	37,776	0.34%
Meals and Entertainment	**18,831**	**0.64%**	22,092	0.52%	**47,760**	**0.37%**	37,408	0.33%
Travel	**111,162**	**3.80%**	102,405	2.40%	**256,502**	**1.98%**	251,475	2.24%
Foreign Exchange Expense	**(2,586,035)**	**-88.45%**	(12,782)	-0.30%	**(2,586,111)**	**-19.96%**	(10,356)	-0.09%
Total	**$ 2,923,843**	**100.00%**	$ 4,264,035	100.00%	**$ 12,958,000**	**100.00%**	$ 11,251,275	100.00%

21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Classification and Measurement of Financial Instruments

The Company’s financial instruments consist of cash, trade accounts receivable, notes receivable, accounts payable, accrued expenses, holdback liability, series A preferred stock liability and contingent liability. The Company classified and measured its accounts receivable, notes receivable and notes payable as subsequently measured at amortized cost. The accounts payable and accrued expenses are classified and measured at amortized cost. Cash, series A preferred stock liability and contingent liability are classified and measured at FVTPL.

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks primarily include interest rate risk, price risk, credit risk and liquidity risk.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Classification and Measurement of Financial Instruments *(Continued)*

Fair value

Where material, these risks are reviewed and monitored by the Board of Directors who actively focus on securing the Company's cash flows by minimizing the exposure to volatile financial instrument risks.

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

• 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.

There were no transfers into or out of the fair value levels for the nine months ended December 31, 2022 or the year ended March 31, 2022. As of December 31, 2022, the Company's contingent liability of $200,000, series A preferred stock liability of $nil, the derivative liability related to the convertible notes (see Note 15) and the derivative financial instrument related to warrants issued to EWB (see Note 16) are classified as FVTPL and at level 3 in the fair value hierarchy.

The Company's contingent liability relates to the earn-out consideration on the acquisition of Uneka by 14th Round and was valued at the net present value of the future consideration at a discount rate of 2.79% as at December,31 2022. The gain on the change in fair value of the contingent liability for the three and nine months ended December 31, 2022 was $181,500 and $181,123 (three and nine months ended December 31, 2021 – loss of $3,432 and $14,768), respectively, and is included in the condensed interim consolidated statements of loss and comprehensive loss.

14th Round Series A preferred stock carries an anti-dilution conversion option that does not have a fixed settlement amount because the conversion price is subject to adjustment based on the occurrence of future offerings. As a result, the Company has elected to designate the entire instrument as a financial liability measured at fair value through profit and loss from the initial recognition date in accordance with IFRS 9. The fair value of the preferred stock at the date of issuance was determined to be the cash price of $237 less costs of issuance. As of March 31, 2022, the Series A preferred stock was valued using the probability-weighted expected return method ("PWERM"). Under the PWERM method, the Series A preferred stock was valued using the following significant assumptions:

Senarios	IPO Low	IPO High	Stay Private
Time to exit (in years)	0.33	0.67	2.00
Expected probability	50.0%	25.0%	25.0%
Value per common share (conversion price)	$ 162.10	$ 285.90	$ -

The loss on the change in the fair value of the preferred stock liability for the nine months ended December 31, 2022, was $nil (three and nine months ended December 31, 2021 – gain of $2,332,488 and loss of $864,675, respectively) and is included in the condensed interim consolidated statements of loss and comprehensive loss. As of November 30, 2022, in connection with the acquisition of the minority interest of 14th Round, and upon preferred shareholder consent, the preferred shares will be exchanged for 140,844 Class B Proportionate Voting Shares of the Company.

Due to the short-term nature of cash, trade accounts receivable, accounts payable and accrued expenses the carrying value of these financial instruments approximate their fair value.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Financial Risk Factors

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's exposure to interest rate risk is minimal as the leases and notes have fixed terms for the periods ending December 31, 2022.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition and results of operations. The Company does not engage in hedging activity to mitigate this risk.

The following summary illustrates the fluctuations in the exchange rates applied for the nine months ended December 31, 2022:

	Average rate	Closing rate
RMB	0.1449	0.1449
CAD	0.7358	0.7380

A $0.01 strengthening or weakening of the US dollar against the RMB at December 31, 2022 would result in an increase or decrease in other comprehensive income of approximately $97,570. A $0.01 strengthening or weakening of the US dollar against the CAD at December 31, 2022 would result in an increase or decrease in other comprehensive income of approximately $241,207.

Credit risk

Credit risk is the risk that a counterparty fails to meet its contractual obligation to the Company. The Company is exposed to the risk for various financial instruments through receivables from customers and the potential for cash fraud. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized for the nine months ending December 31, 2022 and the year ending March 31, 2022.

The Company closely monitors cash by preparing a monthly bank reconciliation for management's examination. When material transactions are expected management reviews its completeness and accuracy through an online portal.

The Company prepares and reviews an account receivable aging report on a weekly basis and follows-up, when applicable.

The Company also continuously monitors potential defaults of customers on an individual basis and incorporates this information into its credit risk controls. Where available, at reasonable cost, external credit ratings and credit checks are obtained and used. The Company's policy is to deal only with creditworthy customers. During the three and nine months ended December 31, 2022, the Company recorded bad debt expense of $2,505,790 and $2,777,345 (three and nine months ended September 30, 2021 - $4,003,327 and $6,385,531), respectively, related to the change in provision for expected credit losses.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS *(continued)*

Financial Risk Factors *(Continued)*

Credit risk (Continued)

The Company's aging of trade receivables, net of expected credit losses, was as follows:

	Accounts Receivable, Net	
	December 31, 2022	March 31, 2022
Current	$ 1,890,065	$ 6,241,367
Past due 1 to 30 days	3,515,870	2,730,054
Past due 31 to 60 days	1,150,614	2,925,226
Past due 61 to 90 days	819,166	334,106
Past due 91 to 120 days	3,032,116	129,534
Total	$ 10,407,831	$ 12,360,287

The expected loss rates are based on historical credit losses, past industry experience and adjusted to reflect current and forward-looking information of each customer's ability to settle the receivables. This is affected and adjusted constantly on a customer-by-customer basis, which includes information from economic conditions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company may be exposed to liquidity risks if it is unable to collect its trade receivables in a timely manner, which could in turn impact the Company's ability to meet its current commitments and obligations. Other than leases (Note 12), credit facility (Note 13), and debt (Note 15), all of the Company's financial obligations have maturities of less than one year.

The Company manages its liquidity needs by monitoring its cash flow from operating activities and its current plans for capital outlay. The Company uses a variety of forecasting tools to manage cash inflows and outflows on a daily, weekly, monthly and quarterly basis.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, which primarily includes cash inflows from trade receivables in comparison to cash outflows from trade payables and accrued liabilities. As of December 31, 2022, the Company had a cash balance of $4,772,039 (March 31, 2022 - $3,406,733) and an accounts receivable balance of $10,407,831 (March 31, 2022 - $12,360,287). The Company's total accounts payable and accrued expenses as of December 31, 2022 was $23,225,854 (March 31, 2022 - $18,186,982) which have contractual maturities of less than 90 days.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS *(Continued)*

Financial Risk Factors *(Continued)*

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of operating lease obligations, cash and equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. Management reviews its capital management policies on an ongoing basis.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

22. SEGMENT NOTE

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's CEO as he is primarily responsible for the assessment of performance. The CODM uses revenues as the key measure of each segment's performance for the period under evaluation.

The Company has determined it has two key segments 1) hardware and packaging and 2) formulating, filling and co-packing products for various cannabis brands in California and Canada – along with the associated corporate expenses ("Master manufacturing"). Together, these segments provide the Company with a fully integrated business model.

Segmented Operating Results for the three months ended December 31, 2022

($ in millions)	Hardware & Packaging	Master Manufacturing	Total
Revenue	$ 12.4	$ 5.9	$ 18.3
Cost of Goods Sold	8.2	5.0	13.3
Gross Profit	$ 4.2	$ 0.9	$ 5.0
Expenses	6.4	0.8	7.1
Income (Loss) from Operations	$ (2.2)	$ 0.1	$ (2.1)

Segmented Operating Results for the three months ended December 31, 2021

($ in millions)	Hardware & Packaging	Master Manufacturing	Total
Revenue	$ 16.2	$ 3.9	$ 20.1
Cost of Goods Sold	12.3	3.6	15.9
Gross Profit	$ 3.9	$ 0.3	$ 4.2
Expenses	6.6	2.7	9.3
Income (Loss) from Operations	$ (2.7)	$ (2.3)	$ (5.1)

Segmented Operating Results for the nine months ended December 31, 2022

($ in millions)	Hardware & Packaging	Master Manufacturing	Total
Revenue	$ 37.8	$ 14.4	$ 52.3
Cost of Goods Sold	25.8	11.5	37.4
Gross Profit	$ 12.0	$ 2.9	$ 14.9
Expenses	13.0	7.6	20.6
Income (Loss) from Operations	$ (1.0)	$ (4.7)	$ (5.7)

Segmented Operating Results for the nine months ended December 31, 2021

($ in millions)	Hardware & Packaging	Master Manufacturing	Total
Revenue	$ 46.9	$ 9.1	$ 56.0
Cost of Goods Sold	34.8	7.9	42.7
Gross Profit	$ 12.1	$ 1.2	$ 13.4
Expenses	16.3	5.3	21.6
Income (Loss) from Operations	$ (4.2)	$ (4.1)	$ (8.2)

23. BUSINESS COMBINATION

Share Exchange Agreement

On November 30, 2022, the Company completed a business combination pursuant to a share exchange agreement (the "FBH SEA") whereby shareholders of FBH received Class B Proportionate Voting Shares of the Company. Each common share of FBH was exchanged 0.696 of a proportionate voting share (each whole proportionate voting share, a "PV Share") of the Company. The combination constituted a reverse takeover transaction whereby following the closing of the share exchange, FBH is now a wholly owned subsidiary of the Company and the Company will carry on the business of FBH.

The transaction is assumed to constitute an asset acquisition as FBHI did not meet the definition of a business. The assets acquired and liabilities assumed were recorded at their estimated fair values, which are based on management's estimates.

At the time of filing, the Company is in process on its purchase price allocation and fair value determination surrounding the Business Combination. As such, the fair value measurements presented herein surrounding purchase price allocation have been left at the book values at the time of acquisition. The Company plans to complete its purchase price allocation work associated with the Business Combination in the coming quarter.

Purchase price consideration paid:

Fair Value of Shares Issued	$ 12,058,452
Total Consideration	$ 12,058,452

* the estimated fair value of the FBHI shares was based on the deemed valuation of the Company after giving pro forma effect to the completion the transacions contemplated by the FBH SEA agreements.

Net assets acquired (FBHI at November 30, 2022):

Cash	$ 517,973
Accounts Receivable, Net	31,600
Notes Receivable	33,890,298
Accounts Payable	(514,327)
Accrued Expenses	(32,138)
Secured loan	(21,298,933)
Convertible notes	(13,588,685)
Derivative Liability	(6,095,170)
Total Identifiable Net Assets	(7,089,382)
Excess of Purchase Price over Fair Value of Assets Acquired (expensed)	19,147,834
Preliminary Accounting Estimates of Net Assets Acquired	$ 12,058,452

14th Round Minority Acquisition

Further to the FBH SEA, FBHI completed the acquisition of the remaining 44% of 14th Round's outstanding shares not held by FBH pursuant to a definitive agreement and plan of merger with 14th Round (the "14th Round Merger Agreement") whereby the remaining shareholders of 14th Round received 639,986 Class B proportionate voting shares of the Company with an estimated fair value of $57,480,178 based on the deemed valuation of the Company after giving pro forma effect to the completion the transacions contemplated by the FBH SEA agreements. As a result of the close of the acquisition, 14th Round became a wholly-owned subsidiary of FBHI. Class B proportionate voting shares of the Company have yet to be issued to14th Round minority shareholders that either dissented to the transaction or have options and / or warrants that will be reissued by FBHI at a later date.

23. BUSINESS COMBINATION *(continued)*

FB Canada Acquisition

On November 30, 2022, the Company completed the acquisition of all the outstanding shares of FB Canada according to the terms of a share purchase agreement (the “FB Canada SPA”). As a result of the control obtained through the acquisition, the assets and liabilities of FB Canada were consolidated into the Company's financial statements. As consideration for the acquisition, the Company paid cash of C$3,350,000 ($2,486,705), issued C$1,650,000 ($1,224,795) in promissory notes and issued subordinate voting shares of the Company with an estimated value of C$5,000,000 ($3,711,500) based on the deemed valuation of the Company after giving pro forma effect to the completion the transactions contemplated by the FBH SEA agreements. Management determined that this acquisiton meets the definition of a business under IFRS 3 and therefore the transation was accounted as a business combination.

The following table summarizes the consideration for the acquisition:

Cash	$ 2,486,705
Promissory notes	1,224,795
Estimated fair value of shares issued	3,711,500
Total Consideration	$ 7,423,000

* the estimated fair value of the FBHI shares was based on the deemed valuation of the Company after giving pro forma effect to the completion the transacions contemplated by the FBH SEA agreements.

The following table summarizes the accounting estimates of the acquisiton with a purchase price of $7,423,000:

Cash	$ 1,251,016
Accounts Receivable, Net	4,908,072
Inventories	5,098,644
Prepaid Expenses	42,654
Property and Equipment, Net	569,182
Investments	1,855,750
Other long term assets	405,562
Accounts Payable	(4,825,309)
Accrued Expenses	(111,748)
Accounts Payable, Related Party	(4,902,546)
Performance Obligation	(911,239)
Notes Payable	(5,796,572)
Total Identifiable Net Assets	(2,416,534)
Goodwill	9,839,534
Preliminary Accounting Estimates of Net Assets Acquired	$ 7,423,000

24. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 27, 2023, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at December 31, 2022, have been incorporated into these condensed interim consolidated financial statements.

Fourth Tranche Funding and Closing of Senior Secured Term Loan Facility
On January 25, 2023, the Company received the fourth and final tranche of funding from Golden Iris International Limited for $4,000,000. This last funding brings the total amount funded under the term loan facility to the agreed upon $25,000,000 per the original term loan agreement executed in August 2022. With the full funding and closing of the facility, the Company issued the incentive payment to Golden Iris International Limited for the full amount funded through the issuance of a share purchase warrant.

Contemporaneously with the funding of the final tranche of the senior secured term loan, the Company was able to retire the outstanding related party loans payable to GEV and ATC in their entirety.

Short Term Financing Facility Updates
On February 21, 2023, the Company and Fusion LLF, LLC agreed to a five-week payment plan to repay the outstanding balance of funds borrowed which totaled $742,518. The plan is expected to be complete and full amount borrowed repaid by March 28, 2023.

Additional Funding of Bridge Acquisition Loan
Throughout January and February 2023, the Company closed on an additional $450,000 of additional funding on the Bridge Acquisition Loan. The 2023 injections brough the total amount funded on the loan to $1,050,000. The Company anticipates reaching its funding target on the loan of $1,250,000 in March 2023.

Exhibit "C" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

FINAL BELL HOLDINGS INTERNATIONAL LTD

CONSOLIDATED
FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Unaudited)

FINAL BELL HOLDINGS INTERNATIONAL LTD.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

[Open for Audit Report]

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Financial Position
As of March 31, 2023 and 2022
(Audited) (expressed in US dollars, unless otherwise stated)

		March 31, 2023	March 31, 2022
ASSETS			
Current Assets:			
Cash		$ 3,920,275	$ 3,406,733
Accounts Receivable, Net	*NOTE 6, 26*	10,716,646	12,360,287
Inventories	*NOTE 7*	11,997,683	9,337,797
Prepaid Expenses	*NOTE 8*	2,279,431	1,712,426
Total Current Assets		28,914,035	26,817,243
Property and Equipment, Net	*NOTE 9*	5,467,177	4,613,030
Intangible Assets, Net	*NOTE 10*	21,576,597	16,229,880
Goodwill	*NOTE 10*	6,343,203	2,029,682
Right-of-Use Asset	*NOTE 11*	5,356,262	8,770,549
Notes Receivable- Related Party, Net of Current Portion	*NOTE 12*	-	5,950,630
Net Investment in Sublease	*NOTE 11*	429,724	759,026
Other Long Term Assets		931,387	413,703
Deferred Income Tax Asset	*NOTE 16*	2,395,122	-
TOTAL ASSETS		$ 71,413,507	$ 65,583,743
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Current Liabilities:			
Accounts Payable		$ 19,351,511	$ 12,851,728
Accrued Expenses	*NOTE 14*	3,175,016	5,335,254
Deferred Revenue	*NOTE 21*	1,448,083	2,388,386
Related Party Loans	*NOTE 25*	1,250,000	3,215,999
Bridge Acquisition Loan	*NOTE 18*	-	-
Current Portion of Credit Facility	*NOTE 15*	3,078,588	-
Unsecured Convertible Notes	*NOTE 18, 26*	19,386,637	-
Promissory Note	*NOTE 18*	1,110,214	-
Current Portion of Lease Liability	*NOTE 11*	1,213,486	1,364,668
Deferred Consideration	*NOTE 23*	-	-
Income Tax Payable		3,455,125	196,600
Total Current Liabilities		53,468,660	25,352,635
Series A Preferred Stock Liability	*NOTES 19, 26*	16,700,000	11,150,038
Lease Liability, Net of Current Portion	*NOTE 11*	5,185,326	8,755,447
Credit Facility	*NOTE 15*	-	3,468,797
Contingent Liability	*NOTE 17, 26*	549,808	499,623
Notes Payable	*NOTE 18*	-	27,897,907
Derivative Financial Instruments	*NOTES 18, 26*	2,385,482	74,916
Secured Term Loan	*NOTE 18*	22,095,325	-
Other Long Term Liability		59,290	59,290
Deferred Income Tax Liability	*NOTE 16*	-	469,710
TOTAL LIABILITIES		100,443,891	77,728,363

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Financial Position
As of March 31, 2023 and 2022
(Audited) (expressed in US dollars, unless otherwise stated)

Continued Next Page

Equity:	*NOTE 19*		
Share Capital		**88,855,810**	6,617,111
Additional Paid-in-Capital		-	-
Share Based Payments Reserve		**1,240,934**	-
Warrants		**3,027,755**	-
Accumulated Other Comprehensive Income		**1,742,900**	35,157
Accumulated Deficit		**(124,806,514)**	(22,846,880)
Equity attributable to Controlling Shareholders		**(29,939,115)**	(16,194,612)
Non-controlling interest	*NOTE 20*	**908,731**	4,049,992
TOTAL SHAREHOLDERS' EQUITY		**(29,030,384)**	(12,144,620)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 71,413,507**	$ 65,583,743

Approved and authorized by the Board of Directors on [November X, 2023]

"Jason DeLand"
Director and Chairman of the Board

"Kay Jessel"
Director

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31, 2023 and 2022

		For the year ended March 31, 2023	For the year ended March 31, 2022
Revenues	*NOTES 21, 27*	$ **71,087,801**	$ 76,054,938
Cost of Goods Sold	*NOTE 27*	**52,379,245**	60,186,070
Gross Profit		**18,708,556**	15,868,868
Expenses:			
General and Administrative	*NOTE 22*	**31,369,052**	16,540,035
Bad Debt (Recovery) Expense	*NOTE 6*	**(1,533,834)**	6,714,440
Stock Based Compensation	*NOTE 19*	**180,758**	833,925
Depreciation and Amortization	*NOTES 9, 10, 11*	**6,402,682**	4,918,204
Total Expenses		**36,418,658**	29,006,604
Loss from Operations		**(17,710,102)**	(13,137,736)
Change in Fair Value of Series A Preferred Stock Liability	*NOTE 26*	**(5,549,962)**	(859,338)
Change in Fair Value of Contingent Consideration	*NOTE 17*	**211,441**	(18,148)
Change in Fair Value of Investments	*NOTE 13*	-	(7,048,819)
Change in Fair Value of Convertible Notes	*NOTE 18*	**728,268**	-
Change in Fair Value of Derivative Liabilities	*NOTE 26*	**(82,925)**	-
Loss from Investment in Associate		-	(72,858)
Fair Value Adjustment on Equity Accounted Investment		-	72,858
Finance Cost		**(6,989,127)**	(2,324,338)
Transaction Costs	*NOTE 4*	**(21,837,663)**	-
Other (Expense) Income		**(578,090)**	322,862
Total Other Expense		**(34,098,058)**	(9,927,781)
Loss before Income Taxes		**(51,808,160)**	(23,065,517)
Income Tax (Provision) Benefit	*NOTE 16*	**(393,693)**	543,584
Net Loss		**(52,201,853)**	(22,521,933)
Other Comprehensive Income (Loss):			
Items to be reclassifed subsequently to Profit & Loss statement			
Foreign Currency Translation Gain		**1,707,743**	5,245
Comprehensive Loss		$ **(50,494,110)**	$ (22,516,688)
Loss for the Period Attributable to:			
Final Bell Holding, Inc.		**(49,737,460)**	(19,490,784)
Non-Controlling Interest	*NOTE 20*	**(756,650)**	(3,025,904)
		$ **(50,494,110)**	$ (22,516,688)
Basic and Diluted Loss per Share	*NOTE 23*	$ **(0.55)**	$ (12.98)
Weighted Average Number of Common Shares (formerly LLC Units) - Basic and Diluted		**90,883,934**	2,157,641

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Changes in Shareholders' Equity
For the Years Ended March 31, 2023 and 2022

		Shares Issued	PV Shares Issued	SV Shares Issued	Share Capital	Additonal Paid-In-Capital	Share Based Payments Reserve	Warrants	Accumulated Other Comprehensive Income	Accumulated Deficit	Equity Attributable to Controlling Shareholders	Non-Controlling Interest	Total Shareholders' Equity
Balance as of March 31, 2021 (as previously reported)		-	2,495,072	-	$ -	$ 6,617,111	$ -	$ -	$ 38,085	$ (3,224,317)	$ 3,430,879	$ 4,678,731	$ 8,109,610
Retroactive application of reverse recapitalization		-	(2,495,072)	14,469,531	$ 6,617,111	$ (6,617,111)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Balance as of March 31, 2021 (as adjusted)		-	-	14,469,531	6,617,111	-	-	-	38,085	(3,224,317)	3,430,879	4,678,731	8,109,610
Net (Loss)		-	-	-	-	-	-	-	-	(19,487,856)	(19,487,856)	(3,034,077)	(22,521,933)
Foreign Currency Translation Gain		-	-	-	-	-	-	-	(2,928)	-	(2,928)	8,173	5,245
Stock-Based Compensation	*NOTE 19*												
Vesting Stock		-	-	-	-	-	-	-	-	-	-	(52,725)	(52,725)
Warrants		-	-	-	-	-	-	-	-	-	-	108,926	108,926
Options		-	-	-	-	-	-	-	-	-	-	774,449	774,449
Warrant exercise		-	-	-	-	-	-	-	-	-	-	30,000	30,000
Amortization of Discount on Note Receivable - Related Party		-	-	-	-	-	-	-	-	-	-	13,116	13,116
Share of Assets Acquired from Non-Controlling Interest		-	-	-	-	-	-	-	-	178,692	178,692	(178,692)	-
Extinguishment of Note Receivable - Related Party		-	-	-	-	-	-	-	-	(313,399)	(313,399)	-	(313,399)
Acquisition of Westside		-	-	-	-	-	-	-	-	-	-	1,702,091	1,702,091
Balance as of March 31, 2022		**-**	**-**	**14,469,531**	**$ 6,617,111**	**$ -**	**$ -**	**$ -**	**$ 35,157**	**$ (22,846,880)**	**$ (16,194,612)**	**$ 4,049,992**	**$ (12,144,620)**
Balance as of March 31, 2022 (as previously reported)		-	2,495,072	-	$ -	6,617,111	$ -	$ -	$ 35,157	$ (22,846,880)	$ (16,194,612)	$ 4,049,992	$ (12,144,620)
Retroactive application of reverse recapitalization		-	(2,495,072)	14,469,531	$ 6,617,111	$ (6,617,111)							
Balance as of March 31, 2022 (as adjusted)		-	-	14,469,531	6,617,111	-	-	-	35,157	(22,846,880)	(16,194,612)	4,049,992	(12,144,620)
Net (Loss) Income		-	-	-	-	-	-	-	-	(51,445,203)	(51,445,203)	(756,650)	(52,201,853)
Foreign Currency Translation Gain		-	-	-	-	-	-	-	1,707,743	-	1,707,743	-	1,707,743
Reverse takeover of FBHI by FBH at Fair Value of Capital Consideration	*NOTE 4*	173,259,000	1,732,590	-	12,995,579	-	-	-	-	-	12,995,579	-	12,995,579
Acquisition of Final Bell Canada	*NOTE 4*	4,453,609	-	4,453,609	3,934,190	-	-	-	-	-	3,934,190	-	3,934,190
Acquisition of 14th Round Minority Interest	*NOTE 4*	63,998,600	639,986	-	51,838,866	-	1,224,299	-	-	(50,977,375)	2,085,790	(2,085,790)	-
Advisor Shares		337,431	3,374	-	3,374	-	-	-	-	-	3,374	-	3,374
Stock-Based Compensation	*NOTE 19*	16,046,474	-	16,046,474	13,131,429	-	16,635	-	-	-	13,148,064	164,123	13,312,187
Compensation Share Issuable in Lieu of Interest	*NOTE 19*	273,728	-	273,728	335,261	-	-	-	-	-	335,261	-	335,261
Warrant Issuance	*NOTE 18*	-	-	-	-	-	-	3,027,755	-	-	3,027,755	-	3,027,755
Option Expiry		-	-	-	-	-	-	-	-	94,427	94,427	(94,427)	-
Warrant Expiry		-	-	-	-	-	-	-	-	368,517	368,517	(368,517)	-
Balance as of March 31, 2023		**258,368,842**	**2,375,950**	**35,243,342**	**$ 88,855,810**	**$ -**	**$ 1,240,934**	**$ 3,027,755**	**$ 1,742,900**	**$ (124,806,514)**	**$ (29,939,115)**	**$ 908,731**	**$ (29,030,384)**

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Condensed Consolidated Statements of Cash Flows
For the Years Ended March 31, 2023 and 2022

		For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss for the year		$ (52,201,853)	$ (22,521,933)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and Amortization	*NOTE 9, 10, 11*	6,402,682	4,918,204
Amortization of Loan Discount	*NOTE 18*	123,080	-
Share-based Payments Expense	*NOTE 19*	180,758	833,925
Current Income Taxes	*NOTE 16*	-	249,047
Deferred Income Taxes	*NOTE 16*	(2,864,832)	(792,631)
Bad Debt (Recovery) Expense	*NOTE 6*	(1,533,834)	6,714,440
Gain on Forgiveness of Small Business Loan	*NOTE 24*	-	(1,260,314)
Gain on Lease Amendment/Termination	*NOTE 11*	(293,957)	(272,828)
Loss on Disposal of Fixed Assets	*NOTE 9*	74,602	127,861
Interest income accrued	*NOTE 11*	(386,237)	(311,130)
Interest expense accrued		1,061,824	1,274,349
Warrants issued for Credit Facility		-	74,916
Change in Fair Value of Preferred Stock Liability	*NOTE 26*	5,549,962	859,338
Change in Fair Value of Contingent Liability	*NOTE 17*	(211,441)	18,148
Change in Fair Value of Investments	*NOTE 13*	-	7,048,819
Change in Fair Value of Convertible Notes	*NOTE 18*	(728,268)	-
Change in Fair Value of Derivative Liabilities	*NOTE 26*	82,925	-
Transaction Costs	*NOTE 4*	21,837,663	-
Issuance of Compensation Shares on Close of Business Combination	*NOTE 19*	13,131,429	-
Loss from investment in associate		-	72,858
Fair Value Adjustment on Equity Accounted Investment		-	(72,858)
Changes in Operating Assets and Liabilities:			
Accounts Receivable, Net		1,044,131	(7,813,557)
Inventories		1,404,863	(8,187,235)
Prepaid Expenses		(5,035)	(506,906)
Other Long Term Assets/Liabilities		(517,684)	101,403
Accounts Payable		2,841,848	5,001,494
Accrued Expenses		(2,315,288)	4,619,986
Income Tax Payable		3,258,525	(115,004)
Performance Obligation		(1,289,864)	(598,218)
NET CASH USED IN OPERATING ACTIVITIES		(5,354,001)	(10,537,826)

Continued Next Page

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Condensed Consolidated Statements of Cash Flows
For the Years Ended March 31, 2023 and 2022

		For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	*NOTE 9*	(2,274,331)	(1,958,149)
Payment of Contingent Consideration	*NOTE 17*	(318,500)	(440,000)
Payment of Holdback Liability		-	(197,279)
Principal Reduction in Lease Receivable	*NOTE 11*	370,313	167,221
Investment in GSW Creative Corporation and Elysian Group, Inc.		-	(7,048,819)
Acquisition of Final Bell Canada	*NOTE 4*	(2,486,705)	-
Cash Acquired on Acquisition of Final Bell Canada	*NOTE 4*	1,251,005	-
Cash Acquired on Deemed Acquisition of Final Bell Holdings International Inc.	*NOTE 4*	517,973	-
Acquisition of Westside Caregivers Club, Inc.	*NOTE 20*	-	(7,400,000)
Issuance of Notes Receivable - Related Party	*NOTE 12*	-	(5,639,500)
NET CASH USED IN INVESTING ACTIVITIES		(2,940,245)	(22,516,526)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of Common Shares	*NOTE 19*	809	-
Issuance of Notes Payable	*NOTE 18*	5,650,000	26,648,388
Proceeds of Credit Facility	*NOTE 15*	6,228,426	3,468,797
Payment of Credit Facility	*NOTE 15*	(6,831,509)	-
Proceeds of Related Party Loans		1,362,828	1,930,000
Repayment of Related Party Loans		(3,328,827)	(1,347)
Proceeds of Term Loan	*NOTE 18*	4,000,000	-
Cash Contributions from Non-Controlling Interest		-	30,000
Principal Reduction in Lease Liability	*NOTE 11*	(1,548,080)	(603,905)
NET CASH PROVIDED BY FINANCING ACTIVITIES		5,533,647	31,471,933
Effect of Exchange Rate Changes on Cash		3,274,141	(39,288)
NET INCREASE (DECREASE) IN CASH		513,542	(1,621,707)
CASH AT BEGINNING OF YEAR		3,406,733	5,028,440
CASH AT END OF YEAR		$ 3,920,275	$ 3,406,733
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES			
Cash Paid for Interest		$ -	$ -
Cash Paid for Income Taxes and Installments		$ -	$ 182,275
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Value of Shares Issued on Acquisition of Final Bell Canada		$ 3,934,190	$ -
Acquisition of 14th Round Minority Interest		$ 51,838,866	$ (178,692)
Value of Shares Issued on Reverse Acquistion of FBHI		$ 12,995,579	$ -
Accounts Receivable for Common Shares		$ (2,565)	$ -
Net Investment in Sublease		$ -	$ (1,222,471)
Extinguishment of Note Receivable - Related Party		$ -	$ 313,399
Change in Non-Controlling Interest due to Effect of Exchange Rate on Cash		$ -	$ (8,173)
Change in Non-Controlling Interest due to Amortization of Note Receivable - Related Party		$ -	$ (13,116)
Right of Use Asset and Lease Liability at Acquisition/Inception		$ 778,266	$ 8,956,010

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Final Bell Holdings International Ltd.

Final Bell Holdings International Ltd. (the "Company" or "FBHI") was incorporated as Karsten Energy Corp. under the *Business Corporations Act* (British Columbia) ("BCBCA") on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Company completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. Listing of the Company's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Company's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Company filed articles of amendment under the BCBCA changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd."

Effective November 30, 2022, the Company completed a series of transactions (collectively, the "Reverse Take-over ("RTO") and other acquisitions"), pursuant to which it acquired the group of companies operating in the cannabis space known as the "Final Bell Group", including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R" or "14th Round"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities.

Also effective November 30, 2022, in connection with the RTO, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a new class of Class B Proportionate Voting Shares (the "PV Shares") and to reclassify the common shares as Class A Subordinate Voting Shares (the "SV Shares"), each having the special rights and restrictions set out in Schedule A to the management information circular dated January 28, 2022 in respect of a special meeting of shareholders of the Company held on February 28, 2022. Subject to certain conditions, each PV Share is convertible into 100 SV Shares, and is entitled to vote with the SV Shares at the rate of 100 votes per PV Share.

[Legal to consider language on recent CTO developments per Sedar+]

Final Bell Holdings, Inc.

The predecessor of FBH is Final Bell Holdings, LLC ("FB LLC"), which was formed on November 25, 2020 as a California limited liability company. On December 27, 2020, pursuant to a Formation and Contribution Agreement, a roll-up transaction (the "Final Bell Roll-Up Transaction") was completed whereby FB LLC acquired the assets and liabilities of a combined group of companies operating in the cannabis space. The acquisition included a majority interest in 14R. Subsequently, on July 1, 2021, FB LLC completed a restructuring whereby the FB LLC shareholders transferred all of their membership interests in FB LLC to FBH in exchange for FBH shares. As a result of the restructuring, FB LLC became a Delaware corporation and a wholly owned subsidiary of FBH.

Reverse Take-over and Other Acquisitions

Prior to the RTO, the Company conducted business activities designed to support the advancement of the RTO, and to capitalize the business of FBH. The Company entered into a cooperation and investment agreement with FB LLC as of May 11, 2021, which provided for (i) an investment by the Company in the form of a convertible promissory note (the "Final Bell Note"), which was issued by Final Bell Corp (a subsidiary of FB LLC) in November 2021; (ii) an agreement by the parties to mutually cooperate to jointly develop and expand their cannabis business; (iii) an agreement by the parties to negotiate, advance and consummate the RTO; and (iv) a license agreement providing for a 10-year license granted by FB LLC to the Company to produce and distribute cannabis products for certain leading cannabis brands in Canada.

On October 12, 2021, the Company entered into a share exchange agreement with FBH and FBH's shareholders, as amended (the "FBH SEA"), pursuant to which the Company would acquire all of the FBH common shares in exchange for PV Shares of the Company. The FBH SEA resulted in the Company acquiring, effective November 30, 2022, each outstanding share of FBH in exchange for approximately 0.69576 PV Shares, being 1,735,964 PV Shares in the aggregate (of which 3,374 were issued to an advisor to the transaction). The FBH SEA, as amended, further provided that, following the closing, the Company will use commercially reasonable efforts, subject to market conditions, to secure listing of the SV Shares on the Canadian Securities Exchange.

In order to expand into the cannabis business and to facilitate the RTO to acquire FBH, the Company raised C$22.7 million of unsecured convertible notes (the "Unsecured Convertible Notes") in May 2021 and C$13.0 million through the issuance of units comprised of (i) secured convertible notes (the "Secured Convertible Notes") pursuant to a note indenture made between the Company and Odyssey Trust Company (the "Trustee") dated as of November 17, 2021, and (ii) contingent common share purchase warrants (the "Warrants") pursuant to an indenture made between the Company and the Trustee dated as of November 17, 2021. Most of the net proceeds from the issuances of Unsecured Convertible Notes and Secured Convertible Notes were used by the Company to periodically invest in FBH, pursuant to the terms of the Final Bell Note, in order to finance its operations and growth and for general corporate purposes. The Secured Convertible Notes were repaid in full in August 2022, using proceeds from the Term Loan (as defined below).

Effective January 17, 2022, the Company entered into an agreement and plan of merger, as amended (the "14R Merger Agreement"), with 14R, the shareholders of 14R and a newly formed wholly owned subsidiary of the Company, pursuant to which the Company would acquire of all of the issued and outstanding shares of 14R held by the minority shareholders of 14R, being approximately 44% of the issued share capital of 14R. The Company would indirectly acquire the remaining 56% of the share capital of 14R, which was held by FBH, through the FBH SEA. Pursuant to the 14R Merger Agreement, effective November 30, 2022, the 14R shareholders received 639,986 PV Shares in consideration for their shares of 14R based on 14R having a total valuation equal to 70% of the $250,000,000 deemed valuation of the Company, on a consolidated basis, immediately following the RTO and other acquisitions.

Effective January 26, 2022, the Company entered into a share purchase agreement, as amended (the "FB Canada SPA"), with FB Canada and the FB Canada Shareholders, pursuant to which the Company would acquire all right, title and interest in and to the issued and outstanding shares in the capital of FB Canada for an aggregate purchase price of C$10 million payable in a combination of cash and SV Shares. Effective November 30, 2022, the shareholders of FB Canada received aggregate consideration comprised of C$3,350,000 in cash, C$1,650,000 in promissory notes and 4,453,609 SV Shares of the Company.

As a result of the RTO which closed on November 30, 2022, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree". As such, the financial statements included herein reflect the historical results of FBH and equity has been retrospectively adjusted to present FBHI's equity structure for all periods presented.

Nature of Operations

The Company operates a highly competitive consolidated group of businesses providing end-to-end solutions to leading cannabis brands through integrated product development, manufacturing, and supply chain management. Through 14R, the Company also operates in the design and technology space, offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products. The Company's California and Canada operations bring the ability for brands to fully outsource production and manufacturing of state-of-the-art hardware, packaging, licensed co-manufacturing, and product commercialization to a single supply chain partner.

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Notes to Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022

		% Ownership		
	Country of incorporation	**March 31, 2023**	March 31, 2022	Subsidiary of
Final Bell Holding, Inc.	USA	**100%**	NA	Final Bell Holdings International Ltd.
14th Round, Inc. ("14th Round")	USA	**100%**	56%	Final Bell Holding, Inc.
Uneka Concepts, Inc. ("Uneka")	USA	**100%**	100%	14th Round
14th Round Technology & Trade (Shenzhen) Co., Ltd. ("14th Round Shenzhen")	China	**100%**	100%	14th Round
Mallen Tech Co., Limited ("Mallentech")	Hong Kong	**100%**	100%	14th Round
Mallen Tech (Dongguan) Co., Ltd. ("DG Co.")	China	**100%**	100%	14th Round
Ares Imports, Inc. ("Ares")	USA	**100%**	100%	14th Round
14th Round (Canada) Inc.	Canada	**100%**	100%	14th Round
Final Bell Corp	USA	**100%**	100%	Final Bell Holding, Inc.
DB Innovation Inc. ("DB Innovation")	USA	**89%**	89%	Final Bell Holding, Inc.
DB Designs, LLC ("DB Designs")	USA	**100%**	100%	DB Innvoation Inc.
Westside Caregivers Club, Inc. ("WCC")	USA	**81%**	81%	Final Bell Corp.
Final Bell Canada Inc.	Canada	**100%**	NA	Final Bell Holdings International Ltd.
Final Bell Corp	Canada	**100%**	100%	Final Bell Canada Inc.
Starseed Medicinal Inc.	Canada	**100%**	100%	Final Bell Canada Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Statement of Compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These consolidated financial statements were authorized for issue by the Company's board of directors on November [X], 2023.

The Company's consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. The Company's consolidated financial statements are presented in United States dollars ("$" or "dollar"), unless otherwise noted.

Basis of Measurement

The Company's consolidated financial statements have been prepared on the going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The application of the going concern basis is dependent upon the Company achieving profitable operations to generate sufficient cash flows to fund continuing operations, or, in the absence of adequate cash flows from operations, obtaining additional financing to support operations for the foreseeable future. It is not possible to predict whether financing efforts will continue to be successful in the future.

Business Combinations

Acquisitions of businesses are accounted for using 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. Acquisition-related costs are recognized in net income (loss) as incurred.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration is established for business acquisitions where the Company has the obligation to transfer additional assets or equity interests to the former owners if specified future events occur or conditions are met. The fair value of contingent consideration liabilities is typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and realized internal rates of return. Contingent consideration is classified as a liability when the obligation requires settlement in cash or other assets and is classified as equity when the obligation requires settlement in the Company's own equity instruments. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with a corresponding adjustment to goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are included in net income (loss) in the period. Contingent consideration is classified as a liability or equity and is measured at fair value on the acquisition date. Contingent consideration that is classified as a liability is re-measured to fair value at each reporting date, with changes included in the income statement in the post-combination period. Contingent consideration that is classified as equity is not re-measured in the post-combination period.

Goodwill

Goodwill arising on an acquisition of a business is carried at the amount established at the date of acquisition of the business less accumulated impairment losses, if any.

Corporate assets, which include the head office facility, do not generate separate cash inflows. Corporate assets are tested for impairment at the minimum grouping of cash-generating units ("CGUs") to which the corporate assets can be reasonably and consistently allocated. Goodwill arising from a business combination is tested for impairment at the minimum grouping of CGUs that are expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually on March 31, or more frequently when there is an indication that the CGU may be impaired.

The recoverable amount of a CGU or CGU grouping is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the CGU or CGU grouping, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or CGU grouping. The fair value less costs to sell is based on the best information available to reflect the amount that could be obtained from the disposal of the CGU or CGU grouping in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

An impairment loss is recognized if the carrying amount of a CGU or CGU grouping exceeds its recoverable amount. For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the nonfinancial assets in the CGU on a pro-rata basis. Any loss identified from goodwill impairment testing is first applied to reduce the carrying amount of goodwill allocated to the CGU grouping, and then to reduce the carrying amounts of the other nonfinancial assets in the CGU or CGU grouping on a pro-rata basis. Any impairment losses are recognized in net income (loss) and any impairment loss recognized for goodwill is not reversed in subsequent years. See Note 10.

On disposal of the relevant CGU, the attributed amount of goodwill is included in the determination of the gain or loss on disposal. The determination of CGUs and the level at which goodwill is monitored, as well as whether there are indicators of impairment, requires judgment by management.

Principals of Consolidation

All entities in which the Company has a controlling interest (Note 1) are consolidated or combined from the date that control commences until the date that the control ceases. Control exists when the Company 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.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

Functional and Presentation Currency

The Company's and its Canadian subsidiaries' functional currency, as determined by management, is the Canadian dollar ("CAD"). The Company's United States subsidiaries' functional currency, as determined by management, is the United States dollar ("USD"). Management has selected the USD as its presentation currency as the majority of the Company's revenue and operations are based in the United States. Accordingly, for FBHI and FB Canada, whose functional currency is in CAD, the results and financial position are translated into the USD using the following procedures:

(a) assets and liabilities for each statement of financial position presented (i.e., including comparatives) are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each statement presenting profit or loss and other comprehensive income (i.e., including comparatives) are translated at the average exchange rate for the period; and

(c) all resulting exchange differences are recognized in other comprehensive income.

Management translates equity items at the historical rate.

The foreign exchange differences arising are recorded in the cumulative translation account in other comprehensive income, a component of equity. On disposal of a foreign entity the deferred cumulative amount recognized in equity relating to the particular operation is recognized in the consolidated statements of loss and comprehensive loss.

Cash

Cash includes cash deposits in financial institutions. Cash is a financial asset that is measured at amortized cost, which approximates fair value.

Accounts Receivable and Expected Credit Loss

Accounts receivable is recorded at the invoiced amount and does not bear interest. Expected credit loss reflects the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience, current aging status of customer accounts, and financial condition of its customers.

Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. Based on a review of these factors, the Company establishes or adjusts the allowance for specific customers and the accounts receivable portfolio as a whole. As of March 31, 2023, the Company recorded an allowance for expected credit losses of $1,843,127 (March 31, 2022 - $3,849,242). See Note 6.

Note Receivable – Related Party

The Company reviews its notes receivable for collectability as information becomes available pertaining to the Company's inability to collect. An allowance for the note receivable is recorded for the likelihood of non-collectability. As of March 31, 2023 and 2022, the Company determined that no reserve was deemed necessary.

Inventories

The Company's inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. The Company reviews its inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. As of March 31, 2023, inventories consist of $13,184,138 (March 31, 2022 - $9,884,524) in device and packaging inventory against which the Company has taken a reserve of $317,465 (March 31, 2022 - $546,727) with any inventory adjustments included in cost of goods sold in the consolidated statements of loss and comprehensive loss.

Leases and Right-of-Use ("ROU") Assets

Leases are recorded in accordance with IFRS 16, *Leases*. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

At the commencement date, a right-of-use asset is measured at cost, where cost comprises: (a) the amount of the initial measurement of the lease liability; (b) any lease payments made at or before the commencement date, less any lease incentives received; (c) any initial direct costs incurred by the Company; and (d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

A lease liability is initially measured at the present value of the unpaid lease payments. Subsequently, the Company measures a lease liability by: (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation, amortization and impairment losses. Depreciation and amortization is calculated using the straight-line method using the following methods and estimated useful lives:

Category	Depreciation Method	Estimated Useful Life
Furniture and Fixtures	Straight-line	7 Years
Manufacturing Equipment	Straight-line	1.5 to 10 Years
Leasehold Improvements	Straight-line	Remaining Life of Lease
Automobiles	Straight-line	5 Years
Computers	Straight-line	3 Years

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statements of loss and comprehensive loss in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

Intangible Assets

The Company recognizes intangible assets acquired in a business combination, and recognized separately from goodwill, at their fair value at the acquisition date. Fair value at acquisition is calculated using the present value of estimated future cash flows the Company expects to generate from the asset acquired using a risk-adjusted discount rate. In determining its estimated future cash flows associated with its intangible assets, the Company uses estimates and assumptions about future revenue contributions, cost structures and remaining useful lives of the asset (asset group).

The Company uses a straight-line method of amortization, unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up can be reliably determined. The following are the estimated useful lives of the Company's intangible assets:

	Useful life (in years)
Customer Relationships	1 - 5
Patents and Intellectual property	7
Marketing Related Intangible Assets	3 - 5
Non-Competition Agreement	3
Licenses	15 - 24

Intangible assets that have indefinite useful lives are tested annually for impairment or when events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount of the asset group exceeds its fair value. See *Note 10* for further information.

Long-Lived Assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed each reporting period for indicators of impairment and reversal of impairment. Goodwill and indefinite life intangible assets are assessed for indicators of impairment at each reporting date and are tested annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which its carrying amount exceeds its recoverable amount. Except for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Company did not record any impairment losses for the years ended March 31, 2023 and 2022. See *Note 9 & 10* for further information.

Income Taxes

Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the Balance Sheets. Effects of enacted tax law changes on deferred tax assets and liabilities are reflected as adjustments to tax expense in the period in which the law is enacted. Deferred tax assets may be reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized.

The Company provides for income taxes based on enacted tax law and statutory tax rates at which items of income and expense are expected to be settled in its income tax return.

Certain items of revenue and expense are reported for federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income taxes.

Deferred income taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. For the years ended March 31, 2023 and 2022, the Company has generated net losses for financial-reporting purposes and tax-reporting purposes.

The Company recognizes uncertain tax positions based on a benefit recognition model. Provided that the tax position is deemed more likely than not of being sustained, the Company recognizes the largest amount of tax benefit that is greater than 50% likely of being ultimately realized upon settlement.

The tax position is derecognized when it is no longer more likely than not of being sustained. The Company classifies income tax related interest and penalties as interest expense and selling, general and administrative expense, respectively, on the consolidated statement of loss and comprehensive loss.

Financial Instruments

Financial Assets

Recognition and Initial Measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and Subsequent Measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Classification and subsequent measurement

Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest rate method. Interest and gains and losses relating to a financial liability are recognized in profit or loss. The Company's financial liabilities designated at FVTPL are measured at fair value using appropriate valuation techniques. Such techniques may include using discounted cash flow analysis or other valuation models.

Classification and Measurement

Cash	Amortized Cost
Accounts Receivable	Amortized Cost
Notes Receivable	Amortized Cost
Accounts Payable and Accrued Expenses	Amortized Cost
Holdback Liability	Amortized Cost
Credit Facility	Amortized Cost
Series A Preferred Stock Liability	FVTPL
Contingent Liability	FVTPL
Convertible Notes	FVTPL
Derivative Financial Instrument	FVTPL

Revenue Recognition

Revenue is recognized in accordance with IFRS 15, *Revenue from Contracts with Customers.* Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under IFRS 15, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract;
- Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from contracts with customers is recognized in the statement of income when the control of the asset or of the service has been transferred to the customer. The control transfer date is generally the date of delivery to the customer. Revenue is presented net of discounts and sales tax and other related taxes.

When determining the amount of revenue from contracts with customers, the Company evaluates whether it functions as a primary provider, or as an agent in the contract. The Company is the primary provider when it controls the guaranteed goods or services before they are transferred to the customer. In such cases, the Company recognizes revenue as the gross amount of proceeds. In cases where the Company functions as an agent, the Company recognizes the revenue as a net amount, after deducting the amounts which are owed to the primary provider.

Net revenue for the Company is defined as gross revenue, which is net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes.

Costs of Goods Sold

The Company's policy is to recognize costs of goods sold in the same manner in conjunction with revenue recognition. Cost of goods sold includes the costs directly attributable to revenue recognition and includes amounts paid for finished goods, such as batteries, cartridges, as well as packaging and other supplies for its products.

Share – Based Payments

The Company accounts for its share-based payments in accordance with IFRS 2, *Share-Based Payments*, which requires fair value measurement on the grant date and recognition of compensation expense for all share-based payment awards made. For options and warrants, the Company estimates the fair value using a closed option valuation (Black-Scholes) model. The fair value of restricted share awards is based upon the estimated fair value price of the common shares on the date of grant. The fair value is then expensed over the requisite service periods of the awards, net of estimated forfeitures, which is generally the performance period, and the related amount is recognized in the consolidated statements of comprehensive income (loss).

The Black-Scholes option-pricing model requires the input of certain assumptions that require the Company's judgment, including the expected term and the expected share price volatility of the underlying stock.

The assumptions used in calculating the fair value of stock-based compensation represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change resulting in the use of different assumptions, stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those share based rewards expected to vest. If the actual forfeiture rate is materially different from management's estimates, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

Share based payment reserve

The fair value of stock options is recorded as an expense on the grant date with a corresponding credit to share reserves. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Related Party Transactions

The Company follows IAS 24, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions. Related parties include: 1) The entity and the reporting entity are members of the same group. 2) One entity is an associate or joint venture of the other entity. 3) Both entities are joint ventures of the same third party. 4) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity. 5) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. 6) The entity is controlled or jointly controlled by a person identified as the related party in previous section. 7) A person having control or joint control of the reporting entity (or his close family member) has significant influence over the entity in question or is a member of the key management personnel of this entity (or of a parent of this entity). 8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transactions are required to be disclosed in the consolidated financial statements, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which a consolidated statement of comprehensive income is presented, and such other information deemed necessary to an understanding of the effects of the transactions on the consolidated financial statements; c) the dollar amounts of transactions for each of the periods for which a consolidated statement of comprehensive income is presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amounts due from or to related parties as of the date of balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

Adoption of New and Revised Standards and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of

Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates

The preparation of these consolidated financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Company’s reported amounts of assets, liabilities, and items in net income (loss), and the related disclosure of contingent assets and liabilities, if any. Such estimates are based on various assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net income (loss) that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and actual results may differ from these estimates under different assumptions or conditions. Set out below are the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of these consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Liquidity

Historically, the Company's primary source of liquidity has been its operations, capital contributions made by equity investors and debt issuances. The Company is meeting its current operational obligations as they become due from its current working capital and from operations. However, the Company has sustained losses since inception and may require additional capital in the future. As of March 31, 2023, the Company had an accumulated deficit of $119.8 million, a net loss attributable to the Company of $45.9 million and $19.5 million for year ended March 31, 2023 and 2022, respectively and net cash used in operating activities of $6 million and $10.5 million for the year ended March 31, 2023 and 2022, respectively. As per liquidity risk (see Note 26, *Fair Value of Financial Instruments and Financial Risk Factors*), the Company estimates that based on current business operations and working capital and planned financing, it will continue to raise additional funding to meet its obligations as they become due in the short term.

The Company is generating cash from revenues and deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are primarily being utilized for capital expenditures, facility improvements, product development and marketing.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages its liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. In the event sufficient cash flow is not available from operating activities, the Company may continue to raise equity or debt capital from investors in order to meet liquidity needs. If the Company is not able to secure adequate additional funding, the Company may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, or suspend or curtail planned programs. Any of these actions could materially harm the Company's business, results of operations and future prospects. There can be no assurance that such financing will be available or will be on terms acceptable to the Company.

Consolidation and Combination

The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over an entity, exposure or rights of variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are activities that significantly affect the investee's returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company's interest, without giving it power over the entity.

Prior to the RTO and other acquisitions, and as of March 31, 2022, FBH owned 56% of 14R and 89% of DB Innovations from the Final Bell Roll-Up Transaction on December 27, 2020 and pursuant to a Formation and Contribution Agreement. As a result of the RTO and other acquisitions that closed on November 30, 2022, the Company fully acquired 100% of 14R, FBH, and FB Canada at March 31, 2023. The Company continues to retain its 89% ownership in DB Innovations at March 31, 2023.

On January 1, 2021, FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. ("WCC"), totaling 813 shares or 81.3% of the total ownership stake. On May 17, 2021, FBH purchased 220 shares (22.0% of WCC) for $2,000,000 and on November 30, 2021, acquired an additional 593 shares of WCC for $5,400,000. FBH classified its investment in WCC as an investment in associate from May 17, 2021 to November 30, 2021 based on management's judgement that FBH had significant influence through its ownership of 22.0% of WCC and on November 30, 2021 transferred its investment in WCC to a business acquisition based on management's assessment that it had control through its 81.3% ownership interest.

All inter-company transactions, balances, income and expenses are eliminated through the consolidation process. The accounts of all subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Determination of Cash Generating Units ("CGUs")

Management is required to use judgment in determining which assets or group of assets make up appropriate CGUs, for the level at which goodwill and intangible assets are tested for impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent on the cash inflows from other assets or groups of assets. Determining the impact of impairment requires significant judgment in identifying which assets or groups of assets form CGUs of the Company. As of March 31, 2023, the Company's CGUs have been identified at the operating entity level and consist of 14R, Final Bell U.S., and FB Canada. The units cannot be separated further due to the level of integration, and to a certain degree, interdependence between products and services lines within the business.

Purchase Price Allocation

Applying the acquisition method to the business combination requires each identifiable asset and liability to be measured at acquisition date fair value. The excess, if any, of the fair value of the consideration over the fair value of the net identifiable assets is allocated to goodwill. The assumptions and estimates relating to the determination of fair value require management to use a high degree of judgement and includes estimates of future incomes, cash flows and discount rates. Changes in any of these estimates or assumptions could result in changes in fair values assigned to the consideration for the acquisition and the fair value of the assets, liabilities and goodwill in the purchase price allocation.

Fair Value of Financial Instruments

Certain financial instruments, such as contingent liability and preferred stock liability, are measured at fair value. The Company uses judgement in selecting the methods used to make certain assumptions and in performing the fair value calculations in order to determine the fair value measurements for financial instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. See Note 26.

Useful life of property, plant and equipment and intangible assets with finite useful lives

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives.

Components of an item of property, plant and equipment may have different useful lives. The Company makes estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires taking into account industry trends and company-specific factors. The Company reviews depreciation methods, useful lives and residual values annually or when circumstances change and adjusts its depreciation methods and assumptions prospectively.

Expected credit losses

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Discount rate used in adoption of IFRS 16

The determination of the Company's lease liabilities, right-of-use assets, and net investment in leases depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

Income and other taxes

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences

Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the consolidated statements of financial position, a charge or credit to income tax expense included as part of net income (loss) and may result in cash payments or receipts. Judgment includes consideration of the Company's future cash requirements in its tax jurisdictions.

All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

Share-based payment transactions and warrants

The Company measures the cost of equity-settled transactions with officers, directors, warrants, and options by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair values for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain and changes in these assumptions will affect the fair value estimates. No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

Inventory obsolescence

Inventories are stated at a lower of cost and estimated net realizable value. The Company estimates net realizable value as the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices.

Functional currency

Determining the appropriate functional currencies for entities in the Company requires analysis of various factors, including the currencies and country specific factors that mainly influence sales prices, and the currencies that mainly influence labor, materials, and other costs of providing goods or services. The Company's functional currency is the Canadian dollar ("CAD"), and its presentation currency is the United States dollar ("USD").

4. REVERSE TAKE-OVER AND RELATED ACQUISITIONS

Share Exchange Agreement

On November 30, 2022, the Company completed an acquisition pursuant to the FBH SEA whereby shareholders of FBH received PV Shares. Each common share of FBH was exchanged for 0.696 of a PV Share. The combination constituted a RTO transaction whereby, following the closing of the share exchange, FBH is now a wholly-owned subsidiary of the Company and the Company will carry on the business of FBH.

At the time of the acquisition, the Company's assets consisted primarily of cash, accounts receivable and convertible note receivable and it did not have any processes capable of generating outputs; therefore, the Company did not meet the definition of a business. Accordingly, as the Company did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the acquisition did not constitute a business combination; however, by analogy it has been accounted for as a reverse take-over following the guidance set out in IFRS 2 *Share-based Payment*. Therefore, FBH, the legal subsidiary, has been treated as the accounting acquirer, and the Company, the legal parent, has been treated as the accounting acquiree. The assets acquired and liabilities assumed were recorded at their estimated fair values, which are based on management's estimates and independent third party valuations.

Upon completion of the RTO the shareholders of FBH received 1,735,964 (of which 3,374 was issued to an advisor to the transaction) PV Shares in exchange for 2,495,072 FBH shares on a 1:0.696 basis. The consideration relating to the deemed shares issued in the reverse acquisition was based on the fair value of SV Shares of $12,995,579 based on the fair value of $0.90 per share of the Company on November 30, 2022. The fair value was estimated using a probability-weighted expected return method ("PWERM") with the following assumptions:

Probability	100.0%
Implied event date	November 30, 2022

Management determined that due to the short-term nature of cash, accounts receivable, convertible note receivable, accounts payable, accrued expenses and secured loan, the carrying amounts of these items approximate their fair values. The convertible note payable was recorded at fair value using a Black-Scholes Merton option pricing model for the conversion feature and a probability-weighted amortized cost method under two distinct redemption scenarios for the principal to be repaid with the following assumptions:

Volatility	56.0%
Risk-free rate	4.2%
Dividend yield	0.0%
Time in years	1.17

As the acquisition was not considered a business combination, the excess of consideration paid over the net assets acquired together with any transaction costs incurred for the RTO is expensed as a listing expense in accordance with IFRS 2 *Share-based Payments*.

<u>Purchase price consideration paid:</u>

Fair Value of Shares Issued	$ 12,995,579
Total Consideration	$ 12,995,579

* the estimated fair value of the Common Shares was based on the deemed valuation of the Company after giving pro forma effect to the completion the transacions contemplated by the FBH SEA agreements.

Net assets acquired (FBHI at November 30, 2022):

Cash	$ 517,973
Accounts Receivable, Net	31,600
Notes Receivable	33,890,298
Accounts Payable	(514,327)
Accrued Expenses	(32,138)
Senior Secured Term Loan Facility	(21,000,000)
Unsecured Convertible Notes	(19,522,490)
Warrant Liability	(2,213,000)
Total Identifiable Net Assets	(8,842,084)
Excess of Purchase Price over Fair Value of Assets Acquired (expensed)	21,837,663
Net Assets Acquired	$ 12,995,579

14th Round Minority Acquisition

Further to the FBH SEA, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company with an estimated fair value of $48,638,936 based on the deemed valuation of the Company after giving pro forma effect to the completion the transacions contemplated by the FBH SEA agreements. As a result of the close of the acquisition, 14R became a wholly-owned subsidiary of FBHI. As of March 31, 2023, PV Shares of the Company were not yet issued to 14R minority shareholders that either dissented to the transaction or had options and / or warrants that were to be reissued by FBHI at a later date. Refer to Note 19, *Shareholders' Equity* for discussion of the modification of the 14R options and warrants as a result of this transaction.

Carrying amount of NCI acquired	2,085,790
Consideration paid to NCI	51,838,866
A decrease in equity attributable to owners of the Company	**$(49,753,076)**

FB Canada Acquisition

On November 30, 2022, the Company completed the acquisition of all the outstanding shares of FB Canada according to the terms of the FB Canada SPA in order to faciliate the Company's entry into the Canadian cannabis market. Management determined that this acquisiton meets the definition of a business under IFRS 3 and therefore the transaction was accounted as a business combination. As a result of the control obtained through the acquisition, the fair value of the assets and liabilities of FB Canada were consolidated into the Company's financial statements as of November 30, 2022. Total purchase consideration for FB Canada had a fair value of $20,406,374 and consisted of the following:

Cash	$ 2,486,705
Promissory notes	1,115,677
Estimated fair value of shares issued	3,934,190
Contingent Consideration	582,706
Settlement of Pre-existing Relationship	12,287,096
Total Consideration	$ 20,406,374

The Company issued (as part of the total consideration for the FB Canada acquisition) a promissory note to the FB Canada sellers in the aggregate amount of $1,224,795 (C$1,650,000), which had a fair value of $1,115,677

(C$1,503,000) as of the date of acquisition. The fair value of the promissory note was determined by the Company's third-party valuation specialists and was based on the time value of money. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C$5,000,000. The consideration relating to the SV Shares issued for the acquisition was based on the fair value of the 4,453,609 SV Shares issued having a fair value of $3,934,190 based on the fair value of CAD$1.19 per SV Share of the Company on November 30, 2022. The fair value was estimated by third-party valuation specialists using an Option Price Method – Backsolve ("OPM Backsolve") model with the following assumptions:

Equity Volatility	58.0%
Weighted average risk-free interest rate	4.7%
Term to exit (years)	1.00

Contingent consideration is to be issued if FBHI issues shares at a valuation that is less than $250,000,000 in connection with a listing of FBHI SV Shares on a public stock exchange or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than $250,000,000. The contingent consideration was valued using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

Equity Volatility	56.0%
Risk-free rate	4.26%
Risk-adjusted discount rate	15.0%
Term to exit (years)	1.00

The acquisition of FB Canada effectively settled pre-existing relationships with FBH and 14R, and accordingly has been included within purchase consideration. As of March 31, 2023, management is still in the process of finalizing the purchase acccounting for the acquisition of FB Canada, and accordingly, the provisional amounts below are subject to adjustment during the one-year measurement period allowed under IFRS 3.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed with a purchase price of $20,406,374:

Cash	$ 1,251,005
Accounts Receivable, Net	4,342,935
Inventories	4,064,749
Other Currents Assets	561,970
Property and Equipment, Net	569,182
ROU Asset	572,609
Intangible Assets	8,929,869
Accounts Payable	(3,187,962)
Accrued Expenses	(108,661)
Performance Obligation	(349,561)
ROU Liability	(572,609)
Total Identifiable Net Assets	16,073,526
Goodwill	4,332,848
Preliminary Fair Value of Assets Acquired and Liabilities Assumed	$ 20,406,374

For the year ended March 31, 2023, FB Canada contributed revenue of [$6,479,761] and loss of [$1,834,309] to the Company's consolidated results. If the acquisition had occurred on April 1, 2022, management estimates that consolidated revenue would have been $[82,878,207] and consolidated net loss would have been $[58,334,552].

5. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in reputable financial institutions in Canada and financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations. The Company has not historically experienced any material losses. The Company's cash held in foreign banks are not subject to FDIC insurance coverage and at March 31, 2023 and March 31, 2022 the Company had $218,522 and $283,544, respectively, in foreign banks.

The Company provides credit in the normal course of business to customers located throughout the U.S. and Canada. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

As of March 31, 2023, $2,406,675 (March 31, 2022 - $3,503,098) was included in trade accounts receivable for these three hardware and packaging customers. In management's opinion, these customers could be replaced by other customers, if necessary.

One of the Company's hardware suppliers accounted for 45% of the cost of goods sold for the year ended March 31, 2023 (year ended March 31, 2022 – 51%). As of March 31, 2023, $10,981,191 (March 31, 2022, $7,055,799) was included in accounts payable and $157,737 (March 31, 2022 - $185,478) was included in prepaid expenses as amounts related to the Company's outsourced hardware and packaging manufacturer. In the management's opinion, the hardware and packaging supplies and manufacturing capabilities can be acquired from another outsourced manufacturer, if necessary.

6. ACCOUNTS RECEIVABLE

As of March 31, 2023 accounts receivable was $10,716,646 (March 31, 2022 - $12,360,287), primarily consisting of trade receivables, sales tax receivable and excise tax receivable, net of an allowance for expected credit losses. Sales tax receivable and excise tax receivable represent excess of input tax credits on purchased goods or services received over sales and excise tax collected on the taxable sales in Canada and the United States.

The following summarizes the changes in expected credit losses for the years ended March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
Opening Allowance	$ (3,849,236)	$ (1,969,166)
Additional Credit Loss Recorded	(408,577)	(1,880,070)
Bad Debt Recovery	2,414,530	-
Total	$ (1,843,283)	$ (3,849,236)

The Company records certain adjustments directly to accounts receivable and does not record such adjustments through the allowance for expected credit losses.

During the year ended March 31, 2023, the Company recorded a recovery of credit loss allowance due from related parties of $2,414,494. Due to the recovery of the credit loss allowance, the Company recorded a net bad debt recovery of $1,533,834 for the year ended March 31, 2023 (year ended March 31, 2022 – bad debt expense $6,714,440) in the consolidated statements of loss and comprehensive loss.

7. INVENTORY

As of March 31, 2023 and 2022, inventory consisted of the following:

	March 31, 2023	March 31, 2022
Inventory	$ 12,315,148	$ 9,884,524
Reserve	(317,465)	(546,727)
Inventory	**$ 11,997,683**	**$ 9,337,797**

The cost of goods sold is comprised of the cost of inventories sold during the period, provisions and write-downs for inventory that does not pass the Company's quality assurance standards and obsolete products and packaging. As of March 31, 2023, total write-downs of inventory recorded was $392,270 (March 31, 2022 - $438,143) and is recorded within costs of good sold in the consolidated statements of loss and comprehensive loss.

8. PREPAID EXPENSES

As of March 31, 2023 and 2022, prepaid expenses consisted of the following:

	March 31, 2023	March 31, 2022
Advances to Suppliers	$ 253,474	$ 847,149
Prepaid Facility Costs	-	350,598
Prepaid Insurance	160,741	106,104
Prepaid Cannabis License	86,666	57,408
Tax Installments	256,506	2,994
Prepaid Royalties	1,480,800	-
Prepaid Other	41,244	348,173
Total Prepaid	**$ 2,279,431**	$ 1,712,426

9. PROPERTY AND EQUIPMENT

As of March 31, 2023 and March 31, 2022, property and equipment consisted of the following:

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	Furniture and Fixtures	Machinery and Equipment	Tooling, Moulding and Dies	Leasehold Improvements	Automobiles	Computers	Total
Cost							
Balance as of April 1, 2022	$ 430,429	$ 4,011,234	$ 1,440,432	$ 1,265,532	$ 269,955	$ 363,701	$ 7,781,283
Additions	802	687,804	818,407	738,900	12,317	16,101	2,274,331
Acquisition of FB Canada	5,880	206,482	-	351,452	-	5,368	569,182
Disposals	-	(57,244)	-	(24,817)	(17,408)	-	(99,469)
Effect of Foreign Exchange	(640)	(101,935)	-	(2,325)	-	(1,119)	(106,019)
Balance as of March 31, 2023	**$ 436,471**	**$4,746,341**	**$ 2,258,839**	**$ 2,328,743**	**$ 264,864**	**$384,051**	**$10,419,308**
Accumulated Depreciation							
Balance as of April 1, 2022	$ 197,139	$ 1,183,430	$ 1,217,322	$ 243,902	$ 151,679	$ 174,781	$ 3,168,253
Depreciation	92,066	884,471	258,730	465,299	55,949	67,477	1,823,993
Disposals	-	(22,364)	-	-	(2,503)	-	(24,867)
Effect of Foreign Exchange	(231)	(15,504)	-	906	-	(420)	(15,249)
Balance as of March 31, 2023	**$ 288,974**	**$2,030,033**	**$ 1,476,052**	**$ 710,107**	**$ 205,126**	**$241,838**	**$ 4,952,131**
Net Book Value							
Balance as of April 1, 2022	$ 233,290	$ 2,827,804	$ 223,110	$ 1,021,630	$ 118,276	$ 188,920	$ 4,613,030
Balance as of March 31, 2023	**$ 147,497**	**$ 2,716,307**	**$ 782,787**	**$ 1,618,636**	**$ 59,738**	**$ 142,212**	**$ 5,467,177**
Cost							
Balance as of April 1, 2021	$ 227,483	$ 2,744,467	$ 1,124,933	$ 300,010	$ 215,677	$ 168,522	$ 4,781,092
Acquisition of Westside	133,637	245,925	15,211	765,806	-	-	1,160,579
Additions	69,070	995,534	300,288	344,198	54,278	194,781	1,958,149
Disposals	-	(18,981)	-	(149,648)	-	-	(168,629)
Effect of Foreign Exchange	239	44,289	-	5,166	-	398	50,092
Balance as of March 31, 2022	**$ 430,429**	**$4,011,234**	**$ 1,440,432**	**$ 1,265,532**	**$ 269,955**	**$363,701**	**$ 7,781,283**
Accumulated Depreciation							
Balance as of April 1, 2021	$ 153,161	$ 566,192	$ 972,536	$ 111,509	$ 102,900	$ 119,654	$ 2,025,952
Disposals	-	(4,436)	-	(36,332)	-	-	(40,768)
Depreciation	43,919	617,609	244,786	168,111	48,779	55,032	1,178,236
Effect of Foreign Exchange	59	4,065	-	614	-	95	4,833
Balance as of March 31, 2022	**$ 197,139**	**$1,183,430**	**$ 1,217,322**	**$ 243,902**	**$ 151,679**	**$174,781**	**$ 3,168,253**

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment and assesses their useful lives in accordance with IAS 36. The Company did not record any impairment losses related to its property and equipment during the year ended March 31, 2023 or the year ended March 31, 2022.

Depreciation expense for the year ended March 31, 2023 was $1,823,993 (year ended March 31, 2022 - $1,178,236).

10. INTANGIBLE ASSETS AND GOODWILL

Intangibles

The components of intangible assets as of March 31, 2023 and March 31, 2022 are as follows:

	Patents and Intellectual Property	Customer Relationships	Marketing Related Intangible Assets	Non-competition agreement	Licenses	Total
Balance March 31, 2021	$ 11,643,809	$ 1,085,000	$ 175,000	$ 12,500	$ -	$ 12,916,309
Acquisition of WCC	-	-	-	-	6,300,000	6,300,000
Amortization	(2,411,429)	(310,000)	(116,667)	(8,333)	(140,000)	(2,986,429)
Balance March 31, 2022	$ 9,232,380	$ 775,000	$ 58,333	$ 4,167	$ 6,160,000	$ 16,229,880
Acquisition of Final Bell Canada	$ -	$ 630,955	$ 1,588,522	$ -	$ 6,710,392	8,929,869
Amortization	(2,411,429)	(399,793)	(216,580)	(4,167)	(511,573)	(3,543,542)
Effect of Foreign Exchange	-	(2,756)	(6,982)	-	(29,872)	(39,609)
Balance March 31, 2023	$ 6,820,951	$ 1,003,406	$ 1,423,293	$ -	$ 12,328,947	$ 21,576,597

The Company's patents and intellectual property primarily relate to 14R's acquisition of Uneka, which occurred in October 2019. The patent and intellectual property had a fair value of $8,880,000 upon recognition, with an estimated useful life of 7 years. As of March 31, 2023, the carrying amount of the patent and intellectual property was $4,440,000 with a remaining useful life of approximately 3.5 years (March 31, 2022 – $5,814,286; 4.5 years).

The Company's licenses primarily related to FBH's acquisition of WCC on November 30, 2021 when the Company recognized the fair value of the WCC cannabis license under the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") (the "WCC License"). Management estimated a useful life of 15 years for the WCC License based on analysis of market and legislative trends and standard practice for intangibles. The license had a fair value of $6,300,000 upon recognition. As of March 31, 2023, the carrying amount of the license was $5,740,000 with a remaining useful life of approximately 14 years (March 31, 2022 – $6,160,000; 15 years).

On November 30, 2022, FBHI acquired FB Canada (see Note 4) and recognized the fair value of the following intangible assets acquired:

- Marketing and Related Intangible Assets with a fair value of $1,588,522 having an estimated useful life of 3.3 years valued using the relief from royalty income approach with the following assumptions:

Royalty Rate	2.0%
Discount Rate	17.0%
Tax Rate	26.5%

- Customer Relationships with a fair value of $630,955 having an estimated useful life of 2.3 years valued using the with and without income approach using a discount rate of 17.0%.
- License with a fair value of $6,710,392 having an estimated useful life of 24.3 years valued using the multi-period excess earnings method using a discount rate of 17.0%.

The Company reviews the carrying value of its intangible assets with definite lives in accordance with IAS 36 at each reporting period for indicators of impairment. No impairment losses were recorded for the year ended March 31, 2023 or 2022 related to the Company's intangible assets.

Amortization expense for the year ended March 31, 2023, was $3,543,542 (year ended March 31, 2022 - $2,986,429) and is recorded within depreciation and amortization within the consolidated statement of loss and comprehensive and loss.

Goodwill

Changes in the carrying amount of goodwill are as follows:

Balance March 31, 2021	$	-
Acquisition of WCC		2,029,682
Balance March 31, 2022	$	2,029,682
Acquisition of FB Canada (see Note 4)		4,332,848
Effect of Foreign Exchange		(19,327)
Balance March 31, 2023	$	6,343,203

On an annual basis, the Company assesses for indicators of impairment or when facts or circumstances suggest that the carrying amount may exceed the recoverable amount. Goodwill is tested for impairment annually.

FBHI performed its annual impairment test as of March 31, 2023 based on the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). The recoverable amount of the CGUs to which goodwill is allocated were determined based on FVLCD using Level 3 inputs in a discounted cash flow ("DCF") analysis. Where applicable, the Company uses its market capitalization and comparative market multiples to corroborate DCF results. The significant assumptions applied in the determination of the recoverable amount are described below:

i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by forecasted revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) margins. The Final Bell U.S. CGU forecast was extended to a total of 7 years (and a terminal year thereafter).
ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth;
iii. Post-tax discount rate: The post-tax discount rate is reflective of the CGU's Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, levered equity beta adjustment, an unsystematic size and Company-specific risk premium, and after-tax cost of debt based on the average interest expense of comparable companies; and
iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

11. LEASES

The Company records its lease liabilities in accordance with IFRS 16, and as a result recognizes the right-of-use ("ROU") assets and lease liabilities.

As of March 31, 2023, the Company's right of use asset consisted of the following:

	Cost	Amortization	Balance
Balance, March 31, 2021	**$ 2,305,958**	**$ (916,208)**	**$ 1,389,750**
Additions	4,527,511	(544,526)	3,982,985
Acquisiton of Westside	4,546,034	(209,013)	4,337,021
Transition to investment in sublease receivable	(1,772,666)	823,023	(949,643)
Effect of Foreign Exchange	-	10,436	10,436
Balance, March 31, 2022	**$ 9,606,837**	**$ (836,288)**	**$ 8,770,549**
Additions	778,266	(1,035,146)	(256,880)
Lease modification	(3,060,153)	190,335	(2,869,817)
Lease extinguishment	(404,904)	135,848	(269,055)
Effect of Foreign Exchange	(18,168)	(367)	(18,536)
Balance, March 31, 2023	**$ 6,901,879**	**$(1,545,618)**	**$ 5,356,262**

On May 7, 2018, 14R entered into a lease assignment agreement for its corporate office with a related party, which includes an option to extend or terminate the lease. 14R's monthly payments are $26,172, subject to a 3% annual increase during the duration of the lease term. On September 1, 2021, 14R subleased the space to a third party under the same terms as the original lease and recognized an investment in sublease receivable of $1,222,471 included in other long-term assets in the consolidated statements of financial position. The gain on the lease transition of $272,828 is included in general and administrative expense in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022. This sublease agreement resulted in the recognition of a net investment in sublease by 14R included under long-term assets in the statements of financial position.

On May 1, 2020, 14R entered into a lease agreement for factory space in China. 14R's average monthly payments for the lease term are RMB 48,382 subject to an 8% increase after two years. At inception, 14R recognized a ROU asset and a lease liability in the amount of $374,075. In February 2022, the lease was terminated resulting in the Company forfeiting a two-month deposit for an immaterial amount. A gain on the lease termination of $28,844 is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On June 24, 2021, 14R entered into a lease assignment agreement for its warehouse space with a 5 year lease term commencing September 1, 2021, which includes two renewal options for 60 months each. 14R's monthly payments are $26,053, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $1,396,353.

On September 29, 2021, 14R entered into a lease agreement for office space with a 6 year lease term commencing March 1, 2022. The lease includes a renewal option for 60 months. 14R's monthly payments are $40,540, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $3,013,623. On February 3, 2023, 14R terminated the lease resulting in a gain on lease termination of $239,941 recorded within other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On November 30, 2021, FBH acquired WCC which had a lease agreement for its warehouse space. At acquisition, FBH recognized a right of use asset and a lease liability in the amount of $4,546,034, using its incremental borrowing rate of 7.33%.

On January 15, 2022, FBH entered into a lease agreement for office space with a 2-year lease term commencing January 15, 2022. The lease includes a renewal option for 24 months. FBH's monthly payments were $6,250, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $117,535. On August 1, 2022, the lease was amended to reduce the office space and lower the monthly payments to $1,950 subject to a 3% annual increase for the remainder of the lease term. A gain on the lease amendment of $25,171 is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On January 20, 2022, 14R entered into a lease agreement for a factory to be used for production in China. 14R's average monthly payments for the lease term are RMB 32,373 subject to an 10% increase after ten years. At inception, 14R recognized a ROU asset and a lease liability in the amount of $205,657.

On November 30, 2022, FBHI acquired FB Canada (see Note 4, *Reverse Take-Over and Related Acquisitions*) which had a lease agreement for its office space. At acquisition, FBHI recognized a right of use asset and a lease liability in the amount of $572,609 using FB Canada's incremental borrowing rate of 23.7%.

For the year ended March 31, 2023, the Company recognized amortization and interest expense in the amounts of $1,035,146 and $499,438 (year ended March 31, 2022 - $753,539 and $323,411), respectively. As of March 31, 2023, the right-of use asset and lease liability balances were $5,356,262 and $6,398,812 (March 31, 2022 - $8,770,549 and $10,120,115), respectively.

A reconciliation of the lease liabilities for the years ended March 31, 2023 and 2022 are as follows:

	March 31, 2023	March 31, 2022
Balance, Beginning of Period	$ 10,120,115	$ 1,639,313
Acquisition of WCC	-	4,546,034
Acquisition of Canada	572,609	-
Lease amendment	(3,134,930)	-
Lease extinguishment	(297,900)	-
Lease Additions	205,657	4,527,511
Lease Payments	(1,548,080)	(927,317)
Interest Expense on Lease Liability	499,438	323,411
Foreign Currency Adjustment	(18,098)	11,163
Balance, End of Period	$ 6,398,812	$ 10,120,115

Future minimum payments due under the Company's operating leases are as follows:

Year Ended March 31	Operating Lease Payment
2024	1,704,593
2025	1,728,282
2026	1,449,421
2027	1,162,798
Thereafter	1,835,585
Total Lease Payments	7,880,680
Less Imputed Interest	(1,481,868)
Total	$ 6,398,812
Less: current portion	(1,213,486)
Lease Liability, Net of Current Portion	**$ 5,185,326**

A reconciliation of investment in sublease for the year ended March 31, 2023 and the year ended March 31, 2022 is as follows:

	March 31, 2023	March 31, 2022
Balance, Beginning of Period	$ 1,055,250	$ -
Transition from Lease Liability	-	1,222,471
Lease Payments Received	(361,669)	(207,515)
Interest Income	65,445	40,294
Balance, End of Period	$ 759,026	$ 1,055,250

Future minimum payments receivable under the Company's investment in sublease are as follows:

Year Ended March 31	Operating Lease Receivable
2024	$ 372,680
2025	384,296
2026	64,856
2027	-
Total Undiscounted Lease Receivable	821,832
Less Imputed Interest Income	(62,806)
Total	$ 759,026
Receivable	(329,302)
Investment in Sublease, Net of Current Portion	**$ 429,724**

12. NOTES RECEIVABLE – RELATED PARTY

FB Canada

During the year ended March 31, 2022, FBH entered into a promissory note and related amendments with FB Canada, whereby FBH agreed to lend FB Canada $5,639,500. The note bore interest at a rate of 8% per annum calculated on the principal outstanding. On November 30, 2022, the Company completed the acquisition of FB Canada (see Note 4, *Reserve Take-Over and Related Acquisitions*), and the balance of the promissory note was determined to be a pre-existing relationship and accordingly, was included in purchase consideration. As a result, as of March 31, 2023, the balance of the principal and accrued interest was $nil (March 31, 2022 - $5,950,630). During the year ended March 31, 2023, the Company accrued $nil (year ended March 31, 2022 - $311,130) in interest on the loan that is included in other income (expense) in the consolidated statements of loss.

13. INVESTMENTS

GSW Creative Corporation dba dosist ("GSW")

On March 15, 2021, FBH executed a stock purchase agreement with GSW to purchase 8,000,000 shares of its Series B-1 Preferred Stock at $0.625 per share for a total consideration of $5,000,000, representing 4% of the outstanding shares of GSW. GSW is a wellness company empowering people to naturally manage their health through dose-controlled cannabis therapy. The purchase closed in May 2021. In November 2021, FBH executed a licensing agreement with GSW which provides FBH the right to manage the manufacturing, sale and distribution of GSW's products in exchange for a sales-based royalty. At March 31, 2023 and 2022, management assessed the fair value of its investment in GSW as $nil.

The loss on the change in fair value of the investment of $5,000,000 is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

Sherbinskis

On August 5, 2021, FBH executed a stock purchase agreement with Elysian Group, Inc. ("Elysian"), which owns the trademarks for the brand Sherbinskis ("Sherbinskis"), whereby FBH agreed to purchase 17,400 shares of Elysian Common Stock, representing a 3.8% ownership interest, at a price of $143.68 for an aggregate purchase price of $2,500,000. In September 2021, FBH completed a cash payment of $2,000,000 to Elysian and made other payments of $48,819 related to the purchase. At March 31, 2023 and 2022, management assessed the fair value of its investment in Sherbinskis as $nil. The loss on the change in fair value of the investment of $2,048,819 is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

During the year ended March 31, 2023, the Company recorded discounts of $130,190 related to customer manufacturing incentives, which are included in revenue in the consolidated statement of loss and comprehensive loss.

14. ACCRUED EXPENSES

As of March 31, 2023 and 2022, accrued expenses consisted of the following:

	March 31, 2023	March 31, 2022
Goods Received/Not Invoiced	**$ -**	$ 4,492,514
Credit Card Payable	**3,149**	21,629
Accrued Salaries	**517,825**	577,148
Accrued Audit and Tax Fees	**-**	25,000
Accrued Interest Expense	**1,032,300**	16,405
Other	**1,621,742**	202,558
Total Accrued Expenses	**$ 3,175,016**	**$ 5,335,254**

15. CREDIT FACILITIES

East West Bank ("EWB")

In February 2022, 14R entered into a credit agreement with EWB, whereby EWB will provide an Asset Based Lending Facility (the "ABL Facility") in the amount of up to $5,000,000 to fund the 14R's working capital needs. The ABL Facility matures on January 5, 2024 and is secured by 14R's inventory and accounts receivable. If at any time the aggregate principal amount of the ABL Facility exceeds the Borrowing Base (the lesser of $5,000,000 and 80% of eligible accounts receivable), 14R is required to immediately repay, upon written or oral notice from EWB, an amount equal to the difference between the outstanding principal balance and the Borrowing Base. Interest on amounts drawn under the ABL Facility will be paid monthly at the Wall Street Journal Prime rate plus 2.50% per annum, subject to a minimum interest rate of 5.75% per annum. Principal payments shall be made based on borrowing base availability. The balance of the unpaid principal and any unpaid interest is due and payable on January 5, 2024. The ABL Facility contains certain covenants, including but not limited to a Minimum Fixed Charge Coverage Ratio of 1.50x to be tested on a quarterly basis. The Company is required to provide audited financial statements to EWB for its debt covenant requirements. As of November [X], 2023, the Company is not in compliance with its debt covenant compliance requirements due to the delay in providing the audited annual financial statements. However, the Company has received an extension from EWB. During the year ended March 31, 2023, 14R drew down $1,531,203 on the credit facility, recorded $375,151 in interest expense and repaid principal and interest of $2,289,514. As of March 31, 2023, the principal balance of the lending facility was $3,078,588 (March 31, 2022 - $3,468,797). Interest accrued of $23,453 at March 31, 2023 (March 31, 2022 - $16,405) is included in accrued expenses in the statements of financial position.

Short-Term Financing Facility

In September 2022, the Company entered into a short-term financing facility with Fusion LLF, LLC (dba "Leaflink Financial") and borrowed $3,996,527. On November 28, 2022, the Company drew down an additional tranche of funding from Leaflink Financial in the principal amount of $700,695. The additional tranche matured on February 21, 2023 and accrues interest at 2.0% per month. Thus, during the year ended March 31, 2023, the Company drew down a total of $4,697,223 against the facility, incurred interest expense of $426,067 and made repayments of principal and interest of $[5,123,289]. As of March 31, 2023, the principal and accrued interest outstanding on the facility was $nil and the principal amount along with accured interest were repaid in cash during the year ended March 31, 2023.

16. INCOME TAXES

The income tax provision for the periods consists of the following:

	March 31, 2023	March 31, 2022
Current:		
Federal	$ 2,247,610	$ 229,355
State	998,783	-
Foreign	12,132	19,688
Total Current Tax Expense	3,258,525	249,043
Deferred:		
Federal	(2,320,288)	(1,394,443)
State	(544,544)	601,816
Total Deferred Tax Expense	(2,864,832)	(792,627)
Total Tax Provision	$ 393,693	$ (543,584)

A reconciliation of total income tax expense and the amount computed by applying the statutory income tax rate of 21% to loss before provision from income taxes is as follows:

	March 31, 2023	March 31, 2022
Net income before tax	$ (49,350,801)	$ -
Computed expected tax benefit	$ (10,363,669)	$ (4,104,890)
Changes in Income Taxes Resulting From:		
State taxes (net of federal tax benefits):	454,239	(1,266,228)
Change in benefits not recognized	1,077,703	1,921,385
Foreign tax rate differential	(235,413)	17,230
Reverse-takeover transaction cost	3,798,107	-
Non-deductible 280E	2,476,494	2,795,020
Change in FV of instruments	1,150,331	207,147
Non-deductible professional fees	4,197,570	-
Impact of acquisition	(1,916,533)	-
Inversion income	(2,393,872)	-
RTP adjustments	1,456,215	(114,483)
Permanent difference and other	692,521	1,236
Total Income Tax (Recovery) Expense	$ 393,693	$ (543,584)

The tax effects of temporary differences giving rise to deferred tax assets and deferred tax liabilities as of as of March 31, 2023 and 2022 are set out below:

	March 31, 2023	March 31, 2022
Deferred income tax assets:		
Net Operating Losses	**655,521**	592,963
Accrued Expenses	-	30,975
Stock Based Compensation	**345,769**	414,828
Fixed assets and Intangibles	**304,819**	-
Investments	-	-
Reserves and Allowances	**1,575,390**	593,941
Leases	-	65,380
Other	**(129,664)**	-
Gross Deferred Tax Assets	**2,751,835**	1,698,087
Deferred Tax Liabilities:		
Depreciable asset basis differences	-	(1,623,253)
Convertible Debenture	-	-
Stock Based Compensation	-	-
Fixed assets and Intangibles	**(525,857)**	(544,544)
Leases	**169,144**	-
Total Deferred Tax Liabilities	**(356,713)**	(2,167,797)
Net Deferred Tax Assets	**2,395,122**	(469,710)

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

Pursuant to Section 382 of the Internal Revenue Code, utilization of net operating losses may be subject to annual limitations in the event of a change in ownership. There has been a change of ownership with respect to the acquisition of WCC. A formal study has not been completed, thus the historical net operating loss carryforwards might be subject to limitation. The Company has net operating loss carryforwards for California income tax purposes of approximately $31,360,025 as of March 31, 2023. The state net operating loss carryforwards, if not utilized, will expire beginning in 2038.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assesses the positive and negative evidence to determine if sufficient future taxable income will be generated to use its existing deferred tax assets. As of March 31, 2023 the Company has not recorded a deferred tax asset related to its US state net operating loss carryforwards of $31.3 million, Canada net operating loss carryforwards of $3.6 million and other foreign net operating loss carryforwards of $1.1 million.

The Company files income tax returns in the US, various state jurisdictions, Canada, and other foreign jurisdictions, and is subject to examination of its income tax returns by tax authorities in these jurisdictions who may challenge any item on these returns.

17. HOLDBACK AND CONTINGENT LIABILITY

On October 1, 2019, 14R obtained control of Uneka Concepts, Inc. ("Uneka") through a management service agreement. Uneka is a successful, private company, the acquisition of which provided 14R with backward integration of a portion of its supply chain. Through the management service agreement, 14R had the power to control the relevant activities of Uneka, provides for exposure to variable returns and through its control, is able to use its power to affect the amount of returns to 14R. As a result of the control obtained, the assets and liabilities were consolidated into 14R's consolidated financial statements. The acquisition was accounted for in accordance with IFRS 3. The assets consisted primarily of the cash, accounts receivable, inventory, property and equipment, customer relationships, intellectual property and certain other assets. The liabilities assumed consisted of accounts payable and various accrued liabilities. Subsequently, on February 26, 2020, 14R acquired 100% ownership of Uneka through entering into an Agreement and Plan of Merger.

As consideration for the acquisition, 14R issued 50,813 shares of its common stock with a per share fair value of $246, based on management's estimate of the fair value of 14R's stock, for an aggregate purchase price of $12,499,998. In addition, 14R would pay $500,000 in cash, subject to any holdbacks for indemnification, one year after closing (the "Holdback Payable"). The net present value of the Holdback Payable on formation and roll up was $497,636. Additionally, 14R had a working capital adjustment based upon the final closing working capital of $408,233. The resulting holdback liability (the "Holdback Liability") at the date of formation and roll up was $89,402. During the six months ended September 30, 2021, the balance of the Holdback Liability of $197,279 was paid. Additional consideration up to $500,000 would be paid in cash on March 31, 2021 and March 31, 2022, contingent on gross profit milestones of $5 million and $6 million, respectively, being met. The net present fair value of the contingent consideration (the "Contingent Liability") was estimated at $479,681 at the date of formation and roll up. As of March 31, 2023, the fair value of the Contingent Liability was $nil (March 31, 2022 - $499,623). During the year ended March 31, 2023, the Company made payments of $318,500 against the liability (March 31, 2022 - $440,000).

On November 30, 2022, FBHI obtained control of FB Canada (Note 4, *Reverse Take-over and Related Acquisitions*). Additional FBHI SV Shares are required to be issued by FBHI if FBHI issues shares at a valuation that is less than $250,000,000 in connection with the listing of SV Shares or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than $250,000,000. As of March 31, 2023, neither of these events had occurred and the fair value of the contingent consideration liability was $549,808 (C$744,000) (see Note 26, *Fair Value of Financial Instruments and Financial Risk Factors* for further details).

18. DEBT

	March 31, 2022	Additions	Payments	Interest	Acquired through Acquisition	Amortization	Change in Fair Value	FX	March 31, 2023
Related Party Loans	3,215,999	1,362,828	(3,328,827)	-	-	-	-	-	**1,250,000**
Credit Facility	3,468,797	6,228,426	(6,831,509)	212,874	-	-	-	-	**3,078,588**
Unsecured Convertible Notes	-	-	-	-	19,522,490	-	(728,268)	592,415	**19,386,637**
Promissory Note	-	1,115,677	-	-	-	-	-	(5,463)	**1,110,214**
Notes Payable	27,897,907	5,650,000	-	-	(33,890,298)	-	-	342,391	-
Secured Term Loan	-	4,000,000	-	-	17,972,245	123,080	-	-	**22,095,325**
Total	**34,582,703**	**18,356,931**	**(10,160,336)**	**212,874**	**3,604,437**	**123,080**	**(728,268)**	**929,343**	**46,920,764**

	March 31, 2021	Additions	Payments	Interest	Acquired through Acquisition	Amortization	hange in Fair Valı	FX	March 31, 2022
Related Party Loans	1,278,921	1,930,000	(1,347)	8,425	-	-	-	-	**3,215,999**
Credit Facility	-	3,468,797	-	-	-	-	-	-	**3,468,797**
Notes Payable	-	26,648,388	-	1,249,519	-	-	-	-	**27,897,907**
Total	**1,278,921**	**32,047,185**	**(1,347)**	**1,257,944**	-	-	-	-	**34,582,703**

FBHI Notes Payable

On May 10, 2021, Final Bell Corp (the California entity) entered into a convertible note agreement with the Company in the principal amount of $6,250,000. The note bore interest at a rate of 7.00% per annum calculated on the principal outstanding. On May 24, 2021, July 29, 2021, October 13, 2021, November 22, 2021, September 6, 2022, October 14, 2022 and November 15, 2022, the Company subscribed for additional principal amounts of $7,570,000, $3,400,000, $400,000, $9,028,388, $500,000, $1,550,000 and $3,600,000, respectively, under the same terms. The notes give the Company the right to convert the principal and interest outstanding into equity securities of Final Bell Corp at any time up to the maturity date at price of $2,000,000 per equity security. In the event Final Bell Corp raises $50 million (including through a series of financings) in equity securities, the conversion price will be adjusted to 80% of the price in that equity raise (or in the event it issues a series of equity raises, the weighted average price thereof). As a result of this provision, the conversion option does not have a fixed settlement amount and was designated a financial liability. The estimated fair value of the conversion option at inception and as at December 31, 2021, was immaterial and has not been recorded. The Company recognized interest expense related to these notes of $1,551,415 for the year ended March 31, 2023 (year ended March 31, 2022 - $1,249,519). On November 30, 2022, the Company completed the RTO with FBH under the terms of the FBH SEA (see Note 4, *Reverse Take-over and Related Acquisitions* for details) and the intercompany notes totaling $33,890,298 were eliminated in consolidation. As a result, of March 31, 2023, the balance of the loan, including interest accrued, was $nil (March 31, 2022 - $27,897,907).

Unsecured Convertible Notes

Throughout calendar year 2021, the Company completed private placements of the Unsecured Convertible Notes in the aggregate principal amount of C$22,770,000, primarily to further invest in and build the business operations of FBH and 14R. The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the "Indenture") dated May 6, 2021 and will mature on January 31, 2024 (the "Maturity Date"). The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue and will be payable semi-annually in either cash or SV Shares, at the discretion of the Company. See Note 28, *Amendment to the Unsecured Convertible Notes,* for information relating to the conversion terms of the Unsecured Convertible Notes.

The Unsecured Convertible Notes are subordinated to the senior indebtedness of the Company but rank pari passu with other issues of Unsecured Convertible Notes and, subject to statutory preferred exceptions, with all other present and future unsecured indebtedness of the Company. As the conversion price of the Unsecured Convertible Notes was variable during the fiscal year ended March 31, 2023, the Company accounted for the notes as a hybrid financial instrument with separate debt and derivative liability components.

The balance as of March 31, 2023 was $19,386,637 and a loss on change in fair value of the Unsecured Convertible Notes of $728,268 was recognized for the year ended March 31, 2023 (see Note 26, *Fair Value of Financial Instruments and Financial Risk Factors*). The Company incurred interest expense of $910,800 for the year ended March 31, 2023 and accrued $77,356 of interest payable on the Unsecured Convertible Notes as of March 31, 2023.

Secured Convertible Notes

On November 17, 2021 the Company issued an aggregate amount of C$13,000,000 of Secured Convertible Notes as part of a units private placement comprised of Secured Convertible Notes and Warrants between the Company and the Trustee. Interest was payable on such notes at a rate of 8% per annum and was payable on the maturity date. The maturity date for the Secured Convertible Notes was six months after closing being May 18, 2022. Most of the net proceeds from the issuance the Secured Convertible Notes were used by the Company to invest in and further develop the business of FBH. In connection with the issuance of the Secured Convertible Notes, the Company issued 13,000 contingent share purchase Warrants to the Trustee with an exercise price of C$1.95. As the fair value of the Warrants is affected by the changes in the fair value of the underlying SV Shares, the Company accounted for the Warrants as a derivative liability.

On May 17, 2022, the Company entered into a first supplemental indenture to the trust indenture dated November 17, 2021, to extend the maturity date to August 17, 2022, increase the interest rate to 12.0%, permit additional indebtednesss, among other adjustments to the original agreement. In consideration for the amendments and adjustments to the trust indenture, the Company paid an amendment fee to the note holders in the amount of C$1,300,000 (being 10% of the outstanding aggregate principal amount of the Notes outstanding as of the Amendment Date).

On August 30, 2022, the Company fully repaid and retired the Secured Convertible Notes and entered into a supplement to the Warrant indenture governing the contingent share purchase warrants that were issued to the holders of the Secured Convertible Notes. As a result of the supplement, and upon completion of the RTO and other acquisitions, the exercise price for the contingent share purchase warrants was adjusted to C$0.92 and the Warrants were released to the holders of the Secured Convertible Notes having a fair value of $2,213,000 as of the RTO date (November 30, 2022) and included in the net assets acquired of FBHI. As of March 31, 2023, the fair value of the Warrants was determined to be $2,286,000 resulting a loss on derivative finacial instruments of $82,925, inclusive of the effect of foreign exchange (see Note 26, *Fair Value of Financial Instruments and Financial Risk Factors*).

Senior Secured Term Loan Facility

On August 18, 2022, the Company entered into a loan agreement with Golden Iris International Limited, which provided for a senior secured term loan facility of up to $25 million (the "Term Loan"). The proceeds of the Term Loan were used to repay the Secured Convertible Notes plus all accrued interest, costs and expenses related thereto, including the amendment fee, and are also available to finance growth initiatives, pay the cash portion of the purchase price pursuant to the FB Canada SPA, and provide for ongoing working capital requirements. The Term Loan has a maturity date of August 18, 2025 (the "GI Loan Maturity Date") and bears interest from and including each funding date at a rate of 12.0% per annum, the first half of which (6.0% per annum) is payable quarterly, and the second half of which (6.0% per annum) accrues quarterly and is due and payable on the GI Loan Maturity Date or earlier repayment in full of the Term Loan.

The Term Loan also provides for an incentive payment to the senior lender in an amount equal to the full amount of the Term Loan plus interest thereon, which was satisfied through the issuance of a share purchase warrant following funding and another share purchase warrant on equivalent terms following repayment of the Term Loan in respect of the second half of the interest rate accrued to such time.

At March 31, 2023, $25,000,000 of the Term Loan had been fully funded across four funding tranches. The first three tranches (first tranche of $13,000,000, funded on August 30, 2022, second tranche of $4,000,000, funded on October 12, 2022, and the third tranche of $4,000,000, funded on November 15, 2022) occurred prior to the RTO date and was included in the net assets acquired of FBHI on November 30, 2022. The fourth tranche of $4,000,000 was funded post-RTO on January 25, 2023. Accordingly, accrued interest payable (the first half of the interest) on the Term Loan totaled $356,055 for the year ended March 31, 2023. The same amounts for the respective time periods were accrued (the second half of the interest) and added to the balance of the Term Loan and are due at maturity. The Company is required to file its annual audited financial statements on SEDAR+ and provide the audited annual financial statements to Golden Iris for its debt covenant requirements. As of November [X], 2023, the Company is not in compliance with its debt covenant compliance requirements due to the delay in filing its audited annual financial statements. However, the Company has received an extension from Golden Iris.

Upon the full funding and closing of the Term Loan on January 25, 2023, the incentive payment for the term loan amount became due and payable to Golden Iris. On February 1, 2023, the Company issued one (1) warrant to Golden Iris exercisable into 28,089,888 SV Shares at an exercise price of $0.89. The warrant expires on August 17, 2025. At inception, the warrant was classified and recorded as an equity instrument at its residual value of $3,027,755 within the statements of changes in shareholders' equity. The balance of the secured team loan, net of discount of $2,904,675, as at March 31, 2023 was $22,095,325. Amortization of the debt discount totaled $123,080 for the year ended March 31, 2023.

Bridge Acquisition Loan

In December 2022, the Company strengthened its balance sheet to opportunistically look at acquisitions in its operating territories and secured debt financing in the aggregate principal amount of $1,250,000 from a group of strategic investors, which will be used to provide bridge and acquisition financing for potential targets in the operating territory. The Bridge Acquisition Loans bears interest at a rate of 9.00% per annum and matured on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors SV Shares. See Note 28, *Subsequent Events* for additional details. As of March 31, 2023, the balance of the Bridge Acquisition Loan was $1,250,000 and interest of $22,722 had accrued.

In March 2023, FBHI appointed Mr. Robert Meyer (Director of Angsana Investment Private Limited) to perform certain CEO services for the Company pursuant to the Management Service Agreement terms. Following this transaction, Angsana Investment Private Limited became a related party to FBHI through appointement of common control director

Mr Meyer. Thus, out of the $1,250,000 of debt, $250,000 principal balance remains outstanding from a third party and included in accrued expenses on the consolidated statements of financial position and $1,000,000 principal balance remains outstanding from related parties as of March 31, 2023 (see *Note 19 – Related Parties* for further information).

Final Bell Canada Shareholder Promissory Note

Upon closing of the RTO, and to effectuate the FB Canada acquisition (see Note 4), the Company issued (as part of the total consideration for the FB Canada acquisition) a promissory note to FB Canada shareholders in the aggregate amount of $1,224,795 (C$1,650,000) having a fair value of $1,115,677 (C$1,503,000) as of November 30, 2022. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C$5,000,000. The balance as of March 31, 2023 was $1,110,214, inclusive of the effect of foreign currency (March 31, 2022 - $nil).

19. SHAREHOLDERS' EQUITY

Company Share Classes

The Company is authorized to issue an unlimited number of SV Shares with no par value, an unlimited number of PV Shares with no par value (the PV Shares and the SV Shares together referred to as, the "Common Shares") and an unlimited number of Class C Preferred Shares.

Voting rights

SV Shares are entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting at which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of SV Shares will be entitled to one vote in respect of each SV Share held.

Holders of PV Shares will be entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. Subject to the terms set out in the articles of the Company, at each such meeting, holders of PV Shares will be entitled to 100 votes in respect of each PV Share, and each fraction of a PV Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

Dividends

Holders of SV shares are entitled to receive dividends, if any, as and when declared by the Board at its discretion. The directors may declare a stock dividend payable in PV Shares on the SV Shares, but only if the directors simultaneously declare a stock dividend payable in PV Shares on the PV Shares, in a number of shares per PV Share equal to the number of PV Shares declared as a dividend per SV Share, multiplied by 100.

Liquidation rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the SV Shares shall be entitled to participate pari passu with the holders of PV Shares, with the amount of such distribution per SV Share equal to the amount of such distribution per PV Share divided by 100.

The holders of the PV Shares shall be entitled to participate pari passu with the holders of SV Shares, with the amount of such distribution per PV Share equal to the amount of such distribution per SV Share multiplied by 100.

Shares Issued and Outstanding

SV Shares and PV Shares

The Company has two classes of equity shares, SV Shares and PV Shares. Both these classes are considered as ordinary shares and are treated equivalently for the purpose of accounting. Total ordinary shares of FBHI would be the sum of SV Shares and PV shares mandatorily convertible into SV shares by multiplying the number of PV Shares by 100. Thus, total common shares outstanding as of March 31, 2023 is 272,838,342.

(i) Shares issued for reverse take over

Upon completion of the RTO on November 30, 2022 the shareholders of FBH received 1,732,590 PV Shares in exchange for 2,495,072 FBH shares on a 1:0.696 basis.

(ii) Shares issued for Final Bell Canada acquisition

Upon completion of the FB Canada acquisition on November 30, 2022 the sellers of FB Canada received 4,453,609 SV Shares.

(iii) Shares issued for 14R minority interest acquisition

During the year, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company.

The changes in the number of issued and outstanding shares for the periods is as follows:

	Class A Subordinate Voting Shares	Class B Proportionate Voting Shares
Balance, March 31, 2022 and 2021 (as previously reported)	**-**	**2,495,072**
Retroactive application of reverse recapitalization	14,469,531	(2,495,072)
Balance, March 31, 2022 and 2021 (adjusted)	**14,469,531**	**-**
Shares Issued on Reverse Take-Over of FBHI	-	1,732,590
Acquisition of Final Bell Canada	4,453,609	-
Acquisition of 14th Round Minority Interest	-	639,986
Advisor Shares Issued		3,374
Compensation Share Issuable in Lieu of Interest	273,728	-
Compensation Shares Issued on Closing of Acquisitions	16,046,474	-
Balance, March 31, 2023	**35,243,342**	**2,375,950**

14R Series A Preferred Stock

14R was authorized to issue up to 84,389 preferred shares with $0.01 par value per share.

On September 18, 2019, 14R closed on a Series A brokered financing (the "Second Offering") for 50,211 preferred shares, at a price of $237 per share, for gross proceeds of $11,900,007. On December 6, 2019, 14R closed an additional tranche to the Second Offering and issued 3,164 preferred shares, at a price of $237 per share (the "Original Issue Price"), for gross proceeds of $749,868. The Series A preferred stock is a class of voting preferred stock with certain anti-dilution rights and protective provisions. The holders of Series A preferred stock are entitled to receive dividends at a rate of 6% per annum.

Such dividend is payable only when, as, and if declared by the board of directors of 14R and is non-cumulative. On February 12, 2021, 14R filed an Amended and Restated Certificate of Incorporation changing the conversion ratio for Series A preferred stock to common stock from a 1:1 ratio to a ratio equal to 1:1.354286 calculated by taking the Original

Issue Price of $237 divided by the Series A Conversion Price of $175 (the "Conversion Ratio") and also made changes to the mandatory conversion price and threshold for such underwritten public offering as outlined in the conversion rights listed below.

Each share of Series A preferred is convertible, without payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable common stock as determined by the Conversion Ratio. The rights terminate in the event of liquidation, dissolution or winding up of 14R. The Series A preferred stockholders also have an anti-dilution protection that in the event of a merger or reorganization where additional shares of common stock are issued by 14R, the holders of Series A preferred stock are entitled to anti-dilution protection and the Series A Conversion Price would be adjusted, such that any value of common stock that is less than the Series A Conversion Price would result in an increase to the Conversion Ratio in favor of the holders of Series A preferred stock. As a result of this provision, the conversion option does not have a fixed settlement amount and the Series A preferred stock was designated a financial liability (see Note 26).

Share – Based Compensation

Prior to completion of the RTO, 14R administered a plan (the "14R Stock Plan") providing for the grant of options, warrants, restricted stock units ("RSUs") or common stock in exchange for services. 14R recognized compensation expense for stock option, warrant and RSU awards over the applicable service period of the award. The service period is generally the vesting period. Following the RTO, the 14R options shall now be governed by FBHI and subject to the terms of the original grant agreements based on the existing terms and conditions of the stock options granted by 14R.

There were no equity settled share-based payments granted during the year ended March 31, 2023. The weighted average inputs used in the measurement of the grant date fair values of equity-settled share-based payments granted during the year ended March 31, 2023 were as follows:

	Year ended March 31, 2023
Fair Value at Grant Date	$ 33.03
Share Price at Grant Date	$ 73.24
Exercise Price	$ 86.04
Expected Volatility	142.14%
Expected Life	2.56
Divident Yield	0%
Risk-free Interest Rate	0.59%

14R Options no longer represent an entitlement of the holder to acquire shares of 14R and will only represent the right to acquire FBHI PV Shares. Upon the closing date of November 30, 2022, all equity grants issued by 14R became exercisable into PV Shares of FBHI.

As a result of this transaction, FBHI granted replacement equity options for unexercised 14R equity instruments. Accordingly, following the IFRS 2 guidance, 14R performed pre- and post-modification valuations to determine the fair value for the original awards and the fair value of modified awards on the date of modification. As a result of the valuations performed, it was determined that the value of the options declined post-modification and accordingly, no additional compensation was recorded.

For post modification value determination, the following inputs were used.

		Year ended March 31, 2023
Fair Value at Grant Date	$	33.03
Share Price at Grant Date	$	73.24
Exercise Price	$	0.73
Expected Volatility		55.40%
Expected Life		1.75
Divident Yield		0%
Risk-free Interest Rate		4.40%

The share-based payments recorded on the consolidated statements of loss and comprehensive loss are presented in the table below:

Share Based Payments		Twelve months ended March 31, 2023		Twelve months ended March 31, 2022
Restricted Share Units	$	-	$	3,275
Warrants	$	-		108,926
Common Shares		180,758		(52,725)
Options		-		774,449
	$	180,758	$	833,925

The continuity of share-based payments reserve activity for the year ended March 31, 2023 and the year ended March 31, 2022 was as follows:

		Year ended March 31, 2023		Year ended March 31, 2022
Balance, beginning of period	$	-	$	-
Amortization of fair value of warrants		-		108,926
Amortization of fair value of common stock		94,121		(52,725)
Grant of options		3,027,755		774,449
Options cancelled		(198,973)		-
Warrants cancelled		(368,517)		-
Exercise of warrants		-		(16,840)
Reclass to Non-Controlling Interest upon Rollup		-		(813,810)
Acquisition of minority interest		1,802,214		-
Balance, end of period	$	**4,356,600**	$	-

Restricted Stock Units

During prior years, 14R granted restricted share units in exchange for services provided. 14R issued 6,500 RSUs in advance for future services that vested on July 1, 2020. 14R also has 7,230 restricted share units outstanding that vest at a rate of 1/6th every six months beginning in December 2018, with each vesting tranche considered a separate award.

As the restricted share units were issued in advance, 14R recorded prepayments of these shares in the amount of $513,435 which was the grant date fair value of the shares based on the price of the most recent private placement. The grant date fair value was amortized over the vesting period. For the year ended March 31, 2023, $nil (year ended March 31, 2022 – $3,275), respectively related to this amortization was recognized as share-based payments expense in the consolidated statements of loss and comprehensive loss. As of March 31, 2023, 13,730 (March 31, 2022 – 13,730) restricted share units were issued and outstanding, all of which were vested.

The RTO transaction did not have an impact on the stock-based compensation expenses as all the RSUs were fully vested before the closing date. FBHI issued replacement awards for outstanding 14R vested RSUs.

Vesting Stock

On July 1, 2020, 14R granted 2,777 common shares of 14R under the terms of a board of advisor's agreement (the "Advisors Agreement"). The Advisors Agreement was subsequently amended on February 1, 2021, May 24, 2021, December 30, 2021 and February 11, 2022. The estimated fair value of the common shares on the date of grant of $180 per common share was based on the consideration value in the Advisors Agreement.

Post RTO, the vesting of 1,111 awards issued by 14R accelerated as a result of change in control of 14R and 1,776 FBHI PV shares vested within 45 days after the RTO date – i.e. January 15, 2023. Thus, FBHI recorded an additional compensation expense of the compensation expense for 1,776 vested shares of $16,634. The remaining compensation expense of $54,145 will be recorded by FBHI on June 30, 2023 when the 2,662 (1,666 14R awards) FBHI PV shares will vest.

The grant date fair value of the common shares of $499,860 is amortized over the vesting period. During the year ended March 31, 2023, the Company recorded an expense of $180,758 (year ended March 31, 2022 – recovery of $52,725), related to this amortization included in share-based payments expense in the consolidated statements of loss and comprehensive loss.

Stock Options

The following table summarizes the option activity for the periods:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life
Options Exercisable as of March 31, 2021	-	$ -	-
Options Granted	17,223	73	2.42
Options Exercisable as of March 31, 2022	17,223	$ 73	2.42
Options Cancelled	(2,100)	73	1.92
Options Exercisable as of November 30, 2022	15,123	$ 73	1.92
Post RTO, Exercisable into FBHI PV Shares	24,501	0.73	1,75
Options Cancelled	(3,767)	0.73	1,75
Options Exercisable as of March 31, 2023	20,734	0.73	1,75

During the year ended March 31, 2022, 14R granted 17,223 options with an exercise price of $73.24 to employees and consultants of 14R that vested upon grant. The weighted average grant date fair value of the options was estimated using the Black Scholes option pricing model with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 172.5%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 0.42% and a weighted average expected life of 3 years. The weighted average grant-date fair value of the options was $774,449.

During the year ended March 31, 2023, 2,100 14R options and 3,767 FBHI options with exercise prices of $73.24, and $0.73 expired, unexercised. As of March 31, 2023, the Company had the following options outstanding:

Date of expiry	Options outstanding	Options exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
August 31, 2024	20,734	20,734	$ 0.73	$ 575,475	1.42

All the options were vested on the date of grant and no further grants were issued. As a result of RTO, management obtained a valuation report to determine the pre and post modification valuation, it was determined that the value of the options declined post-modification and accordingly, no additional compensation was recorded.

Warrants

Warrant transactions for years ended March 31, 2023 and 2022 were as follows:

	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of warrants	**Weighted-Average Exercise Price Per Share**	Number of warrants	Weighted-Average Exercise Price Per Share
Balance, beginning of period	**23,289**	**$ 80**	22,180	$ 63
Warrants Granted	-	-	2,109	237
Warrants Exercised	-	-	(1,000)	30
Warrants Cancelled	**(15,180)**	**59**	-	-
Balance, end of period	**8,109**	**$ 119**	23,289	80
Post RTO, exercisable into FBHI Warrants	**12,887**			

During the year ended March 31, 2022, 1,000 warrants were exercised for gross proceeds of $30,000.

On January 14, 2022, 14R granted 2,109 warrants to EWB with an initial exercise price of $237 per common share. These warrants will expire on January 14, 2027. The warrants carry a conversion right which allows the holder to exercise the warrants into that number of shares as determined by dividing the fair market value of the common shares issuable upon exercise less the aggregate exercise value by the fair market value of one common share. The fair market value will be either (a) the closing price of the common shares on the business day immediately preceding the date the holder delivers a notice of exercise to 14th Round, if the common shares are traded in a public market or (b) if the shares are not traded in a public market, a market price as determined by the board of directors of 14th Round. Since the number of shares to be issued on the exercise of the warrants is not fixed, the warrants have been classified as a derivative financial instrument in the consolidated statements of financial position. The grant-date fair value of the warrants was $74,916. As on March 31, 2023, the fair value of EWB warrants was $99,482 with change in fair value of $24,566 recorded as expense in the consolidated statements of loss and comprehensive loss. See Note 26, *Fair Value of Financial Instruments and Financial Risk Factors* for additional details.

On February 11, 2022, 14R extended the expiry dates of certain warrants already issued such that 6,000 warrants expiring on June 30, 2022, would expire on June 30, 2023. The weighted average incremental fair value of the warrants was estimated using the Black Scholes option pricing model, calculated immediately before and after the extension, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14th Round's shares, expected dividend yield of 0%, expected volatility of 96.35%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.07% and a weighted average expected life of 1.4 years. The fair value of the warrant extension was $67,710.

Following the RTO closing on November 30, 2022, the 14R warrants shall continue to be governed by FBHI, exchanged using the merger ratio and subject to the terms of the original warrants agreements based on the existing terms and conditions of the warrants granted by 14R. It was observed that the fair value of post modification replacement warrants are less than fair value of pre modification original warrants, thus no accounting implication will be there as a result of this modification.

During the year ended March 31, 2023, 15,180 of 14R warrants with weighted average exercise prices of $59, were cancelled.

As of March 31, 2023, FBHI had warrants outstanding as follows:

Date of expiry	Warrants outstanding	Warrants exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
June 30, 2023	9,470	9,470	$ 0.49	$ 219,745	0.25
January 14, 2027	3,417	3,417	$ 2.37	74,916	3.79
	12,887	12,887	$ 1.19	$ 294,661	1.19

Gallant Investment Partners Limited

On May 19, 2022, FBHI entered into an Advisory Services Agreement with Gallant, which was amended and restated on September 30, 2022, and engaged the advisor to provide certain consulting and advisory services related to the Company's strategic growth initiatives. With respect to the compensation fees, the advisor and the Company entered into an Option Award Agreement dated November 29, 2022, wherein Company granted the advisor an option to acquire 13,046,474 SV Shares of the Company in connection with the closing of the RTO. As a result of the closing of the RTO and other acquisitions on November 30, 2022, such options became exercisable at a de minimis exercise price, and the advisor exercised the options and received 13,046,474 SV Shares valued at $10,459,149 (based on the number of SV Shares at the fair value per share on the RTO date), which resulted in compensation cost of $10,419,316 (net of foreign exchange translation adjustment of $39,833). These compensation costs are recorded as professional fees within general and administrative expenses for the year ended March 31, 2023.

Shares issued with respect to debt restructuring arrangement with Angsana

During the year ended March 31, 2023, the Company entered into debt restructuring agreement with Angsana Investment Private Limited pursuant to which FBHI issued 3,000,000 SV Shares to Angsana as a compensation for restructured terms with valuing compensation cost of $2,672,280, which is included in finance cost for the year ended March 31, 2023.

20. NON-CONTROLLING INTEREST

As part of the Final Bell Roll-Up Transaction on December 27, 2020, the assets and liabilities of a combined group of companies were transferred into FBH, resulting in FBH owning 56% of 14R and 89% of DB Innovations as of March 31, 2022 with the remaining 44% and 11%, respectively, retained by the other owners of the contributed entities. On November 30, 2022, as part of the FBH SEA, FBHI acquired the remaining 44% of 14R. As a result, the Company owns 100% of 14R and 89% of DB Innovations as of March 31, 2023.

On January 1, 2021, FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in WCC, totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial $2,000,000 for 220 shares or 22% of WCC equity and on November 30, 2021, paid $5,400,000 for an additional 593 shares or 59.3% of WCC, resulting in the Company owning 81.3% of WCC with 18.7% retained by the other owners of WCC.

The following summarizes the changes in non-controlling interest for the years ended March 31, 2023 and 2022:

		Total
Balance, March 31, 2021	$	4,678,731
Share of Assets Acquired from Non-Controlling Interest		(178,692)
Amortization of Discount on Note Receivable - Related Party		13,116
Share Based Compensation		830,650
Warrant exercise		30,000
Acquisiton of WCC		1,702,091
Share of loss for the year		(3,025,904)
Balance, March 31, 2022	$	4,049,992
Share Based Compensation		164,123
Option cancellation		(94,427)
Warrant cancellation		(368,517)
Share of loss for the period		(756,650)
Share of Assets Acquired from Non-Controlling Interest		(2,085,790)
Balance, March 31, 2023	$	908,731

The following table summarizes the information relating to non-controlling interest ("NCI"), before any intra-company eliminations for the year ended March 31, 2023

Current assets	$	57,408
Non-current assets		12,184,519
Liabilities - Current and Non-Current		(6,073,598)
Net Assets		6,168,329
Carrying amount of NCI	$	908,731
Loss for the period	$	3,925,377
Loss allocated to NCI		756,650

21. REVENUE RECOGNITION

The Company generates revenue from the transfer of goods and services at a point-in-time from the revenue streams below:

		For the year ended March 31, 2023		For the year ended March 31, 2022
Hardware & Packaging	$	**46,660,502**	$	58,499,292
Master Manufacturing		**24,427,299**		17,555,646
Revenue from External Customers	$	**71,087,801**	$	76,054,938

The Company's deferred revenue primarily relates to deposits received from customers that are used to start production. Deferred revenue is typically recognized as revenue within 8-12 weeks once the product is delivered. The following summarizes the changes in deferred revenue for the years ended March 31, 2023 and 2022:

		March 31, 2023		March 31, 2022
Beginning deferred revenue balance	$	2,388,386	$	2,986,604
Revenue recognised that was included in the contract liability balance at the beginning of the period		(2,388,386)		(2,986,604)
Deferred revenue recognized from acquisitions		349,561		-
Deferred revenue recognized in the current period		1,098,522		2,388,386
Ending deferred revenue balance	$	1,448,083	$	2,388,386

22. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended March 31, 2023 and 2022, general and administrative expenses comprised:

	For the year ended March 31, 2023			For the year ended March 31, 2022		
Salaries and Benefits	$	11,685,825	37.25%	$	7,714,932	46.64%
Consulting and Management Fees		1,342,883	4.28%		1,537,101	9.29%
Professional Fees		12,317,107	39.27%		2,112,990	12.78%
Office Expenses		5,008,269	15.97%		4,440,187	26.85%
Advertising and Marketing		604,890	1.93%		283,277	1.71%
Meals and Entertainment		68,980	0.22%		58,256	0.35%
Travel		341,098	1.09%		393,292	2.38%
Total	$	31,369,052	100.00%	$	16,540,035	100.00%

Certain costs related to a variety of transactions including the RTO, acquisition of FB Canada and debt financings were expensed as incurred and included in professional fees during the years ended March 31, 2023 and 2022, since such costs were not readily identifiable to the specific transactions.

23. EARNINGS PER SHARE

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. SV Shares and PV Shares are considered ordinary shares to be included in the denominator of EPS. PV Shares have been converted into SV Shares in accordance with its liquidation rights in ratio of 100:1 to compute basic EPS for one class of ordinary shares. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the RTO is based on the weighted average number of outstanding shares of the accounting acquirer before the RTO adjusted to reflect the exchange ratio applied in the reverse acquisition.

		March 31, 2023		March 31, 2022
Loss for the year, attributable to the ordinary shareholders		(49,737,460)		(19,490,784)
Weighted-average number of ordinary shares		90,883,934		1,501,200
Basic loss per share	$	**(0.55)**	$	**(12.98)**

Basic and diluted EPS are equal as the Company incurred operating losses for both comparative periods presented.

24. COMMITMENTS AND CONTINGENCIES

Local and State Regulations

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulation as of March 31, 2023, regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

Litigation

From time to time, the Company may be involved in litigation related to claims arising out of operations in the normal course of business. As of March 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has material interest adverse to the Company's interest.

Paycheck Protection Program Loans

At formation and rollup, 14th Round had a loan from First Republic Bank in the amount of $534,000 dated April 20, 2020 and received an additional loan from First Republic in the amount of $726,314 dated January 31, 2021. Both loans were received under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The loans may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loans bear interest at a rate of 1% and are payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the respective note. The loans may be repaid at any time with no prepayment penalty. On April 7, 2021 and November 24, 2021, $534,000 and $726,314, respectively, of loans received under the Payroll Protection Program were forgiven. The resulting gain on forgiveness of debt of $1,260,314 was netted against general and administrative expenses in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022.

Promissory Notes

Tom Fornarelli
On March 1, 2023, the Company and Tom Fornarelli (Borrower) being a co-founder and head of innovation at Final Bell Holdings entered into a loan agreement whereas the Borrower has requested that the Company to provide the loan and Company has agreed. The principal sum of the loan is $600,000 as bridge loan and maturity date as per agreement is March 31, 2024. The principal sum shall be funded on a monthly basis on the due date of each payment due under the mortgage and shall be paid by the Company directly to the mortgagee, pursuant to payment instructions provided by the borrower.

Jeremy Green
On March 1, 2023, the Company and Jeremy Green (Borrower) (CEO of 14R subsidiary and FBHI shareholder) entered into a loan agreement whereas the Borrower requested that the Company to provide the loan and Company has agreed. The principal sum of the loan is $400,000 as bridge loan and maturity date as per agreement is March 31, 2024. The principal sum shall be funded on a monthly basis on the due date of each payment due under the mortgage and shall be paid by the Company directly to the mortgagee, pursuant to payment instructions provided by the borrower.

25. RELATED PARTIES

Product Sales

In the normal course of business, the Company regularly has product sales to customers that are affiliated through common ownership. During the year ended March 31, 2023, the Company had sales to related parties of $1,560,794 (year ended March 31, 2022 - $1,548,048) and as of March 31, 2023, is owed trade receivables from related parties in the amount of $358,017 (March 31, 2022 - $170,212) that are included in accounts receivable in the consolidated statements of financial position.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and other members of key management personnel were as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
Directors & officer compensation	$ 3,589,603	$ 2,158,210
Share-based Payments	-	388,994
Total Key Management Compensation	$ 3,589,603	$ 2,547,204

During the year ended March 31, 2022, 14R granted 8,300 options to directors and officers of 14R with an estimated grant date fair value of $383,374 (see Note 16). No options were granted during the year ended March 31, 2023.

On March 9, 2023, the Company entered into a Management Service Agreement (MSA) with Angsana and agrees to appoint Mr. Robert Meyer ("Advisor") as chief executive officer of the Company, replacing the existing chief executive officer, effective April 1, 2023. The Advisor is engaged to provide certain management, consulting, and capital markets advisory services. As compensation for the services, the Company issued stock options to Mr. Meyer to acquire 8,807,624 SV Shares with service and certain non-market performance conditions. It was determined that the grant date for this transaction is April 01, 2023. The share-based compensation cost will be recognized over the vesting period of 1.5 years from the date that Mr. Meyer's employment is effective and the Company started to obtain benefit from those services rendered. No options were granted during the year ended March 31, 2023.

Prepaid Sales-Based Royalty Fees

During the year ended March 31, 2023, the Company pre-paid sales-based royalty fees of $1,475,000 (March 31, 2022 - $nil) to GSW associated with the licensing agreement discussed in Note 13, *Investments*. Amounts are recorded within prepaid expenses in the consolidated statements of financial position. The Director and Chairman of the Company's Board of Directors is the Executive Chairman, CEO, and co-founder of GSW.

Notes Payable

During the year ended March 31, 2023, the Company received $117,349 and repaid $116,084 from Avanzato Technology Corp ("ATC") and received an additional $2,080 from GEV Consultants, LLC ("GEV"). During the year ended March 31, 2022, the Company repaid $1,347 to ATC and received an additional $430,000 from GEV.

As of March 31, 2023, outstanding balances of note payables to GEV and ATC are both $nil (March 31, 2022 - $678,524 and $1,029,050). The principal balance of $1,955,000 was assigned to a director of the Company through a promissory note and subsequently repaid in full on January 25, 2023.

On September 7, 2021, the Company entered into a promissory note with PrimeTime Raley LLC ("PrimeTime"), a company with a common director, in the principal amount of $1,500,000. The interest rate on the promissory note is 1%. The principal balance, and all accrued interest, would be due and payable in full on March 1, 2022 ("Maturity Date"). On March 1, 2022, the Maturity date on the promissory note with PrimeTime was extended to August 31, 2022. The promissory note may be prepaid in whole or part, without penalty, at any time or from time to time. By March 31, 2023, the Company repaid the note in full and the balance of the loan, including interest accrued, was $nil at March 31, 2023 (March 31, 2022 - $1,508,425).

In January 2021, FBHI entered into an arrangement with Dexchange Financial Corp. for consulting and advisory services on different general issues concerning the Company for compensation to be paid of $250,000, recorded within related party loans within the consolidated statements of financial position as of March 31, 2023. A director of the Company is the President and Founder of Dexchange Financial Corp.

Angsana Investment Private Limited and Jason DeLand

From December 2022 to March 2023, the Company secured debt financing in the aggregate principal amount of $900,000 from Angsana (entity wholly owned by Mr. Meyer) and $100,000 from Jason DeLand (Director and Chairman of the Company's Board of Directors), which will be used to provide bridge and acquisition financing. The Bridge Acquisition Loan bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors warrants to acquire SV Shares of the Company upon closing. As of March 31, 2023, the balance of the Bridge Acquisition Loan with Angsana was $900,000 and interest of $16,373 had accrued. The remaining balance outstanding with Jason DeLand is $100,000 and interest of $2,614 had accrued.

On March 09, 2023, FBHI entered into a Debt Restructuring Agreement with Angsana with respect to the $900,000 outstanding Bridge Loan resulting in the following:

a. The maturity date of these Bridge Loans was extended from June 30, 2023, to September 30, 2023
b. The warrants issued by the Company to acquire SV Shares were cancelled as part of this restructuring.
c. In consideration for extension of the loan, Company issued 3,000,000 SV Shares to Angsana. The Company has accounted for the restructuring agreement as a loan extinguishment and recognized $2,672,280 as loss on extinguishment of debt for the year ended March 31, 2023.
d. The restructuring agreement added another extension clause which states that if any portion of the Loan and any amounts owing remains outstanding as of September 30, 2023, the maturity date of the will be further extended to March 31, 2024, in consideration for which Angsana will receive an additional 2,817,750 SV Shares. (Please refer *Note 28 – Subsequent Events* for further information)

Summary

As of March 31, 2023, outstanding balances of related party loans to the Company total $1,250,000 (March 31, 2022 – $3,215,999).

26. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Classification and Measurement of Financial Instruments

The Company's financial instruments consist of cash, trade accounts receivable, accounts payable, accrued expenses, Unsecured Convertible Notes, Series A preferred stock liability, derivative financial instruments, and contingent liability. The Company classified and measured its accounts receivable as subsequently measured at amortized cost. The accounts payable and accrued expenses are classified and measured at amortized cost. The Series A preferred stock liability, derivative financial instruments, Unsecured Convertible Notes, and contingent liability are classified and measured at FVTPL in accordance with IFRS 9.

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks primarily include interest rate risk, price risk, credit risk and liquidity risk.

Fair value

Where material, these risks are reviewed and monitored by the Board of Directors who actively focus on securing the Company's cash flows by minimizing the exposure to volatile financial instrument risks.

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

• 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.

There were no transfers into or out of the fair value levels for the year ended March 31, 2023 or the year ended March 31, 2022 and all financial liabilities are measured using level 3 inputs in the fair value hierarchy.

Contingent Liability

As of March 31, 2023, the contingent liability of $511,380 (March 31, 2022 - $499,623) (see Note 17, *Holdback and Contingent Liability)* is designated as a financial liability measured at fair value through profit and loss from the initial recognition date in accordance with IFRS 9. As discussed in Note 17, *Holdback and Contingent Liability,* the Holdback Liability was settled prior to March 31, 2023, resulting in a gain on the change in fair value of the contingent consideration of $181,123 during the year ended March 31, 2023 (year ended March 31, 2022 – losses of $18,148) recorded in the consolidated statements of loss and comprehensive loss.

As of March 31, 2023, the fair value of the contingent liability related the FB Canada acquisition (Note 4, *Reverse Take-Over and Related* Acquisitions) was valued at $549,808 (C$744,000) using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

Equity Volatility	52.4%
Risk-free rate	4.28%
Risk-adjusted discount rate	18.0%
Term to exit (years)	1.00

The gain on the change of fair value of contingent consideration for the year ended March 31, 2023 was $211,441 (March 31, 2022 – loss of $18,148) and is included in the consolidated statements of loss and comprehensive loss.

Series A Preferred Stock Liability

As part of the 14R acquisition, the preferred ownership interest of 53,375 shares of Series A preferred stock in 14R were to exchange for an aggregate 140,844 Class C Series A preferred shares and 18,325 PV shares in the capital of FBHI. As of March 31, 2023, the Series A preferred stock was valued at $16,700,000 using the OPM Backsolve (March 31, 2022 – $11,150,038). Under the OPM Backsolve method, the Series A preferred stock was valued using the significant assumptions regarding expected volatility of 45.4%, weighted average risk-free interest rate of 4.35%, and expected life of 1.5 years.

The loss on the change in the fair value of the preferred stock liability for the year ended March 31, 2023 was $5,549,962 (March 31, 2022 – loss of $859,338) and is included in the consolidated statements of loss and comprehensive loss.

Derivative Financial Instruments

As of March 31, 2023, the fair value of the Company's derivative financial instruments was $2,385,482 (March 31, 2022 – $74,916). The derivative financial instruments relate to the warrants issued with the Secured Convertible Notes (see Note 18, *Debt*) and the warrants issued to EWB (see Note 19, *Shareholders' Equity*).

The fair value of the Secured Convertible Notes warrants were valued using the OPM Backsolve method. Under the OPM Backsolve method, the warrants were valued using the significant assumptions regarding expected volatility of 53.4%, weighted average risk-free interest rate of 4.4%, and expected life of 1.5 years.

The fair value of the EWB warrants were valued using the OPM Backsolve method, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 88.53%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.55% and a weighted average expected life of 5 years.

The loss on change in the fair value of the derivative liaiblities for the year ended March 31, 2023 was $82,925 (March 31, 2022 – $nil) and is included in the consolidated statements of loss and comprehensive loss.

Unsecured Convertible Notes

As of March 31, 2023, the fair value of the Company's Unsecured Convertible Notes was $19,386,637 as of March 31, 2023 (March 31, 2022 - $nil) (see Note 18, *Debt*). The fair value of the Unsecured Convertible Notes was estimated using the significant assumptions regarding the probability of a maturity event or a Qualifying Capital Transaction and the discount rate selected from a market debt yield analysis.

The gain on change in fair value of the Unsecured Convertible Notes for the year ended March 31, 2023 was $728,268 (March 31, 2022 – $nil) and is included in the consolidated statements of loss and comprehensive loss.

Due to the short-term nature of cash, trade accounts receivable, accounts payable and accrued expenses, the carrying value of these financial instruments approximate their fair value.

The following summary shows the carrying amount, fair value and valuation technique used to calculate fair value of each financial liability for the year ended March 31, 2023 and 2022:

	March 31, 2023		March 31, 2022		
Financial Liabilities	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**	**Valuation Technique**
Unsecured Convertible Notes	19,386,637	19,386,637	-	-	Black-Scholes-Merton Model
Series A Preferred Stock	16,700,000	16,700,000	11,150,038	11,150,038	Option Pricing Model - Backsolve
Contingent Liability	549,808	549,808	499,623	499,623	Black-Scholes-Merton Model
Derivative Financial Instruments	2,385,482	2,385,482	74,916	74,916	Option Pricing Model - Backsolve

If the fair value of these financial liabilities categorized within level 3 were to increase or decrease by 10% as of March 31, 2023, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $3.9 million (March 31, 2022 – $1.2 million). Refer to Note 18 and 26 for details on the fair value of financial liabilities.

Market Risk

Market risk is the risk that changes in the market related factors, such as foreign currency exchange rates and interest rates, will affect the Company's (loss) income or the fair value of finance instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

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's exposure to interest rate risk is minimal as the leases and notes had fixed terms for the year ended March 31, 2023.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition and results of operations. The Company does not engage in hedging activity to mitigate this risk.

The following summary illustrates the fluctuations in the exchange rates applied for the year ended March 31, 2023:

	Average rate	Closing rate
RMB	0.1446	0.1456
CAD	0.7395	0.7390

A $0.01 strengthening or weakening of the US dollar against the RMB at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $81,070. A $0.01 strengthening or weakening of the US dollar against the CAD at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $102,830.

Credit risk

Credit risk is the risk that a counterparty fails to meet its contractual obligation to the Company. The Company is exposed to the risk for various financial instruments through receivables from customers and the potential for cash fraud. The Company's maximum exposure to credit risk was limited to the carrying amount of financial assets recognized for the years ended March 31, 2023 and 2022.

The Company closely monitors cash by preparing a monthly bank reconciliation for management's examination. When material transactions are expected management reviews its completeness and accuracy through an online portal.

The Company prepares and reviews an account receivable aging report on a weekly basis and follows-up, when applicable.

The Company also continuously monitors potential defaults of customers on an individual basis and incorporates this information into its credit risk controls. Where available, at reasonable cost, external credit ratings and credit checks are obtained and used. The Company's policy is to deal only with creditworthy customers. During the year ended March 31, 2023, the Company recorded a net bad debt recovery of ($1,533,834) (year ended March 31, 2022 – bad debt expense $6,714,440) (see additional details in Note 6, *Accounts Receivable*).

The Company's aging of trade receivables, net of expected credit losses, was as follows:

As of	March 31, 2023	March 31, 2022
Current	$ 5,374,233	$ 6,241,367
Past due 1 to 30 days	2,571,647	2,730,054
Past due 31 to 60 days	857,723	2,925,226
Past due 61 to 90 days	823,696	334,106
Past due 91 to 120 days	1,089,347	129,534
Total	**$ 10,716,646**	**$ 12,360,287**

The expected loss rates are based on historical credit losses, past industry experience and adjusted to reflect current and forward-looking information of each customer's ability to settle the receivables. This is affected and adjusted constantly on a customer-by-customer basis, which includes information from economic conditions.

Financial Risk Factors

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company may be exposed to liquidity risks if it is unable to collect its trade receivables in a timely manner, which could in turn impact the Company's ability to meet its current commitments and obligations. Other than leases (Note 11 and debt (Note 18), all of the Company's financial obligations have maturities of less than one year.

The Company manages its liquidity needs by monitoring its cash flow from operating activities and its current plans for capital outlay. The Company uses a variety of forecasting tools to manage cash inflows and outflows on a daily, weekly, monthly and quarterly basis.

The Company objective when managing liquidity is to ensure that it will have sufficient liquidity to meet its contractual financial obligations when they become due under normal and stressed situations without incurring unacceptable losses. In order to manage the liquidity, the Company is pursuing a new equity financing via private placement wherein it expects to raise gross proceeds up to $12 million. The Company intends to close the Private Placement immediately upon the withdrawal of the Cease Trade Order issued by the British Columbia Securities Commission on August 14, 2023. (See Note 28, *Subsequent Events*).

The Company is also considering additional funding and planning to enter into loan agreements with Nut Hill Investment Ltd to borrow $1,600,000 in the form of promissory notes. (See Note 28, *Subsequent Events*).

The Company also intends to convert all outstanding convertible notes into SV Shares pursuant to the amendment to the convertible note indenture (see Note 28, *Subsequent Events*), which shall retire outstanding convertible notes in the aggregate amount of $44 million due in 2024 and significantly deleverage the balance sheet.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, which primarily includes cash inflows from trade receivables in comparison to cash outflows from trade payables and accrued liabilities. As of March 31, 2023, the Company had a cash balance of $3,920,275 (March 31, 2022 - $3,406,733) and an accounts receivable balance of $10,716,646 (March 31, 2022 - $12,360,287). The Company's total accounts payable and accrued expenses as of March 31, 2023 was $22,526,527 (March 31, 2022 - $18,186,982) which have contractual maturities of less than 90 days.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of operating lease obligations, cash and equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. Management reviews its capital management policies on an ongoing basis.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

27. OPERATING SEGMENTS

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's CEO as he is primarily responsible for the assessment of performance. The CODM uses revenues as the key measure of each segment's performance for the period under evaluation.

The Company has determined it has two key segments 1) hardware and packaging and 2) formulating, filling and co-packing products for various cannabis brands in California and Canada – along with the associated corporate expenses ("Master Manufacturing"). Together, these segments provide the Company with a fully integrated business model.

Segmented Operating Results for the year ended March 31, 2023

	Hardware & Packaging	Master Manufacturing	Total
Revenue	$ 46,660,502	$ 24,427,299	$ 71,087,801
Cost of Goods Sold	32,614,066	19,765,179	52,379,245
Gross Profit	$ 14,046,436	$ 4,662,120	$ 18,708,556
Expenses	10,343,410	26,075,248	36,418,658
Income (Loss) from Operations	$ 3,703,026	$ (21,413,128)	$ (17,710,102)

Segmented Operating Results for the year ended March 31, 2022

	Hardware & Packaging	Master Manufacturing	Total
Revenue	$ 58,499,292	$ 17,555,646	$ 76,054,938
Cost of Goods Sold	44,005,379	16,180,691	60,186,070
Gross Profit	$ 14,493,913	$ 1,374,955	$ 15,868,868
Expenses	20,659,209	8,347,395	29,006,604
Income (Loss) from Operations	$ (6,165,296)	$ (6,972,440)	$ (13,137,736)

Major customers:

Sales to the Company's three largest customers accounted for 33.0% of total revenues for the year ended March 31, 2023 (year ended March 31, 2022 – 40%).

28. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through [November X, 2023], which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at March 31, 2023, have been incorporated into these consolidated financial statements.

Proposed Equity Financing

The Company is pursuing an equity financing by way of a non-brokered private placement (the "Private Placement"), in one or more tranches of SV Shares or equivalent number of PV Shares, for aggregate gross proceeds of up to $12 million (C$16.25 million). The Company intends to close the Private Placement immediately upon the withdrawal of the Cease Trade Order issued by the British Columbia Securities Commission. The Company raised $7,000,000, out of which $4,500,000 was raised in the form of promissory notes and the remaining $2,500,000 consisting of subscription agreements.

Transactional Update Related to 14R Merger Agreement

On April 5, 2023, the Company announced that it completed the orderly settlement of all outstanding matters relating to the merger with 14R that was completed in late 2022 (the "Merger"). Previous holders of preferred shares in 14R (the"14R Pref Holder") who had dissented from the Merger have agreed to participate in the transaction and have received an aggregate 140,844 Class C Series A Preferred Shares and 18,325 PV Shares. Each Preferred Share is exchangeable into one PV Share, and the Preferred Shares include preference rights to dividends and distributions and on liquidation, as well as price protection equal to the consideration securityholders received on completion of the RTO and other acquisitions that included the Merger. The rights and restrictions relating to the Preferred Shares are available on SEDAR+.

Related Party Loans

Tom Fornarelli
Pursuant to the loan agreement date March 01, 2023 between FBHI and Tom Fornarelli (co-founder and head of innovation at Final Bell Holdings), requested an advance in the form of loan for $252,464 from Company as total drawn from April 01, 2023 to June 30, 2023.

Jeremy Green
Pursuant to the loan agreement date March 01, 2023 between FBHI and Jeremy Green (CEO of 14R subsidiary and FBHI shareholder) requested an advance in the form of loan for $150,000 from Company as total drawn from April 01, 2023 to May 31, 2023. Amounts drawn were repaid in June and no additional amounts have been drawn.

Warrant Exercise

On June 10, 2023, the Company issued 4,675 PV Shares for gross proceeds of $87,750 upon the exercise of replacement warrants issued in connection with the Merger.

Amendment to the Unsecured Convertible Notes

On June 23, 2023, the Company announced that holders of its outstanding Unsecured Convertible Notes have approved certain amendments (the "Amendment") to the Indenture. The amendments will result in the mandatory conversion of the Notes into SV shares of the Company (the "SV Share") to now be triggered at a fixed price of C$0.46 per SV Share upon the Company completing an equity financing for gross proceeds of at least C$1,360,000 (US$1,000,000). A supplemental Indenture implementing the amendments is available on SEDAR+.

Settlement of Bridge Acquisition Loans

On June 30, 2023, Company entered into a Debt Settlement Agreements with Angsana Investment, Jason DeLand and Naval Elite Limited wherein the parties agreed to settle the debt in FBHI SV shares. Please see below table for settlement summary:

Lender	Bridge Loan Balance ($)	Settlement by issuing SV shares
Angsana Investment Private Limited *(entity wholly owned by FBHI current CEO Mr. Meyer)*	900,000	2,647,058

Jason DeLand *(Director and Chairman of the Company's Board of Directors)*	100,000	294,117
Naval Elite Limited	250,000	735,294
Total balance of bridge loan will be settled in SV shares	**1,250,000**	**3,676,469**

The conversion price for these exchanges was determined to be $0.34 per share. Accrued interest will be paid in cash.

14R Loan Agreement with Nut Hill Investment Ltd

On August 21, 2023, 14R entered into two loan agreements with Nut Hill Investment Ltd, a Company partially owned by Mr. Meyer, to borrow $1,600,000 in the form of promissory notes.

The first loan was obtained for the principal amount of $1,000,000 payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Interest shall accrue on the outstanding balance during the period from the first to the second maturity date at the rate of 15% per annum. If the principal remains outstanding on the second maturity date, Nut Hill shall have the right to convert the principal outstanding along with interest accrued into SV Shares of FBHI at a conversion price of $0.34 per share.

The second loan was obtained for the principal amount of $600,000 payable on the first maturity date (121st day following the loan date). For the outstanding principal amount due on the first maturity date, the maturity date for such outstanding amount shall be extended to the second maturity date (241st day following the loan date). No interest will accrue on the outstanding principal balance during the term. In consideration for the second loan, Nut Hill shall be entitled to:

(i) the right to receive royalties in the aggregate amount of $100,000 payable on or before the first maturity date based on sales through to that date;

(ii) if the principal amount of the loan remains unpaid by the first maturity date, Nut Hill shall have the right to receive royalties in addition to (i) above in the amount of $100,000 payable on or before the second maturity date based on sales through to that date;

(iii) If any of the royalties provided for in paragraphs (i) and (ii) above remains unpaid on or before June 30, 2024, such outstanding royalties shall be paid thereafter either (i) in twelve (12) consecutive equal monthly cash installments, beginning on June 30, 2024; or (ii) at the discretion of 14R and its parent company FBHI, the outstanding royalties amount shall be converted into SV Shares of FBHI at the price of $0.34 per share.

14R Loan Agreement with Jason DeLand

On September 01, 2023 14R entered into a loan agreement with Jason DeLand (Director and Chairman of the Company's Board of Directors) to borrow $300,000 in the form of promissory note.

The loan shall be payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Upon occurrence of event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate 18% per annum.

If the principal remains outstanding on the second maturity date, Mr. DeLand shall have the right to convert the principal outstanding along with interest accrued into SV Shares of FBHI at a conversion price of $0.34 per share.

Sales-Based Royalty Fees

From April 1, 2023 through November [X], 2023, the Company paid [$1,682,747] in sales-based royalty fees to GSW.

Exhibit "D" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BC Securities Commission
Invest Right

1200–701 West Georgia Street
Vancouver, BC V7Y 1L2
www.bcsc.bc.ca

Phone 604 899 6500
Toll-free 1 800 373 6393
inquiries@bcsc.bc.ca

Citation: 2023 BCSECCOM 402

Cease Trade Order

Aurora Solar Technologies Inc.
Final Bell Holdings International Ltd.
XMachina AI Group Inc.
(each referred to separately as the Issuer)

Under the securities legislation of British Columbia (Legislation)

Background

¶ 1 This is the order of the regulator of the British Columbia Securities Commission (the Decision Maker).

¶ 2 The Issuer has not filed the following periodic disclosure required by the Legislation:

1. annual audited financial statements for the year ended March 31, 2023,
2. annual management's discussion and analysis for the year ended March 31, 2023,
3. certification of annual filings for the year ended March 31, 2023.

¶ 3 As a result of this order, if the Issuer is a reporting issuer in a jurisdiction in which Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies, a person or company must not trade in or purchase a security of the Issuer in that jurisdiction, except in accordance with the conditions that are contained in this order, if any, for so long as this order remains in effect.

¶ 4 Further, this order takes automatic effect in each jurisdiction of Canada that has a statutory reciprocal order provision, subject to the terms of the local securities legislation.

Interpretation

¶ 5 Terms defined in the Legislation, National Instrument 14-101 *Definitions* and National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Order

¶ 6 The Decision Maker is satisfied that the decision concerning the cease trade meets the test set out in the Legislation to make this decision.

¶ 7 It is ordered under the Legislation that trading cease in respect of each security of the Issuer.

¶ 8 Despite this order, a beneficial securityholder of the Issuer who is not, and was not at the date of this order, an insider or control person of the Issuer, may sell securities of the Issuer acquired before the date of this order if both of the following apply:

1. the sale is made through a "foreign organized regulated market", as defined in section 1.1 of the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; and

2. the sale is made through an investment dealer registered in a jurisdiction of Canada in accordance with applicable securities legislation.

¶ 9 August 14, 2023

Michael Moretto, CPA, CA, CPA (Illinois)
Deputy Director, Corporate Disclosure

Exhibit "E" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

Final Bell Holdings International, Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Months		*3M Unaudited*	*3M Unaudited*	*3M Unaudited*	*6M Unaudited*
Period Ending		**3/31/2023**	**6/30/2023**	**9/30/2023**	**9/30/2023**
Income Statement					
Revenues		$ 18,824,930	$ 19,302,546	$ 24,940,895	$ 44,243,441
	QoQ Growth	*3%*	***3%***	***29%***	
Cost of Goods Sold		15,018,827	16,481,719	22,071,106	38,552,825
Gross Profit		**3,806,103**	**2,820,827**	**2,869,789**	**5,690,616**
	GM	20%	15%	12%	13%
Operating Expenses					
General and Administrative		18,411,052	8,998,571	7,809,386	16,807,957
Bad Debt (Recovery) Expense		(4,311,179)	(46,984)	365,579	318,595
Stock Based Compensation		86,637	70,780	-	70,780
Depreciation and Amortization		1,621,125	1,483,713	1,311,653	2,795,366
Total Operating Expenses		**15,807,635**	**10,506,080**	**9,486,618**	**19,992,698**
Income (Loss) from Operations		**(12,001,532)**	**(7,685,253)**	**(6,616,829)**	**(14,302,082)**
Other Income (Expense)					
Change in Fair Value of Class C Series A Preferred Stock Liability		(5,549,962)	-	-	-
Change in Fair Value of Contingent Consideration		30,318	-	-	-
Change in Fair Value of Investments		130,190	-	-	-
Change in Fair Value of Convertible Notes		728,268	-	-	-
Change in Fair Value of Derivative Liabilities		(82,925)	-	-	-
Loss from Investment in Associate		-	-	-	-
Fair Value Adjustment on Equity Accounted Investment		-	-	-	-
Finance Cost		(3,068,458)	(1,682,549)	(1,110,331)	(2,792,880)
Transaction Costs		9,027,828	-	-	-
Other Income (Expense)		(1,517,269)	(162,365)	266,863	104,498
Impairment Loss		-	(60,000)	60,000	-
Total Other Expense		**(302,010)**	**(1,904,914)**	**(783,468)**	**(2,688,382)**
Loss before taxes		**(12,303,542)**	**(9,590,167)**	**(7,400,297)**	**(16,990,464)**
Income Tax Benefit (Expense)		(421,539)	(554,883)	(564,676)	(1,119,559)
Net Income (Loss)		**$ (12,725,081)**	**$ (10,145,050)**	**$ (7,964,973)**	**$ (18,110,023)**
Adjusted EBITDA					
Net Income (Loss)		$ (12,725,081)	$ (10,145,050)	$ (7,964,973)	$ (18,110,023)
Finance Costs		3,068,458	1,682,549	1,110,331	2,792,880
Income Tax Expense (Benefit)		421,539	554,883	564,676	1,119,559
Depreciation and Amortization		1,621,125	1,483,713	1,311,653	2,795,366
EBITDA		**$ (7,613,959)**	**$ (6,423,905)**	**$ (4,978,313)**	**$ (11,402,218)**

Exhibit "F" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

mGO. | Certified Public Accountants

November 3, 2023

Personal & Confidential
VIA EMAIL ONLY
Robert Meyer, CEO
Final Bell Holdings International Ltd.
1000-925 West Georgia Street
Vancouver, British Columbia, V6C 3L2 Canada
robert@finalbell.com

Dear Mr. Meyer:

The purpose of this letter is to memorialize our November 2, 2023, telephone call with Keith Adams, CFO, providing formal notice that as of November 2, 2023, Macias Gini & O'Connell LLP ("MGO"), has ceased to render any professional services and resigns from the audit of Final Bell Holdings International Ltd. (also referred to herein as the "Company") for the year ended March 31, 2023. Our decision to now formally end our engagement as the Company's independent auditor came only after careful consideration of an ongoing matter of concern. This disengagement is compelled by our professional standards and Section 10(d) of the Terms and Conditions of our engagement letter. Due to this termination of professional services, as you know, certain aspects of our work could not be completed. We will not provide any further professional services to the Company and, accordingly, MGO is not responsible for completing any further work or issuing any report.

Specifically, our reason for disengaging is based on a disagreement with management regarding certain of the valuation assumptions used in the valuation model for the acquisition of Final Bell Canada that also affect the Company's pre-RTO share price. The pre-RTO share price value has a cascading impact on other valuation models.

We regret we were unable to resolve this issue. As a result, in accordance with our professional standards and code of conduct, we will not be able to accept management's representations as outlined in our engagement letter dated December 20, 2022, for the year ended March 31, 2023.

We do not retain any of the Company's original records in connection with this engagement. Our workpaper files are the property of MGO and will be maintained by us in accordance with our firm record retention policy.

We thank you for your business and wish you success in the future. Should you have any questions, please contact MGO's General Counsel at sperkins@mgocpa.com.

Sincerely,

Macias Gini & O'Connell LLP

Exhibit "G" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

FINAL BELL HOLDINGS INTERNATIONAL LTD.

NOTICE OF CHANGE OF AUDITOR

TO: British Columbia Securities Commission
Alberta Securities Commission

AND TO: Macias Gini & O'Connell LLP

RE: Notice Regarding Change of Auditor Pursuant to Section 4.11 of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**")

Notice is hereby given of a change of the auditor of Final Bell Holdings International Ltd. (the "**Corporation**") pursuant to section 4.11 of NI 51-102 as follows:

1. The Corporation has received the resignation of its auditor, Macias Gini & O'Connell LLP ("**MGO**"), on its own initiative, by letter dated November 3, 2023;

2. The Corporation is seeking the appointment of a new auditor of the Corporation, to hold office until the next annual general meeting of the Corporation.

3. The determination to accept the resignation of MGO as the Corporation's auditor have not currently been considered or approved by the Corporation's board of directors or its Audit Committee, as the neither the board of directors nor Audit Committee of the Corporation were given an opportunity to consider the resignation.

4. MGO did not express any reservations or modified opinions for any of its reports on the financial statements of the Corporation for: (a) the two most recently completed fiscal years ended March 31, 2022 preceding the date of this Notice; or (b) any subsequent period.

5. In the opinion of the Corporation's Audit Committee and board of directors, no "reportable events" (as defined in section 4.11(1) of NI 51 - 102) have occurred. MGO discussed with management and identified in its resignation letter a disagreement with management regarding certain valuation assumptions. However, the Corporation confirms that neither the Audit Committee nor the board of directors of the Corporation discussed the disagreement with MGO and does not believe that one exists.

DATED the 9th day of November, 2023.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Per: (signed) "*Kay Jessel*"________
Kay Jessel
Executive Director

Exhibit "H" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BC Securities Commission
Invest Right
1200–701 West Georgia Street
Vancouver, BC V7Y 1L2
www.bcsc.bc.ca
Phone 604 899 6500
Toll-free 1 800 373 6393
inquiries@bcsc.bc.ca

Citation: 2023 BCSECCOM 464

Partial Revocation Order

Final Bell Holdings International Ltd.

Under the securities legislation of British Columbia (the Legislation)

Background

¶ 1 Final Bell Holdings International Ltd. (the Issuer) is subject to a failure-to-file cease trade order (FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) on August 14, 2023.

¶ 2 The Issuer has applied to the Principal Regulator for a partial revocation of the FFCTO.

Interpretation

¶ 3 Terms defined in National Instrument 14-101 *Definitions* or in National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

Representations

¶ 4 This decision is based on the following facts represented by the Issuer:

1. The Issuer was incorporated as Karsten Energy Corp. under the Business Corporations Act (British Columbia) on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Issuer completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. Listing of the Issuer’s common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Issuer’s common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Issuer filed articles of amendment under the Business Corporations Act (British Columbia) changing its name from "Karsten Energy Corp." to "Final Bell International Holdings Ltd.".

2. The Issuer’s registered office is located at 1000-925 West Georgia St., Vancouver, British Columbia, V6C 3L2, Canada.

3. Effective November 30, 2022, the Issuer completed a series of transactions (collectively the Business Combination) pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation, 14th Round Inc., a Delaware corporation, Final Bell Canada Inc., an Ontario corporation, and their respective subsidiaries.

4. Also effective November 30, 2022, in connection with the Business Combination, the Issuer completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a class designated Class B Proportionate Voting Shares (the Proportionate Voting Shares), and to reclassify the common shares as Class A Subordinate Voting Shares (the Subordinate Voting Shares). The shareholders of the Issuer approved the share reorganization at a special meeting on February 28, 2022.

BC Securities Commission
Invest Right

Subject to certain conditions, each Proportionate Voting Share is convertible into 100 Subordinate Voting Shares, and is entitled to vote with the Subordinate Voting Shares at a rate of 100 votes per Proportionate Voting Share.

5. The Issuer's authorized share capital consists of an unlimited number of Proportionate Voting Shares and an unlimited number of Subordinate Voting Shares. The Issuer currently has 35,483,345 Proportionate Voting Shares and 2,398,950 Subordinate Voting Shares issued and outstanding.

6. During fiscal 2021, in order to expand its business and facilitate the Business Combination, the Issuer raised an aggregate of $22.8 million (the Debt) through the private placement of subordinated unsecured convertible notes (the Unsecured Convertible Notes) with forty-six (46) individual investors (the Convertible Note Holders). The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the Trust Indenture), and will mature on January 31, 2024 (the Maturity Date).

7. All Convertible Note Holders purchased the Unsecured Convertible Notes under the exemptions contained in sections 2.3 (Accredited investor) or 2.10 (Minimum amount investment) of National Instrument 45-106 (NI 45-106), or in distributions outside of Canada.

8. The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue, which is payable semi-annually, in either cash or Subordinate Voting Shares of the Issuer, at its discretion. The Issuer has exclusively relied, and must continue to rely, upon the issuance of Subordinate Voting Shares to satisfy all interest payments in respect of the Unsecured Convertible Notes.

9. On September 15, 2023, an aggregate interest payment of $459,143 in respect of the Unsecured Convertible Notes became due (the Interest Payment). Pursuant to the terms of the Trust Indenture, if the Issuer fails to complete the Interest Payment by September 30, 2023, the Debt becomes immediately payable in cash, which would materially prejudice the Issuer's financial condition and the interests of its stakeholders.

10. The Issuer seeks partial revocation of the FFCTO to accommodate the issuance to the Convertible Note Holders, before September 30, 2023, of 998,139 Subordinate Voting Shares at the deemed price of $0.46 per share, in full satisfaction of the September 15, 2023 Interest Payment (the Proposed Trade).

11. The Proposed Trade will be made in British Columbia, in reliance on the prospectus exemption contained in section 2.42(1)(a) (Conversion, Exchange or Exercise) of NI 45-106, and in jurisdictions outside of Canada, in accordance with laws of the applicable jurisdiction.

12. The Issuer failed to file the

    (a) annual audited financial statements for the year ended March 31, 2023;
    (b) annual management's discussion and analysis for the year ended March 31, 2023; and
    (c) certification of annual filings for the year ended March 31, 2023,

BC Securities Commission
Invest Right

(collectively the Required Filings) due to delays in the completion of its audit for the fiscal year ended March 31, 2023. The delays resulted from complexities arising from the Business Combination, but are not the result of the FFCTO.

13. Upon completion of the Issuer's audit for the year ended March 31, 2023, which is anticipated on or before October 31, 2023, the Issuer intends to complete the Required Filings and concurrently apply for full revocation of the FFCTO.

14. The Issuer has the necessary financial and human resources to complete the Required Filings and to apply for full revocation of the FFCTO.

15. Together with the notice to Convertible Note Holders of the Interest Payment, the Issuer will:

    (a) Provide each Convertible Note Holder with: (1) copy of the FFCTO; and (2) a copy of this partial revocation order; and
    (b) Request from each Convertible Note Holder a signed and dated acknowledgement which states all of the Issuer's securities, including the securities issued in connection with the Proposed Trade, will remain subject to the FFCTO and that the issuance of partial revocation orders does not guarantee the issuance of full revocation orders in the future.

16. The Issuer undertakes to make available a copy of all signed written acknowledgements it receives to staff of the Decision Makers on request.

Order

¶ 5 The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Executive Director to make this order.

¶ 6 The order of the Principal Regulator under the Legislation is that the FFCTO is partially revoked solely to complete the Proposed Trade.

¶ 7 September 27, 2023

Larissa M. Streu
Manager, Corporate Disclosure
Corporate Finance

Exhibit "I" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

From: Matthew Milich
To: Keith Adams
Subject: Re: Clarus List
Date: Thursday, November 16, 2023 11:16:22 AM
Attachments: image.png

Hi Keith – no worries, will call you this morning. We are scheduled to release on Nov. 28 I believe. We should be able to share prior to that -- the Q3 financials & MD&A are just being finished up now.

From: Keith Adams <kadams@finalbell.com>
Date: Wednesday, November 15, 2023 at 9:52 PM
To: Matthew Milich <mmilich@bzam.com>
Subject: Fwd: Clarus List

Matt. Sorry for the abrupt ending to our call. I had an investor that was coming to the office today. Can we connect in the morning. Also, when will you release Q3 results

Keith Adams

Begin forwarded message:

From: Keith Adams <kadams@finalbell.com>
Date: November 15, 2023 at 7:34:25 PM PST
To: Robert Meyer <robert@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Christy Zhou <czhou@finalbell.com>, Keith Adams <kadams@finalbell.com>
Subject: Fw: Clarus List
Reply-To: Keith Adams <kadams@finalbell.com>

Christy is taking over the Due diligence readout now that we are getting inputs that make sense for her to review. M Attached is a "working doc" that Christy is going to update. We will clean up the beginning overview of the business, etc., and figure out how to put more meaningful financials into the doc. We need to highlight issues but also provide a read-out of what we received.

We went through the DD list of what we still need to provide BZAM and Jimmy and Christy are finishing up those requirements. Re: info from BZAM: see my prior email to Matt and Clarus. There was lots of missing info and we are getting more info daily etc financial data. The only financial info from them other than the external financials. No revenue breakouts, no forecasts, etc. I am having to piece through it and the MD&A's but the data is getting stale. I will continue down this path until we have their Q3 numbers.

The main deliverable we are working on to deliver to them (BZAM) an FB Canada forecasted balance sheet and cash flow (income has been provided). We are reviewing it tonight to send it to you. It is going to show a terrible cash position (Negative cash) mainly due the the Working Capital needed for the ramp-up for Jetters. The reality is that the revenue ramp and the cash collection cycle is going to be a bigger cash drain than I think anyone was thinking. We can "dock the boat" with you tomorrow morning on what we want to deliver.

I spoke with Matt today and we will be working through the weekend to help BZAM and bankers complete the consolidated model.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

----- Forwarded Message -----
From: Keith Adams <kadams@finalbell.com>
To: Matthew Milich <mmilich@bzam.com>
Cc: Edward M. Drake <edrake@clarussecurities.com>; Greg Boone <gboone@finalbell.com>; Paul Yang <pyang@clarussecurities.com>; Alex Lamarche <alamarche@clarussecurities.com>; Jennifer Maccarone <jmaccarone@finalbell.com>; Jimmy Nguyen <jnguyen@finalbell.com>; Robert Meyer <robert@finalbell.com>; Kay Jessel <kay@finalbell.com>
Sent: Wednesday, November 15, 2023 at 06:56:16 PM PST
Subject: Re: Clarus List

Thank you.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

On Wednesday, November 15, 2023 at 11:50:17 AM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith, just a quick update – the items below should be posted now:

Insurance Summary

Outstanding Securities Reconciliation

Ancaster Appraisal

Trademark Summary

Licence Summary

From: Matthew Milich <mmilich@bzam.com>
Date: Tuesday, November 14, 2023 at 9:06 AM
To: Keith Adams <kadams@finalbell.com>
Cc: Edward M. Drake <edrake@clarussecurities.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@clarussecurities.com>, Alex Lamarche <alamarche@clarussecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Keith Adams <kadams@finalbell.com>, Robert Meyer <robert@finalbell.com>, Kay Jessel <kay@finalbell.com>
Subject: Re: Clarus List

Hi Keith,

For **05. Financial Information**, we are in the middle of our 2024 budget/forecast process (normally would complete for final review/approval in 1st week of December). Having said that, we are working hard in parallel on a proforma model for the combination which will be incorporating the latest, in-progress 2024 budget/forecast. I'm assuming we will want to review the proforma together, so anticipating you will be able to see the 2024 numbers, debt schedule, etc. as part of that. To cover a couple other queries:

1. We can provide revenue detail by segment/category, putting something together.
2. You are correct, we generally don't sell bulk flower, however in 2023 there were some bulk sales to clear out older inventory after getting everything transitioned to SAP, taking account of old inventory from both sides of the BZAM / TGOD merger, etc. In 2024 we generally don't anticipate selling bulk flower,

For **02 Securities and Shareholder Info**, a reconciliation is being prepared now.

For **04 Operations and Material Agreements**, will work on this.

For **06 Labour Employment and Employee Relations**, will work on this.

For **07 Insurance**, requesting the summary now. Regarding the parent company query, the parent company was originally called The Green Organic Dutchman Holdings Ltd and the name changed to BZAM Ltd subsequent to the BZAM/TGOD transaction.

For **08 Real and Personal Property**, will have the latest appraisal of the Ancaster facility posted ASAP and look at / work on if anything else needed.

For **09 Intellectual Property**, will have the latest trademark portfolio listing posted ASAP and look at / work on if anything else needed.

For **10.1 Licences**, will have a summary put together and posted asap.

Best,

Matt

From: Keith Adams <kadams@finalbell.com>
Date: Monday, November 13, 2023 at 5:52 PM
To: Matthew Milich <mmilich@bzam.com>
Cc: Edward M. Drake <edrake@clarussecurities.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@clarussecurities.com>, Alex Lamarche <alamarche@clarussecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Keith Adams <kadams@finalbell.com>, Robert Meyer <robert@finalbell.com>, Kay Jessel <kay@finalbell.com>
Subject: Re: Clarus List

Matt,

05. Financial Information only includes tax returns. Some data I can get from Statements and MD&A.

- it would be great to see revenue detail by segment or legal entity (historic and proforma)
  - Also revenue by product category - Flour, vapes, preroll, edibles, etc
  - I assume that BZAM does not sell any bulk flower. All is used internally. If it does, can you provide more info on this?
- Can we get your proforma Income statement, Balance Sheet, and Cash Flow by month through 2024 ASAP?
- Also, do you have a 13-week cash projection?
  - Any major cash outlays (maturing of debt, payment for licenses, legal settlement, tax payments, etc)
- Do you have a debt roll forward schedule and a schedule that cash outlays for each debt instrument?

Re the Data Room: when do you think you will populate:

- **02 Securities and Shareholder Info**
  - **The MD&A dated 12/31/22 doesn't tie to the data room. Can you reconcile please?**
  -

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Common Shares (1)	157,240,777
Warrants (2)	25,874,588
RSUs issued to employees	345,375
Stock options	7,238,499

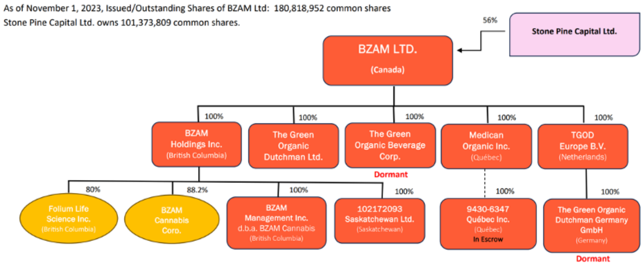
Notes:

(1) The Company completed the Consolidation on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio.
(2) The Consolidation Ratio also applies to the Warrants which are currently exercisable on the basis of one Warrant for one Common Share. Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants.

See the Company's Consolidated Financial Statements for a detailed description of these securities. Each security type is convertible into one Common Share.

  -
- **04. Operations and Material Contracts**?
  - currently, it is empty.
-
- **06. Labour Employment and Employee Relations**
  - We don't need individual salaries except for anyone Change of Control or Severance Agreements
  - Also, can we see total Salary and Headcount by Entity to gain some understanding of staffing levels
- **07. Insurance**
  - Can you ask your Broker(s) for a summary of coverages including name of the insurer, renewal dates, retention, policy limits, and annual premiums
  - on the D&O, the Berkley policy-insured entity is Green Organic Dutchman Holdings Ltd.
    - $5m coverage, claims based, expires 12/31/2023, annual premium $635k
      - please confirm that this is CDN $ for both the coverage and premium
    - Why is this not with the parent company - BZAM Ltd
    -

As of November 1, 2023, Issued/Outstanding Shares of BZAM Ltd: 180,818,952 common shares
Stone Pine Capital Ltd. owns 101,373,809 common shares.



- ▪

  - Excess D&O – XL Insurance (Canada), CDN $5m coverage, assume claims based, expires 11/1/2024, annual premium $180k,
    - Same question: insured party: BZAM Limited fka Green Organic Dutchman Holdings Ltd
  - Please confirm no
    - E&O policy,
    - Business Interuption Policy,
    - Umbrella Policy
    - Key Man Life
- **08 Real and Personal Property**
  - empty
- **09. Intellectual Property**
  - Empty
- **10.1 Licenses and Permits**
  - Can we get a summary schedule Summary schedule:

Keith Adams

CFO

415.320.8940

kadams@finalbell.com

On Monday, November 13, 2023 at 05:14:36 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Thanks Jimmy, appreciate the update and the continued effort!

From: Jimmy Nguyen <jnguyen@finalbell.com>
Date: Monday, November 13, 2023 at 1:27 PM
To: Matthew Milich <mmilich@bzam.com>
Cc: Edward M. Drake <EDrake@clarussecurities.com>, Keith Adams <kadams@finalbell.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@clarussecurities.com>, Alex Lamarche <alamarche@clarussecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>
Subject: Re: Clarus List

Hi Matthew and Clarus Team,

Please see attached (and within section 5 of the data room) for our responses to your follow up questions related to the model.

Thanks,

Jimmy

On Sat, Nov 11, 2023 at 1:46 PM Jimmy Nguyen <jnguyen@finalbell.com> wrote:

> Hi Matthew,
>
> We've added the meeting minutes to section 1 of the data room and the payroll register to section 6.
>
> Thanks,
>
> Jimmy
>
> On Fri, Nov 10, 2023 at 1:38 PM Matthew Milich <mmilich@bzam.com> wrote:
>
>> Hi Keith, Jimmy, just a couple other items that are high priority:
>>
>> 1. Minute books of Final Bell Canada Inc. and Final Bell Corp. (the sub of Final Bell Canada Inc. that is also the licence holder)
>> 2. The payroll register
>>
>> Thanks!

From: Edward M. Drake <EDrake@ClarusSecurities.com>
Date: Friday, November 10, 2023 at 1:01 PM
To: Jimmy Nguyen <jnguyen@finalbell.com>
Cc: Keith Adams <kadams@finalbell.com>, Matthew Milich <mmilich@bzam.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@clarussecurities.com>, Alex Lamarche <alamarche@clarussecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>
Subject: RE: Clarus List

Awesome thanks Jimmy.

Have a great weekend,

Edward

Sent from my Galaxy

-------- Original message --------

From: Jimmy Nguyen <jnguyen@finalbell.com>

Date: 2023-11-10 4:01 p.m. (GMT-05:00)

To: "Edward M. Drake" <EDrake@ClarusSecurities.com>

Cc: Keith Adams <kadams@finalbell.com>, Matthew Milich <mmilich@bzam.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@ClarusSecurities.com>, Alex Lamarche <alamarche@ClarusSecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>

Subject: Re: Clarus List

Hi Edward,

Thank you for clarifying. We have a detailed COGS breakdown, but it will take us some time to put it together. We should be able to provide something by Monday, hopefully sooner.

Thanks,

Jimmy

On Fri, Nov 10, 2023 at 12:19 PM Edward M. Drake <EDrake@clarussecurities.com> wrote:

> It's not hidden. Eg compliance testing for June 2024 does not show any values (AS22)
>
> Tx
>
> Sent from my Galaxy
>
> -------- Original message --------
>
> From: Keith Adams <kadams@finalbell.com>
>
> Date: 2023-11-10 3:09 p.m. (GMT-05:00)
>
> To: "Edward M. Drake" <EDrake@ClarusSecurities.com>
>
> Cc: Jimmy Nguyen <jnguyen@finalbell.com>, Matthew Milich <mmilich@bzam.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@ClarusSecurities.com>, Alex Lamarche <alamarche@ClarusSecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>
>
> Subject: Re: Clarus List
>
> Edward, if you look at the screenshot, I believe the info is in the columns C - AJ and just needs to be unhidden. The actual financial statements including the balance is in a different file that was upload under actuals.
>
> Jimmy, please confirm.
>
> On Fri, Nov 10, 2023 at 12:04 PM Edward M. Drake <EDrake@clarussecurities.com> wrote:
>
>> Hi Keith,
>>
>> For the detailed P&L, please see the attached screenshot. It looks like the forecast starting from October 2023 looks to be missing some line items carried over from September 2023 prior.
>>
>> For the balance sheet/cash flow, while the historicals are fine, we really need them in a standalone model. Can you create one integrated into the FB model and resend? We are looking for a 3 statement model as per our diligence request list, not just a P&L forecast. We want to evaluate the working capital changes historically as they integrate into the model.
>>
>> 4163120903. I'm out of pocket today but we can set something up Monday. The most important piece is the cashflow and balance sheet integrates into the model.
>>
>> Thanks
>>
>> Sent from my Galaxy
>>
>> -------- Original message --------
>>
>> From: Keith Adams <kadams@finalbell.com>
>>
>> Date: 2023-11-10 2:14 p.m. (GMT-05:00)
>>
>> To: Jimmy Nguyen <jnguyen@finalbell.com>, Matthew Milich <mmilich@bzam.com>, Greg Boone <gboone@finalbell.com>

Cc: "Edward M. Drake" <EDrake@ClarusSecurities.com>, Paul Yang <pyang@ClarusSecurities.com>, Alex Lamarche <alamarche@ClarusSecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>

Subject: Re: Clarus List

Matt, can you provide the contact info for Edward/Paul/Alex so if we have questions we can reach out to him or his team directly?

Clarus team, who should we contact directly if we have questions? For example, we are confused by question number 3. Can you help us understand the question better?

3) There is no Detailed P&L for 2024, would it be possible to provide that detail?

response: We have provided the income statement in the level of detail that we forecast at. We have more details for the historic amounts.

4) There is no balance sheet, cash flow, or working capital schedule. Can this be provided?

response: We have not prepared an FB Canada standalone forecasted balance sheet, cash flow, or working capital statement. Historical have been provided for the balance sheet. I also believe that the forecasted consolidated balance sheet would look very different than simply combining the 2 companies' balance sheets together. The beginning balance sheet for FB Canada would look different post-acquisition than the standalone. The combined working capital metrics (eg DSO, DOH, etc) should be forecast using BZAM assumptions. So I think it would be a better use of time to work together on preparing the combined statements using the historical statements as the starting point.

Jimmy and the FB Canada team are working on responses and will be back to you before the end of the day. If there is one specific question that would help move the ball forward, let us know and we will prioritize that response. Also, we will make ourselves available over the weekend as I understand the goal is to have the first pass of the combined model by Friday.

To keep timely responses, please include on questions the following people and feel free to call me if needed (415.320.8940). Jimmy will be responsible for consolidating all responses back in addition to posting them into the data room.

- Greg Boone
- Jennifer Maccarone
- Jimmy Nguyen

Keith Adams

CFO

415.320.8940

kadams@finalbell.com

On Thursday, November 9, 2023 at 05:25:42 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith,

Great chatting with you.

As mentioned, attached here is the list from Clarus. I've copied in Edward, Paul, and Alex so they have your email as well.

Would be great to get the items in #6 as a priority.

@ Edward – Keith mentioned that you are welcome to reach out direct with any questions or requests.

Thanks everyone for being on top of this.

Best,

Matt

--

Jimmy Nguyen
Senior Manager, Corporate Development

(805) 304-5624

Final Bell Holdings
7731 Hayvenhurst Ave. Unit B

Van Nuys, CA 91406

--

<image.png>

Jimmy Nguyen
Senior Manager, Corporate Development

(805) 304-5624

Final Bell Holdings
7731 Hayvenhurst Ave. Unit B
Van Nuys, CA 91406

--

<image.png>

Jimmy Nguyen
Senior Manager, Corporate Development

(805) 304-5624

Final Bell Holdings
7731 Hayvenhurst Ave. Unit B
Van Nuys, CA 91406

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Exhibit "J" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BC Securities Commission
Invest Right

1200–701 West Georgia Street
Vancouver, BC V7Y 1L2
www.bcsc.bc.ca

Phone 604 899 6500
Toll-free 1 800 373 6393
inquiries@bcsc.bc.ca

Citation: 2024 BCSECCOM 13

Partial Revocation Order

Final Bell Holdings International Ltd.

Under the securities legislation of British Columbia (the Legislation)

Background

¶ 1 Final Bell Holdings International Ltd. (the Issuer) is subject to a failure-to-file cease trade order (FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) on August 14, 2023.

¶ 2 The Issuer has applied to the Principal Regulator for a partial revocation of the FFCTO.

Interpretation

¶ 3 Terms defined in National Instrument 14-101 Definitions or in National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions have the same meaning if used in this order, unless otherwise defined.

Representations

¶ 4 This decision is based on the following facts represented by the Issuer:

a. The Issuer was incorporated as Karsten Energy Corp. under the Business Corporations Act (British Columbia) on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Issuer completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. Listing of the Issuer's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Issuer's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Issuer filed articles of amendment under the Business Corporations Act (British Columbia) changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd."

b. The Issuer's registered office is located at 1000-925 West Georgia St., Vancouver, British Columbia, V6C 3L2, Canada.

c. Effective November 30, 2022, the Issuer completed a series of transactions (collectively the Business Combination) pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation, 14th Round Inc., a Delaware corporation, Final Bell Canada Inc., an Ontario corporation, and their respective subsidiaries.

d. Also effective November 30, 2022, in connection with the Business Combination, the Issuer completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a class designated Class B Proportionate Voting Shares (the Proportionate Voting Shares), and to reclassify the common shares as Class A Subordinate Voting Shares (the Subordinate Voting Shares). The shareholders of the Issuer approved the share reorganization at a special meeting on February 28, 2022. Subject to certain conditions, each Proportionate Voting Share is convertible into 100 Subordinate Voting

BC Securities Commission Invest Right

Shares, and is entitled to vote with the Subordinate Voting Shares at a rate of 100 votes per Proportionate Voting Share.

e. The Issuer's authorized share capital consists of an unlimited number of Proportionate Voting Shares and an unlimited number of Subordinate Voting Shares. The Issuer currently has 35,483,345 Proportionate Voting Shares and 3,397,089 Subordinate Voting Shares issued and outstanding.

f. During fiscal 2021, in order to expand its business and facilitate the Business Combination, the Issuer raised an aggregate of $22.8 million (the Debt) through the private placement of subordinated unsecured convertible notes (the Unsecured Convertible Notes) with forty-six (46) individual investors (the Convertible Note Holders) in multiple tranches. The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture, as amended, with an institutional trustee (the Trust Indenture), and will mature on January 31, 2024 (the Maturity Date).

g. All Convertible Note Holders purchased the Unsecured Convertible Notes under the exemptions contained in sections 2.3 (Accredited investor) or 2.10 (Minimum amount investment) of National Instrument 45-106 (NI 45-106), or in distributions outside of Canada.

h. The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue, which is payable semi-annually, in either cash or Subordinate Voting Shares of the Issuer, at its discretion. To date, the Issuer has relied exclusively on the issuance of Subordinate Voting Shares to satisfy all interest payments in respect of the Unsecured Convertible Notes.

i. Pursuant to the Trust Indenture, if the Issuer raises $1.36 million in an equity financing prior to the Maturity Date, the Debt represented by the Unsecured Convertible Notes will automatically convert into Subordinate Voting Shares at a price of $0.46 per share, without any further action required by the Convertible Note Holders (the Note Conversion).

j. If the Issuer fails to complete the requisite equity financing prior to the Maturity Date, the Debt represented by the Unsecured Convertible Notes, plus accrued and unpaid interest thereon, will become due and payable in cash, which the Issuer is currently unable to fund.

k. The Issuer seeks partial revocation of the FFCTO so that it may: (i) complete a private placement (the Private Placement) of up to 2,978,261 Subordinate Voting Shares at the subscription price of $0.46 per share (or the equivalent in US Dollars using the prevailing exchange rate at the time of closing) (or the equivalent in Proportionate Voting Shares), for maximum proceeds of $1.37 million (which amount includes $1.36 million required to trigger the Note Conversion, and a $10,000 contingency to accommodate exchange rate fluctuations and rounding); and (ii) issue up to 52,141,834 Subordinate Voting Shares at the subscription price of $0.46 per share (or the equivalent in US Dollars using the prevailing exchange rate at the time of closing) in respect of the Debt represented by the Unsecured Convertible Notes, plus accrued and unpaid interest thereon (collectively the Proposed Trades).

l. The distributions made in respect of the Note Conversion will be made in British Columbia, in reliance on the prospectus exemption contained in section 2.42(1)(a) (Conversion, Exchange or Exercise) of NI 45-106.

m. The distributions made pursuant to the Private Placement will be made in reliance on the prospectus exemptions contained in section 2.3 (Accredited investor) and 2.10 (Minimum amount investment) of NI 45-106, and in jurisdictions outside of Canada, in accordance with laws of the applicable jurisdiction.

BC Securities Commission
Invest Right

n. The Issuer failed to file the

(i) annual audited financial statements for the year ended March 31, 2023;

(ii) annual management's discussion and analysis for the year ended March 31, 2023; and

(iii) certification of annual filings for the year ended March 31, 2023,

(collectively the Required Filings) due to delays in the completion of its audit for the fiscal year ended March 31, 2023. The delays resulted from complexities arising from the Business Combination, and from the unexpected resignation of the Issuer's auditor, but are not the result of the FFCTO.

o. Upon completion of the Issuer's audit for the year ended March 31, 2023, which is anticipated on or before February 29, 2024, the Issuer intends to complete the Required Filings and concurrently apply for full revocation of the FFCTO.

p. The Issuer has the necessary financial and human resources to complete the Required Filings and to apply for full revocation of the FFCTO.

q. The Issuer will:

(i) Provide each investor in the Private Placement (each an Investor) and Convertible Note Holder with: (1) copy of the FFCTO; and (2) a copy of this partial revocation order;

(ii) Obtain from each Investor a signed and dated acknowledgement which states all of the Issuer's securities, including the securities issued in connection with the Private Placement, will remain subject to the FFCTO and that the issuance of partial revocation orders does not guarantee the issuance of full revocation orders in the future; and

(iii) Request from each Convertible Note Holder a signed and dated acknowledgement which states all of the Issuer's securities, including the securities issued in connection with the Note Conversion, will remain subject to the FFCTO and that the issuance of partial revocation orders does not guarantee the issuance of full revocation orders in the future.

r. The Issuer undertakes to make available a copy of all signed written acknowledgements it receives to staff of the Decision Makers on request.

Order

¶ 5 The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.

¶ 6 The order of the Principal Regulator under the Legislation is that the FFCTO is partially revoked solely to complete the Private Placement and the Note Conversion.

¶ 7 January 9, 2024

Allan Lim, CPA, CA
Manager, Corporate Disclosure
Corporate Finance

Exhibit "K" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

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Final Bell Holdings International Ltd. (000034178)

Print

Company details Regulatory actions

On this page

Documents

Search and download documents for this profile

Profile details

Cease trade order flag (including MCTO)	Active cease trade order
Profile number	000034178
Status	Public
Full legal company name in English	Final Bell Holdings International Ltd.
Full legal company name in French	Final Bell Holdings International Ltd.
Effective from date	28 Nov 2012

Show previous name history

This company is an Investment Fund Manager	No

is company is an Underwriter	No
Head office address	1000-925 West Georgia St., Vancouver, British Columbia, V6C 3L2, Canada
Mailing address	1000-925 West Georgia St., Vancouver, British Columbia, V6C 3L2, Canada
Telephone number	+1 (604) 662-8808 (Main)
Fax number	
Email address	ir@finalbell.com
Website	www.finalbell.com

Company identification

Legal Entity Identifier (LEI)

Reporting issuer details

Reporting issuer	Yes
Over-The-Counter (OTC) issuer	No
Exchangeable Security or Credit Support issuer	Not applicable
Capital Pool Company (CPC)	No
Eligible for short form prospectus	No
Principal jurisdiction	British Columbia
Reporting jurisdiction(s)	Alberta, British Columbia

Formation details

Date of formation	28 Nov 2012
Manner of formation	Corporation
Jurisdiction where formed	Canada, British Columbia

ief Executive Officer (CEO) - full ʒal name	MEYER, Robert
Chief Financial Officer (CFO) - full legal name	ADAMS, Keith

Financial year end

Type of financial year end	Fixed year end
Financial year end	March 31

Size and industry classification

NAICS	000000 - NAICS Unknown
Size of issuer (assets)	$100 million to under $500 million

Securities

Listed on an exchange or other market place	No

Associated entities

Transfer agent or registrar	Computershare Investor Services Inc. 510 BURRARD St., Vancouver, British Columbia, V6C 3B9, Canada T: +1 (000) 000-0000 F: [Not Provided] service@computershare.com
Auditor	Davidson & Company LLP / Davidson & Company LLP
Address	1200 - 609 Granville Street, P.O. Box 10372, Vancouver, British Columbia, V7Y1G6,

Canada

T: +1 (604) 900-9230

dconnelly@davidson-co.com

Previous issuers

Previous issuer(s) No

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Exhibit "L" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

ENDORSEMENT

COURT FILE NO.: **CV-24-00715773-00CL** **DATE:** **April 12, 2024**

NO. ON LIST: **1**

TITLE OF PROCEEDING: **In the Matter of a Plan of Compromise or Arrangement of BZAM Ltd., and Others**

BEFORE: **Justice Osborne**

PARTICIPANT INFORMATION

For the Applicant:

Name of Person Appearing	Name of Party	Contact Info
Joseph Blinick	Counsel for BZAM Ltd., and the Related Corporations	blinickj@bennettjones.com
Mike Shakra		Shakram@bennettjones.com

For Other:

Name of Person Appearing	Name of Party	Contact Info
Maria Konyukhova	Counsel for FTI Consulting Canada Inc.	mkonyukhova@stikeman.com
Philip Yang		pyang@stikeman.com
Jeffrey Rosenberg	Representative for FTI Consulting	Jeffrey.Rosenberg@fticonsulting.com
Andrew Winton	Counsel for Final Bell Corporation	awinton@lolg.ca
Joanna Vasiliou		jvasiliou@lolg.ca
Alessandro Bozzelli	Counsel for Cortland Credit Lending Corporation	abozzelli@cassels.com
Colin Pendrith		cpendrith@cassels.com

ENDORSEMENT OF JUSTICE OSBORNE:

1. This case conference was requested to address procedural issues in respect of the upcoming trial of an issue as between the Applicants on the one hand and Final Bell Holdings on the other hand.

2. First, on the consent of the parties, the legal briefs already agreed and directed to be delivered by the parties in advance of the hearing shall not exceed 50 pages in length. Supplementary legal briefs in the

nature of closing submissions to be delivered concurrently with final submissions on the second day of the trial of an issue will be limited to 25 pages in length.

3. Second, I approve the parties' joint request for Veritext Court Reporting to act as the court reporter and provide real-time transcripts and/or same-day rough drafts. A courtesy copy will be provided to the Court.

4. Third, the Monitor is preparing a report to assist the court with respect to the issues. Final Bell submits that in the course of investigating the matter and preparing its Report, the Monitor should review the record as it stands between the parties, but not seek to adduce new evidence such as by interviewing additional witnesses.

5. The Monitor, in furtherance of its mandate as directed by the Court, submitted that it reviewed the financial information as adduced by the Applicants and the Final Bell, and was of the view that there were certain limitations and gaps therein, with the result that any recommendations it might make for the benefit and assistance of this Court would be more informed if it obtained additional information to clarify the issues and fill in the gaps. The Monitor has acted entirely properly throughout, and has sought only to assist the Court as directed. It simply wants advice and directions as to how to proceed in the present circumstances. Final Bell strongly opposes the Monitor adducing or obtaining any additional evidence. The Applicants take no position, and nor does the secured lender, Cortland.

6. The parties have exchanged six affidavits that will constitute the evidence in chief. Cross examinations have been conducted with the result that, as directed, the *viva voce* evidence to be led at the hearing will be very limited. In short, the evidentiary record is relatively mature, subject to the additional evidence to be led at the trial of the issue. The allegations are serious and fundamental. Final Bell alleges fraudulent misrepresentation and seeks an order in the nature of rescission setting aside and unwinding the acquisition of that company by the Applicants.

7. Having heard from the parties and considered the issues, in my view, the Monitor should base its report and corresponding recommendations on the material already in the record in this proceeding, as well as in the record, specifically for this issue, without interviewing additional witnesses or seeking production of additional documents. To be clear, however, the Monitor may as it sees fit, make reference in its report to what it considers to be gaps in information and materials and any other issues as it sees fit. I understand Final Bell to be in agreement with this.

Osborne, J.

8. mkkkSfgjsgfj

Exhibit "M" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-24- 00715773-00CL **DATE: April 19, 2024**

NO. ON LIST: 2

TITLE OF PROCEEDING: In the Matter of BZAM LTD.

BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
WINTON, ANDREW IONIS, DAVID	FINAL BELL CORP.	awinton@lolg.ca dionis@lolg.ca

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
BLINICK, JOSEPH	BZAM LTD. BZAM HOLDINGS INC. BZAM MANAGEMENT INC. BZAM CANNABIS CORP. FOLIUM LIFE SCIENCE INC. 102172093 SASKATCHEWAN LTD. THE GREEN ORGANIC DUTCHMAN LTD. MEDICAN ORGANIC INC. HIGH ROAD HOLDING CORP.	blinickj@bennettjones.com
PENDRITH, COLIN LEVINE, NATALIE	CORTLAND CREDIT LENDING CORPORATION	cpendrith@cassels.com nlevine@cassels.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
ROSENBERG, JEFF YANG, PHILIP KONYUKHOVA, MARIA	FTI Consulting (Monitor)	Jeffrey.rosenberg@fticonsulting.com pyang@stikeman.com mkonyukhova@stikeman.com

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ENDORSEMENT OF JUSTICE OSBORNE:

[1] The trial of an issue in this CCAA proceeding was scheduled to be heard on April 22 and 23, 2024. After scheduling the trial, I conducted two trial management conferences, the most recent of which was earlier this week, specifically for the purpose of ensuring that the matter was on track and would proceed. All was in order.

[2] This morning, counsel for Final Bell requested an urgent case conference before me to request an adjournment of the trial on the basis of the disclosure of documents late yesterday, which Final Bell asserts fundamentally change the landscape of the issues, such that it is seeking further supplementary production from BZAM and a further examination for discovery, and then leave to file an amended opening statement.

[3] BZAM, strongly supported by the secured lender and DIP lender, Cortland, submits that the documents are in the nature of corrections and clarifications, relate to issues that could have been explored on examinations for discovery already conducted but which were not, and in any event, do not reflect any prejudice that could not be fully addressed by a brief supplementary examination for discovery of the relevant witness and an amended opening statement from Final Bell, both of which things BZAM would consent to.

[4] Having heard from all of the parties, and the Court-appointed Monitor, I am, with great reluctance, adjourning this trial of an issue. It was scheduled on an expedited basis with the consent and at the request of the parties, given other ongoing steps in this restructuring, which would or could be fundamentally affected by a determination on this issue.

[5] The issue (or issues) to be tried are important. Final Bell was acquired by BZAM shortly before filing for CCAA protection. Final Bell alleges fraudulent misrepresentation in connection with that transaction and seeks the remedy of rescission with the obvious potential of having a fundamental effect on what constitutes the property of the Debtor.

[6] Each of Final Bell and BZAM filed an aide memoire in respect of today's attendance, and as noted above, I heard submissions from all parties and the Court-appointed Monitor. Based on the materials filed and the submissions made, I cannot conclude that the issue is minor. It may be, but I cannot conclude that today. I explored with the parties the possibility of brief examinations for discovery being conducted over the weekend and revised materials being filed thereafter. Final Bell strenuously submitted that such would not remedy the prejudice it says it has suffered.

[7] One of the reasons that I cannot conclude today that there has been no unfairness is that the trial is about allegations of fraudulent misrepresentations and, specifically, what the obligations and liabilities were of

BZAM at the relevant time. The newly disclosed documents consist of Canada Revenue Agency documents relevant to the issue of what indebtedness was owing to the CRA at certain points in time. That could be important to a determination of the trial, and in my view, fairness militates in favour of an adjournment.

[8] I noted above that I granted the adjournment reluctantly, and I say this for a number of reasons, including the fact that the disruption to the Commercial List schedule is significant and the potential ramifications of an adjournment on the parties to this issue, and on other parties and stakeholders in this CCAA proceeding, could be significant. I have reminded all parties that there could well be material cost consequences resulting from this claim and the adjournment. I have also made it very clear to the parties that there was significant disruption to the schedule of the Commercial List to free up the two days next week, on an emergency basis, and I was not at all certain that two consecutive days could be accommodated again, at least before the summer.

[9] I observe that the SISP, which was one of the factors militating in favour of an expedited date (and there are others) has now been terminated, such that the Stalking Horse Agreement would be the Successful Bid, and I further observe that the principal of the Stalking Horse Bidder is the current Chairman of BZAM.

[10] I have directed that once all parties are in agreement that additional production has been made, and examinations have been completed, the Monitor may request a brief case conference before me, at which I will do my best to reschedule this trial as soon as it can be accommodated, ideally for a shorter period of time than the two days presently booked, even if that means the two days may not be consecutive (which is not my preference).

Osborne, J.

Exhibit "N" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

Andrew Winton
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T 416 598 1744 F 416 598 3730
www.lolg.ca

Lax O'Sullivan Lisus Gottlieb

April 22, 2024

BY EMAIL

Joseph Blinick
Bennett Jones LLP
Barristers and Solicitors
1 First Canadian Place, Suite 3400
P.O. Box 130
Toronto ON M5X 1A4

Dear Mr. Blinick:

Additional Excise Tax Documents from BZAM

Further to Justice Osborne's endorsement and direction dated April 19, 2024, Final Bell International Holdings Ltd. requires your clients to delivery the following documents forthwith:

1. All correspondence between BZAM, or its representatives, and Canada Revenue Agency ("CRA"), for the period spanning July 1, 2023 through February 27, 2024, including, but not limited to, correspondence within BZAM summarizing oral conversations with CRA;

2. All general ledger and journal entries concerning excise tax liabilities, including entries capturing excise tax payable and payments to CRA on account of excise taxes, for the period spanning April 1, 2023 through February 27, 2024;

3. All bank records recording payments to CRA on account of excise taxes payable for the period spanning July 1, 2023 through February 27, 2024;

4. All B300 forms for BZAM Management Inc. ("BMI") for the period spanning April 1, 2023 through February 27, 2024, including forms that are "refiled" for any reason;

5. All documents relevant to any audits of BMI's excise tax filings for the period spanning August-November 2023;

6. Printouts from BMI’s CRA account for the period spanning July 1, 2023 through February 27, 2024 showing all excise tax form filings and payments during this period, including an updated “View and pay account balance” printout for the period spanning June 2023 to the present;
7. All correspondence within BZAM, including, if available, with its auditors, concerning excise taxes payable for the period spanning August 1, 2023 through February 27, 2024;
8. Monthly *pro forma* financial statements for BMI on a standalone basis, and for BZAM on a consolidated basis, for the period spanning August 2023 through February 2024;
9. General ledger entries for accrued liabilities and accounts payable for BMI for the period spanning July 1, 2023 through February 27, 2024;
10. All correspondence between BZAM and Cortland, or their respective representatives, sent or received between July 1, 2023 and February 27, 2024, concerning excise taxes; and
11. All correspondence between BZAM and Stone Pine, or its affiliates, or their respective representatives, sent or received between July 1, 2023 and February 27, 2024 concerning excise taxes.

We require original digital versions of these documents with metadata intact. Following receipt and review of these documents, we will be in touch to schedule an examination for discovery of Mr. Bovingdon for up to two hours. Given the manner in which BZAM has disclosed documents to Final Bell concerning the excise tax issue, we do not agree that Final Bell should be restricted to an examination of Mr. Bovingdon as a witness on a pending motion.

Yours truly,

Andrew Winton

cc: Brendan Bohn / David Ionis, *Lax O’Sullivan Lisus Gottlieb LLP*
Mike Shakra / Tom Feore, *Bennett Jones LLP*
Colin Pendrith / Natalie E. Levine / Jonathan Shepherd, *Cassels Brock & Blackwell LLP*
Maria Konyukhova / Nick Avis, *Stikeman Elliott LLP*

Exhibit "O" to the

Affidavit of Wenbo Sun affirmed

April 23, 2024

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

Applicants

DRAFT BILL OF COSTS OF THE APPLICANTS

STATEMENT OF EXPERIENCE

A claim for fees is being made with respect to the following lawyers:

Name of Lawyer	Years of Experience
Preet Gill	16
Sean Zweig	15
Mike Shakra	11
Joseph Blinick	11
Tom Feore	3
Josephine Bulat	1
Jamie Ernst	1

SECTION I - FEES

PART A ACTUAL COSTS: DOCUMENTARY DISCLOSURE AND SUMMARY TRIAL PREPARATION

Description of Services

Review and consider Final Bell's materials; Gather and review documents; Prepare responding materials; Review and consider Final Bell's reply materials; Prepare and respond to Redfern Requests; Review Final Bell productions; Prepare key document briefs; Prepare witnesses for examinations; Attend at and defend examinations; Prepare for cross-examinations of Final Bell witnesses; Attend at and conduct cross-examinations; Complete undertakings; Reviewing Final Bell's undertakings; Prepare agreed statement of facts, cast of characters and chronology of events; Prepare brief of transcripts; Prepare other materials for the summary trial; Conduct and review legal research; Attend at several case conferences; Review Final Bell opening statement; Start preparing responding factum/opening submission; Correspondence, discussions and meetings with client, counsel for other parties, Monitor and Court; Prepare for summary trial; Attend to matters related and incidental thereto.

Individual	Total Hours	Actual Rate	Total Full Indemnity	Substantial Indemnity Rate (90%)	Total Substantial Indemnity	Partial Indemnity Rate (60%)	Total Partial Indemnity
Preet Gill	6.9	$1,020.00	$7,038.00	$918.00	$6,334.20	$612.00	$4,222.80
Sean Zweig	7.7	$1,100.00	$8,470.00	$990.00	$7,623.00	$660.00	$5,082.00
Mike Shakra	40.2	$960.00	$38,592.00	$864.00	$34,732.80	$576.00	$23,155.20
Joseph Blinick	203.5	$915.00	$186,202.50	$823.50	$167,582.25	$549.00	$111,721.50
Tom Feore	235.1	$670.00	$157,517.00	$603.00	$141,765.30	$402.00	$94,510.20
Josephine Bulat	28.4	$525.00	$14,910.00	$472.50	$13,419.00	$315.00	$8,946.00
Jamie Ernst	12.8	$525.00	$6,720.00	$472.50	$6,048.00	$315.00	$4,032.00
SUB-TOTAL	534.6		$419,449.50		$377,504.55		$251,669.70
13% HST			$54,528.44		$49,075.59		$32,717.06
TOTAL B			**$473,977.94**		**$426,580.14**		**$284,386.76**

PART B ESTIMATED COSTS: MOTION FOR SECURITY FOR COSTS

Description of Services

Communications and correspondence with counsel and client; Prepare motion materials; Review responding motion materials; Attend to matters relating to motion.

Individual	Total Hours	Actual Rate	Total Full Indemnity	Substantial Indemnity Rate (90%)	Total Substantial Indemnity	Partial Indemnity Rate (60%)	Total Partial Indemnity
Joseph Blinick	5	$915.00	$4,575.00	$823.50	$4,117.50	$549.00	$2,745.00
Tom Feore	10	$670.00	$6,700.00	$603.00	$6,030.00	$402.00	$4,020.00
Josephine Bulat	2	$525.00	$1,050.00	$472.50	$945.00	$315.00	$630.00
SUB-TOTAL	17		$12,325.00		$11,092.50		$7,395.00
13% HST			$1,602.25		$1,442.03		$961.35
TOTAL C			**$13,927.25**		**$12,534.53**		**$8,356.35**

PART C ESTIMATED COSTS: SUMMARY TRIAL

Description of Services

Address pre-hearing matters; Prepare factum/opening submission; Prepare for and attend at hearing (2 days); Review Final Bell closing submissions; Prepare closing submissions; Correspondence, discussions and meetings with client, counsel for other parties, Monitor and Court; Prepare for summary trial; Attend to matters related and incidental thereto.

Individual	Total Hours	Actual Rate	Total Full Indemnity	Substantial Indemnity Rate (90%)	Total Substantial Indemnity	Partial Indemnity Rate (60%)	Total Partial Indemnity
Sean Zweig	5	$1,100.00	$5,500.00	$990.00	$4,950.00	$660.00	$3,300.00
Mike Shakra	10	$960.00	$9,600.00	$864.00	$8,640.00	$576.00	$5,760.00
Joseph Blinick	55	$915.00	$50,325.00	$823.50	$45,292.50	$549.00	$30,195.00
Tom Feore	60	$670.00	$40,200.00	$603.00	$36,180.00	$402.00	$24,120.00
SUB-TOTAL	130		$105,625.00		$95,062.50		$63,375.00
13% HST			$13,731.25		$12,358.13		$8,238.75
TOTAL G			**$119,356.25**		**$107,420.63**		**$71,613.75**

SECTION II – DISBURSEMENTS

PART D DISBURSEMENTS INCURRED

Disbursement	Non-taxable or Tax Included	Taxable Amount
Government Filing Fee	$825.90	
Litigation Levy Surcharge	$100.00	
Online search		$217.50
Government online service		$2,948.87
Courier		$219.59
Process Servers		$73.00
Pre-tax Total		$3,458.96
13% HST		$449.66
Non-Taxable or Tax Included		$925.90
TOTAL		**$4,834.52**

PART E DISBURSEMENTS ESTIMATED

Disbursement	Non-taxable or Tax Included	Taxable Amount
Government Filing Fee	$339.00	
Library Computer Searches		$1,00.00
Courier		$100.00
Process Servers		$500.00
Court Reporters		$5,000.00
Transcripts		$15,000.00
Pre-tax Total		$20,600.00
13% HST		$2,678.00
Non-Taxable or Tax Included		$339.00
TOTAL		**$23,617.00**

SECTION III – SUMMARY

TOTAL FEES AND DISBURSEMENTS
(PARTS A + B + C + D + E)

Fee Scale	Costs Incurred	Costs Estimated	Disbursements Incurred	Disbursements Estimated	Total
Full Indemnity	$473,977.94	$133,283.50	$4,834.52	$23,617.00	$635,712.96
Substantial Indemnity	$426,580.14	$119,955.15	$4,834.52	$23,617.00	$574,986.81
Partial Indemnity	$284,386.76	$79,970.10	$4,834.52	$23,617.00	$392,808.38

LAWYER'S CERTIFICATE

I certify that the hours claimed have been spent, that the rates shown are correct and that each disbursement denoted as "actual" has been incurred as claimed.

April 23, 2024

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Lawyers for BZAM Ltd. and the other Applicants

TO: THE SERVICE LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,* AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

Court File No.: CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

DRAFT BILL OF COSTS

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(sworn April 23, 2024)

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Lawyers for BZAM Ltd. and the other Applicants

TAB 3

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	……….……, THE ………
	)	
JUSTICE OSBORNE	)	DAY OF ………….., 2024

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

Applicants

ORDER FOR SECURITY FOR COSTS

THIS MOTION, made in writing under Rule 37.12.1(4), by BZAM Ltd., for security for costs under Rule 56.01, was read this day, at 330 University Avenue, Toronto ON M5G 1R7.

ON READING the materials filed by the parties, including the motion record and factum of BZAM Ltd., and such other materials as were filed,

1. **THIS COURT ORDERS** that within three (3) days of the date of this Order, Final Bell shall pay into Court the lump sum amount of $________________ as security for costs.

2. **THIS COURT ORDERS** that until the security required by paragraph 1 of this Order has been given, Final Bell may not take any step in this proceeding.

3. **THIS COURT ORDERS** that Final Bell shall pay to BZAM its costs of this motion on a partial indemnity scale, fixed at the all-inclusive sum of $_______________, within 10 days.

4. **THIS ORDER BEARS INTEREST** at the rate of 5.3% per annum commencing on the date of this Order.

____

The Honourable Justice Osborne

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,* AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.t

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER FOR SECURITY FOR COSTS

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Court File No.: CV-24-00715773-00CL

ONTARIO
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MOTION RECORD OF BZAM LTD.

(MOTION FOR SECURITY FOR COSTS)

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