

**DLC HOLDINGS CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of 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 standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**DLC HOLDINGS CORP.**  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Unaudited)  
(Expressed in Canadian Dollars)  
**AS AT**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 3,644	\$ 4,752
Receivables	7,192	6,116
Marketable securities (Note 4)	74,213	94,590
	<u>85,049</u>	<u>105,458</u>
<b>Investments in subsidiaries</b> (Note 5)	13,874,872	13,181,146
<b>Loan receivable</b> (Note 10)	13,465	15,002
<b>Tangible assets</b> (Note 6)	819,174	861,964
	<u>14,707,511</u>	<u>14,058,112</u>
<b>Total assets</b>	<u>\$ 14,792,560</u>	<u>\$ 14,163,570</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 158,600	\$ 159,950
Due to related parties (Note 10)	124,544	124,544
	<u>283,144</u>	<u>284,494</u>
<b>Promissory note</b> (Notes 7 and 10)	123,614	120,411
<b>Loans</b> (Notes 8 and 10)	1,197,237	1,108,480
	<u>1,320,851</u>	<u>1,228,891</u>
<b>Total liabilities</b>	1,603,995	1,513,385
<b>Shareholders' equity</b>		
Share capital (Note 9)	4,255,850	4,255,850
Reserves (Note 9)	15,589,131	15,589,131
Accumulated other comprehensive income	598,289	735,665
Non-controlling interest	3,172,533	3,014,706
Deficit	(10,427,238)	(10,945,167)
<b>Total shareholders' equity</b>	<u>13,188,565</u>	<u>12,650,185</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 14,792,560</u>	<u>\$ 14,163,570</u>

Nature of Operations and going concern (Note 1)

Approved and authorized by the Board on November 27, 2023

"Mark Pajak" Director "Craig Goldenberger" Director  
Mark Pajak - Director Craig Goldenberger - Director

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

**DLC HOLDINGS CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS)  
AND COMPREHENSIVE INCOME (LOSS)**

(Unaudited)

(Expressed in Canadian Dollars)

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
<b>OPERATING EXPENSES</b>				
Fair value adjustments (Notes 5 and 6)	\$ 2,489	\$ 4,190	\$ 7,525	\$ 12,752
Interest expense (Notes 7 and 8)	14,159	13,425	41,213	38,959
General and administrative	2,483	5,172	4,470	6,803
Transfer and filing fees	1,249	3,090	12,077	13,165
Consulting fees	2,750	-	2,750	13,250
Professional fees	9,716	9,369	64,337	66,496
Foreign exchange loss (gain)	<u>164,283</u>	<u>(411,048)</u>	<u>(823,227)</u>	<u>(2,220,824)</u>
Income (loss) from continuing operations	(197,129)	375,802	690,855	2,069,399
<b>OTHER ITEMS</b>				
Interest and investment income	2	5,536	(1,283)	6,095
Other income	-	12,926	40,410	25,501
Loss on marketable securities (Note 4)	<u>(1,586)</u>	<u>23,780</u>	<u>(18,498)</u>	<u>11,329</u>
Total other items	(1,584)	42,242	20,629	42,925
Net income (loss) for the period	(198,713)	418,044	711,484	2,112,324
<b>OTHER COMPREHENSIVE LOSS</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
Currency translation adjustment	<u>(126,086)</u>	<u>(83,565)</u>	<u>(173,104)</u>	<u>(909,743)</u>
Comprehensive income (loss) for the period	\$ (324,799)	\$ 334,479	\$ 538,380	\$ 1,202,581
Net income (loss) attributable to:				
Shareholders of the Company	\$ (163,631)	\$ 321,200	\$ 517,929	\$ 1,602,936
Non-controlling interest	<u>(35,082)</u>	<u>96,844</u>	<u>193,555</u>	<u>509,388</u>
	(198,713)	418,044	711,484	2,112,324
Comprehensive income (loss) attributable to:				
Shareholders of the Company	(258,633)	250,278	380,553	890,234
Non-controlling interest	<u>(66,166)</u>	<u>84,201</u>	<u>157,827</u>	<u>312,347</u>
	\$ (324,799)	\$ 334,479	\$ 538,380	\$ 1,202,581
<b>Basic and diluted income (loss) per common share</b>	\$ (0.00)	\$ 0.00	\$ 0.01	\$ 0.02
<b>Weighted average number of common and preferred shares outstanding – basic and diluted</b>	84,650,227	84,650,227	84,650,227	84,650,227

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

**DLC HOLDINGS CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30,**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period	\$ 711,484	\$ 2,112,324
Non-cash items:		
Fair value adjustment	7,525	12,752
Accrued interest expense	41,214	38,629
Loss (Gain) on marketable securities	18,670	(11,329)
Unrealized foreign exchange	(853,853)	(2,291,181)
Changes in non-cash working capital items:		
Receivables	(1,087)	(3,855)
Accounts payable and accrued liabilities	332	41,795
	<u>(75,715)</u>	<u>(100,865)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Proceeds on sale of marketable securities	1,606	14,465
Purchase of marketable securities	-	(97,352)
	<u>1,606</u>	<u>(82,887)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds (repayments) on loan	52,161	(2,309)
	<u>52,161</u>	<u>(2,309)</u>
<b>Effect of foreign exchange on cash</b>	<u>20,840</u>	<u>72,020</u>
<b>Change in cash during the period</b>	(1,108)	(114,041)
<b>Cash, beginning of period</b>	<u>4,752</u>	<u>127,990</u>
<b>Cash, end of period</b>	\$ 3,644	\$ 13,949

There were no significant non-cash investing or financing activities for the periods ended September 30, 2023 and 2022. No cash was paid for interest or taxes for the periods ended September 30, 2023 and 2022.

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

**DLC HOLDINGS CORP.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Preferred Shares	Amount	Reserves	Accumulated Other Comprehensive Income (Loss)	Non- controlling interest	Deficit	Total
<b>Balance, December 31, 2021</b>	29,033,375	55,616,852	\$ 4,255,850	\$15,589,131	\$ 635,382	\$ 2,676,895	\$(11,768,642)	\$ 11,388,616
Translation adjustment	-	-	-	-	(712,702)	(197,041)	-	(909,743)
Net income for the period	-	-	-	-	-	509,388	1,602,936	2,112,324
<b>Balance, September 30, 2022</b>	29,033,375	55,616,852	\$ 4,255,850	\$15,589,131	\$ (77,320)	\$ 2,989,242	\$(10,165,706)	\$ 12,591,197
Translation adjustment	-	-	-	-	812,985	226,894	-	1,039,879
Net loss for the period	-	-	-	-	-	(201,430)	(779,461)	(980,891)
<b>Balance, December 31, 2022</b>	29,033,375	55,616,852	\$ 4,255,850	\$15,589,131	\$ 735,665	\$ 3,014,706	\$(10,945,167)	\$ 12,650,185
Translation adjustment	-	-	-	-	(137,376)	(35,728)	-	(173,104)
Net income for the period	-	-	-	-	-	193,555	517,929	711,484
<b>Balance, September 30, 2023</b>	29,033,375	55,616,852	\$ 4,255,850	\$15,589,131	\$ 598,289	\$ 3,172,533	\$(10,427,238)	\$ 13,188,565

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

# **DLC HOLDINGS CORP.**

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

DLC Holdings Corp. ("DLC") (with its subsidiaries, collectively, the "Company") is an investment company investing in agricultural land and in the food processing industry. The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 25, 2011, and is listed for trading on the TSX Venture Exchange ("Exchange") under the symbol DLC.

The Company's head office address is 1600 - 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3, and its registered and records office address is 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at September 30, 2023, the Company has a cash balance of \$3,644 and a working capital deficit of \$198,095. The Company has entered into a credit facility with a related party (Note 10) which will provide working capital if required to meet ongoing costs. The Company therefore has sufficient capital resource from which to fund on-going operating requirements for the next twelve months.

### **2. BASIS OF PREPARATION**

#### **Statement of compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied are consistent with the consolidated financial statements for the year ended December 31, 2022.

#### **Basis of presentation**

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

#### **Use of judgments and estimates**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

## **DLC HOLDINGS CORP.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

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## **2. BASIS OF PREPARATION (cont'd...)**

### **Use of judgments and estimates (cont'd...)**

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

#### *Investment entities*

The Company has judged that certain of its controlled subsidiaries qualify as investment entities. The primary functions of the private companies detailed in Note 4 was judged to be consistent with the requirements of the investment entity exemption under IFRS 10 *Consolidated financial statements*. Specifically, those entities have the specific function of providing returns on a capital appreciation basis and are evaluated by management on a fair value basis.

#### *Determination of functional currency*

The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

#### *Going concern*

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in Note 1.

The key areas of estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

#### *Valuation of investments*

The Company recognizes its tangible assets (Note 6) and investments in subsidiaries (Note 5) at fair value. The material composition of these assets is land. The Company performs reviews of comparable transactions and engages third party valuers to provide annual valuations of those holdings. These valuations are determined using level 3 inputs which involve considerable estimates as the inputs used to value these assets are based on unobservable market data. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable market data is not available. Between third party valuations, management reviews assumptions and market conditions, including any impact of political or legal risk of foreign jurisdictions, to adjust fair value estimations. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

#### *Deferred income tax*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

**DLC HOLDINGS CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****2. BASIS OF PREPARATION (cont'd...)****Use of judgments and estimates (cont'd...)***Impairment of long-lived assets*

The carrying value of long-lived assets is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is recognized in the condensed consolidated interim statement of loss and comprehensive loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflow from other assets or groups of assets – “CGUs”) for purposes of impairment testing, require the use of estimates and assumptions for discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumption or estimates used in determining the fair value of long-lived assets could impact the impairment analysis.

**3. SIGNIFICANT ACCOUNTING POLICIES****Consolidation**

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiaries which exist for the purpose of executing the Company’s business operations. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

The condensed consolidated interim financial statements include:

<b>Name of Entity</b>	<b>Activity</b>	<b>Country of Incorporation</b>	<b>Ownership</b>	<b>Functional Currency</b>
DLC Holdings Corp.	Management company.	Canada	-	Canadian Dollar
Superior Macadamias (Pty) Ltd.	Investment in agricultural industry.	South Africa	100%	South African Rand
DLC North America LLC	Investment company.	USA	100%	US Dollar
Craven House Industries Limited	Management activities of holding companies including holding, acquiring, selling or otherwise disposing of shares in companies and all related activities.	Republic of Ireland	100%	Euro
Ceniako Ltd.	Management activities of holding companies including holding, acquiring, selling or otherwise disposing of shares in companies and all related activities.	Cyprus	60.5%	Euro

A subsidiary is an entity over which the Company has control, where control indicates exposure or rights to variable returns and the ability to affect those returns through power over the investee. Where an entity obtains funds for the purpose of providing investment management services, invests funds solely for returns from capital appreciation and/or investment income and measures and evaluates the performance of substantially all of its investments on a fair value basis, the Company applies the investment entity exemption under IFRS 10. These entities are not consolidated and are recorded on a fair value basis (Note 5).

**DLC HOLDINGS CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****4. MARKETABLE SECURITIES**

Marketable securities	Total
<b>Balance, December 31, 2021</b>	\$ 33,123
Purchased	115,776
Proceeds on sale	(33,954)
Loss on sale of marketable securities	(94,388)
Unrealised gain on mark to market	69,727
Foreign exchange	4,306
<b>Balance, December 31, 2022</b>	\$ 94,590
Proceeds on sale	(1,606)
Loss on sale of marketable securities	(1,127)
Unrealised gain on mark to market	(17,543)
Foreign exchange	(101)
<b>Balance, September 30, 2023</b>	\$ 74,213

The Company has investments in certain marketable securities of publicly traded companies. Purchases on margin are limited to 25% of securities held and recorded as balances due to broker. The Company does not have any purchases on margin as at September 30, 2023. There is no collateral pledged against the brokerage account.

**5. INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries	Craven House investments	Ceniako investments	Total
<b>Balance, December 31, 2021</b>	\$ 4,875,211	\$ 6,828,657	\$ 11,703,868
Foreign exchange	586,317	786,242	1,372,559
Translation differences	29,039	75,680	104,719
<b>Balance, December 31, 2022</b>	\$ 5,490,567	\$ 7,690,579	\$ 13,181,146
Foreign exchange	362,048	495,939	857,987
Translation differences	(73,079)	(91,182)	(164,261)
<b>Balance, September 30, 2023</b>	\$ 5,779,536	\$ 8,095,336	\$ 13,874,872

Financial asset investments of Craven House represent part ownership of the share capital of the following companies:

1. 50.1% - Finishtec Acabamentos Tecnicos Em Metais Ltda – ME (Brazil); and
2. 99.9% - Universal Properties Brasil Administracao de Imoveis Ltda (Brazil).

The Craven House holdings in turn own approximately 500 hectares of land in Bahia, Brazil. The land is suitable for the cultivation of macadamias and coconuts. It presently has no operations.

Financial asset investments of Ceniako represent ownership of 100% of the issued and outstanding share capital Woodford Empreendimentos Imobiliarios LTDA (Brazil). The Ceniako holdings in turn own approximately 2,000 hectares of land in Bahia. The land is suitable for the cultivation of macadamias and coconuts. It presently has no operations.

As the composition of the holdings of the investments in subsidiaries is materially land holdings, the Company does not anticipate significant short-term fluctuations in fair value in the shares of the private companies.

**DLC HOLDINGS CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****6. TANGIBLE ASSETS**

Tangible assets	Development Land	Macademia Facility	Vehicle	Total
<b>Balance, December 31, 2021</b>	\$ 462,239	\$ 380,261	\$ 11,855	\$ 854,355
Foreign exchange differences	27,672	-	-	27,672
Fair value adjustments	-	(10,932)	(12,169)	(23,101)
Translation differences	<u>866</u>	<u>1,858</u>	<u>314</u>	<u>3,038</u>
<b>Balance, December 31, 2022</b>	490,777	371,187	-	861,964
Foreign exchange differences	(5,320)	-	-	(5,320)
Fair value adjustments	-	(7,525)	-	(7,525)
Translation differences	<u>7,924</u>	<u>(37,869)</u>	<u>-</u>	<u>(29,945)</u>
<b>Balance, September 30, 2023</b>	\$ 493,381	\$ 325,793	\$ -	\$ 819,174

The development land represents a plot of land in Salta, Argentina. The macademia facility consists of a package of land, buildings and equipment acquired with DLC and located in South Africa. Fair value adjustments reflect depreciation of the assets.

**7. PROMISSORY NOTE**

The Company has a promissory note due to a company controlled by the Company's CEO. The promissory note bears interest at rate of 6%, is due on November 7, 2024 (extended by two years during the year ended December 31, 2021) and is unsecured.

Promissory Note	September 30, 2023	December 31, 2022
<b>Balance, beginning of period</b>	\$ 120,411	\$ 116,130
Interest accrued	<u>3,203</u>	<u>4,281</u>
<b>Balance, end of period</b>	\$ 123,614	\$ 120,411

**8. LOANS**

The Company has loans of \$175,092 (December 31, 2022 - \$169,936) due to a company controlled by the Company's CEO ("Related Party Loans") which bear interest at a rate of 6%, are due in 2024 and are unsecured. As at September 30, 2023, the Company has loans of \$334,066 (December 31, 2022 - \$271,133) due to a company controlled by the Company's CEO which accrues interest at a rate of 6%, maturing in 2025.

Related Party Loans	Principal	Interest	Total
<b>Balance, December 31, 2021</b>	\$ 337,320	\$ 57,793	\$ 395,113
Repayment	(2,342)	-	(2,342)
Interest expense	-	20,565	20,565
Foreign exchange	<u>21,417</u>	<u>6,316</u>	<u>27,733</u>
<b>Balance, December 31, 2022</b>	356,395	84,674	441,069
Funds received	52,161	-	52,161
Interest expense	-	16,833	16,833
Foreign exchange	<u>(983)</u>	<u>78</u>	<u>(905)</u>
<b>Balance, September 30, 2023</b>	\$ 407,573	\$ 101,585	\$ 509,158
<b>Long-term portion</b>	\$ 407,573	\$ 101,585	\$ 509,158

**DLC HOLDINGS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****8. LOANS (cont'd...)**

The Company entered into a loan facility, under which the Company was provided with a loan from KwikBuild Corporation Ltd ("KwikBuild"), a subsidiary of Craven Industrial Holdings PLC ("KwikBuild Loan"). The KwikBuild Loan holds a senior secured position on the assets of the Company, bears an interest rate of 5% and has a term of five years ending April, 2025 with interest and principal due at maturity. This is a related party transaction as the Company has directors in common with Craven Industrial Holdings PLC.

<b>KwikBuild Loan</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Balance, December 31, 2021</b>	\$ 495,387	\$ 101,956	\$ 597,343
Interest expense	-	27,086	27,086
Foreign exchange	33,839	9,143	42,982
<b>Balance, December 31, 2022</b>	\$ 529,226	\$ 138,185	\$ 667,411
Interest expense	-	21,030	21,030
Foreign exchange	(938)	576	(362)
<b>Balance, September 30, 2023</b>	\$ 528,288	\$ 159,791	\$ 688,079

**9. SHARE CAPITAL AND RESERVES**

## a) Authorized share capital

Unlimited number of common shares without par value.

Unlimited number of Class A Preferred Shares without par value.

- Convertible on a 1 for 1 basis to common shares.

Unlimited number of Class B Preferred Shares without par value.

- Entitled to one vote per Class B Preferred Share at meetings of the shareholders of the Company;
- Entitled to participate on a per share basis with the common shares in respect of any declaration of dividends on the common shares and any distribution on the common shares upon the liquidation, winding-up or dissolution of the Company; and
- Convertible, at the election of the Company, on a one-for-one basis into common shares.

## b) Issued share capital

The Company did not complete any private placements in the period ended September 30, 2023 and 2022.

<b>Issued and outstanding</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Common shares	29,033,375	29,033,375
Class A Preferred Shares	4,545,455	4,545,455
Class B Preferred Shares	51,071,397	51,071,397

**DLC HOLDINGS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****9. SHARE CAPITAL AND RESERVES (cont'd...)**

## c) Stock option plan

The Company has a stock option plan under which it is authorized to grant to executive officers and directors, employees and consultants stock options enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

As at September 30, 2023 and December 31, 2022, there are no stock options outstanding.

**10. RELATED PARTY TRANSACTIONS****Key Personnel Compensation**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. There was no remuneration paid to the directors and key management personnel during the period ended September 30, 2023 and 2022.

The following details amounts due to related parties:

<b>Type of Service</b>	<b>Nature of Relationship</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Management fees (a)	Emprise Capital Corp., a company with a former officer in common	\$ 104,633	\$ 104,633
Management fees (b)	Desmond Holdings Ltd., a company owned by the CEO	<u>19,911</u>	<u>19,911</u>
		<u>\$ 124,544</u>	<u>\$ 124,544</u>

a) Balance is secured by a promissory note. The balance is payable in installments of \$10,000 every two months, subject to a 10% late fee and subject to 12% following the maturity date of any such payment. The promissory note matured in the year ended December 31, 2021.

b) Balances are due on demand and unsecured.

In addition to the balances above, the promissory note (Note 7), Related Party Loans (Note 8), and KwikBuild Loan (Note 8) are due to related parties. The Company has a ZAR188,000 loan receivable from a subsidiary of KwikBuild which is non-interest bearing and has no fixed terms of repayment. The balance receivable at September 30, 2023 is \$13,465 (December 31, 2022 - \$15,002).

During the year ended December 31, 2019, the Company entered into an unsecured revolving credit facility (the "Credit Facility") with Craven House Capital Plc for up to USD \$500,000. Craven House Capital Plc is a related party by a common directorship. The Credit Facility bears interest of 5% per annum with all principal and interest on the Credit Facility due and payable on or before December 1, 2024. The Company has not drawn down on the credit facility.

**DLC HOLDINGS CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****11. SEGMENTED INFORMATION**

The Company operates in one segment, being investment. The Company's non-current assets, except financial instruments are situated as follows:

<b>September 30, 2023</b>	<b>South Africa</b>	<b>Argentina</b>	<b>Total</b>
Development land	\$ -	\$ 493,381	\$ 493,381
Macadamia facility	<u>325,793</u>	<u>-</u>	<u>325,793</u>
<b>Total</b>	<b>\$ 325,793</b>	<b>\$ 493,381</b>	<b>\$ 819,174</b>

<b>December 31, 2022</b>	<b>South Africa</b>	<b>Argentina</b>	<b>Total</b>
Development land	\$ -	\$ 490,777	\$ 490,777
Macadamia facility	<u>371,187</u>	<u>-</u>	<u>371,187</u>
<b>Total</b>	<b>\$ 371,187</b>	<b>\$ 490,777</b>	<b>\$ 861,964</b>

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Financial instruments**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments by category	Fair value through profit or loss		Amortized cost	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
<i>Financial assets</i>				
Cash	\$ -	\$ -	\$ 3,644	\$ 4,752
Receivables	-	-	7,192	6,116
Loan receivable	-	-	13,465	15,002
Marketable securities	74,213	94,590	-	-
Investments in subsidiaries	<u>13,874,872</u>	<u>13,181,146</u>	<u>-</u>	<u>-</u>
	13,949,085	13,275,736	24,301	25,870
<i>Financial liabilities</i>				
Accounts payable and accrued liabilities	-	-	158,600	159,950
Due to related parties	-	-	124,544	124,544
Promissory note	-	-	123,614	120,411
Loans	<u>-</u>	<u>-</u>	<u>1,197,237</u>	<u>1,108,480</u>
	\$ -	\$ -	\$ 1,603,995	\$ 1,513,385

**DLC HOLDINGS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023****12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)****Financial instruments (cont'd...)**

The Company considers that the carrying amount of financial instruments carried at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

Financial instruments measured at FVPL	Level 1		Level 3	
	September 30, 2023	December 31, 2022	September 30 2023	December 31, 2022
Marketable securities	\$ 74,213	\$ 94,590	\$ -	\$ -
Investments in subsidiaries <sup>(1)</sup>	-	-	13,874,872	13,181,146

(1) The fair value Level 3 inputs include an independent valuation performed on the investment. The Company performed a sensitivity analysis on the carrying value of its Level 3 assets and notes that a 10% decrease would result in an approximately \$1,387,000 decrease in fair value.

*Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables and marketable securities. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. The Company considers the risk of financial loss on cash to be remote. The Company's receivables consist materially of GST input tax credits recoverable from the government of Canada and a receivable from a related party. The Company considers credit risk with respect to these amounts to be low.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2023, the Company had a working capital deficiency of \$198,095 (December 31, 2022 – \$179,036).

Balances due to broker are supported by the Company's investment in marketable securities when the Company trades on margin. The extension of margin by the broker is limited to 25% of the value of the Company's investment in marketable securities. The ability of the Company to settle balances due to broker may be impacted by significant changes in the value of its investment in marketable securities. Marketable securities may be subject to significant volatility relative to the overall equity market and volatility of the specific securities held. The liquidity of the marketable securities is subject to the characteristics of the individual equities and may or may not be immediately convertible to cash. As at September 30, 2023, the Company was not in a margin position.

The Company's ability to finance its future operating requirements is significantly dependent on the Company's ability to achieve economic returns on its investments. Without these returns, the Company will remain dependent upon the continued financial support of its debtors and shareholders. The Company, as at September 30, 2023, is exposed to liquidity risk.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) **Interest rate risk**

The Company's financial asset exposed to interest rate risk consists of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company does not anticipate interest income on cash to contribute significantly to the operations and returns of the Company and is therefore minimally exposed to interest rate risk on assets.

Interest rates on debts payable are set at fixed rates reducing the Company's exposure to interest rate changes.

## DLC HOLDINGS CORP.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

(Expressed in Canadian Dollars)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

### Financial instruments (cont'd...)

#### Market risk (cont'd...)

#### b) Foreign currency risk

The Company's investments and assets are located in a number of jurisdictions and therefore exposed to the currency movements of a number of currencies. In addition to the functional currencies of the Company and its subsidiaries, the Company is also exposed to the Brazilian Real and Argentinean Peso on its non-monetary investments which is the jurisdiction of the investments in the unconsolidated subsidiaries of Craven House and Ceniako.

As at September 30, 2023, the Company's net foreign denominated monetary financial instruments are as follows:

	Foreign currency		Canadian dollar equivalent	
US dollar	US\$	(801,712)	\$	(1,083,916)
Euro	€	(69,351)	\$	(99,200)
South African Rand	R	133,011	\$	9,526

A fluctuation of 10% of the above note currencies against the Canadian dollar would have had an impact of \$117,000 on the net loss for the period.

#### c) Other price risk

The Company's marketable securities is comprised of individual equities in publicly traded companies. The portfolio is not diversified against geography or industry and is therefore subject to fluctuations in equity markets as well as volatility in individual underlying equities. The Company's exposure to other price risk is assumed to be the value of the marketable securities which are held at FVPL. The Company does not have a specific policy with respect to investment or portfolio requirements.

## 13. CAPITAL MANAGEMENT

The Company defines capital as consisting of the components of shareholder's equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to manage the cost of capital at acceptable levels of risk.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There are no external restrictions on the Company's capital. There were no changes to the approach to capital management in the period ended September 30, 2023.