

**DLC HOLDINGS CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
DLC Holdings Corp.

### *Opinion*

We have audited the accompanying consolidated financial statements of DLC Holdings Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

#### *Valuation of investments in subsidiaries*

As described in Note 5 to the consolidated financial statements, the Company's has investments in subsidiary of \$16,334,109 as at December 31, 2023. As more fully described in Notes 2 and 3 to the consolidated financial statements, investments in subsidiaries are measured at fair value at each reporting period. 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.

The principal considerations for our determination that the fair value of investments in subsidiaries is a key audit matter are due to the estimation uncertainty underlying the valuations and the significant value of the investments in subsidiaries at year-end. This determination required the use of appropriate valuation techniques which included significant unobservable inputs. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the fair value of the investments in subsidiaries.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating the Company's controls regarding investments in subsidiaries to ensure amounts are appropriately carried at fair value.
- Evaluating the competency, capabilities and objectivity of the third-party valuator used by management.
- Utilizing our internal valuations experts to conclude on the appropriateness of the methodology used in the valuation reports.
- Checking and evaluating the financial statement disclosures in relation to the fair value of investments in subsidiaries.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dylan Connelly.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 29, 2024

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 5,696	\$ 4,752
Receivables	89,286	6,116
Marketable securities (Note 4)	37,248	94,590
	<u>132,230</u>	<u>105,458</u>
<b>Investments in subsidiaries</b> (Note 5)	16,334,109	13,181,146
<b>Loan receivable</b> (Note 11)	13,557	15,002
<b>Investment in tangible assets</b> (Note 6)	483,667	490,777
<b>Property and equipment</b> (Note 7)	325,530	371,187
	<u>17,156,863</u>	<u>14,058,112</u>
<b>Total assets</b>	<u>\$ 17,289,093</u>	<u>\$ 14,163,570</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 177,602	\$ 159,950
Due to related parties (Note 11)	124,544	124,544
	<u>302,146</u>	<u>284,494</u>
<b>Promissory note</b> (Notes 8 and 11)	124,693	120,411
<b>Loans</b> (Notes 9 and 11)	1,196,822	1,108,480
<b>Deferred tax liability</b> (Note 12)	162,000	-
	<u>1,483,515</u>	<u>1,228,891</u>
<b>Total liabilities</b>	1,785,661	1,513,385
<b>Shareholders' equity</b>		
Share capital (Note 10)	4,255,850	4,255,850
Reserves (Note 10)	15,589,131	15,589,131
Accumulated other comprehensive income	838,432	735,665
Non-controlling interest	3,710,780	3,014,706
Deficit	(8,890,761)	(10,945,167)
	<u>15,503,432</u>	<u>12,650,185</u>
<b>Total shareholders' equity</b>	<u>15,503,432</u>	<u>12,650,185</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 17,289,093</u>	<u>\$ 14,163,570</u>
Nature of Operations and going concern (Note 1)		

Approved and authorized by the Board on April 29, 2024:

"Mark Pajak"  
Mark Pajak - Director

Director

"Craig Goldenberger"  
Craig Goldenberger - Director

Director

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

**DLC HOLDINGS CORP.****CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

(Expressed in Canadian Dollars)

**FOR THE YEARS ENDED DECEMBER 31**

	<b>2023</b>	<b>2022</b>
<b>OPERATING EXPENSES</b>		
Depreciation (Note 7)	\$ 10,041	\$ 23,101
Interest expense (Notes 8, 9 and 11)	55,672	81,096
General and administrative	4,680	8,956
Transfer and filing fees	13,020	14,395
Consulting fees	5,500	13,250
Professional fees	100,250	72,737
Fair value adjustments (Note 5)	(2,310,377)	-
Foreign exchange gain	<u>(690,461)</u>	<u>(1,317,405)</u>
Income from continuing operations	2,811,675	1,103,870
<b>OTHER ITEMS</b>		
Interest and investment income	(1,117)	4,306
Other income	121,386	48,198
Loss on marketable securities (Note 4)	<u>(54,798)</u>	<u>(24,941)</u>
Total other items	65,471	27,563
Net income before taxes	2,877,146	1,131,433
Deferred tax expense (Note 12)	<u>(162,000)</u>	<u>-</u>
<b>Net income</b>	2,715,146	1,131,433
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Item that may be reclassified subsequently to profit or loss</b>		
Currency translation adjustment	138,101	130,136
<b>Comprehensive income for the year</b>	<u>\$ 2,853,247</u>	<u>\$ 1,261,569</u>
Net income attributable to:		
Shareholders of the Company	\$ 2,054,406	\$ 823,475
Non-controlling interest	<u>660,740</u>	<u>307,958</u>
	2,715,146	1,131,433
Comprehensive income attributable to:		
Shareholders of the Company	2,157,173	923,758
Non-controlling interest	<u>696,074</u>	<u>337,811</u>
	<u>\$ 2,853,247</u>	<u>\$ 1,261,569</u>
<b>Basic and diluted income per common share</b>	<u>\$ 0.03</u>	<u>\$ 0.01</u>
<b>Weighted average number of common and preferred shares outstanding – basic and diluted</b>	<u>84,650,227</u>	<u>84,650,227</u>

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

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

(Expressed in Canadian Dollars)

**FOR THE YEARS ENDED DECEMBER 31,**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year	\$ 2,715,146	\$ 1,131,433
Non-cash items:		
Depreciation	10,041	23,101
Accrued interest expense	55,672	81,096
Loss on marketable securities	54,798	24,941
Unrealized foreign exchange	(687,047)	(1,338,418)
Fair value adjustments	(2,310,377)	-
Deferred tax expense	162,000	-
Changes in non-cash working capital items:		
Receivables	(83,157)	(2,214)
Accounts payable and accrued liabilities	17,049	13,464
	<u>(65,875)</u>	<u>(66,597)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on sale of marketable securities	1,606	33,954
Purchase of marketable securities	-	(115,777)
	<u>1,606</u>	<u>(81,823)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds (repayments) on loan	64,936	(2,342)
	<u>64,936</u>	<u>(2,342)</u>
<b>Effect of foreign exchange on cash</b>	<u>277</u>	<u>27,524</u>
<b>Change in cash during the year</b>	944	(123,238)
<b>Cash, beginning of year</b>	<u>4,752</u>	<u>127,990</u>
<b>Cash, end of year</b>	\$ 5,696	\$ 4,752

There were no significant non-cash investing or financing activities for the years ended December 31, 2023 and 2022. No cash was paid for interest or taxes for the years ended December 31, 2023 and 2022.

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

**DLC HOLDINGS CORP.**

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Number of Common Shares	Number of Preferred Shares	Amount	Reserves	Accumulated Other Comprehensive Income	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	-	-	-	-	100,283	29,853	-	130,136
Net income for the year	-	-	-	-	-	<u>307,958</u>	<u>823,475</u>	<u>1,131,433</u>
<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	-	-	-	-	102,767	35,334	-	138,101
Net income for the year	-	-	-	-	-	<u>660,740</u>	<u>2,054,406</u>	<u>2,715,146</u>
<b>Balance, December 31, 2023</b>	29,033,375	55,616,852	\$ 4,255,850	\$15,589,131	\$ 838,432	\$ 3,710,780	\$(8,890,761)	\$ 15,503,432

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

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards 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 consolidated 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 consolidated 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 December 31, 2023, the Company has a cash balance of \$5,696 and a working capital deficit of \$169,916. The Company has entered into a credit facility with a related party (Note 11) 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). The Company’s consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2024.

**Basis of presentation**

The consolidated financial statements have been prepared on an accrual basis of accounting and 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 consolidated 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 consolidated 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.

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

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

The key areas of judgment applied in the preparation of the consolidated 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 consolidated 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 investment in 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 CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 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 consolidated statement of income and comprehensive income. 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. MATERIAL ACCOUNTING POLICIES**

**Consolidation**

These consolidated 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 consolidated 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.	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
Geniako 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).

**Currency Translation**

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per International Accounting Standards (“IAS”) 21 *The Effects of Changes in Foreign Exchange Rates* and should be measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

**3. MATERIAL ACCOUNTING POLICIES (cont'd...)**

**Currency Translation (cont'd...)**

Under IFRS, the results and financial position of all the Company's entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- all resulting exchange differences are recognized as a separate component of equity.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

**Financial Instrument measurement and valuation**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The measurement of the Company's financial instruments is disclosed in Note 14 to these consolidated financial statements. Any financial instrument that is valued using level 2 or level 3 inputs will involve estimation uncertainty.

**Financial assets**

The Company classifies its financial assets in the following subsequent measurement categories:

- amortized cost;
- fair value through other comprehensive income ("FVOCI"); or
- fair value through profit or loss ("FVPL").

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

*Classification of financial assets at amortized cost*

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

**3. MATERIAL ACCOUNTING POLICIES** (cont'd...)

**Financial Instrument measurement and valuation** (cont'd...)

**Financial assets** (cont'd...)

*Classification of financial assets at fair value through other comprehensive income*

The Company classifies its equity investments at FVOCI for which are not held for trading and the Company has made an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss as these are strategic investments. Upon disposal of these equity investments, any balance within the other comprehensive income reserve for these equity investments is reclassified to deficit and is not reclassified to profit or loss. In addition, the other comprehensive income reserve for an impaired equity investment is not reclassified to profit or loss.

*Classification of financial assets at fair value through profit or loss*

The Company classifies the following financial assets at FVPL:

- financial assets which are managed and performance evaluated on a fair value basis;
- equity investments that are held for trading;
- equity investments for which the Company has not elected to recognize fair value gains and losses through other comprehensive income; and
- derivative financial instruments.

The Company's cash, receivables, and loan receivable are classified as amortized cost. The Company's marketable securities and investments in subsidiaries are carried at FVPL.

**Financial liabilities**

The Company classifies its financial liabilities as amortized cost or FVPL. Financial liabilities are subsequently measured at amortized cost, except for those at FVPL such as derivative financial instruments and contingent consideration payables.

The FVPL option can be elected for financial liabilities if:

- it eliminates or significantly reduces an accounting mismatch;
- the financial liability is part of a portfolio that is managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract.

This irrevocable election is made at initial recognition and these financial liabilities cannot be reclassified out of the category while they are held or issued.

The Company's financial liabilities are carried at amortized cost other than any balances due to broker which are carried at FVPL as part of a specific investment strategy. There were no balances due to broker as at December 31, 2023.

*Impairment*

The Company applies the simplified approach permitted by IFRS 9 (5.5.15), which requires expected lifetime losses to be recognized from initial recognition of the financial assets on its trade receivables. The Company does not have any material trade receivables subject to significant credit risk at this time.

**Property and equipment**

The Company owns a macademia manufacturing facility and some associated equipment in South Africa from historic operations.

Depreciation is recognized using the straight-line method with buildings depreciated over 20 years and equipment over 5 years.

**3. MATERIAL ACCOUNTING POLICIES (cont'd...)**

**Investments**

All investments at fair value are classified upon initial recognition at FVPL, with changes in fair value reported in profit or loss. The Company's investments at FVPL constitute a group of financial assets which are managed and performance evaluated on a fair value basis. Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss are presented in profit or loss in the period in which they arise.

The determination of fair value requires judgment based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments as discussed below. Such valuation changes are reflected in the consolidated financial statements. A fair value hierarchy is summarized in Note 13 that distinguishes the significance of the inputs used in determining the fair value measurements of various financial instruments.

*Tangible assets*

Tangible assets are measured at fair value at the reporting period date. The value of tangible assets is originally recorded at cost, being the fair value at the date of acquisition. Thereafter, at each reporting date, the fair value may, depending upon the circumstances, be adjusted using one or more of the valuation inputs included in Level 3. The valuation of the tangible assets at each reporting date is determined using valuation techniques such as recent arm's length market transactions, adjustment for changes in market conditions, or third party expert valuation.

*Financial assets – Investments in subsidiaries*

Investments in subsidiaries are measured at fair value at the reporting period date. The value of private company securities which are not traded in an active market are originally recorded at cost, being the fair value at the date of acquisition. Thereafter, at each reporting date, the fair value may, depending upon the circumstances, be adjusted using one or more of the valuation inputs included in Level 3. The Company's unconsolidated subsidiaries are dormant with the exception of land holdings as detailed in Note 5. Therefore, the Company employs valuation techniques at reporting dates consistent with real property valuation such as recent arm's length market transactions, adjustment for changes in market conditions, or third party expert valuation.

**Impairment of non-financial assets**

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

**Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, the unwinding of the discount is recognized as finance costs. The Company does not have any provisions for the years presented.

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**3. MATERIAL ACCOUNTING POLICIES (cont'd...)**

**Share capital**

Common and preferred shares are classified as share capital. Incremental costs directly attributable to the issuance of common and preferred shares are recognized as a deduction from equity, net of any tax effects.

**Earnings (loss) per share**

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Dilutive EPS is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

**Income taxes**

Current tax is the expected tax payable or receivable on the taxable income or loss for a year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Reclassification**

Certain tangible assets have been reclassified in the statement of financial position to provide clarity for the user over measurements applied.

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 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	<u>4,306</u>
<b>Balance, December 31, 2022</b>	\$ 94,590
Proceeds on sale	(1,606)
Loss on sale of marketable securities	(1,127)
Unrealised loss on mark to market	(53,671)
Foreign exchange	<u>(938)</u>
<b>Balance, December 31, 2023</b>	\$ 37,248

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 December 31, 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	<u>29,039</u>	<u>75,680</u>	<u>104,719</u>
<b>Balance, December 31, 2022</b>	\$ 5,490,567	\$ 7,690,579	\$ 13,181,146
Fair value adjustment	1,030,973	1,279,404	2,310,377
Foreign exchange	273,831	401,463	675,294
Translation differences	<u>77,144</u>	<u>90,174</u>	<u>167,292</u>
<b>Balance, December 31, 2023</b>	\$ 6,872,515	\$ 9,461,594	\$ 16,334,109

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 Moveis 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 of 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 CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**6. INVESTMENT IN TANGIBLE ASSETS**

	<b>Development Land</b>
<b>Balance, December 31, 2021</b>	\$ 462,239
Foreign exchange differences	27,672
Translation differences	<u>866</u>
<b>Balance, December 31, 2022</b>	490,777
Foreign exchange differences	(12,787)
Translation differences	<u>5,677</u>
<b>Balance, December 31, 2023</b>	<u>\$ 483,667</u>

The development land represents a plot of land in Salta, Argentina.

**7. PROPERTY AND EQUIPMENT**

	<b>Macademia Facility</b>	<b>Vehicle</b>	<b>Total</b>
<b>Cost</b>			
<b>Balance, December 31, 2021</b>	\$ 421,586	\$ 29,638	\$ 451,224
Foreign exchange	2,071	2,024	4,095
Disposal	<u>-</u>	<u>(31,662)</u>	<u>(31,662)</u>
<b>Balance, December 31, 2022</b>	423,657	-	423,657
Foreign exchange	<u>(40,826)</u>	<u>-</u>	<u>(40,826)</u>
<b>Balance, December 31, 2023</b>	<u>\$ 382,831</u>	<u>\$ -</u>	<u>\$ 382,831</u>
<b>Accumulated Depreciation</b>			
Balance, December 31, 2021	\$ 41,326	\$ 17,783	\$ 59,109
Depreciation expense	10,932	-	10,932
Foreign exchange	212	7,587	7,759
Disposal	<u>-</u>	<u>(25,330)</u>	<u>(25,330)</u>
Balance, December 31, 2022	52,470	-	52,470
Depreciation expense	10,041	-	10,041
Foreign exchange	<u>(5,210)</u>	<u>-</u>	<u>(5,210)</u>
Balance, December 31, 2023	<u>\$ 57,301</u>	<u>\$ -</u>	<u>\$ 57,301</u>
<b>Net Book Value</b>			
Balance, December 31, 2022	\$ 371,187	\$ -	\$ 371,187
Balance, December 31, 2023	<u>\$ 325,530</u>	<u>\$ -</u>	<u>\$ 325,530</u>

The macademia facility consists of a package of land, buildings and equipment acquired with DLC and located in South Africa.

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**8. 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 December 31, 2025 and is unsecured.

Promissory Note	December 31, 2023	December 31, 2022
<b>Balance, beginning of year</b>	\$ 120,411	\$ 116,130
Interest accrued	<u>4,282</u>	<u>4,281</u>
<b>Balance, end of year</b>	\$ 124,693	\$ 120,411

**9. LOANS**

The Company has loans of \$173,084 (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 2026 and are unsecured. As at December 31, 2023, the Company has loans of \$343,418 (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	64,936	-	64,936
Interest expense	-	23,273	23,273
Foreign exchange	<u>(10,321)</u>	<u>(2,455)</u>	<u>(12,776)</u>
<b>Balance, December 31, 2023</b>	\$ 411,010	\$ 105,492	\$ 516,502
<b>Long-term portion</b>	\$ 411,010	\$ 105,492	\$ 516,502

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 seven years ending April, 2027 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.

KwikBuild Loan	Principal	Interest	Total
<b>Balance, December 31, 2021</b>	\$ 495,387	\$ 101,956	\$ 597,343
Interest expense	-	27,086	27,086
Foreign exchange	<u>33,839</u>	<u>9,143</u>	<u>42,982</u>
<b>Balance, December 31, 2022</b>	\$ 529,226	\$ 138,185	\$ 667,411
Interest expense	-	28,117	28,117
Foreign exchange	<u>(12,426)</u>	<u>(2,782)</u>	<u>(15,208)</u>
<b>Balance, December 31, 2023</b>	\$ 516,800	\$ 163,520	\$ 680,320

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**10. 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 year ended December 31, 2023 and 2022.

<b>Issued and outstanding</b>	<b>December 31, 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

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 December 31, 2023 and December 31, 2022, there are no stock options outstanding.

**11. 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 years ended December 31, 2023 and 2022.

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**11. RELATED PARTY TRANSACTIONS (cont'd...)**

The following details amounts due to related parties:

Type of Service	Nature of Relationship	December 31, 2023	December 31, 2022
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 8), Related Party Loans (Note 9), and KwikBuild Loan (Note 9) 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 December 31, 2023 is \$13,557 (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, 2028. The Company has not drawn down on the credit facility.

**12. INCOME TAXES**

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2022 - 27.00%) to income before income taxes. The reasons for the differences are as follows:

	2023	2022
Net income before income tax	\$ 2,877,146	\$ 1,333,199
Statutory income tax rate	<u>27.00%</u>	<u>27.00%</u>
Income tax computed at Canadian statutory rates	777,000	360,000
Differences between Canadian and foreign tax rates	(435,000)	(207,000)
Permanent differences	(202,000)	(6,000)
Expiry of non-capital losses	1,000	
Change in unrecognized deductible temporary differences	<u>21,000</u>	<u>(147,000)</u>
Income tax expense	<u>\$ 162,000</u>	<u>\$ -</u>

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**12. INCOME TAXES (cont'd...)**

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2023	Expiry range	2022	Expiry range
Non-capital losses	\$ 2,698,000	See below	\$ 2,703,000	See below
Allowable capital losses	253,000	No expiry date	258,000	No expiry date
Property and equipment	239,000	No expiry date	182,000	No expiry date
Marketable securities	<u>88,000</u>	<u>No expiry date</u>	<u>41,000</u>	<u>No expiry date</u>
Unrecognized deductible temporary differences	<u>\$ 3,278,000</u>		<u>\$ 3,184,000</u>	
By geographical region:				
Canada	\$ 1,909,000	2030 to 2042	\$ 1,918,000	2030 to 2042
South Africa	653,000	No expiry date	638,000	No expiry date
Other	136,000	Various	147,000	Various

**13. SEGMENTED INFORMATION**

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

December 31, 2023	South Africa	Argentina	Total
Development land	\$ -	\$ 483,667	\$ 483,667
Property and equipment	<u>325,530</u>	<u>-</u>	<u>325,530</u>
Total	<u>\$ 325,530</u>	<u>\$ 483,667</u>	<u>\$ 809,197</u>
December 31, 2022	South Africa	Argentina	Total
Development land	\$ -	\$ 490,777	\$ 490,777
Property and equipment	<u>371,187</u>	<u>-</u>	<u>371,187</u>
Total	<u>\$ 371,187</u>	<u>\$ 490,777</u>	<u>\$ 861,964</u>

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. 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	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<i>Financial assets</i>				
Cash	\$ -	\$ -	\$ 5,696	\$ 4,752
Receivables	-	-	89,286	6,116
Loan receivable	-	-	13,557	15,002
Marketable securities	37,248	94,590	-	-
Investments in subsidiaries	16,334,109	13,181,146	-	-
	16,371,357	13,275,736	108,539	25,870
<i>Financial liabilities</i>				
Accounts payable and accrued liabilities	-	-	177,602	159,950
Due to related parties	-	-	124,544	124,544
Promissory note	-	-	124,693	120,411
Loans	-	-	1,196,822	1,108,480
	\$ -	\$ -	\$ 1,623,661	\$ 1,513,385

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	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Marketable securities	\$ 37,248	\$ 94,590	\$ -	\$ -
Investments in subsidiaries <sup>(1)</sup>	-	-	16,334,109	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 \$1,633,000 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.

**DLC HOLDINGS CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)**

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

*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 December 31, 2023, the Company had a working capital deficiency of \$169,916 (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 December 31, 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 December 31, 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.

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 December 31, 2023, the Company's net foreign denominated monetary financial instruments are as follows:

	Foreign currency		Canadian dollar equivalent
US dollar	US\$	(851,631)	\$ (1,126,366)
Euro	€	(70,839)	\$ (103,608)
South African Rand	R	133,011	\$ 9,592

A fluctuation of 10% of the above note currencies against the Canadian dollar would have had an impact of \$122,000 on the net loss for the period.

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (cont'd...)

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

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

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.

**15. 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 year ended December 31, 2023.