



**Lifeist Wellness Inc.**  
**Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

For the three and nine months ended August 31, 2023 and August 31, 2022

(In Canadian dollars)

**LIFEIST WELLNESS INC. MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if any auditor has not performed a review of the Interim Condensed Consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited Interim Condensed Consolidated 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 Canadian Institute of Chartered Accountants for a review of Interim Condensed Consolidated financial statements by an entity's auditor.

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**LIFEIST WELLNESS INC.**

## Condensed Consolidated Interim Statements of Financial Position

As at August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian dollars)

	Notes	August 31, 2023	November 30, 2022
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents		\$ 1,374,590	\$ 3,801,688
Trade and other receivables	5	2,801,176	5,805,832
Inventories	6	5,601,716	4,536,721
Prepaid expenses and other assets	11	936,075	914,426
<b>Total current assets</b>		<b>10,713,557</b>	<b>15,058,667</b>
<i>Non-current assets</i>			
Deferred tax asset	19(b)	14,425	18,156
Portfolio investments	7	42,942	76,250
Property and equipment	8	3,053,533	3,096,158
Intangible assets	9	2,304,577	1,417,905
Goodwill	10	667,091	667,091
Other assets	11	247,471	335,173
<b>Total non-current assets</b>		<b>6,330,039</b>	<b>5,610,733</b>
<b>Total assets</b>		<b>\$ 17,043,596</b>	<b>\$ 20,669,400</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	12	\$ 6,661,147	\$ 6,194,045
Other short-term liabilities		-	539,000
Short-term portion of lease liabilities	15	214,451	144,782
Deferred revenue	13	177,668	243,514
<b>Total current liabilities</b>		<b>7,053,266</b>	<b>7,121,341</b>
<i>Non-current liabilities</i>			
Long-term portion of lease liabilities	15	497,197	183,546
<b>Total non-current liabilities</b>		<b>497,197</b>	<b>183,546</b>
<i>Shareholders' equity</i>			
Share capital	16	159,804,292	156,347,824
Contributed reserve		26,898,081	23,928,800
Options reserve		3,014,893	5,835,017
Warrants reserve		24,743,466	24,398,720
Other reserve	23	(3,769,219)	(3,769,219)
Accumulated deficit		(199,929,522)	(192,066,533)
Accumulated other comprehensive loss		(1,268,858)	(1,310,096)
<b>Total shareholders' equity</b>		<b>9,493,133</b>	<b>13,364,513</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 17,043,596</b>	<b>\$ 20,669,400</b>

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

Going Concern - Note 1.

Approved on behalf of the Board on October 27th, 2023 by:

“Branden Spikes”  
Director

“Meni Morim”  
Director

# LIFEIST WELLNESS INC.



## Condensed Consolidated Interim Statements of Operations

For the three and nine months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended		Nine months ended	
		August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
Gross revenue		\$ 6,438,954	\$ 8,855,459	\$ 21,512,164	\$ 20,724,621
Excise taxes		(1,645,473)	(2,020,543)	(4,577,617)	(4,889,740)
Net revenue	4,17	4,793,481	6,834,916	16,934,547	15,834,881
Cost of goods sold	6	3,366,106	5,448,308	12,271,695	12,916,722
Gross profit before inventory adjustment		1,427,375	1,386,608	4,662,852	2,918,159
Inventory (write-down) write-up		(32,998)	1,637,859	(60,662)	427,645
Gross profit		1,394,377	3,024,467	4,602,190	3,345,804
Salaries and other compensation costs		1,541,982	1,722,377	4,974,521	5,910,819
Office and general expenses		807,177	1,316,256	2,960,041	3,117,229
Technological development		-	11,779	18,745	118,369
Professional fees		189,214	285,155	753,886	1,146,896
Selling and marketing expense		713,928	739,382	2,388,942	2,060,614
Depreciation and amortization	8	287,858	332,213	882,097	1,120,092
Share-based compensation		204,858	105,117	755,596	336,622
Restructuring and other costs	14	-	-	83,333	-
Loss before following:		(2,350,640)	(1,487,812)	(8,214,971)	(10,464,837)
Other expense (income)	18	6,499	482,565	(445,752)	273,778
Foreign exchange (gain) loss		2,224	4,930	(13,872)	47,740
Loss before income tax		(2,359,363)	(1,975,307)	(7,755,347)	(10,786,355)
Income tax (expense) recovery	19 (a)	(10,040)	31,284	(107,642)	233,439
Net loss from continuing operations, net of tax		(2,369,403)	(1,944,023)	(7,862,989)	(10,552,916)
Gain on sale of discontinued operations		-	-	-	3,260,496
Net loss		\$ (2,369,403)	\$ (1,944,023)	\$ (7,862,989)	\$ (7,292,420)
Net loss per share (basic and diluted) from continuing operations		\$ (0.005)	\$ (0.005)	\$ (0.02)	\$ (0.02)
Weighted average number of outstanding common shares (basic and diluted)		474,172,053	414,610,790	465,509,509	412,839,537

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

**LIFEIST WELLNESS INC.****Condensed Consolidated Interim Statements of Comprehensive Loss**  
For the three and nine months ended August 31, 2023 and August 31, 2022  
(Unaudited - Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
Net loss	\$ (2,369,403)	(1,944,023)	\$ (7,862,989)	(7,292,420)
<b>Other comprehensive loss:</b>				
<i>Items that are or may be reclassified to profit or loss</i>				
Cumulative translation adjustment	4,449	(28,823)	(98,416)	(28,197)
<i>Items that will not be reclassified to profit or loss</i>				
Changes in the fair value of equity investments designated at FVOCI	(20,470)	(46,667)	139,654	(179,999)
	(16,021)	(75,490)	41,238	(208,196)
<b>Total comprehensive loss</b>	<b>\$ (2,385,424)</b>	<b>(2,019,513)</b>	<b>\$ (7,821,751)</b>	<b>(7,500,616)</b>

# LIFEIST WELLNESS INC.



## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended August 31, 2023 and August 31, 2022

(Unaudited - Expressed in Canadian dollars)

Attributable to Shareholders of the Company											
	Share Capital		Warrants Reserve		Options Reserve		Contributed Reserve	Other Reserve	Accumulated OCI	Accumulated Deficit	Total Shareholders' Equity
	#	\$	#	\$	#	\$	\$	\$	\$	\$	\$
<b>Balance at November 30, 2022</b>	437,041,518	156,347,824	88,363,587	24,398,720	18,052,455	5,835,017	23,928,800	(3,769,219)	(1,310,096)	(192,066,533)	13,364,513
Net loss	-	-	-	-	-	-	-	-	-	(7,862,989)	(7,862,989)
Other comprehensive loss	-	-	-	-	-	-	-	-	41,238	-	41,238
	437,041,518	156,347,824	88,363,587	24,398,720	18,052,455	5,835,017	23,928,800	(3,769,219)	(1,268,858)	(199,929,522)	5,542,762
<b>Transactions directly recorded in equity:</b>											
Canmart Labs purchase (Note 26)	10,491,648	618,908	-	-	-	-	-	-	-	-	618,908
Shares issued (Note 18)	16,721,966	443,184	5,028,177	137,151	-	-	-	-	-	-	580,335
Share issued - Convertible Debenture (Note 18)	1,538,461	100,000	-	-	-	-	-	-	-	-	100,000
Zest Brand purchase	68,234,158	2,047,025	-	-	-	-	-	-	-	-	2,047,025
Share issuance costs	-	(151,492)	-	-	-	-	-	-	-	-	(151,492)
Forfeiture of options and warrants	-	-	-	-	(5,055,592)	(2,969,281)	2,969,281	-	-	-	-
Share-based compensation	14,318,935	398,843	7,842,500	207,596	-	149,157	-	-	-	-	755,596
<b>Balance at August 31, 2023</b>	548,346,686	159,804,292	101,234,264	24,743,466	12,996,863	3,014,893	26,898,081	(3,769,219)	(1,268,858)	(199,929,522)	9,493,133

  

Attributable to Shareholders of the Company											
	Share Capital		Warrants Reserve		Options Reserve		Contributed Surplus	Other Reserves	Accumulated OCI	Accumulated Deficit	Total Shareholders' Equity Attributed to Controlling Interest
	#	\$	#	\$	#	\$	\$	\$	\$	\$	\$
<b>Balance at November 30, 2021</b>	404,650,916	153,889,816	85,863,587	24,320,901	17,217,811	10,072,227	19,262,133	(3,769,219)	(1,081,448)	(176,631,034)	26,063,376
Net loss	-	-	-	-	-	-	-	-	-	(7,292,420)	(7,292,420)
Other comprehensive loss	-	-	-	-	-	-	-	-	(208,196)	-	(208,196)
	404,650,916	153,889,816	85,863,587	24,320,901	17,217,811	10,072,227	19,262,133	(3,769,219)	(1,289,644)	(183,923,454)	18,562,760
<b>Transactions directly recorded in equity:</b>											
Canmart Labs purchase	10,687,794	808,500	-	-	-	-	-	-	-	-	808,500
Shares issued	664,121	40,000	-	-	-	-	-	-	-	-	40,000
Forfeiture of options and warrants	-	-	-	-	(5,596,224)	(4,518,596)	4,514,218	-	-	-	(4,378)
Share-based compensation	1,721,359	86,443	-	-	4,461,735	250,179	-	-	-	-	336,622
<b>Balance at August 31, 2022</b>	417,724,190	154,824,759	85,863,587	24,320,901	16,083,322	5,803,810	23,776,351	(3,769,219)	(1,289,644)	(183,923,454)	19,743,504

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

**LIFEIST WELLNESS INC.****Condensed Consolidated Interim Statements of Cash Flows**

For the nine months ended August 31, 2023 and August 31, 2022

*(Unaudited - Expressed in Canadian dollars)*

		Nine months ended	
	Notes	August 31, 2023	August 31, 2022
<b>Cash flows from operating activities:</b>			
Net loss		\$ (7,862,989)	\$ (7,292,420)
Adjustments for:			
Gain on sale of discontinued operation		-	(930,052)
Depreciation	8	882,097	962,025
Amortization		-	158,067
Realized loss on equity instruments	7 (b)	30,754	-
Share-based compensation	16 (d)(e)	755,596	336,622
Unrealized loss on equity instruments	7 (b)	(2,322)	120,687
Other non-cash (income) expense		694,853	(4,003,369)
Deferred tax (recovery) expense	19 (a)	(14,843)	(11,394)
Foreign exchange (gain) loss		(13,872)	47,740
Cash used in operations before changes in non-cash working capital		(5,530,726)	(10,612,094)
Cash used in discontinued operations		-	(836,062)
Changes in non-cash working capital	21 (a)	2,449,348	(4,056,470)
Net cash used in operating activities		(3,081,378)	(15,504,626)
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	8	(262,443)	(597,424)
Purchase of intangible assets		-	-
Proceeds from settlement of convertible loan receivable		-	2,044,077
Proceeds from disposal of discontinued operations		-	5,023,606
Proceeds from disposal of equity investments	9 (b)	211,680	192,724
Net cash provided by (used in) investing activities		(50,763)	6,662,983
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of share capital	17 (b)	727,713	-
Proceeds from issuance of warrants	17 (b)(c)	344,746	-
Share issuance costs	17 (b)	(151,492)	-
Lease liability principal and interest payment	16	(229,796)	(211,395)
Net cash provided by (used in) financing activities		691,171	(211,395)
Net increase (decrease) in cash and cash equivalents		(2,440,970)	(9,053,038)
Effect of movement in exchange rates on cash held in foreign currencies		13,872	(81,377)
Cash and cash equivalents, beginning of the year		3,801,688	12,739,457
Cash and cash equivalents, end of the period		\$ 1,374,590	\$ 3,605,042

*See Note 21 for additional cash flow information.**The accompanying notes are an integral part of the consolidated interim financial statements.*

# LIFEIST WELLNESS INC.



Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine months ended August 31, 2023 and August 31, 2022  
(Expressed in Canadian dollars, unless otherwise noted)

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## 1. General information

Lifeist Wellness Inc. (“Lifeist” or the “Company”) is a publicly traded company incorporated under the British Columbia Business Corporations Act and is a reporting issuer in British Columbia, Saskatchewan, Manitoba, Ontario, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. Lifeist’s common shares are listed on the TSXV under the symbol “LFST”, on the OTCQB® Venture Market under the symbol “LFSWF” (formerly “NXTTF”) and traded as open stock on the Frankfurt Stock Exchange under the symbol “M5BQ”. The Company’s registered office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada.

Lifeist is a portfolio of wellness companies leveraging advancements in science and technology to enable consumers to find their individual path to wellness.

Lifeist’s portfolio of brands includes:

- CannMart Inc. (“CannMart”), a distributor of licensed and in-house branded adult-use cannabis and cannabis derived products in Canada;
- CannMart Labs Inc., (“Labs”), licensed facility for BHO (butane hash oil) extraction within Canada;
- CannMart Marketplace Inc. through a U.S. subsidiary operates an online marketplace for hemp-derived CBD and accessories in the U.S.;
- Australian Vapes (AustralianVaporizers.com.au), online supplier of hardware, including vaporizers, and related accessories in Australia; and
- Mikra, Cellular Sciences Inc., a biosciences and consumer wellness subsidiary.
- Zest Brand, a unique liquid Daimond vape formulations.

The condensed consolidated interim financial statements were approved and authorized by the Board of Directors of the Company on October 27, 2023.

### Going Concern

The consolidated financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred significant net losses and negative cash flows from operating activities in recent years and has an accumulated deficit. Whether and when the Company can

attain profitability and positive cash flows is uncertain. In addition, the Company will need to raise capital to fund its operations.

## **2. Summary of significant accounting policies**

### *(a) Basis of presentation*

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, and should be read in conjunction with the Company’s audited consolidated financial statements as at for the fiscal year ended November 30, 2022 (“last annual financial statements”), which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

### *(b) Basis of measurement*

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency and are prepared on a historical cost basis, except for certain financial instruments which are measured either through fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”).

### *(c) Basis of consolidation*

These condensed consolidated interim financial statements incorporate the financial statements of the Company, including its subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intracompany balances and transactions, and any unrealized income and expenses arising from intracompany transactions, are eliminated in full on consolidation. The table below lists the Company’s subsidiaries, associates, and the ownership interests in each:

# LIFEIST WELLNESS INC.



Notes to the Condensed Consolidated Interim Financial Statements  
For the three and nine months ended August 31, 2023 and August 31, 2022  
(Expressed in Canadian dollars, unless otherwise noted)

Entity	% Ownership	Jurisdiction	Functional currency	Accounting method
Australian Vaporizers Pty Ltd.	100%	Australia	Australian dollar	Consolidation
CannMart Inc.	100%	Canada	Canadian dollar	Consolidation
CannMart Labs Inc.	100%	Canada	Canadian dollar	Consolidation
CannMart Marketplace Inc.	100%	Canada	Canadian dollar	Consolidation
CannMartMD Inc. (formerly NamastedMD Inc.)	100%	Canada	Canadian dollar	Consolidation
Mikra Cellular Sciences Inc.	100%	Canada	U.S. dollar	Consolidation
Lifeist Bahamas Inc. (formerly Namaste Bahamas Inc.)	100%	Bahamas	U.S. dollar	Consolidation
1000501971 Ontario Inc.	100%	Canada	Canadian dollar	Consolidation
Lifeist Worldwide Inc. (formerly Namaste Technologies Holdings Inc.)	100%	Canada	U.S. dollar	Consolidation

### *(d) Use of management estimates, judgments and measurement uncertainty*

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed consolidated interim financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are outlined in Note 2 of the last annual financial statements. There have been no significant changes in the Company's judgments and estimates applied during the nine months ended August 31, 2023.

### **3. Recently issued but not yet effective standards**

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these

**LIFEIST WELLNESS INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended August 31, 2023 and August 31, 2022  
 (Expressed in Canadian dollars, unless otherwise noted)

accounting standards on its financial statements would not be material.

**4. Operating segments***Segmented information*

In addition to the Corporate segment, the operating segments of the Company are known as Lifeist Vapes (i), Australian Vaporizers, CannMart, CannMart Marketplace, and CannMart Labs (together referred to as “CannMart”), CannMart MD, and Mikra Cellular Sciences. In determining the operating segments, management considered the product mix as well as the geographical segments that the business units sell under.

Disclosure by segment pertaining to income statement transactions are for the three months ended August 31, 2023 and August 31, 2022, while asset and liability balances are as at August 31, 2023 and November 30, 2022, as follows:

months ended	Lifeist Vapes (i)	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q3 2023:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	-	1,669,568	2,890,397	-	233,516	-	4,793,481
External revenue	-	1,669,568	2,890,397	-	233,516	-	4,793,481
Depreciation and amortization	222	4,001	269,628	-	270	13,737	287,858
Foreign exchange loss (gain)	569	(7,788)	(596)	-	(7,223)	17,262	2,224
Net income (loss)	(57,514)	53,206	(1,229,642)	-	(143,450)	(992,003)	(2,369,403)
Total assets	-	3,563,845	11,120,855	34,596	610,331	1,713,969	17,043,596
Total liabilities	2,140,084	592,694	3,164,018	-	264,918	1,388,749	7,550,463
<b>Q3 2022:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	29,730	1,449,694	5,087,942	5,358	262,192	-	6,834,916
External revenue	29,730	1,449,694	5,087,942	5,358	262,192	-	6,834,916
Depreciation and amortization	9,794	3,978	295,579	435	180	22,247	332,213
Income tax (expense) recovery	-	37,467	-	-	-	(6,183)	31,284
Foreign exchange loss (gain)	-	-	-	-	-	-	-
Net income (loss)	(1,197,864)	143,759	886,118	4,905	(601,590)	(1,179,351)	(1,944,023)
Total assets	308,168	4,318,807	20,015,902	40,353	1,066,847	2,950,850	28,700,927
Total liabilities	2,070,743	453,097	2,849,435	-	486,240	3,097,908	8,957,423

Disclosure by segment pertaining to income statement transactions are for the nine months ended August 31, 2023 and August 31, 2022, while asset and liability balances are as at August

**LIFEIST WELLNESS INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
 For the three and nine months ended August 31, 2023 and August 31, 2022  
 (Expressed in Canadian dollars, unless otherwise noted)

31, 2023 and November 30, 2022 were as follows:

nonths ended	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q3 2022:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	29,728	3,603,373	11,786,213	47,111	368,456	-	15,834,881
External revenue	29,728	3,603,373	11,786,213	47,111	368,456	-	15,834,881
Depreciation and amortization	167,176	23,365	852,748	4,293	180	72,330	1,120,092
Income tax (expense) recovery	-	257,289	-	-	-	(23,850)	233,439
Net income (loss)	(1,828,135)	(366,586)	(2,056,296)	(33,348)	(1,983,427)	(4,285,124)	(10,552,916)
Total assets	308,168	4,318,807	20,015,902	40,353	1,066,847	2,950,850	28,700,927
Total liabilities	2,070,743	453,097	2,849,435	-	486,240	3,097,908	8,957,423

nonths ended	Lifeist Vapes (i)	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q3 2023:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	-	5,105,897	10,683,152	-	1,145,498	-	16,934,547
External revenue	-	5,105,897	10,683,152	-	1,145,498	-	16,934,547
Depreciation and amortization	4,522	12,391	820,626	-	811	43,747	882,097
Income tax (expense) recovery	-	126,215	-	-	-	(18,573)	107,642
Net income (loss)	(208,648)	378,649	(3,228,598)	-	(3,639,109)	(1,165,283)	(7,862,989)
Total assets	-	3,563,845	11,120,855	34,596	610,331	1,713,969	17,043,596
Total liabilities	2,140,084	592,694	3,164,018	-	264,918	1,388,749	7,550,463

Included in net revenue arising from the CannMart operating segment for the three months ended August 31, 2023 are net revenues of \$3,405,207 (three months ended August 31, 2022: \$4,730,074) which arose from sales to the Company's major wholesale customers. Included in net revenue arising from the CannMart operating segment for the nine months ended August 31, 2023 are net revenues of \$11,329,127 (nine months ended August 31, 2022: \$10,648,391) which arose from sales to the Company's major wholesale customers.

Furthermore, \$100,365 of corporate costs mainly consisting of head office expenditures have been allocated from the corporate & other segment to the other operating segments (three months ended August 31, 2022: \$136,693), and for nine months ended August 31, 2022 were \$331,296 (nine months ended August 31, 2022: \$444,294).

- (i) On November 1, 2021, Lifeist Bahamas Inc. which is part of the Lifeist Vapes operating segment ceased operations. Lifeist Bahamas Inc. has not been presented as a discontinued operations as the criteria under IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* for presenting discontinued operations and assets held for sale were not met as at August 31, 2023.

**LIFEIST WELLNESS INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
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*Geographical information*

The Company markets its products and services globally. Net revenue is attributed to the following regions based on the location of customers:

	Three months ended		Nine months ended	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
North America	\$ 3,123,913	\$ 5,385,222	\$ 11,828,650	\$ 12,237,515
Australia	1,669,568	1,449,694	5,105,897	3,597,366
	\$ 4,793,481	\$ 6,834,916	\$ 16,934,547	\$ 15,834,881

**5. Trade and other receivables**

Trade and other receivables as at August 31, 2023 and November 30, 2022 were as follows:

	August 31, 2023	November 30, 2022
Trade receivables	\$ 2,044,008	\$ 3,339,031
Sales tax receivable	(39,198)	333,558
Other receivables	383,822	1,707,292
Income tax receivable	412,544	425,951
	\$ 2,801,176	\$ 5,805,832

Information about the Company's exposure to credit and market risks is included in Note 23 (b(i) and b(ii)). The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. 87% (November 30, 2022: 93%) of the Company's trade receivables are less than 60 days old.

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**6. Inventories**

Inventories as at August 31, 2023 and November 30, 2022 were as follows:

	August 31, 2023	November 30, 2022
Hardware	\$ 1,578,598	\$ 1,256,763
Cannabis	3,301,505	2,673,659
Packaging	323,183	-
Nutraceuticals	398,430	606,299
<b>Total inventories</b>	<b>\$ 5,601,716</b>	<b>\$ 4,536,721</b>

The cost of inventories recognized as an expense and included in cost of goods sold for the three and nine months ended August 31, 2023 was \$2,748,357 and \$9,840,854 respectively (Q3 2022: \$1,138,998 and \$6,507,197) respectively.

**7. Portfolio investments**

Portfolio investments at August 31, 2023 and November 30, 2022 were as follows:

	Notes	August 31, 2023	November 30, 2022
Equity investments – at FVOCI	(a)	\$ 40,156	\$ 18,935
Equity investments – at FVTPL	(a)	2,786	57,315
		<b>\$ 42,942</b>	<b>\$ 76,250</b>

(a) Equity investments designated at FVOCI comprise of investments in equity shares of listed and non-listed companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature. Equity investments designated at FVTPL comprise of investments in equity shares of a listed company.

Details of equity investments as at August 31, 2023 and November 30, 2022 were as follows:

	Number of shares acquired	Cost	Fair Value	Unrealized (gain)/loss
<b>August 31, 2023:</b>				
<i>Equity Instruments - FVOCI</i>				
Atlas Global Brands Inc.	168,022	\$ 169,291	\$ 25,204	\$ 144,087
Kief Cannabis Company Ltd.	46,729	250,000	2,648	247,352
Lovelabs.com Inc.	8,243	32,220	467	31,753
YPB Group Ltd.	3,800,000	130,000	11,837	118,163
<i>Equity Instruments - FVTPL</i>				
PeakBirch Commerce Inc.	92,879	100,000	2,786	97,214
		<b>681,511</b>	<b>42,942</b>	<b>638,569</b>

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	Number of shares acquired	Cost	Fair Value	Unrealized (gain)/loss
<b>November 30, 2022</b>				
<i>Equity Instruments - FVOCI</i>				
Atlas Global Brands Inc.	200,000	\$ 200,000	\$ 11,333	\$ 188,667
Inolife R&D Inc.	666,667	200,000	43,333	156,667
Kief Cannabis Company Ltd.	46,729	250,000	2,648	247,352
Lovelabs.com Inc.	8,243	32,220	468	31,752
YPB Group Ltd.	3,800,000	130,000	13,824	116,176
<i>Equity Instruments - FVTPL</i>				
PeakBirch Commerce Inc.	928,787	100,000	4,644	95,356
		912,220	76,250	835,970

- (i) On August 24, 2020 the Company signed an agreement with Lifted Innovations Inc. (“Lifted”), under which Lifted issued 3,065,000 common shares to the Company. These shares were subsequently exchanged for 3,065,000 common shares of PeakBirch Logic Inc. as part of the Kootenay Zinc Corp acquisition of all issued and outstanding shares of Lifted. As at August 31, 2023, the Company holds 92,879 common shares of PeakBirch Commerce Inc. (previously 3,065,000 common shares of PeakBirch Logic Inc.), as a result of the consolidation of common shares of PeakBirch Logic Inc. to those of PeakBirch Commerce Inc. in 2022.

- (b) The following is the movement schedule for equity investments:

	Equity investments - FVOCI		Equity investments - FVTPL		Total
<b>Balance as November 2021</b>	\$	285,978	\$	76,625	\$ 362,603
Additions		-		518,995	518,995
Unrealized (loss)		(214,371)		(71,982)	(286,353)
Realized (loss)				(203,936)	(203,936)
Disposition		-		(315,059)	(315,059)
<b>Balance at November 30, 2022</b>	\$	71,607	\$	4,643	\$ 76,250
Additions		13,955		152,434	166,389
Unrealized gain (loss)		74,291		(2,322)	71,969
Realized gain (loss)		(29,232)		(30,754)	(59,986)
Disposition		(90,465)		(121,215)	(211,680)
<b>Balance at August 31, 2023</b>	\$	40,156	\$	2,786	\$ 42,942

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**8. Property and equipment**

	Right of use Assets	Leasehold improvements	Computer equipment	Furniture & equipment	Total
<b>Cost:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2021	377,486	3,948,028	622,243	1,188,621	6,136,378
Additions	24,532	221,936	48,983	397,955	693,406
Translation adjustment	-	-	-	1,954	1,954
Balance at November 30, 2022	402,018	4,169,964	671,226	1,588,530	6,831,738
Additions	579,407	119,964	11,076	131,403	841,850
Translation adjustment	-	-	-	(5,470)	(5,470)
Balance at August 31, 2023	981,425	4,289,928	682,302	1,714,463	7,668,118
<b>Accumulated depreciation:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2021	209,809	1,158,072	514,399	537,463	2,419,743
Depreciation	129,436	795,589	93,185	297,569	1,315,779
Translation adjustment	-	-	-	58	58
Balance at November 30, 2022	339,245	1,953,661	607,584	835,090	3,735,580
Depreciation	97,618	525,272	48,248	210,959	882,097
Translation adjustment	-	-	-	(3,092)	(3,092)
Balance at August 31, 2023	436,863	2,478,933	655,832	1,042,957	4,614,585
<b>Net book value:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2022	62,773	2,216,303	63,642	753,440	3,096,158
Balance at August 31, 2023	544,562	1,810,995	26,470	671,506	3,053,533

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**9. Intangible assets**

	Intellectual properties	Licenses	Customer lists	Brand names	Computer software & domains	Total
<b>Cost:</b>	\$	\$	\$	\$	\$	\$
Balance at November 30, 2021	2,226,800	3,608,592	3,054,133	331,313	2,426,367	11,647,205
Discontinued operations	(2,226,800)	-	-	-	-	(2,226,800)
Impairment	-	(2,500,000)	-	-	-	(2,500,000)
Translation adjustment	-	-	-	-	(201)	(201)
Balance at November 30, 2022	-	1,108,592	3,054,133	331,313	2,426,166	6,920,204
Additions	-	-	-	886,672	-	886,672
Translation adjustment	-	-	-	-	(4,205)	(4,205)
Balance at August 31, 2023	-	1,108,592	3,054,133	1,217,985	2,421,961	7,802,671
<b>Accumulated amortization:</b>	\$	\$	\$	\$	\$	\$
Balance at November 30, 2021	1,132,139	22,000	3,050,422	-	2,272,840	6,477,401
Amortization	-	-	3,711	-	154,517	158,228
Discontinued operations	(1,132,139)	-	-	-	-	(1,132,139)
Translation adjustment	-	-	-	-	(1,191)	(1,191)
Balance at November 30, 2022	-	22,000	3,054,133	-	2,426,166	5,502,299
Translation adjustment	-	-	-	-	(4,205)	(4,205)
Balance at August 31, 2023	-	22,000	3,054,133	-	2,421,961	5,498,094
<b>Carrying value:</b>	\$	\$	\$	\$	\$	\$
Balance at November 30, 2022	-	1,086,592	-	331,313	-	1,417,905
Balance at August 31, 2023	-	1,086,592	-	1,217,985	-	2,304,577

*(a) Finite life intangible assets*

Customer lists and computer software and domains are considered finite life intangible assets and are amortized over their useful lives. Amortization expense on finite life intangible assets in the nine months period ended August 31, 2023 recognized in the consolidated statement of operations in the amount of \$Nil (August 31, 2022: \$154,517).

The Company reviews the carrying value of its intangible assets at each reporting period for indicators of impairment. During the nine months ended August 31, 2023 management noted there were no indicators of impairment at the asset specific level, as a result no impairment loss was recognized.

*(b) Indefinite life intangible assets*

Licenses, and brand names are considered to have indefinite lives. Brand names are

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considered part of the Australian Vaporizers and Lifeist Wellness which are tested annually for impairment. Licenses are considered part of the CannMart and tested annually for impairment.

## 10. Goodwill

The Company's goodwill as at August 31, 2023 is \$667,091 (November 30, 2022: \$667,091) and relate to Australian Vaporizers.

Goodwill for each cash generating unit ("CGU") is tested for impairment annually at its designated date. The next designated date for the annual impairment test for Australian Vaporizers is August 31, 2024.

## 11. Prepaid expenses and other assets

Prepaid expenses and other assets listed in the current assets section of the consolidated statement of financial position as at August 31, 2023 and November 30, 2022 were as follows:

	Notes	August 31, 2023	November 30, 2022
Prepaid expenses	(i)	\$ 852,902	\$ 379,177
Deposits	(i)	83,173	535,249
		\$ 936,075	\$ 914,426

Other assets included in the non-current assets section of the consolidated statement of financial position as at August 31, 2023 and November 30, 2022 were as follows:

	Notes	August 31, 2023	November 30, 2022
Non-current deposits		\$ 227,306	\$ 227,306
Other non-current receivables	(ii)	20,165	107,867
		\$ 247,471	\$ 335,173

- (i) Prepaid expenses and deposits mainly consist of payments made for directors' and officers' liability insurance, inventory purchases, software subscriptions, and legal and directors fees.
- (ii) Other non-current receivables represent the long-term portion of receivable arising from sublease agreement for the head office space located at 365 Bloor Street East, Toronto, Suite 2001, expiring on October 31, 2024.

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**12. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities as at August 31, 2023 and November 30, 2022 were as follows:

	August 31, 2023		November 30, 2022	
Accounts payable	\$	1,114,835	\$	2,218,277
Accrued liabilities		5,546,312		3,975,768
	\$	6,661,147	\$	6,194,045

**13. Deferred Revenue**

Deferred revenue as at August 31, 2023 and November 30, 2022 was as follows:

	Hardware	Cannabis	Other	Nutraceuticals	Total
Balance at November 30, 2021	\$ 317,380	\$ 385,788	\$ 171,344	\$ -	\$ 874,512
Additions	1,114,171	1,674,029	-	220,108	3,008,308
Revenue recognized during the year	(1,243,851)	(2,029,985)	-	(194,126)	(3,467,962)
Discontinued operation	-	-	(171,344)	-	(171,344)
Balance at November 30, 2022	187,700	29,832	-	25,982	243,514
Additions	952,252	1,417,832	-	7,542	2,377,626
Revenue recognized during the period	(1,039,663)	(1,393,940)	-	(9,869)	(2,443,472)
Balance at August 31, 2023	\$ 100,289	\$ 53,724	\$ -	\$ 23,655	\$ 177,668

**14. Provisions**

The Company is involved in litigation, investigations or proceedings related to claims arising out of its operations and the completion of acquisitions or divestitures.

	August 31, 2023		November 30, 2022	
Opening balance	\$	-	\$	326,594
Legacy resolutions		-		(404,927)
Restructuring and other		-		78,333
Closing balance	\$	-	\$	-

Restructuring costs of \$83,333 were incurred and paid in the nine months ending August 31, 2023 (August 31, 2022: \$Nil).

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### 15. Lease liabilities

The following is the continuity of lease liabilities as at August 31, 2023:

Balance at November 30, 2022	\$	328,328
Addition		579,407
Total lease payments (principal and interest)		(229,796)
Interest expense on lease liabilities		33,709
Balance at August 31, 2023	\$	711,648
Short-term portion of lease liabilities	\$	214,451
Long-term portion of lease liabilities		497,197
Total lease liabilities	\$	711,648

### 16. Share capital

#### (a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares with no par value. As at August 31, 2023 the Company had 548,346,686 (November 30, 2022: 437,041,518) common shares issued and outstanding.

#### (b) Issuance of shares

For the nine months ended August 31, 2023, the Company issued 10,491,648 common shares in relation to the previous acquisition of CannMart Labs with a value of \$618,908.

The Company issued 16,721,966 shares and 5,028,177 warrants, for cash proceeds of \$580,335. The proceeds were allocated as \$443,184 to shares and \$137,151 to warrants. Issuance costs were \$151,492.

The Company also issued 1,538,461 to its convertible debenture holders, for the total proceeds of \$100,000.

For the nine months ended August 31, 2023, the Company recognized share-based compensation expense related to vested stock options of \$149,157 and related to restricted shares of \$214,314 (6,476,435 units). Also included in share-based compensation are 7,842,500 units, consisting of one share and one warrant, of which \$184,529 related to shares and \$207,596 related to warrants, issued as part of the share-based compensation agreements

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with consultants.

The Company issued 68,234,158 shares for the acquisition of Zest brand for the total sum of \$2,047,025.

*(c) Share purchase warrants*

The following is a summary of the changes in the Company's share purchase warrants for the nine months ended August 31, 2023 and August 31, 2022:

	August 31, 2023		August 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	88,363,587	\$ 0.77	85,863,587	\$ 0.89
Private placement issuance (i),(ii)	12,870,677	0.03	-	-
Outstanding, end of period	101,234,264	\$ 0.83	85,863,587	\$ 0.89

(i) Issued as part of the private placement are 4,628,177 warrants that allow the holders to acquire units at a value of \$0.09 per unit. These units are comprised of one share and one warrant to purchase common shares at \$0.09 which will expire on February 1, 2026. On August 4, 2023, 400,000 warrants was issued to allow the holders to acquire units at a value of \$0.05 per unit, which will expire on Aug 4, 2028.

(ii) Issued as part of the convertible debenture are 7,842,500 warrants that allow the holders to acquire units at a value of \$0.03 per unit. These units are comprised of one share and one warrant to purchase common shares at \$0.03 which will expire on May 1, 2026

The assumptions used for the calculation of the fair value of the warrants from the public offering were as follows:

Risk free rate	3.30%
Expected life	3 years
Expected volatility	94.4%
Expected dividend per share	Nil

At the time of the grant, volatility was estimated using a rate of volatility expected over the life of warrants using industry specific assumptions. The expected life in years represents the time that the warrants granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the

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warrants.

*(d) Stock options*

The Company has established a stock option plan (the “Plan”) for officers and employees. Under the Plan, the exercise price of each option is determined by the Board. The aggregate number of common shares issuable pursuant to options granted under the Plan is being less than 10% of the Company's issued common shares under the Plan. The shareholders approve the plan, and the Board approves the execution of granting of options and their vesting and cancellation provisions.

The following is a summary of the movement in the Plan for the nine months ended August 31, 2023 and August 31, 2022.

	August 31, 2023		August 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	18,052,455	\$ 0.51	12,996,687	\$ 0.91
Granted	-	-	3,373,000	-
Forfeited	(5,055,592)	0.49	(286,365)	1.31
Outstanding, end of period	12,996,863	0.52	16,083,322	0.68
Vested and exercisable, end of August 31, 2023	11,221,723	\$ 1.13	10,210,370	\$ 0.80

For the nine months ended August 31, 2023, the Company recognized share-based compensation expense of \$755,596 (August 31, 2022: \$336,252).

The following table summarizes information regarding stock options outstanding by exercise price as August 31, 2023:

Exercise price ranges	Number of options outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
			\$
\$0.01 – \$1.00	12,236,863	1.43	0.21
\$1.01 – \$2.00	710,000	0.01	1.38
\$2.01 – \$4.00	50,000	0.00	3.13
Total options outstanding	12,996,863	1.35	0.29

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The assumptions used for the calculation of the fair value of the options granted the nine months ended August 31, 2023 and August 31, 2022 were as follows:

	August 31, 2023	August 31, 2022
Black Scholes fair value	\$ 0.04	\$ 0.04
Spot price	\$ 0.07	\$ 0.07
Exercise price	\$ 0.05	\$ 0.08
Expected volatility	97.09%	98.33%
Expected life in years	2.94	3.01
Expected dividend per share	Nil	Nil
Risk free rate	3.03%	1.39%
Forfeiture rate	22.33%	16.93%

The Company calculates volatility using its own historical trading prices. The expected life in years represents the time that the options granted are expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

*e) RSUs and DSUs*

The Company has established a restricted share unit and a deferred share unit award plan (the “RSU/DSU Plan”) for officers and employees. Under the RSU/ DSU Plan, calculation of the value of restricted share units (the “RSUs”) and deferred share units (the “DSUs”) awarded is based on the closing price of common shares of the Company on the trading day immediately preceding the date of the award. The shareholders approved the RSU/DSU Plan, and the Board approved the execution of granting of RSUs and DSUs, their vesting and cancellation provisions.

**17. Disaggregation of revenue**

In the following table, net revenue is presented for the three months ended August 31, 2023 and August 31, 2022, and disaggregated by major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company’s reportable operating segments.

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Three months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Total
<b>August 31, 2023</b>							
<u>Major goods/service lines</u>							
Hardware	(i)	\$ -	\$ 1,669,568	\$ -	\$ -	\$ -	\$ 1,669,568
Cannabis, net of excise taxes	(i)	-	-	2,890,397	-	-	2,890,397
Nutraceuticals	(i)	-	-	-	-	233,516	233,516
		\$ -	\$ 1,669,568	\$ 2,890,397	\$ -	\$ 233,516	\$ 4,793,481

Three months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Total
<b>August 31, 2022</b>							
<u>Major goods/service lines</u>							
Hardware	(i)	\$ 29,730	\$ 1,449,694	\$ -	\$ -	\$ -	\$ 1,479,424
Cannabis, net of excise taxes	(i)	-	-	5,087,942	-	-	5,087,942
Referral fees	(ii)	-	-	-	5,358	-	5,358
Nutraceuticals	(iii)	-	-	-	-	262,192	262,192
		\$ 29,730	\$ 1,449,694	\$ 5,087,942	\$ 5,358	\$ 262,192	\$ 6,834,916

*Timing of revenue recognition:**(i) Goods transferred at a point in time**(ii) Services performed over period of time**(iii) Services performed at a point in time*

In the following table, net revenue is presented for the nine months ended August 31, 2023 and August 31, 2022, and disaggregated by major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable operating segments.

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Nine months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Total
<b>August 31, 2023</b>							
<u>Major goods/service lines</u>							
Hardware	(i)	\$ -	\$ 5,105,897	\$ -	\$ -	\$ -	\$ 5,105,897
Cannabis, net of excise taxes	(i)	-	-	10,683,152	-	-	10,683,152
Nutraceuticals	(i)	-	-	-	-	1,145,498	1,145,498
		\$ -	\$ 5,105,897	\$ 10,683,152	\$ -	\$ 1,145,498	\$ 16,934,547

Nine months ended	Notes	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Total
<b>August 31, 2022</b>							
<u>Major goods/service lines</u>							
Hardware	(i)	\$ 29,730	\$ 3,603,373	\$ -	\$ -	\$ -	\$ 3,633,103
Cannabis, net of excise taxes	(i)	-	-	11,676,648	-	-	11,676,648
Nutraceuticals	(i)	-	-	-	-	368,456	368,456
Referral fees	(ii)	-	-	-	47,110	-	47,110
Processing fees	(iii)	-	-	105,411	-	-	105,411
Sales commissions	(iii)	-	-	4,153	-	-	4,153
		\$ 29,730	\$ 3,603,373	\$ 11,786,212	\$ 47,110	\$ 368,456	\$ 15,834,881

*Timing of revenue recognition:*

- (i) Goods transferred at a point in time
- (ii) Services performed over period of time
- (iii) Services performed at a point in time

## 18. Other expense (income)

Other expense (income) for the three and nine months ended August 31, 2023 and August 31, 2022 was as follows:

	Three months ended		Nine months ended	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
Unrealized loss on equity investments at FVTPL	\$ (2,322)	\$ (120,687)	\$ 1,858	\$ (105,361)
Interest expense (income)	8,821	(12,181)	23,138	(49,472)
Miscellaneous expense (income)	-	(66,927)	(349,531)	(61,025)
(Gain) on disposal of investment	-	-	(121,217)	(192,724)
Additional provision for UK VAT	-	682,360	-	682,360
	\$ 6,499	\$ 482,565	\$ (445,752)	\$ 273,778

## 19. Income taxes

- (a) The Company's income tax expense for the three and nine months ended August 31, 2023 and August 31, 2022 comprises the following:

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	Three months ended		Nine months ended	
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
Current income tax expense (recovery)	\$ 9,441	\$ (35,063)	\$ 122,485	\$ (244,833)
Deferred income tax expense (recovery)	599	3,779	(14,843)	11,394
	\$ 10,040	\$ (31,284)	\$ 107,642	\$ (233,439)

(b) The following table reflects the changes in deferred income tax asset as at August 31, 2023 and November 30, 2022:

	August 31, 2023	November 30, 2022
Balance at beginning of the period	\$ 18,156	\$ (40,817)
Deferred income tax (expense) recovery	14,843	30,569
Deferred income tax recorded through OCI	(18,574)	28,404
Balance at end of the period	\$ 14,425	\$ 18,156

## 20. Financial instruments and associated risks

### (a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between arms length market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs that are observable other than quoted prices included in Level 1; and
- Level 3 includes inputs that are not based on observable market data.

The following is a summary of financial assets and liabilities measured at fair value as at August 31, 2023 is based on various level of inputs:

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	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Equity investments	\$ 39,827	\$ -	\$ 3,115	\$ 42,942

Following is the summary of other financial instruments, not measured at fair value, as at August 31, 2023 and November 30, 2022, for which fair value is disclosed:

	Financial assets at amortized cost		Financial liabilities at amortized cost		Total
<b>2023</b>					
<i>Financial assets:</i>					
Cash and cash equivalents	\$	1,374,590	\$	-	\$ 1,374,590
Trade and other receivables		2,801,176		-	2,801,176
Other assets		247,471		-	247,471
Deposits		83,173		-	83,173
Balance at August 31, 2023		4,506,410		-	4,506,410

*Financial liabilities:*

Accounts payable and accrued liabilities		-		6,661,147	6,661,147
Leases		-		711,648	711,648
Other short-term liabilities		-		-	-
Balance at August 31, 2023	\$	-	\$	7,372,795	\$ 7,372,795

	Financial assets at amortized cost		Financial liabilities at amortized cost		Total
<b>2022</b>					
<i>Financial assets:</i>					
Cash and cash equivalents	\$	3,801,688	\$	-	\$ 3,801,688
Trade and other receivables		5,805,832		-	5,805,832
Other assets		335,173		-	335,173
Deposits		535,249		-	535,249
Balance at November 30, 2022		10,477,942		-	10,477,942

*Financial liabilities:*

Accounts payable and accrued liabilities		-		6,194,045	6,194,045
Leases		-		328,328	328,328
Other short-term liabilities		-		539,000	539,000
Balance at November 30, 2022	\$	-	\$	7,061,373	\$ 7,061,373

The carrying values of all the Company's financial instruments approximate their fair values as at August 31, 2023 due to their short-term nature.

*(b) Risk management*

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

*(i) Market risk*

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

*a. Currency risk*

The Company is party to financial instruments or enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to translation risk in which other foreign currencies change in a manner that has an adverse effect on the value of the Company's assets or liabilities denominated in its operational currency. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not hedge against movements in foreign currency exchange rates.

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	Cash and cash equivalents	Accounts receivable	Accounts payable	Net Exposure
<b>2023</b>				
United States dollars	\$ 298,808	\$ 8,759	\$ (173,437)	\$ 134,130
Euros	-	5,049	-	5,049
Pound Sterling	-	22,808	(4,790)	18,018
Balance at August 31, 2023	\$ 298,808	\$ 36,616	\$ (178,227)	\$ 157,197
<b>2022</b>				
United States dollars	\$ 539,858	\$ 65,152	\$ (308,516)	\$ 296,494
Euros	-	26,280	-	26,280
Pound Sterling	-	24,915	(25,874)	(959)
Balance at November 30, 2022	\$ 539,858	\$ 116,347	\$ (334,390)	\$ 321,815

A 5% change in the foreign currencies against functional currencies, assuming that all other variables are constant, would either increase or decrease the net loss by \$2,107 (August 31, 2022: \$163,390) as a result of the revaluation on foreign currency denominated financial assets and liabilities.

*b. Interest rate risk*

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has notes receivable and non-interest-bearing debt obligations. Interest rate risk refers to the risk of loss due to adverse movements in interest rates. Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities.

*c. Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The Company's exposure to other price risks relates to fair value of its equity investments and derivatives.

If the fair value of financial assets at FVTPL were to increase or decrease by 5%, net loss would have increased or decreased by \$40 (August 31, 2022: \$464).

If the fair value of financial assets at FVOCI were to increase or decrease by 5%, OCI would have changed by \$2,107 (August 31, 2022: \$5,299).

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, trade and other receivables, loans receivable, deposits and other assets.

The Company is moderately exposed to credit risk from its cash and cash equivalents, and trade receivables. The carrying amount of these financial assets represents the maximum credit exposure.

Cash and cash equivalents, deposits and other assets

Cash and cash equivalents, deposits and other assets are held with reputable financial institutions and business partners which are closely monitored by management.

Trade and other receivables

Trade receivables generated from online sales are held in reputable merchant accounts and are received within a short period of time. Credit risk is generally limited for trade receivables from government bodies, which have low default risk.

Credit risk for non-government wholesale customers is assessed on a case-by-case basis. When estimating Expected Credit Loss ("ECL") the Company analyzes both quantitative and qualitative data. Typically, ECL increases with the age of the receivable. A receivable is considered in default when the debtor is unlikely to pay its credit obligations in full and the Company has limited recourse.

As of August 31, 2023, the Company recognized a \$Nil (August 31, 2022: \$1,044,922) provision for expected credit losses. This amount includes provisions for other receivables.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have the sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Company's reputation. On August 18, 2020, the Company filed the base shelf

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prospectus to maintain financial flexibility to access capital quickly, when available and needed. In January 2021 the Company closed a bought deal public offering for total net proceeds of \$21,197,086 and sold 65,780,000 units of the Company at a price of \$0.35 per unit under the offering. In November 2021 a deal for private placement was concluded for 2,214,287 units of shares for net proceeds of \$155,000. In November 2022, a financing facility for a private placement was concluded, with the first tranche of 2,500,000 of shares for net proceeds of \$150,000 issued in November 2022 and the second tranche of 4,628,177 shares for net proceeds of \$260,335 issued in January 2023. In Q2 2023, the Company issued 9,380,961 of shares and 7,842,500 of warrants related to convertible debenture, for net proceeds of \$492,125.

**21. Additional disclosures for statement of cashflow***(a) Changes in non-cash working capital.*

Changes in non-cash working capital for the nine months ended August 31, 2023 and August 31, 2022 were as follows:

	Nine months ended	
	August 31, 2023	August 31, 2022
Decrease/(increase) in trade and other receivables	\$ 3,004,656	\$ (2,559,330)
(Increase) in inventories	(1,056,324)	(1,593,875)
Decrease/(increase) in prepaid expenses and other assets	66,053	2,000,551
(Decrease)/increase in accounts payable and accrued liabilities	500,809	(1,503,485)
Increase/(decrease) in provisions	-	300,000
(Decrease) in deferred revenue	(65,846)	(700,331)
	\$ 2,449,348	\$ (4,056,470)

*(b) Additional information*

Additional information for the nine months ended August 31, 2023 and August 31, 2022 were as follows:

	Nine months ended	
	August 31, 2023	August 31, 2022
Interest received	19,763	49,472
	\$ 19,763	\$ 49,472

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## 22. Related party balances and transactions

Related parties include key management personnel and the entities controlled or directed by key management personnel. Key management personnel include Board of Directors and key executives of the Company together with certain individuals responsible for outsourced services who in the opinion of the Company have satisfied relevant criteria to be considered key management personnel under applicable accounting standards based on the information available as of the date of issuance of these condensed consolidated interim financial statements.

Related party transactions for the three and nine months ended August 31, 2023 and August 31, 2022 are as follows:

	Three months ended		Nine months ended	
	August 31, 2023	August 31, 2022	August 31, 2023	August 31, 2022
<b>Related Party Transactions</b>				
Key management personnel compensation	\$ 172,208	331,533	\$ 672,638	854,783
Directors fees	75,000	85,388	227,682	352,743
Share-based compensation	158,213	3,827	205,296	114,577

- (i) The key management personnel compensation includes salaries and bonuses, benefits and incentives.
- (ii) The key management personnel compensation includes the following stock options:

Grant date	Number of options	Exercise price	Fair Value	Vesting period	Expiry date
		\$	\$		
December 7, 2019	200,000	0.33	0.19	Immediate	December 7, 2024
July 2, 2020	1,332,487	0.34	0.21	3 years	July 1, 2024
July 2, 2020	304,569	0.34	0.21	3 years	July 1, 2024
July 2, 2020	2,900,000	0.35	0.21	3 years	July 1, 2024
August 17, 2020	125,000	0.34	0.21	3 years	August 24, 2024
May 6, 2021	190,000	0.25	0.16	3 years	May 5, 2025
June 14, 2021	230,000	0.25	0.15	3 years	June 13, 2025
December 24, 2021	229,220	0.08	0.04	3 years	December 23, 2025
September 15, 2022	666,667	0.10	0.04	Immediate	September 15, 2024
September 15, 2022	333,333	0.10	0.04	1 year	September 15, 2024

- (iii) The key management personnel and directors' compensation includes restricted share units (RSUs) and deferred share units (DSUs) (Note 18(e)).

## 23. Asset Acquisition of Non-Controlling Interest

On November 17, 2020 the Company signed a Share Purchase Agreement (SPA) to buy the remaining 49% interest in CannMart Labs Inc., effective December 2, 2020, for total consideration of \$4,034,000. The difference between the consideration and carrying amount

of non-controlling interest in the amount of \$3,769,219 has been included in Other Reserve. Consideration was paid in the Company's shares as follows: \$1,608,500 of the shares on December 2, 2020, and the remaining \$2,425,500 of shares to be paid in increments of \$269,500 of shares over the course of nine consecutive quarters, beginning on the fiscal quarter ending February 28, 2021.

Further, the sellers shall be entitled to additional payments in the maximum amount of \$17,427,680 calculated in accordance with the Gross Margin Principles, which will be conditional upon meeting the financial targets as set out in the Earn-Out Schedule of the SPA. These additional payments are accounted for separately from the business combination.

In October 2022 the Company issued 11,096,306 Earn Out shares (\$1,036,397), included in the share-based compensation expense, as a result of meeting Q3 2022 financial targets, as set out in the Earn-Out Schedule of the SPA. As of August 31, 2023, the Company has issued 36,976,514 shares (\$4,383,408).

#### **24. Asset Acquisition**

On June 1, 2023, the Company entered into a definitive share purchase agreement with 1000501971 Ontario Inc. ("Zest") to acquire Zest brand, as a complimentary product line to its in-house concentrate brand, Roilty.

On July 20, 2023 pursuant to the terms of the amended acquisition agreement, the Company acquired 100% of the issued and outstanding shares of Zest from Zest Cannabis Inc. and issued the Share Consideration to 13735346 Canada Inc. and 1000496959 Ontario Ltd. The Company issued the aggregate consideration of 68,234,158 common shares of the Company valued at \$2,047,025 on the basis of a deemed price of \$0.05 per Common Share and issued at a premium to market.

The company determined the transaction was an acquisition of assets as Zest was not an operating business. Accordingly, the consideration has been allocated based on the fair value of the assets acquired and has allocated \$1,160,353 to the inventory acquired with the remaining balance of consideration in the amount of \$886,672 allocated to the brand name acquired.

#### **25. Subsequent Event**

On September 17, 2023, Lifeist entered into a Share Purchase Agreement with Flora Growth Corp., ("Flora"), pursuant to which the Company agreed to sell all the issued and outstanding shares of Australian Vape to Flora in exchange for \$600,676 common shares of Flora with a value of US\$1.9 million.

Effective October 20, 2023, the share purchase agreement with Flora Growth Corp. was terminated in accordance with its terms.