



SIMPLY
S#LVENTLESS
CONCENTRATES



Condensed Interim Financial Statements
For the Three and Nine months Ended September 30, 2023
(In Canadian Dollars)

SIMPLY SOLVENTLESS CONCENTRATES LTD

Statements of Financial Position

As at,	Notes	September 30, 2023	December 31, 2022
		\$	\$
		<i>(unaudited)</i>	<i>(audited)</i>
Assets			
Current assets:			
Cash and cash equivalents		199,048	232,684
Accounts receivable	4	521,094	462,058
Inventory	5	4,341,091	2,544,999
Prepays and deposits	6	332,325	192,879
Other current assets		3,909	34,844
Total current assets		5,397,467	3,467,464
Property and equipment	7	423,928	7,196,172
Right-of-use assets	8	1,450,369	59,397
Total assets		7,271,764	10,723,033
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4	3,019,254	1,877,977
Short term loan	4	93,641	-
Current portion of royalty liability	7	-	404,879
Due to related parties		277,043	256,745
Current portion of lease liabilities	8	250,229	31,860
Total current liabilities		3,640,167	2,571,461
Long-term lease liabilities	8	1,215,176	23,028
Convertible debentures	10	-	976,263
Mortgage	7	-	5,907,597
Royalty liability	7	-	810,399
Total liabilities		4,855,343	10,288,748
Shareholders' equity			
Share capital	9	5,832,880	4,099,238
Contributed surplus		474,610	413,189
Deficit		(3,891,069)	(4,078,142)
Equity		2,416,421	434,285
Total liabilities and equity		7,271,764	10,723,033

Going concern (Note 1)

The accompanying notes are an integral part of these condensed interim Financial Statements.

Approved on behalf of the board:

Signed: Director

SIMPLY SOLVENTLESS CONCENTRATES LTD

Statements of Net Comprehensive Income (Loss) (unaudited)

	Notes	Three months ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue		1,477,553	856,798	5,181,276	1,285,933
Cost of goods sold		963,111	2,018	3,941,131	1,872,886
Gross profit		514,442	854,780	1,240,145	(586,953)
Selling, general and administration	11	231,904	575,134	819,545	1,070,586
Depreciation and amortization	7,8	118,968	57,703	284,788	132,525
Share compensation expense	9	52,670	8,643	61,421	36,379
Income (loss) from operations		110,900	213,300	74,391	(1,826,443)
Non-operating items:					
Interest	7,10	84,551	104,605	333,509	106,806
Finance costs	7,8	-	25,035	24,022	27,448
Foreign exchange loss		1,901	(77)	1,901	-
(Gain) on disposal	7	-	-	(472,114)	-
Net and comprehensive loss		24,448	83,737	187,073	(1,960,697)
Loss per share:					
Basic	14	0.00	0.00	0.00	(0.06)
Diluted		0.00	0.00	0.00	(0.05)
Weighted average number of shares outstanding					
Basic		40,670,923	33,510,375	40,670,923	33,510,375
Diluted		43,358,276	37,120,375	43,358,276	37,120,375

The accompanying notes are an integral part of these condensed interim Financial Statements.

SIMPLY SOLVENTLESS CONCENTRATES LTD

Statement of Changes in Shareholders' Equity (unaudited)

For the nine months ended September 30, 2023

	Number of shares <i>(Note 9)</i>	Share capital <i>(Note 9)</i> \$	Contributed surplus <i>(Note 9)</i> \$	Deficit \$	Total \$
<i>BALANCE JANUARY 1, 2023</i>	35,214,376	4,099,238	413,189	(4,078,142)	434,285
Share issuances	9,760,810	1,747,042	-	-	1,747,042
Share issue costs	-	(13,400)	-	-	(13,400)
Share compensation expense	-	-	61,421	-	61,421
Comprehensive loss for period	-	-	-	187,073	187,073
<i>BALANCE SEPTEMBER 30, 2023</i>	44,975,186	5,832,880	474,610	(3,891,069)	2,416,421

For the nine months ended September 30, 2022

	Number of shares <i>(Note 9)</i>	Share capital <i>(Note 9)</i> \$	Contributed surplus <i>(Note 9)</i> \$	Deficit \$	Total \$
<i>BALANCE JANUARY 1, 2022</i>	34,010,376	3,813,028	376,810	(2,117,445)	2,072,393
Share issuances	1,204,000	301,000	-	-	301,000
Share issue costs	-	(14,790)	-	-	(14,790)
Share compensation expense	-	-	36,379	-	36,379
Comprehensive loss for period	-	-	-	(1,960,697)	(1,960,697)
<i>BALANCE SEPTEMBER 30, 2022</i>	35,214,376	4,099,238	413,189	(4,078,142)	434,285

The accompanying notes are an integral part of these condensed interim Financial Statements.

SIMPLY SOLVENTLESS CONCENTRATES LTD

Statement of Cash Flows (unaudited)

For the nine months ended September 30,	Notes	2023 \$	2022 \$
Net income (loss)		187,073	(1,960,697)
Depreciation and amortization	7,8	322,770	170,160
Non-monetary transactions		(1,767,124)	-
Accrued interest		123,681	-
Accretion	8	24,022	27,448
Share compensation expense	9	61,421	36,379
Gain on disposal	7	(673,626)	-
Changes in working capital	12	1,224,486	1,086,758
Cash and cash equivalents used in operations		(497,297)	(639,952)
Purchase of property and equipment	7	(46,940)	(630,172)
Sale of property and equipment	7	-	46,303
Cash and cash equivalents used in investing		(46,940)	(583,869)
Lease payments	8	(60,693)	(25,515)
Share issuances	9	584,694	286,210
Share issue costs	9	(13,400)	-
Loan from Dash Capital Corp		-	250,000
Convertible debentures	10	-	659,877
Changes in working capital		-	-
Cash and cash equivalents from financing		510,601	1,170,571
Change in cash and cash equivalents		(33,636)	(53,250)
Opening cash and cash equivalents		232,684	155,221
Ending cash and cash equivalents		199,048	101,971

The accompanying notes are an integral part of these condensed interim Financial Statements.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Financial Statements (unaudited)
For the three and nine months ended September 30, 2023

1. NATURE OF OPERATIONS

Simply Solventless Concentrates Ltd. (the “Company”) was incorporated under the laws of Alberta on July 10, 2020. The Company owns confidential intellectual property regarding the branding, formulation and manufacturing of high quality solventless cannabis concentrates. On December 30, 2020, the Company entered into a Licence Agreement (“Licence Agreement”) with Sundial Growers Inc. (“Sundial”) that allowed the Company to build its team, develop customers, and commercialize solventless cannabis products under Sundial’s Health Canada Licenses in their facility (the “Facility”).

On June 30, 2022, the Company acquired the Facility from Sundial and received its own Health Canada licenses for cultivation, processing and sales. The Company is currently serving the B2B and tolling markets for cannabis concentrates and is in the process of rolling out its branded solventless productions across Canada.

On August 6, 2021, the Company signed an amalgamation agreement with Dash Capital Corp. (“Dash”) for a proposed business combination. This transaction will constitute a reverse takeover of Dash by the Company, and result in the Company becoming a publicly traded entity on the TSX Venture Exchange. Dash is currently trading under the ticker symbol DCX.P, and the Company intends to trade under the ticker symbol HASH.

The physical address of the Company’s corporate office is 273209 Range Road 20, Rocky View County, Alberta, T4B 4P2.

These condensed interim financial statements are prepared in Canadian dollars, which is also the functional currency.

These condensed interim financial statements have been prepared on a historical cost basis except for certain assets which are measured at fair value. These condensed interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

Going Concern

These financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2023, the Company had a working capital surplus of \$1,757,303 and a deficit of \$3,891,069. During the three months ended September 30, 2023, the Company generated net and comprehensive income totalling \$24,448.

While these financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, the Company’s ability to continue as a going concern is contingent to its ability to generate future cashflows from operations and additional financing. There is no certainty that the Company will raise these necessary funds from operations or financings.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

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For the three and nine months ended September 30, 2023

These financial statements do not reflect all the adjustments to the carrying value of assets and liabilities and the reported expenses that would be necessary should the going concern assumption become inappropriate. These adjustments could be material.

2. STATEMENT OF COMPLIANCE

The condensed interim financial statements of the Company ("Financial Statements") comply with International Accounting Standards 34 ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed interim financial statements were authorized for issue by the Board of Directors on November 30, 2023.

3. ACCOUNTING POLICIES

The condensed interim financial statements do not include all of the information required for full annual financial statements. The accounting policies and critical estimates applied by the Company in these interim condensed financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2022. There are no new accounting policies adopted in the current period. Accordingly, these interim condensed financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2022.

4. ACCOUNTS RECEIVABLE AND PAYABLES

Accounts receivable

Accounts receivable are non-interest bearing and are generally on terms of 15 to 60 days.

The components of the accounts receivable are as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Trade receivables	529,700	567,947
Other current receivables	2,289	97,706
Allowance for expected credit losses	(10,895)	(203,595)
	<u>521,094</u>	<u>462,058</u>

Certain trade receivables worth \$117,051 (December 31, 2022 - \$nil) are collateral for the short term loan amount of \$93,641 (December 31, 2022 - \$nil). The purchaser has first priority interest in eligible receivables and the loan amounts incur interest at 20% per annum.

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The following table summarizes the changes in the allowance for ECLs:

	September 30, 2023	December 31, 2022
	\$	\$
Balance, beginning of the year	203,595	-
Provision in the year	-	203,595
Amounts written-off	(192,700)	-
	<u>10,895</u>	<u>203,595</u>

Accounts payable and accrued liabilities

The components of the accounts payable and accrued liabilities are as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Trade payables	1,260,352	944,037
Accrued liabilities	1,284,591	525,405
Other liabilities	474,311	408,540
	<u>3,019,254</u>	<u>1,877,976</u>

5. INVENTORY

Inventory

	September 30, 2023	December 31, 2022
	\$	\$
Raw materials	701,384	334,718
Processed intermediates	3,639,707	2,210,281
	<u>4,341,091</u>	<u>2,544,999</u>

6. PREPAIDS AND DEPOSITS

	September 30, 2023	December 31, 2022
	\$	\$
Prepays	11,497	21,561
Other deposit	-	11,500
Deferred costs ⁽¹⁾	228,262	146,902
Security deposit	92,566	12,916
	<u>332,325</u>	<u>192,879</u>

(1) Deferred costs consist of professional fees incurred in relation to the proposed business combination with Dash as discussed in Note 1. These costs will be recognized upon the completion of the business combination.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Financial Statements (unaudited)

For the three and nine months ended September 30, 2023

Facility disposition

a) Land and building

On June 28, 2023, the Company sold the Facility pursuant to the terms and conditions of a Purchase and Sale Agreement (the "PSA") dated June 28, 2023. The net purchase price of the PSA was \$1,500,000 satisfied by cash. The sale resulted in a loss on disposal of \$5,075,053 calculated as follows:

Building – Cost	\$ 5,537,026
Building – Accumulated amortization	(261,973)
Land	1,300,000
Net book value of assets sold	<u>6,575,053</u>
Proceeds	<u>(1,500,000)</u>
Loss on disposition	<u>\$ 5,075,053</u>

b) Indebtedness to Sundial

As a component of the PSA, all amounts owing to Sundial under the VTB Mortgage, Revenue Sharing Agreement and any accrued amounts thereto were extinguished in exchange for \$1,500,000. The resulting extinguishment of the amounts owing resulted in a gain of \$5,547,167 calculated as follows:

VTB mortgage	\$ 5,907,597
VTB mortgage interest payable	103,383
Revenue sharing principal	1,167,235
Revenue sharing accretion	72,066
Net trade payables (receivables)	<u>(203,114)</u>
Total liabilities extinguished	<u>7,047,167</u>
Cash paid	<u>(1,500,000)</u>
Gain on extinguishment	<u>\$ 5,547,167</u>

Facility acquisition

On September 30, 2022, the Company acquired the Facility pursuant to the terms and conditions of an Asset Purchase Agreement (the "APA") dated August 30, 2021. The net purchase price of the APA was \$8,407,597 satisfied by the VTB Mortgage, Revenue Sharing Agreement and cash.

c) VTB Mortgage

The primary terms of the VTB Mortgage are:

Principle	\$ 5,907,597
Annual interest rate	7.0%
Monthly principal payments	nil
Monthly interest payments	\$34,461
Term	2 years

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Notes to the Condensed Interim Financial Statements (unaudited)

For the three and nine months ended September 30, 2023

During the three months ended September 30, 2023, interest expense of \$68,922 (three months ended September 30, 2022 - \$nil) was recognized in relation to the VTB Mortgage.

d) Revenue Sharing Agreement

On close of the acquisition, the Company signed a Revenue Sharing Agreement (the "Revenue Agreement") with Sundial. The Revenue Agreement requires the Company to pay Sundial 7% of net revenue earned to a maximum of \$2 million. The estimated net present value of the future payments was capitalized as contingent consideration and was reflected in property and equipment with a corresponding amount recorded to liabilities.

8. LEASES

Right-of-use assets

	Production equipment \$
As at December 31, 2021	81,763
Additions	11,987
Depreciation expense	<u>(34,353)</u>
As at December 31, 2022	59,397
Additions	1,471,211
Depreciation expense	<u>(80,239)</u>
As at September 30, 2023	<u>1,450,369</u>

Leased production equipment consists primarily of leased freezers that are used for the storage of inventory with a standard lease term of 3 years.

As a condition of the PSA, the Company leased the land and building back from the purchaser over a 5 year period with an option to purchase at the 2nd anniversary of the lease.

For the three and nine months ended September 30, 2023, the Company incurred interest related to leases of \$530 and \$1,167 respectively.

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Notes to the Condensed Interim Financial Statements (unaudited)
For the three and nine months ended September 30, 2023

Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

	September 30, 2023	December 31, 2022
	\$	\$
Maturity – contractual undiscounted cash flows		
Less than one year	444,631	36,456
One to two years	422,436	16,126
Two to three years	422,436	2,436
Three or more years	735,609	2,436
Total undiscounted lease liabilities	<u>2,025,112</u>	<u>57,454</u>
Lease liabilities included in the statement of financial position		
Current	250,229	34,558
Long-term	1,215,176	20,331
Total lease liabilities	<u>1,465,405</u>	<u>54,889</u>

Amounts recognized in the statement of net and comprehensive loss:

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Accretion	55,164	738	56,331	2,504
Cost of goods sold	73,232	3,347	86,495	22,870
General and administration	8,137	372	9,611	2,541

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of first preferred shares.

b) Issued and outstanding

During the period, the Company is issued 2,923,469 shares at an issuance price of \$0.20 per share. As a result of the issuance exceeding \$500,000, the Convertible Debentures automatically converted to shares of the company at an issuance price of \$0.17 per \$1.00 of Convertible Debenture held.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Financial Statements (unaudited)
For the three and nine months ended September 30, 2023

	Number of shares	Share Capital \$
Balance December 31, 2022	35,214,376	4,099,238
Issued in private placement	2,923,469	584,694
Conversion of Convertible Debentures	6,837,341	1,162,348
Share issuance costs	-	(13,400)
Balance, September 30, 2023	<u>44,975,186</u>	<u>5,832,880</u>

c) Warrants issued and outstanding

	Number of units
Balance, December 31, 2022	11,323,849
Issued in private placement	2,923,469
Conversion of Convertible Debentures	6,837,341
Balance, September 30, 2023	<u>11,323,849</u>

During the three and nine months ended September 30, 2023, the Company did issued 9,760,810 new warrants. The exercise price of all outstanding warrants was repriced to \$0.20, and the warrants expire August 28, 2026. No value has been attributed to these warrants.

d) Stock options

	Number of options	Weighted average exercise price \$
Balance, January 1, 2023	1,580,000	0.17
Issued during the period	3,125,000	0.20
Forfeited during the period	(450,000)	0.14
Balance, September 30, 2023	<u>4,255,000</u>	<u>0.19</u>
Exercisable, September 30, 2023	<u>1,861,667</u>	<u>0.19</u>

The weighted average fair value of stock options issued in the period ended September 30, 2023 was \$0.19 per unit (December 31, 2022 – \$0.18).

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Financial Statements (unaudited)
For the three and nine months ended September 30, 2023

As at September 30, 2023, total options outstanding included:

Weighted average life (years)	Number of options outstanding	Number of options vested and exercisable	Exercise Price \$
2.50	900,000	600,000	0.15
2.91	430,000	286,667	0.25
4.41	1,375,000	458,333	0.20
4.92	1,550,000	516,667	0.20
3.99	4,255,000	1,861,667	0.19

The fair value of the stock options is estimated using the Black-Scholes valuation model. The valuation model assumptions used were as follows:

Exercise price	\$0.15 to \$0.25
Share price	\$0.15 to \$0.25
Volatility	153% to 239%
Risk free rate	0.4% to 1.66%
Expected life	5 years
Dividend yield	nil
Forfeiture rate	nil

During the three and nine months ended September 30, 2023, share compensation amounted to \$52,670 and \$61,421 respectively.

10. CONVERTIBLE DEBENTURES

During the three months ended September 30, 2023, the convertible debentures were converted to shares and warrants of the Company. The amounts exchanged were as follows.

Principle	\$1,041,444
Accrued interest	120,904
Total	<u>1,162,349</u>

During the three and nine months ended September 30, 2023, interest expense of \$16,268 and \$75,017 respectively, was recognized through the statement of comprehensive loss.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Financial Statements (unaudited)
For the three and nine months ended September 30, 2023

11. SELLING, GENERAL AND ADMINISTRATION EXPENSES

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Salaries and wages	93,392	(34,840)	340,463	92,837
Facility expense	56,021	74,316	63,662	74,316
Security	-	66,309	12,535	192,309
Office and general	115,623	623,149	314,063	811,489
Professional fees	(41,565)	(160,723)	83,430	(115,138)
Maintenance	1,254	4,382	7,843	4,382
Commissions	-	-	(12,462)	7,850
Information technology	4,668	-	4,668	-
Leases (i)	2,511	2,541	5,343	2,541
	<u>231,904</u>	<u>575,134</u>	<u>819,545</u>	<u>1,070,586</u>

(i) All leases expensed as general and administration expenses qualify for the short term and low value lease exemptions in accordance with IFRS 16 "Leases".

12. SUPPLEMENTAL CASH FLOW DISCLOSURES

	September 30, 2023	September 30, 2022
	\$	\$
Cash (used in) provided by:		
Accounts receivable	(140,516)	679,117
Deferred inventory charges	-	-
Inventory	52,508	172,615
Deposits	(139,446)	-
Other current assets	30,935	133,756
Accounts payable and accrued liabilities	<u>1,421,004</u>	<u>101,270</u>
Total changes in non-cash working capital	<u>1,224,486</u>	<u>1,086,758</u>
Changes in non-cash working capital related to:		
Operating	1,224,486	1,086,758
Investing	-	-
Financing	-	-
Total changes in non-cash working capital	<u>1,376,143</u>	<u>1,329,172</u>

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Financial Statements (unaudited)

For the three and nine months ended September 30, 2023

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The Company's financial Instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these financial Instruments approximate their fair values as at September 30, 2023.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its cash and accounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date.

The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions. Management believes the risk of loss is low.

Accounts receivable consists of amounts owing from customers for royalties' receivable. The Company evaluates the credit worthiness of the customer counterparties before credit is granted.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. See Note 15 for further details of capital management.

The Company has contractual obligations in the form of accounts payable and accrued liabilities consisting of:

	September 30, 2023	December 31, 2022
	\$	\$
Trade payables	1,260,352	1,477,577
Payroll liabilities	760,763	348,596
GST payable	86,064	16,037
Other	912,075	35,767
Accounts payable and accrued liabilities	<u>3,019,254</u>	<u>1,877,977</u>

All accounts payable and accrued liabilities are due on demand and classified as current liabilities.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

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For the three and nine months ended September 30, 2023

14. LOSS PER SHARE

Loss per share represents the loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by dividing the loss by the sum of the weighted average number of common shares outstanding plus additional common shares that would have been outstanding if dilutive share instruments had been issued as common shares during the period. As a loss was reported in the statement of loss and comprehensive loss for the current period, all dilutive share instruments are considered anti-dilutive, and not included in the diluted loss per share calculation.

15. CAPITAL MANAGEMENT

The Company's objectives when managing its capital are to ensure its ability to continue as a going concern while maintaining the needed resources to fund ongoing operations and development to provide returns to its shareholders.

The Company manages its capital structure and makes adjustments to it in consideration of changes in economic conditions and the risk characteristics of the Company's underlying assets. To maintain or adjust its capital structure, the Company may issue new shares or obtain new debt.

The Company defines capital as total equity plus total debt financing. As at September 30, 2023, the Company's total capital of \$2,693,464 (December 31, 2022 - \$7,574,890) consisting of debt and equity.