



SIMPLY
S#LVENTLESS
CONCENTRATES

Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2024
(In Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim 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 condensed interim consolidated financial statements of Simply Solventless Concentrates Ltd. have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards (IFRS)) and reflect management’s best estimates and judgment based on information currently available. The Company’s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity’s auditor.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Consolidated Statements of Financial Position (Unaudited)			
As at,	Notes	September 30,2024	December 31, 2023
Assets			
Current assets:			
Cash and cash equivalents		532,480	80,879
Accounts receivable	5	2,413,361	531,880
Inventory	6	16,167,719	7,721,289
Prepays and deposits	7	869,834	85,083
Total current assets		19,983,394	8,419,131
Property and equipment	8	693,113	399,281
Right-of-use assets	9	1,346,578	1,361,065
Branding assets	10	85,961	63,970
Intangible assets	11,13	2,346,593	-
Total assets		24,455,639	10,243,447
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	7,457,944	4,163,379
Short term loan		576,844	313,678
Current portion of lease liabilities	9	338,484	248,195
Total current liabilities		8,373,272	4,725,252
Long-term lease liabilities	9	1,176,396	1,147,738
Vendor take back	13	1,700,000	-
Total liabilities		11,249,668	5,872,990
Shareholders' equity			
Share capital	12	13,029,290	6,776,110
Contributed surplus	12	1,066,727	632,173
Deficit		(890,046)	(3,037,826)
Equity		13,205,971	4,370,457
Total liabilities and equity		24,455,639	10,243,447

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Approved on behalf of the board:

"Stephen Bjornson"
Signed: Stephen Bjornson

"William MacDonald"
Signed: Bill McDonald

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Consolidated Statements of Net Comprehensive Income (Unaudited)					
	Notes	Three months ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Gross revenue	4	7,175,617	1,479,055	14,530,512	5,182,776
Excise taxes		2,226,719	199,417	4,381,135	302,441
Net revenue		4,948,898	1,279,638	10,149,377	4,880,335
Cost of goods sold		2,985,718	732,629	5,347,890	1,866,671
Gross profit		1,963,180	547,009	4,801,487	3,013,664
Selling, general and administration	14	954,783	275,100	2,228,409	820,866
Restructuring costs	13	225,348	-	225,348	-
Depreciation and amortization	8,9,10	27,409	12,590	53,877	35,304
Share compensation expense	12	288,897	69,682	434,554	182,258
Income from operations		466,743	189,637	1,859,299	1,975,236
Non-operating items:					
Interest	8,9	53,654	66,520	154,423	261,864
Finance costs	8,9	-	-	-	24,022
Foreign exchange loss		3,855	1,901	3,979	1,901
Gain on settlement	5	(15,212)	-	(446,883)	-
Gain on disposal	8	-	-	-	(353,833)
Net and comprehensive income		424,446	121,216	2,147,780	2,041,282
Income per share:					
Basic	17	0.006	0.003	0.038	0.050
Diluted	17	0.006	0.003	0.035	0.052
Weighted average number of shares outstanding					
Basic		68,872,421	40,670,923	56,524,569	40,670,923
Diluted		73,752,421	39,103,591	60,774,532	38,948,444

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

For the nine months ended September 30, 2024

	Number of shares (Note 12)	Share capital (Note 12) \$	Contributed surplus (Note 12) \$	Deficit \$	Total \$
Balance January 1, 2024	48,475,188	6,776,110	632,173	(3,037,826)	4,370,457
Share issuances	29,261,352	6,455,604	-	-	6,455,604
Share issue costs	-	(202,424)	-	-	(202,424)
Share compensation expense	-	-	434,554	-	434,554
Comprehensive income for period	-	-	-	2,147,780	2,147,780
Balance September 30, 2024	77,736,540	13,029,290	1,066,727	(890,046)	13,205,971

For the year ended December 31, 2023

	Number of shares (Note 12)	Share capital (Note 12) \$	Contributed surplus (Note 12) \$	Deficit \$	Total \$
Balance January 1, 2023	35,214,378	4,099,238	413,189	(4,078,142)	434,285
Share issuances	15,260,810	2,819,543	-	-	2,819,543
Share forfeiture	(2,000,000)	(100,667)	-	-	(100,667)
Share issue costs	-	(40,004)	-	-	(40,004)
Share compensation expense	-	-	218,984	-	218,984
Comprehensive loss for period	-	-	-	1,040,316	1,040,316
Balance December 31, 2023	48,475,188	6,776,110	632,173	(3,037,826)	4,370,457

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Consolidated Statements of Cash Flows (unaudited)

For the three months ended September 30, 2024	Notes	2024	2023
Net income		424,446	121,216
Depreciation and amortization	8,9,10	27,409	12,590
Accrued interest	9	46,729	68,559
Share compensation expense	12	288,897	69,682
Gain on disposal		(15,212)	-
Cash from operations before changes in working capital		772,269	272,047
Changes in working capital	15	(4,182,551)	(714,335)
Cash used in operations		(3,410,282)	(442,288)
Purchase of property and equipment	8	(147,807)	(3,100)
Purchase of branding assets	10	(62,164)	-
Acquisition of CannMart Inc.	13	(385,331)	-
Cash used in investing		(595,302)	(3,100)
Lease payments	9	(105,032)	(223,796)
Share issuance	12	5,155,604	584,694
Share issuance costs	12	(122,062)	(13,400)
Repayment of vendor take back	13	(500,000)	-
Convertible debentures		-	(61,293)
Cash from financing		4,428,510	286,205
Change in cash and cash equivalents		422,926	(159,183)
Opening cash and cash equivalents		109,554	358,231
Ending cash		532,480	199,048

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

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2024

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, manufacturing, and sale of pure, potent, terpene-rich cannabis products for discerning cannabis consumers. The Company serves the recreational, medical, and business to business cannabis markets in Canada. SSC is led by a team of highly experienced business professionals and master hashishins.

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.

On August 6, 2021, the Company signed an amalgamation agreement with Dash Capital Corp. (“Dash”) for a proposed business combination which would constitute the Company’s go public transaction through reverse takeover. On December 18, 2023, the Company completed the amalgamation with Dash and commenced trading on the TSX Venture Exchange under the ticker symbol HASH. The address of the Company’s corporate office is 4200, 888 – 3rd Street SW, Calgary AB, T2P 5C5.

On September 12, 2024, the Company completed the acquisition of CannMart Inc. (“CannMart”). CannMart is based in Ontario and holds the brands Zest, Roilty and Rilaxe. Under these brands, CannMart produces and sells vapes, pre-rolls, concentrates and edible cannabis products. Refer to note 13 for additional details of the acquisition.

These financial statements present the consolidated operations of the Company and all of its subsidiaries. These consolidated interim financial statements are prepared in Canadian dollars, which is also the functional currency. These consolidated interim financial statements have been prepared on a historical cost basis except for certain assets which are measured at fair value. These consolidated interim financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

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 20, 2024.

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2024

3. Accounting policies

The consolidated 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 consolidated financial statements are the same as those applied in the Company's annual financial statements for the year ended December 31, 2023. 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, 2023.

4. Revenue

Disaggregated gross revenue information

	September 30, 2024	September 30, 2023
Provincial sales	6,227,503	442,428
Business-to-business and tolling	948,114	1,063,627
	<u>7,175,617</u>	<u>1,479,055</u>

5. Accounts receivable and accounts payable

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, 2024	December 31, 2023
Trade receivables	2,454,511	536,838
Other current receivables	-	5,937
Allowance for expected credit losses	(41,150)	(10,895)
	<u>2,413,361</u>	<u>531,880</u>

Included in the balance is \$1,642,434 owing from provinces and \$389,793 owing from regional distributors to cannabis retail stores (December 31, 2023 - \$450,805 and \$nil, respectively).

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

	September 30, 2024	December 31, 2023
Balance, beginning of the year	10,895	203,595
Accounts receivable written-off	-	(200,390)
Provision in the year	30,255	7,690
	<u>41,150</u>	<u>10,895</u>

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For the three and nine months ended September 30, 2024

Accounts payable and accrued liabilities

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

	September 30, 2024	December 31, 2023
Trade payables	2,443,521	2,167,805
Accrued liabilities	4,934,175	1,880,186
Other liabilities	80,248	115,388
	7,457,944	4,163,379

During the 3 months ended June 30, 2024, the company negotiated a settlement amount with certain vendors on outstanding payables resulting in a gain of \$15,212.

6. Inventory

	September 30, 2024	December 31, 2023
Raw materials	7,098,361	1,031,631
Processed intermediates	9,069,358	6,689,658
	16,167,719	7,721,289

All inventory is in saleable condition.

7. Prepaids and deposits

	September 30, 2024	December 31, 2023
Prepaids	245,186	13,917
Other deposit	457,082	11,500
Security deposit	167,566	59,666
	869,834	85,083

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2024

8. Property and equipment

	2024						
	Land	Production equipment	Building	Facility upgrades	Office equipment	Computer equipment	Total
Cost							
As at Jan. 1	-	641,294	-	61,320	2,503	37,236	742,353
Additions	-	295,679	-	14,913	4,277	18,419	333,288
Acquisition of CannMart Inc.	-	16,950	-	23,542	55,323	-	95,815
	-	953,923	-	99,775	62,103	55,655	1,171,456
Depreciation							
As at Jan. 1	-	292,769	-	31,960	1,211	17,132	343,072
Additions	-	109,166	-	11,206	3,734	11,165	135,271
	-	401,935	-	43,166	4,945	28,297	478,343
Net book value, Sept. 30	-	551,988	-	56,609	57,158	27,358	693,113
	2023						
	Land	Production equipment	Building	Facility upgrades	Office equipment	Computer equipment	Total
Cost							
As at Jan. 1	1,300,000	599,919	5,537,026	61,320	2,503	19,125	7,519,893
Additions	-	41,375	-	-	-	18,111	59,486
Disposals	(1,300,000)	-	(5,537,026)	-	-	-	(6,837,026)
	-	641,294	-	61,320	2,503	37,236	742,353
Depreciation							
As at Jan. 1	-	170,310	125,292	19,696	710	7,713	323,721
Additions	-	122,459	136,681	12,264	501	9,419	281,324
Disposals	-	-	(261,973)	-	-	-	(261,973)
	-	292,769	-	31,960	1,211	17,132	343,072
Net book value, Dec. 31	-	348,585	-	20,960	1,292	20,104	399,281

During the three and nine months ended September 30, 2024, depreciation and amortization on property and equipment amounting to \$5,129 and \$13,527 (three, and nine months ended September 30, 2023 - \$3,655 and \$24,284 respectively), was recognized to net and comprehensive loss.

Facility acquisition

On June 28, 2023, the Company completed a sale and leaseback of 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 \$5,193,336. Refer to note 9 (a) of the Company's annual financial statements for the year ended December 31, 2023.

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2024

a) VTB Mortgage

The primary terms of the VTB Mortgage were:

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

The Facility was sold on June 28, 2023 and the VTB Mortgage was terminated and amounts owing thereunder were extinguished. Refer to note 9 (b) of the Company's annual financial statements for the year ended December 31, 2023.

b) Revenue Sharing Agreement

On close of the acquisition, the Company signed a Revenue Sharing Agreement (the "Revenue Agreement") with Sundial. The Revenue Agreement required 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 were capitalized as contingent consideration and were reflected in property and equipment with a corresponding amount recorded to liabilities.

The Facility was sold on June 28, 2023 and the Revenue Agreement was terminated and amounts owing thereunder were extinguished. Refer to note 9 (b) of the Company's annual financial statements for the year ended December 31, 2023. An overall gain of \$5,547,169 for the extinguishment of the VTB, Revenue Agreement and all other amounts owing to Sundial was recognized resulting in a net gain of 353,833 on the sale.

9. Leases

Right-of-use assets

As at December 31, 2022	59,397
Additions	1,479,176
Depreciation expense	(177,475)
As at December 31, 2023	<u>1,361,065</u>
Additions	227,645
Depreciation expense	(242,132)
As at September 30, 2024	<u>1,346,578</u>

Leases are comprised of the facility lease with a standard lease term of 5 years with an option to renew for another 5 years and freezers that are used for the storage of inventory with a standard lease term of 3 years.

For the nine months ended September 30, 2024, the Company incurred \$53,193 of interest related to leases.

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2024

Lease liabilities

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

	September 30, 2024	December 31, 2023
Maturity – contractual undiscounted cash flows		
Less than one year	487,349	440,411
One to two years	496,338	425,736
Two to three years	501,518	424,636
Three or more years	406,775	630,000
Total undiscounted lease liabilities	1,891,980	1,920,783

Lease liabilities included in the statement of financial position:

Current	336,888	248,195
Long-term	1,177,992	1,147,738
Total lease liabilities	1,514,880	1,395,933

10. Branding assets

For the three months ended September 30, 2024, \$85,961 worth of branding assets were acquired and depreciation and amortization on branding assets amounted to \$1,711 was recognized to net and comprehensive income.

11. Intangible assets

During the period ended September 30, 2024, in connection with the acquisition of CannMart, \$2,069,127 of intangible assets were recognized.

12. Share capital

a) Authorized

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

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2024

b) Issued and outstanding

	Number of shares	Share Capital \$
Balance December 31, 2023	48,475,188	6,776,110
Issued in private placements	20,733,334	4,650,000
Exercise of warrants	6,528,018	1,305,603
Acquisition of CannMart	2,000,000	500,000
Share issuance costs	-	(202,423)
Balance, September 30, 2024	<u>77,736,540</u>	<u>13,029,290</u>

c) Warrants issued and outstanding

	Number of warrants
Balance December 31, 2023	21,126,326
Issued in private placements	13,033,334
Acquisition of CannMart	1,000,000
Exercised	(6,528,018)
Balance, September 30, 2024	<u>28,631,642</u>

During the three months ended September 30, 2024, the Company issued 7,700,000 warrants related to a private placement and 1,000,000 warrants related to the acquisition of CannMart. The outstanding warrants are comprised of 19,931,642 warrants at an exercise price of \$0.20 and 8,700,000 warrants at \$0.40. The warrants expire between August 28, 2026, and September 12, 2027. On September 26, 2024, the Company exercised its rights to accelerate the expiry of 14,853,910 warrants priced at \$0.20. No value has been attributed to these warrants.

d) Stock options

	Number of options	Weighted average exercise price \$
Balance, January 1, 2024	3,505,000	0.19
Issued during the period	4,191,000	0.31
Forfeited	(366,667)	0.20
Balance, September 30, 2024	<u>7,329,333</u>	<u>0.26</u>
Exercisable, September 30, 2024	<u>3,960,332</u>	<u>0.23</u>

The weighted average fair value of stock options issued in the period ended September 30, 2024 was \$0.26 per option (December 31, 2023 – \$0.19).

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2024

As at September 30, 2024, total options outstanding included:

Weighted average life (years)	Number of options outstanding	Number of options vested and exercisable	Exercise Price \$
1.25	900,000	900,000	0.15
1.91	430,000	430,000	0.25
3.41	658,333	450,000	0.20
3.92	1,150,000	783,332	0.20
4.41	400,000	133,334	0.16
4.57	400,000	133,334	0.20
4.74	575,000	191,667	0.20
4.88	2,816,000	938,667	0.37
3.92	7,329,333	3,960,332	0.26

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 \$0.37
Share price	\$0.15 to \$0.37
Volatility	97%
Risk free rate	0.4% to 3.63%
Expected life	5 years
Dividend yield	nil

During the three and nine months ended September 30, 2024, share compensation amounted to \$288,897 and \$434,554 respectively.

13. Acquisition of CannMart Inc.

On September 12, 2024, the Company acquired all the issued and outstanding shares of CannMart pursuant to the terms and conditions of the Share Purchase Agreement (the "SPA") dated June 25, 2024. Upon completion of the transaction, CannMart became a wholly owned subsidiary of the Company.

The net purchase price of CannMart was \$3,200,000, funded by \$500,000 in cash, \$500,000 in units with the same terms as the most recent financing (see Note 12 (b)) and \$2,200,000 of non-interest-bearing Vendor-Take-Back debt ("VTB").

Cost of acquisition	
Vendor-take-back	\$2,200,000
Cash	500,000
Common shares	500,000
Total consideration	<u>3,200,000</u>

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the three and nine months ended September 30, 2024

Allocation of purchase price

Intangible assets – brands	\$2,069,127
Right of use asset	227,643
Property and equipment	95,815
Net working capital	1,117,173
Right of use liability	(309,758)
Total	<u>3,200,000</u>

Non-recurring restructuring costs of \$225,348 were incurred during the three months ended September 30, 2024.

14. Selling, General and administration expenses

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Salaries and wages	231,941	89,023	695,889	240,381
Office and general	191,940	86,583	416,034	246,842
Professional fees	94,963	72,356	304,572	302,880
Selling expense	426,209	38,557	795,489	26,095
Information Technology	9,730	(11,419)	16,425	4,668
	<u>954,783</u>	<u>275,100</u>	<u>2,228,409</u>	<u>820,866</u>

15. Supplemental cash flow disclosures

	September 30, 2024	September 30, 2023
Cash (used in) from operations:		
Accounts receivable	(481,649)	(10,698)
Inventory	(2,214,561)	(1,051,801)
Deposits	(342,655)	(33,236)
Accounts payable and accrued liabilities	(1,143,686)	381,400
Total changes in non-cash working capital	<u>(4,182,551)</u>	<u>(714,335)</u>
Changes in non-cash working capital related to:		
Operating	(4,182,551)	(714,335)
Investing	-	-
Financing	-	-
Total changes in non-cash working capital	<u>(4,182,551)</u>	<u>(714,335)</u>

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2024

16. 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, 2024.

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 18 for further details of capital management.

All accounts payable and accrued liabilities and short-term loans are due on demand and classified as current liabilities.

17. Income per share

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

Diluted income per share is calculated by dividing the income 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.

18. 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.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the three and nine months ended September 30, 2024

The Company defines capital as total equity plus total debt financing. As at September 30, 2024, the Company's total capital of \$15,482,815 (December 31, 2023 - \$4,684,135) consists of equity \$13,205,971 (December 31, 2023 - \$4,370,457), \$576,844 short-term debt (December 31, 2023 - \$313,678) and \$1,700,000 long-term debt (December 31, 2023 - \$nil).

19. Subsequent events

Subsequent to period end, the Company acquired ANC Inc. ("ANC"), based in Edmonton Alberta. ANC is a leader in infused pre-roll manufacturing in Canada. The acquisition allows the Company and ANC to leverage operational expertise, expanded product offerings and profitable organic revenue growth. The maximum purchase price of ANC is \$13,500,000 comprising of a cash payments of \$1,750,000 on November 15, 2024, \$1,250,000, December 20, 2024, and \$4,000,000 on May 31, 2024 totalling \$7,000,000; \$3,000,000 in units of the Company comprising of one common share and half of one common share purchase warrant, and an earn out provision for maximum consideration of \$3,500,000 satisfied through issuance of \$1,750,000 in common shares of the company and \$1,750,000 in cash or common shares of the Company.

Subsequent to period end, 10,292,525 warrants have been exercised at a price of \$0.20 per warrant for proceeds of \$2,058,305 and 150,000 warrants at an exercise price of \$0.40 per warrant for proceeds of \$60,000. The exercises resulted in 10,442,525 common shares of the company being issued. The Company extended the acceleration expiry from October 26, 2024 to November 29, 2024. 4,693,052 warrants will expire on November 29, 2024 if not exercised.