Red White & Bloom Brands Inc.

Management Discussion and Analysis

For the three and nine months ended September 30, 2023

Dated November 29, 2023

CSE: RWB

OTCQX: RWBYF

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

The following Management Discussion and Analysis ("MD&A") may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "projected", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", or "occur", or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Certain forward-looking statements in this MD&A include, but are not limited to, the following:

- the performance of the Company's business and operations.
- the expected timing and projected cost of the Company's business objectives and initiatives including its expansion plans; both organic and acquisitive.
- the business strategies of the Company.
- the impact of the introduction of new branded cannabis product offerings.
- the impact of ongoing and prospective cost savings initiatives.
- the impact of laws and regulations maintained by various levels of government (existing, proposed, and/or amended) including but not limited to those impacting operating licenses to conduct business activities in relevant jurisdictions within the cannabis industry.
- expectations regarding production capacity including the Company's performance at its cultivation and processing facilities.
- expectations regarding relevant cannabis market conditions in the United States, including regulatory, specific to federal and specific state jurisdictions in which the Company legally operates or intends to operate in.
- the competitive conditions of the cannabis industry in the United States.
- the state of banking regulations in the United States as it relates to the cannabis industry.
- the intention of the Company to complete any offering of securities (in any form) or debt (in any form) issued by the Company.

There can be no assurance the aforementioned conditions as well as other factors will not affect the accuracy of forward-looking statements made by the Company regarding the anticipated performance of its business. Such factors include, but are not limited to, the Company's ability to obtain financing from external resources in whatever form, the general impact of financial market conditions that may impact the Company and its ultimate consumers, the yield from marijuana growing operations, product demand in channels to market that the Company currently services or intends to service in future periods as part of its business expansion initiatives, changes in prices of key manufacturing inputs such as raw materials and outsourced service providers, the impact of competition in legal states which the Company operates or is targeting to operate in, and federal, state and local government regulations.

Readers are encouraged to reference the Company's public filings, overseen by Canadian securities regulators, which can be accessed and viewed via the System for Electronic Data Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.

NON-IFRS AND SUPPLEMENTARY FINANCIAL OR OPERATING MEASURES

The Company references non-IFRS and supplementary financial or operating measures, including, but not limited to, Adjusted EBITDA. This measure does not have a standardized meaning prescribed by IFRS and is most likely not comparable to similar measures presented by other public company issuers including those operating in the cannabis industry. Non-IFRS measures provide investors with additional insights into the Company's financial and operating performance which may not be garnered from traditional IFRS measures. The management of the Company, including its key decision makers, use non-IFRS measures in assessing the Company's financial and operating performance.

The Company calculates Adjusted EBITDA as net income or loss excluding current and deferred income tax expense, finance expense, interest income and amortization of discounts, depreciation and amortization, fair value changes in biological assets, realized fair value changes in inventory sold, share based compensation, termination costs, gains or losses on revaluation of debt or accounts payable and accrued liabilities, gains or losses on evaluation of financial instruments, impairments of tangible or intangible assets, impairment of goodwill, accreted interest on leases and applicable short term and long term liabilities, gains or losses on asset disposals, foreign exchange, expected credit loss and bad debt expense, business transaction costs, reversal of license liability, gain on extinguishment of payables and non-recurring expenses such as penalties and late fees and severance.

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") of Red White & Bloom Brands Inc. (the "Company" or "RWB") is intended to assist the reader in better understanding the operations and key financial results as of the date of this MD&A and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three and nine months ended September 30, 2023 ("2023-Q3 and 2023-YTD," respectively), and the comparative period September 30, 2022 ("2022-Q3 and 2022-YTD, respectively), and the audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2022 ("2022-YE"), collectively referred to as the "Financial Statements." The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with the interim financial statements being prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting,* and select interpretations of the IFRS Interpretations Committee for all periods presented. The information in this MD&A is current as of November 29, 2023.

This MD&A has been reviewed by the Company's Audit Committee and approved by its Board of Directors on November 29, 2023.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars (CAD) except as indicated otherwise. All references to the Company contained in the MD&A include references to all its subsidiaries, as applicable. The Financial Statements and MD&A, along with addition information about the Company are filed on SEDAR+.

COMPANY OVERVIEW AND STRATEGY

Company Overview

Red White & Bloom Brands Inc. was incorporated on March 12, 1980 pursuant to the Business Corporations Act, British Columbia. The shares of the Company are traded on the Canadian Stock Exchange under the trading symbol "RWB" and on the OTCQX[1] under the trading symbol "RWBYF". The Company's head office and registered office is located at 1890 - 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

The Company's principal operations are (1) the distribution of branded and non-branded cannabis products, both adult-use and medical use, direct to legally licensed retailers, (2) retail operations selling branded and non-branded cannabis products, both adult-use and medical use, (3) captive cultivation, processing, packaging, and procurement operations that support the distribution, retail, and licensing operations, and (4) licensing of the Platinum and Platinum Vape brand to third party distributors. As of the date of the MD&A, the Company's operations are primarily conducted in the legal US states of Michigan, Florida, and California with active, asset-light licensing arrangements in the US states of Missouri, Massachusetts, Arizona, and Ohio. With the Aleafia transaction moving towards completion, with the Company having now been confirmed by key stakeholders in the acquisition process, the Company will have an opportunity to further expand the Platinum portfolio of brands into the Canadian market.[2]

[1] Reader is referred to *Recent Developments* section for an update on the OTCQX filing status.
[2] Reader is referred to *Recent Developments* section for detail on the Aleafia transaction.

Company Strategy

The Company is committed to driving the growth of its distribution and retail operations, through organic and acquisitive means, leveraging its premium *Platinum* and *Platinum Vape* brands ("PV" or "Platinum") as well as its *House of Platinum, Cannabis* brand name and retail banners in the state of Florida. The Company has also expanded its footprint, leveraging brand equity and through third party, asset-light licensing agreements into other strategic markets throughout the United States. The family of Platinum brands is associated with the highest quality cannabis offerings in the legal jurisdictions currently represented by the Company in the United States and Canada. The Company strives to maintain Platinum's strength as products on which cannabis consumers can rely on for best-in-class attributes, garnered through regimented procurement, production, and quality standards.

Platinum product lines include a wide range of disposable and reusable vape pens, cartridges, and pods available in a variety of strain-specific flavors and effects. In addition, Platinum products also include carefully crafted, cannabis infused, palate driven, edible creations including, but not limited to, Gummy Coins based on traditional candy flavors, and packaged bulk flower and pre-rolls; standard and infused.

DESCRIPTION OF THE BUSINESS

Distribution

On January 18, 2022, upon receiving state regulatory approval, the Company activated a manufacturing, processing, and distribution center in Warren, Michigan dedicated to the production, sale and distribution of both adult use and medical use cannabis product offerings to licensed retailers in the state of Michigan. The Company conducts its operations in a processing and warehousing facility located in Warren, Michigan with corporate functions conducted out of a facility in Southfield, Michigan. The Company's primary business is the distribution of Platinum and Platinum Vape branded premium cannabis products for both adult use and/or medical use to licensed retailers in the state of Michigan. As of the date of this MD&A, the Company services over 400 adult use and medical retailers in the state of Michigan with several other retailers represented in various other states.

The Company also has distribution operations in the state of California leveraging local, best-in-class, contract manufacturing, warehousing, and distribution capacity. The Company's primary business in California is the distribution of branded adult-use cannabis product offerings to legally licensed California adult-use cannabis retailers. The Company offers a full product line of Platinum and Platinum Vape branded, premium cannabis products sold at retailers throughout California.

Licensing

In concert with the Company's continuing asset light growth initiative, RWB (PV) Licensing, LLC, a newly incorporated subsidiary of RWB, collaborates and contracts with arm's length licensed distributors in targeted legal states through procurement and sale of Platinum or PV branded non-THC inputs (packaging, hardware) and licensing arrangements which grant these distributors a right to manufacture, market, and distribute Platinum or PV branded products to licensed retailers within their home markets. Platinum products currently represented by licensed distributors focus on PV branded vape cartridges and PV branded disposable vapes utilizing the Skybar™ hardware platform. These asset-light procurement and licensing arrangements support expansion of the PV brand footprint in states which the Company does not maintain physical licensed operations and also help the Company diversify its revenue and net income streams, while investing and capitalizing on the PV brand's well-established reputation.

Retail

As of September 30, 2023, the Company is licensed to operate a total of four medical cannabis retail stores (dispensaries) in the state of Florida, a processing facility located in Sanderson, Florida, and a cultivation facility in Apopka, Florida. The Sanderson facility is owned by the Company and includes fifteen acres of land, a 110,000 square foot facility utilized for cultivation and processing, and a 4,000 square foot freestanding administrative office building. The Apopka facility is owned by the Company and includes a fully licensed and operational 45,000 square foot greenhouse situated on 4.7 acres of land. All outputs produced by the Apopka facility are committed to the Sanderson facility for processing. The Sanderson facility processes bulk cannabis inputs supplied to it exclusively by the Apopka facility. The Sanderson facility produces cannabis product offerings sold exclusively through the Company's captive retail stores (dispensaries) situated throughout the state of Florida. The Company leases a total of nine retail locations throughout the state, four of which are operating as of the date of this report. The 4th medical retail location, located in Clearwater, Florida, was approved and licensed for operation in February 2023. The Company is currently planning the activation of the remaining five locations over the course of fiscal 2023 contingent on the ability of the regulatory authorities to comply with the Company's fixturing and activation timeline. The retail locations operate under the OMMU approved *"House of Platinum, Cannabis" retail banner.*

As of September 30, 2023, the Company is licensed, within the state of Michigan, to operate a total of eight adult-use and/or medical use cannabis retail stores (dispensaries), and two indoor cultivation facilities located in Glendale, Michigan, and Marquette, Michigan., The Company also owns a municipally licensed ten acre outdoor cultivation facility in Au Gres, Michigan which is currently dormant, and several other real estate properties located throughout the state of Michigan which are available for potential cultivation and cannabis dispensary operations. The Company continues to assess options to monetize Michigan retail assets including those held by the Company that are currently not licensed or in use.

The following sets out the Company's total licensed cannabis retail locations within the United States as of September 30, 2023.

Jurisdiction	Licensed, Active Cannabis Retail Stores	Cannabis Retail Stores available to be Activated	Total Available Retail Locations
Florida	4	5	9
Michigan	8	4	12

As of the date of the MD&A, the Company has substantially completed construction on a profile retail location located in South Miami Beach, Florida and anticipates activating operations at this location during the first quarter of fiscal 2024 contingent on the remaining regulatory and fixturing timelines. The Company is continuing to execute its plan to fixture and activate the remaining four Florida retail locations and targeting new retail applications working within existing capital constraints and accounting for the requisite regulatory provisions.

The following table lists the Company's subsidiaries and percentage of holdings as at the date of this MD&A:

Subsidiary	Source Currency	Jurisdiction	% Ownership As at September 30, 2023	% Ownership As at December 31, 2022
Red White & Bloom Brands Inc. (Parent)	CAD	British Columbia, Canada	100%	100%
1251881 B.C. Ltd.	CAD	British Columbia, Canada	100%	100%
RWB Licensing Inc.	CAD	British Columbia, Canada	100%	100%
MichiCann Medical Inc.	CAD	Ontario, Canada	100%	100%
(1) RWB (PV) Canada, Inc.	CAD	Ontario, Canada	100%	-
PV CBD, LLC	USD	California, United States	100%	100%
(1) RWB California, Inc.	USD	California, United States	100%	-
RWB Platinum Vape Inc.	USD	California, United States	100%	100%
Vista Prime Management, LLC	USD	California, United States	100%	100%
Vista Prime 3, Inc.	USD	California, United States	100%	100%
Vista Prime 2, Inc.	USD	California, United States	100%	100%
Mid-American Growers, Inc.	USD	Delaware, United States	100%	100%
(2) Royalty USA Corp.	USD	Delaware, United States	100%	100%
(2) RWB Illinois, Inc.	USD	Delaware, United States	100%	100%
RWB Florida LLC	USD	Florida, United States	77%	77%
Red White & Bloom, Florida Inc.	USD	Florida, United States	77%	77%
Real World Integration, LLC	USD	Illinois, United States	100%	100%
GC Ventures 2, LLC	USD	Michigan, United States	100%	100%
Pharmaco, Inc.	USD	Michigan, United States	100%	-
RWB Michigan LLC	USD	Michigan, United States	100%	100%
RWB (PV) Licensing, LLC.	USD	Nevada, United States	100%	-
(3) RLTY Beverage 1 LLC	USD	Delaware, United States	Dissolved	100%
(3) RLTY Development MA 1 LLC	USD	Delaware, United States	Dissolved	100%
(3) Mid-American Cultivation, LLC.	USD	Illinois, United States	Dissolved	100%
(3) RWB Freedom Flower, LLC	USD	Illinois, United States	Dissolved	100%
(3) RWB Shelby, Inc.	USD	Illinois, United States	Dissolved	100%
(3) RLTY Development Orange LLC	USD	Massachusetts, United States	Dissolved	100%
(3) RLTY Development Springfield LLC	USD	Massachusetts, United States	Dissolved	100%

(1) Newly incorporated: RWB (PV) Canada, Inc. (March 7, 2023) – also registered in Alberta, RWB California, Inc. (February 7, 2023)
(2) Pending reactivation: Royalty USA Corp., RWB Illinois, Inc.
(3) Dissolved: RLTY Beverage 1 LLC (December 20, 2022), RLTY Development MA 1 LLC (December 9, 2022), Mid-American Cultivation, LLC. (July 5, 2022, RWB Freedom Flower, LLC (August 22, 2022,) RWB Shelby, Inc.(October 25, 2022), RLTY Development Orange LLC (December 20, 2022), RLTY Development Springfield LLC (December 20, 2022).

OUTLOOK

The Company continues to focus on the expansion of its various lines of business including leveraging its asset light growth strategy in jurisdictions in which it does not maintain a physical footprint through its Licensing segment. These actions included but were not limited to the following:

- Appointment of a new Chief Financial Officer, Edoardo ("Eddie") Mattei, who brings strong financial and operational experience that will be invaluable to the Company through its continued expansion.
- Expansion into Arizona, a key part of RWB's latest series of moves to scale entry into new strategic legal markets, with over twelve flavor profiles of its premium, Platinum branded vape cartridges and disposable vape products currently being stocked by dispensaries across the state.
- The addition of a new dispensary in Clearwater, Florida, expanding Florida's operations to four active locations across the state, with five additional locations pending activation as noted above.
- Leveraging key supply chain competencies in the state of California to streamline costs and increase speed to market for its revamped distribution operations in the same state.

- Entry into the rapidly growing and recently appointed adult use Ohio cannabis market through the execution of a licensing arrangement with a first mover, vertically integrated Ohio distributor allowing the Company to leverage the resident distributor's existing retail network to introduce its renowned Platinum Vape cartridges and disposable vapes, available in various formats, across more than ninety licensed retail locations in the state.
- Expanding the Company's asset-light, Licensing revenue stream in new geographies (Canada) through licensed producer partnerships.
- Expanding the Company's physical footprint in the Canadian market by securing the rights to acquire select subsidiaries and intangible assets of Aleafia Health Inc. ("Aleafia") (refer to *Recent Developments*).

The Company is focused on prioritizing growth of its "*Platinum*", "*Platinum Vape*", and "*House of Platinum, Cannabis*" branded product portfolio and retail banners through its respective channels to market (Distribution or direct to retailer, Licensing through third party distributors, Retail or direct to customer) in U.S. states, , where it maintains a physical footprint or where it has extended, or plans to extend, its asset-light presence through procurement and licensing arrangements with distributors in strategically targeted legal U.S. states such as Arizona, Ohio, Missouri, Colorado, and Massachusetts. In addition, the Company continues to pursue asset-light execution and exploitation of its Platinum brands and product offerings in international markets, such as Canada, through strategic partnerships with licensed producers.

The Company has extended the availability of the *Platinum, Platinum Vape*, and *House of Platinum, Cannabis* branded product lines in each jurisdiction in which it operates. The Company has expanded its focus on Live Resin and Live Rosin vape offerings, premium edible offerings, including but not limited to, branded gummy coins, as well as disposable vape products under the Skybar™ hardware platforms (currently available in Michigan, Arizona, Missouri, and Ohio). As of the date of the MD&A, the Company, in collaboration with Aleafia, a well-established Canadian licensed producer and distributor, has launched Platinum branded vape cartridges and disposable vape products utilizing the Skybar™ hardware platform, in the federally legal Canadian cannabis market. These products are made available to licensed retailers across Canada through provincially regulated distributors as well as direct to patients through Aleafia's subscription network.

RECENT DEVELOPMENTS

The Aleafia Transaction

On June 7, 2023, RWB and Aleafia announced that the Company and Aleafia had entered into a binding letter agreement on June 6, 2023 (the "Letter Agreement") whereby the Company agreed to acquire Aleafia and its subsidiaries in a business combination transaction (the "Proposed Transaction"). Under the terms of the Letter Agreement, each outstanding common share in the capital of Aleafia (each, an "Aleafia Share") will be exchanged for 0.35 of a common share in the capital of the Company (each, an "RWB Share"), subject to customary adjustment (the "Exchange Ratio"). Upon the completion of the Proposed Transaction, existing RWB shareholders were expected to own approximately 76% of the combined company resulting from the Proposed Transaction and former Aleafia shareholders were expected to own approximately 24% of the combined company.

On July 14, 2023, RWB and Aleafia announced the mutual termination of the binding Letter Agreement entered into between the parties on June 6, 2023 in respect of the Proposed Transaction. The termination was without liability or cost to either party. Pursuant to the Letter Agreement, and as a pre-requisite to closing the previously announced Proposed Transaction, the approval of holders of Aleafia convertible debentures issued under the amended and restated debenture indenture providing for the issue of certain convertible debentures dated as of June 27, 2022 between Aleafia and Computershare Trust Company of Canada, as the trustee, as supplemented by: (a) the first supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series A Secured Convertible Debentures Due June 30, 2024); (b) the second supplemental indenture dated as of June 27, 2022 (providing for the issue of the 8.5% Series B Secured Convertible Debentures Due June 30, 2026), and (c) the third supplemental indenture dated as of June 27, 2022 (providing for the issue of 8.50% Series C Secured Debentures Due June 30, 2028) (collectively, the "Aleafia Convertible

Debentures") was required to settle all outstanding amounts due to them for an aggregate amount of $6 million in exchange for the cancellation of all Aleafia Convertible Debentures. While Aleafia had received support in writing from certain holders of the outstanding Aleafia Convertible Debentures, an ad hoc group representing certain debentureholders which held more than 33 1/3% of the outstanding Aleafia Convertible Debentures (as confirmed by the ad hoc group) had communicated to Aleafia and RWB that they would not accept the terms of the settlement set out in the Letter Agreement. As a result, a key condition of the Proposed Transaction could not be satisfied, and, as a result, the parties mutually agreed to terminate the Letter Agreement.

Pursuant to an assignment of indebtedness and security executed on June 6, 2023, NE SPC II LP sold to RWB, all indebtedness of Aleafia and certain of its affiliates in connection with the loan agreement made as of December 24, 2021, as amended on March 28, 2022, June 17, 2022, April 26, 2023, May 15, 2023, and May 31, 2023 (the "Aleafia Senior Secured Loan Agreement" or the "AH Note Receivable"). As of July 14, 2023, Aleafia was in breach of certain covenants under the Aleafia Senior Secured Loan Agreement, and while RWB had not, to date, taken steps to formally note Aleafia in default or immediately enforce its security, RWB did not waive any outstanding breaches and reserved all of its rights and remedies under the Aleafia Senior Secured Loan Agreement and related security.

On July 25, 2023, Aleafia announced that it had received an order (the "Initial Order") from the Ontario Superior Court of Justice (Commercial List) (the "Court") under the Companies' Creditors Arrangement Act ("CCAA"), in order to restructure its business and financial affairs (the "Aleafia CCAA Proceedings"). The Initial Order approved, among other things, debtor-in-possession financing ("DIP Financing") to be provided by RWB to fund the Aleafia CCAA Proceedings and other short-term working capital requirements pursuant to a term sheet between RWB and Aleafia dated July 24, 2023 (the "Aleafia DIP Term Sheet"). Under the Aleafia DIP Term Sheet, RWB agreed to advance DIP Financing in the amount of $6,600,000 (the "AH DIP Note"). The continued availability of the AH DIP Note was conditional upon, among other things, certain conditions being satisfied, including the Initial Order remaining in effect. A copy of the DIP Term Sheet is filed on SEDAR+. In light of Aleafia's financial position, RWB issued demand letters and notices to enforce security under Section 244 of the Bankruptcy and Insolvency Act and provided Aleafia with the aforementioned AH DIP Note to allow Aleafia to proceed with the Aleafia CCAA Proceedings.

On August 22, 2023, the Court approved, among other matters, the terms of a sale and investment solicitation process ("SISP") which included a stalking horse asset purchase and share subscription agreement (the "Stalking Horse Agreement") pursuant to which RWB would acquire certain assets from Aleafia and subscribe for shares of certain subsidiaries of Aleafia if RWB were to become the successful bidder pursuant to the SISP. The Stalking Horse Agreement provided for a reverse vesting transaction whereby a wholly owned subsidiary of RWB would subscribe for shares of certain of Aleafia's subsidiaries (collectively, the "Aleafia Purchased Entities") and acquire specific intellectual property owned, licensed or leased by Aleafia. Certain excluded assets and liabilities of the Aleafia Purchased Entities would be transferred to one or more corporations that would not be included among the Aleafia Purchased Entities at closing. RWB's subsidiary, RWB (PV) Canada Inc. would be the sole shareholder of the Aleafia Purchased Entities following closing. The consummation of the transactions contemplated under the Stalking Horse Agreement was subject to satisfaction or waiver of certain conditions set forth in the Stalking Horse Agreement, including, among other things, the Court granting the requisite approval and vesting order as a final order (the "Approval Order"), receipt of all required regulatory approvals and certain of its subsidiaries' Health Canada and cannabis excise licenses being in good standing and continuing in good standing and not suspended or terminated following the closing date.

On October 12, 2023, RWB confirmed that it had been selected as the successful bidder under the SISP approved by the Court in connection with the Aleafia CCAA proceedings and the Aleafia Group under the CCAA.

On October 31, 2023, RWB announced that in connection with Aleafia CCAA proceedings and the Aleafia Group, the Court had granted an approval and reverse vesting order in respect of the aforementioned sale transactions (the "Approval and Vesting Order"). The Approval and Vesting Order is the sole authorization required by the Aleafia Group to implement the transactions provided for under the aforementioned stalking horse asset purchase and share subscription agreement, as amended and restated on October 24, 2023 (the "Amended Stalking Horse Agreement") among RWB and the Aleafia Purchased Entities. The Approval and Vesting Order approves the implementation of the transactions contemplated by the Amended Stalking Horse Agreement, whereby a wholly owned subsidiary of RWB, RWB (PV) Canada Inc., would subscribe for shares of the Aleafia Purchased Entities and acquire specific intellectual property owned, licensed or leased by Aleafia Health Inc. Certain excluded assets and liabilities of the Aleafia Purchased Entities would be transferred to one or more corporations that would not be included among the Aleafia Purchased Entities at closing.

The consummation of the transactions contemplated under the Amended Stalking Horse Agreement remains subject to satisfaction or waiver of certain conditions set forth in the Amended Stalking Horse Agreement, including, among other things, receipt of all required regulatory approvals and the Aleafia Purchased Entities' Health Canada and cannabis excise licenses being in good standing and continuing in good standing and not suspended or terminated following the closing date.

On October 31, 2023, the Court also granted an ancillary relief order approving, among other things, (i) amendments to the debtor-in-possession ("DIP") term sheet to increase the DIP financing available to the Aleafia Group from $6.6 million to $8 million; and (ii) an extension to the current stay period in the Aleafia CCAA Proceedings to November 30, 2023, in order to, among other things, permit the parties to complete the transactions contemplated under the Amended Stalking Horse Agreement.

The parties anticipated closing the transactions contemplated under the Amended Stalking Horse Agreement following satisfaction of the remaining conditions to closing no later than November 22, 2023; being the outside date specified in the Amended Stalking Horse Agreement.

As of November 22, 2023, the parties to the Amended Stalking Horse Agreement, RWB and Aleafia, had satisfied substantially all of the conditions to closing set forth in the Amended Stalking Horse Agreement. The parties are continuing to collaboratively pursue, with the applicable government authorities, the remaining conditions required to obtain the required regulatory approvals. For this purpose, the parties agreed to extend the outside date in the Amended Stalking Horse Agreement from November 22, 2023, to December 15, 2023, and currently anticipate closing the transactions contemplated under the Amended Stalking Horse Agreement by no later than December 15, 2023.

Status as an US Exchange Act Registrant and US Trading in our Common Stock

In September 2023, the U.S. Securities and Exchange Commission (the "SEC" or "Commission") commenced administrative proceedings to de-register the Company's common stock under Section 12(j) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The stated purpose of the proceeding was for the Commission to determine whether it is necessary and appropriate for the protection of investors to suspend for a period not exceeding twelve (12) months or revoke the registration of each class of securities registered pursuant to Section 12 of the Exchange Act.

Issuers of securities registered pursuant to Section 12 of the Exchange Act are required under the Exchange Act and the rules promulgated thereunder to file current and accurate information in periodic reports with the Commission. Prior management had been delinquent in its periodic filings with the Commission for fiscal periods prior to fiscal 2023. Current RWB management has been aggressively engaged with counsel and its advisors in resolving these deficiencies having come to their attention with their appointment. The Company notes that it does not currently actively trade on exchanges that require an SEC registration, nor does it intend to seek a filing on any of these exchanges in the near term. The Company's SEC registration was associated with the pre-RTO entity, Tidal Royalty Inc., which had registered with the SEC for the purpose of filing on an SEC sponsored exchange but never followed through.

The Commission's standard position has been that once de-registration proceedings are commenced for failure to comply with Exchange Act (due to deficient filings in the case of the Company) it will not then grant a right to cure or comply. Thus, when the Commission commenced administrative proceedings under Section 12(j), the Company's only options were to defend the matter in litigation or to settle it and agree with the Commission's order for de-registration of securities registered under Section 12(j)of the Exchange Act. Once the Company consented to the revocation of its registration via the aforementioned settlement, the Company would then need to file a registration statement with the Commission and cause that registration statement to become effective in order to reinstate the registration of the Company's securities. Therefore, given: (a) the protracted nature of litigation in general, and (b) the high expense associated with defending an adversary proceeding with the Commission and (c) the low probability of a successful outcome, compared with the fact that a settlement with the SEC would allow the Company to re-file a registration statement as soon as it was drafted, the Company determined that it was in the best interest of its shareholders to settle and consent to the de-registration of its securities and to file a registration statement on Form 20-F as soon as reasonably practical.

On November 7, 2023, the SEC order suspending trading went into effect. As a result of the SEC order, pursuant to Section 12(j) of the Exchange Act, US resident shareholders of the Company were unable to trade the Company's securities on the OTCQX. As noted below, the Company's OTCQX listing had been suspended in March 2023 while proceedings with the SEC were underway. The Company is working aggressively toward the filing of a registration statement in order to lift the Section 12(j) order and also working collaboratively with the OTC Markets Group to reactivate its listing on the OTCQX marketplace. It is worthwhile to note that the Company's only matter of non-compliance is the deficient filings overseen by prior management. Once matters with the SEC and the OTC are resolved and prescribed registration periods have expired, the Company intends to seek approval to deregister its SEC membership in accordance with guidelines and timelines set by the applicable governing bodies avoiding the need to maintain both the cost and administration of the SEC registration and its requisite filings.

Other recent developments

- On November 9, 2023, the Company closed an asset purchase by a wholly owned subsidiary of the Company and issued 700,000 common shares at a deemed price of $0.06 per share, as final consideration. All securities issued are subject to a statutory hold period which will expire on March 8, 2024. None of the securities issued will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them will be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act.

- On November 3, 2023, the Company announced its entry into the rapidly growing Ohio cannabis market through the execution of a licensing arrangement with a first mover, vertically integrated Ohio distributor. This strategic partnership allows RWB to leverage the distributor's retail network to introduce its renowned Platinum Vape cartridges and disposable vapes, available in various formats, across more than ninety licensed retail locations in the state. Adult-use sales in Ohio have been projected to total between $1.5 billion to $2 billion in the first year, post legalization, reaching $3.5 billion to $4 billion by the fourth year, further underlining the immense potential of this market1. The "yes" vote in Ohio means people aged 21 and over in the state will be able to use, grow or sell marijuana under a regulation-and-tax program imposed by the state. The measure takes effect in 30 days.

- On June 23, 2023, the Company executed a procurement commitment for biomass to be harvested in the fourth quarter of fiscal 2023. The supply from this harvest is expected to satisfy a material portion of the Company's biomass requirements through the 2nd quarter of fiscal 2024 as well as ensuring that the Company's cost to procure biomass in the volatile Michigan marketplace is further solidified. The biomass will be utilized to produce inputs for PV and Platinum branded vape cartridges, and disposable vape products to be distributed in the state of Michigan through the Company's Distribution and Retail channels. Under the agreed upon terms of the crop commitment, the vendor must maintain select product parameters for the harvest as defined by the Company.

- On March 27, 2023, the Company entered into a secured note payable agreement with Royal Group Resources, Ltd. ("RGR") to document Canadian dollar advances made by RGR to the Company (the "CAD RGR Grid Note"), maturing on September 12, 2024; secured by a first priority security interest in, and pledge of the equity ownership interest of the Company's subsidiary; RWB Michigan, LLC. The CAD RGR Grid Note will bear interest at an aggregate rate of 12% per annum with interest payments on the last day of each month. As at the date of this MD&A, the principal balance of the CAD RGR Grid Note was $21.9 million. Proceeds from advances from the CAD RGR Grid note were used to facilitate the assignment and acquisition of the AH Note Receivable from a third-party lender, provide advances to Aleafia under the AH DIP Note, and for general corporate purposes including funding costs associated with the Company's head office operations in Canada. As at September 30, 2023, the principle included in the RGR Grid Note consisted of $14 million advanced to facilitate the purchase of the AH Note Receivable, and $4.7 million provided and immediately advanced by the Company to Aleafia under the terms of the AH DIP Note. The remaining $2.4 million in principle was used for general corporate purposes. Subsequent to the period ended September 30, 2023, RGR provided the Company with additional advances against the CAD RGR Grid Note amounting to $9.2 million, proceeds which the Company subsequently advanced $3.7 million to Aleafia, under the terms and conditions of the AH DIP Note, and used the remaining balance for working capital purposes. *See Liquidity and Capital Resources section for definitions and further details relating to the RGR Grid Note, the AH Note Receivable and the AH DIP Note.*

- On March 15, 2023, by way of corporate resolution, the Company formally appointed its Chief Financial Officer having secured regulatory approval. On appointment, the Company issued 1,250,000 stock options, exercisable to acquire up to 1,250,000 common shares of the Company at an exercise price of $0.10. The stock options vest quarterly over a period of two years commencing on the first anniversary date of the grant. The terms for the grant are in line with the parameters set out in the Company's existing Employee Stock Option Plan.

- On March 10, 2023, the Company entered into a secured note payable agreement, amending the agreement with RGR to document US dollar advances made by RGR to the Company (the "USD RGR Grid Note"). The USD Grid Agreement initially provides for an amendment to an existing USD$5,850,000 RGR Note for a change in principle with all other terms and conditions remaining the same. As at the date of this MD&A, the principal balance of the USD RGR Grid Note was USD$29.9 million. Proceeds from advances from the USD RGR Grid note were used for working capital purposes. *See Liquidity and Capital Resources section for further details.*
- In March 2023, trading on the OTCQX for the Company was suspended, pending proceedings with the SEC as noted under *Status as an US Exchange Act Registrant and US Trading in our Common Stock* above.

- On February 10, 2023, the Company announced the launch of Platinum Vape product offerings in the adult use Arizona market. Product offerings include a variety of flavor profiles of its premium vape and disposable vape products, stocked in dispensaries across the state. Additional high quality PV branded offerings are expected to be introduced within the state over the course of the 2023 fiscal year. The Arizona launch was facilitated through a procurement and licensing arrangement between the local distributor and the Company's licensing subsidiary, RWB (PV) Licensing, LLC.

- On February 7, 2023, the Company successfully activated a medical use retail store (dispensary) in the city of Clearwater, Florida; its fourth medical use retail store in the State of Florida. As of the date of this report, the Company is finalizing timelines to activate its five remaining medical use retail stores in the state of Florida strategically located in the cities of Brandon, South Miami Beach, North Miami Beach, Hollywood, and Orange Park.

- On February 1, 2023, the Company amended the secured CAD$2,210,000 BJMD Note to update the principal from $2.2 million to $2.7 million, renaming the loan from the "CAD$2,210,000 BJMD Note" to the "CAD$2,710,000 BJMDSD Note," with all other terms and conditions remaining the same. $0.5 million in additional funding was received by the Company on amendment.

- On January 30, 2023, pursuant to the terms and conditions set out in its January 10, 2020, Credit Agreement with Bridging Finance, Inc. ("Bridging"), the Company extended the maturity of its credit facility to July 31, 2023. As a consequence of this extension, the Company was subjected to a non-refundable amendment fee in the amount of $0.1 million. The Company is continuing to work collaboratively with Bridging regarding a path forward given the pending maturity of the credit facility in fiscal 2023. As at the date of this MD&A, the Company and PriceWaterhouseCoopers ("PWC"), on behalf of Bridging, are collaboratively engaged in negotiations to settle the Credit Facility with the instrument having matured on July 31, 2023. No definitive agreements have been finalized in this regard. *See Liquidity and Capital Resources section for details on the Credit Agreement with Bridging.*

ACQUISITIONS

Acquisition of Pharmaco, Inc.

On February 7, 2022, the Company closed its acquisition of Pharmaco, Inc. via RWB Michigan, LLC, the Company's wholly owned subsidiary ("RWB Michigan"), in an all-stock transaction (the "Pharmaco Acquisition"). The closing of the Pharmaco Acquisition met the requirements of a business combination under IFRS 3.

Consideration for the Pharmaco Acquisition included the issuance of 37 million units of RWB ("Units"), a previously held call/put option valued at $94 million on date of acquisition, and $38.1 million in debt assumed. Each Unit consists of one common share and one series II convertible preferred share (each, a "Series II Preferred Share" and collectively, the "Series II Preferred Shares") in the capital of RWB. Each Series II Preferred Share was convertible, in accordance with the formula as set out in the terms in RWB's articles, at any time or times before April 24, 2022. The Series II Preferred shares were subject to voluntary lock-up until January 1, 2023. The Units were issued at a deemed price of $1.00 per unit. All Series II Preferred Shares issued in relation to the Pharmaco Acquisition were converted into common shares of the Company by April 24, 2022 (refer to the "Summary of Outstanding Share Data" section).

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The following table summarizes the fair value of consideration paid and the allocation of the purchase price to the net assets acquired:

	$
Consideration paid:	
Fair value of 37,000,000 common shares @ $0.52/share)	19,200,750
Fair value of 37,000,000 preferred shares @ $1.00/share)	36,946,187
Put Call Option	94,129,689
Debt assumed	38,064,000
Total consideration paid	**188,340,626**
Net identifiable assets acquired:	
Cash and cash equivalents	748,464
Receivables	4,010,496
Prepaid expenses	986,836
Inventory	5,118,746
Biological assets	579,964
Property, plant and equipment	47,262,675
Right-of-use assets	1,932,142
Intangible assets	29,242,034
Lease obligations	(1,932,142)
Deferred tax liability	(8,358,854)
Accounts payable and accrued liabilities	(83,420,471)
Total net identifiable assets acquired	**(3,830,110)**
Goodwill (excess consideration over net identifiable assets)	192,170,736
Total Consideration	**188,340,626**

During the year ended December 31, 2022, the Company assessed the goodwill acquired as a result of the Pharmaco Acquisition. Refer to the 2022 Annual Financial Statements for details on goodwill impairment relating to Pharmaco, Inc.

As at September 30, 2023, the were no material conditions present that necessitated a review of the goodwill. Accordingly, the Company did not perform testing, and did not recognize any impairment.

DISCONTINUED OPERATIONS

During the year ended December 31, 2021, the Company discontinued operations of its wholly owned subsidiary, Mid-American Growers, Inc ("MAG"). Accordingly, the below results of operations for 2023-Q3, and 2023-YTD exclude the operations from MAG.

	2023-Q3	2022-Q3	Variance	2023-YTD	2022-YTD	Variance
	$	$	$	$	$	$
Revenue	-	646	(646)	-	165,183	(165,183)
Cost of Sales	-	2,261	(2,261)	-	256,703	(256,703)
Gross loss	-	(1,615)	1,615	-	(91,520)	91,520
Total operating expenses	9,292	(12,392)	21,684	48,127	3,814,445	(3,766,318)
Loss from operations	**(9,292)**	**10,777**	**(20,069)**	**(48,127)**	**(3,905,965)**	**3,857,838**
Total other expense (income)	(3,283)	(978,865)	975,582	(2,999)	(3,322,131)	3,319,132
Net loss from discontinued operations	**(6,009)**	**989,642**	**(995,651)**	**(45,127)**	**(583,834)**	**538,707**
Net loss per share, basic and diluted	**(0.00)**	**(0.01)**	**0.01**	**(0.01)**	**(0.00)**	**(0.01)**

FINANCIAL HIGHLIGHTS

2023-Q3 and 2023-YTD Consolidated Highlights

The following summarizes results from operations for 2023-Q3, and 2023-YTD with 2022-Q3 and 2022-YTD comparatives.

	2023-Q3	2022-Q3	Variance	2023-YTD	2022-YTD	Variance
	$	$	$	$	$	$
Revenue	20,127,145	25,543,993	(5,416,848)	69,088,862	80,993,247	(11,904,385)
Cost of goods sold, before fair value adjustments	12,273,985	15,871,907	(3,597,922)	44,959,598	55,192,098	(10,232,500)
Gross profit before fair value adjustments	**7,853,160**	**9,672,086**	**(1,818,926)**	**24,129,264**	**25,801,149**	**(1,671,885)**
Gross profit before fair value adjustments (%)	39%	38%	1%	35%	32%	3%
Unrealized changes in fair value of biological assets	266,826	96,341	170,485	(1,471,126)	(2,371,637)	900,511
Realized fair value amounts included in inventory sold	(1,548,178)	(1,559,980)	11,802	(1,537,977)	(2,634,624)	1,096,647
Gross Profit	**6,571,808**	**8,208,447**	**(1,636,639)**	**21,120,161**	**20,794,888**	**325,273**
Gross profit (%)	33%	32%	1%	31%	26%	5%
Total operating expenses	8,447,270	9,964,922	(1,517,652)	29,148,168	34,640,000	(5,491,832)
Loss from operations before other expenses or income	**(1,875,462)**	**(1,756,475)**	**(118,987)**	**(8,028,007)**	**(13,845,112)**	**5,817,105**
Total other expenses	4,665,593	4,233,504	432,089	16,912,542	16,770,223	142,319
Loss before income taxes	**(6,541,055)**	**(5,989,979)**	**(551,076)**	**(24,940,549)**	**(30,615,335)**	**5,674,786**
Current income tax expense/(recovery)	7,136	(2,779,402)	2,786,538	(2,115,294)	(4,850,572)	2,735,278
Deferred income tax recovery	-	-	-	1,696,281	-	1,696,281
Net loss from continuing operations	**(6,533,919)**	**(8,769,381)**	**2,235,462**	**(25,359,562)**	**(35,465,907)**	**10,106,345**
Loss from discontinued operations	(6,009)	313,819	(319,828)	(45,127)	(583,834)	538,707
Loss for the quarter	**(6,539,928)**	**(8,455,562)**	**1,915,634**	**(25,404,689)**	**(36,049,741)**	**10,645,052**
Adjusted EBITDA	1,564,023	4,984,958	(3,420,935)	2,294,912	1,658,031	636,881

- Revenues were $20.1 million for 2023-Q3, a $5.4 million decrease from 2022-Q3 revenues of $25.5 million. Revenues for 2023-YTD were $69.1 million, a $11.9 million decrease from 2022-YTD revenues of $81.0 million.
- Gross profit, before fair value adjustments, was $7.9 million for 2023-Q3, a $1.8 million decrease from 2022-Q3 gross profit before fair value adjustments of $9.7 million. Gross profit, before fair value adjustments for 2023-YTD, was $24.1 million, a $1.7 million decrease from 2022-YTD gross profit before fair value adjustments of $25.8 million.
- Operating expenses were $8.5 million for 2023-Q3, a decrease of $1.5 million compared to 2022-Q3 operating expenses of $10.0 million. Operating expenses were $29.2 million for 2023-YTD, a decrease of $5.5 million compared to 2022-YTD operating expenses of $34.6 million.
- Losses from operations before other expenses were $1.9 million for 2023-Q3, a $0.1 million increase from 2022-Q3 losses from operations before other expenses of $1.8 million. Losses from operations before other expenses were $8.0 million for 2023-YTD, a $5.8 million decrease from 2022-YTD losses from operations before other expenses of $13.8 million.
- Other expenses were $4.7 million for 2023-Q3, an increase of $0.5 million compared to 2022-Q3 other expenses of $4.2 million. Other expenses were $16.9 million for 2023-YTD, an increase of $0.1 million compared to 2022-YTD other expenses of $16.8 million.
- Adjusted EBITDA was $1.6 million for 2023-Q3, a decrease of $3.4 million compared to 2022-Q3 adjusted EBITDA of $5.0 million. Adjusted EBITDA was $2.3 million for 2023-YTD, an increase of $0.6 million compared to 2022-YTD adjusted EBITDA of $1.7 million.

RESULTS OF OPERATIONS

The Company's reportable segments, organized based on channels to end-user markets serviced by the Company, are as follows:

(1) ***Corporate segment*** includes the publicly traded parent company which operates as a cost center for related public reporting and administrative costs amongst others.

(2) ***Distribution segment*** includes subsidiaries that are (a) licensed to cultivate, manufacture, process and/or distribute Company branded cannabis products and accessories directly to licensed retailers in states of Michigan and California where the sale of cannabis products is legal.

(3) ***Licensing segment*** includes subsidiaries that own intellectual property associated with the Company's PV and Platinum trademarks and brands, that are engaged in the sale of non-THC branded products which are incorporated in licensed Company cannabis product offerings. The Company also contracts with distributors in legal states to license the use of its brands in the above noted branded, non-THC inputs as well as market branded product offerings within their territory.

(4) ***Retail segment*** sells both Company branded and third-party cannabis products and accessories to the adult-use and medical use markets in the states of Florida and Michigan where the sale of cannabis product offerings by licensed retailers is legal.

(5) All other non-reporting operations to a fifth segment; '***Other***'.

Segmented revenues to gross profit, for 2023-Q3 and 2022-Q3 are as follows:

2023-Q3	Distribution	Licensing	Retail	Consolidated
	$	$	$	$
Revenue				
Sales revenue	13,852,796	385,789	5,888,560	20,127,145
Cost of goods sold before fair value adjustments	9,417,896	132,770	2,723,320	12,273,985
Gross profit before fair value adjustments	**4,434,900**	**253,019**	**3,165,241**	**7,853,159**
Unrealized gains (losses) in fair value of biological assets	-	-	266,826	266,826
Realized fair value gains (losses) included in inventory sold	-	-	(1,548,178)	(1,548,178)
Gross profit	**4,434,900**	**253,019**	**1,883,889**	**6,571,808**
% of consolidated revenue	69%	2%	29%	100%
% of consolidated cost of goods sold before fair value adjustments	77%	1%	22%	100%
Gross profit before fair value adjustments (%)	32%	66%	54%	39%
Gross profit (%)	32%	66%	32%	33%
2022-Q3	**Distribution**	**Licensing**	**Retail**	**Consolidated**
Revenue				
Sales revenue	17,727,684	-	7,816,309	25,543,993
Cost of goods sold before fair value adjustments	11,459,700	-	4,412,207	15,871,907
Gross profit before fair value adjustments	**6,267,984**	**-**	**3,404,102**	**9,672,086**
Unrealized gains (losses) in fair value of biological assets	-	-	96,341	96,341
Realized fair value gains (losses) included in inventory sold	-	-	(1,559,980)	(1,559,980)
Gross profit	**6,267,984**	**-**	**1,940,464**	**8,208,447**
% of consolidated revenue	69%	0%	31%	100%
% of consolidated cost of goods sold before fair value adjustments	72%	0%	28%	100%

Gross profit before fair value adjustments (%)	35%	0%	44%	38%
Gross profit (%)	35%	0%	25%	32%
Variance	**Distribution**	**Licensing**	**Retail**	**Consolidated**
Change in revenue	(3,874,888)	385,789	(1,927,749)	(5,416,848)
Change in cost of goods sold before fair value adjustment	(2,041,804)	132,770	(1,688,887)	(3,597,921)
Change in gross profit before fair value adjustment	(1,833,084)	253,019	(238,862)	(1,818,927)
Change in gross profit after fair market value adjustments	(1,833,084)	253,019	(56,575)	(1,636,640)

Segmented revenues to gross profit, for 2023-YTD and 2022-YTD are as follows:

2023-YTD	**Distribution**	**Licensing**	**Retail**	**Consolidated**
	$	**$**	**$**	**$**
Revenue				
Sales revenue	49,167,324	2,695,239	17,226,299	69,088,862
Cost of goods sold before fair value adjustments	33,028,335	867,988	11,063,275	44,959,598
Gross profit before fair value adjustments	16,138,989	1,827,251	6,163,024	24,129,264
Unrealized gains (losses) in fair value of biological assets	-	-	(1,471,126)	(1,471,126)
Realized fair value gains (losses) included in inventory sold	-	-	(1,537,977)	(1,537,977)
Gross profit after fair market value adjustments	16,138,989	1,827,251	3,153,921	21,120,161
% of consolidated revenue	71%	4%	25%	100%
% of consolidated cost of goods sold before fair value adjustments	73%	2%	25%	100%
Gross profit before fair value adjustments (%)	33%	68%	36%	35%
Gross profit (%)	33%	68%	18%	31%
2022-YTD	**Distribution**	**Licensing**	**Retail**	**Consolidated**
Revenue				
Sales revenue	52,916,599	-	28,076,648	80,993,247
Cost of goods sold before fair value adjustments	35,529,387	-	19,662,711	55,192,098
Gross profit before fair value adjustments	17,387,212	-	8,413,937	25,801,149
Unrealized gains (losses) in fair value of biological assets	-	-	(2,371,637)	(2,371,637)
Realized fair value gains (losses) included in inventory sold	-	-	(2,634,624)	(2,634,624)
Gross profit after fair market value adjustments	17,387,212	-	3,407,676	20,794,888
% of consolidated revenue	65%	0%	35%	100%
% of consolidated cost of goods sold before fair value adjustments	64%	0%	36%	100%
Gross profit before fair value adjustments (%)	33%	0%	30%	32%
Gross profit (%)	33%	0%	12%	26%
Variance	Distribution	Licensing	Retail	Consolidated
Change in revenue	(3,749,275)	2,695,239	(10,850,349)	(11,904,385)
Change in cost of goods sold before fair value adjustment	(2,501,052)	867,988	(8,599,436)	(10,232,500)
Change in gross profit before fair adjustment	(1,248,223)	1,827,251	(2,250,913)	(1,671,885)
Change in gross profit after fair market value adjustments	(1,248,223)	1,827,251	(253,755)	325,273

Revenue

The Company's three main revenue streams are (1) Distribution, (2) Licensing and (3) Retail.

- **Distribution Revenue**: Revenue from sales to customers through the Company's distribution channel is recognized, net of promotional discounts, estimated returns, and sales/excise taxes, when control of the goods has transferred to the customer. Where the Company arranges the shipping of goods, revenue is recognized on the date the goods are shipped from the Company's warehouse or third-party distribution partner (FOB shipping point). Where the customer arranges for the pickup of goods, revenue is recognized at the time the goods are transferred to the customer's carrier. Costs of shipping orders to customers, as applicable, are included as an expense in the cost of goods sold.

- **Licensing Revenue**: Revenue from sales to distributors of non-THC, branded inputs and through licensing of its brand to third party distributors.

- **Retail Revenue**: Revenue from sales through the Company's retail channel is revenue that is generally recognized, net of promotional discounts, estimated returns, and sales taxes, on the date the goods are sold within one of the Company's retail locations (point-of-sale).

Sales of products are in cash, in the case of retail revenues, or for otherwise agreed-upon credit terms, in the case of distribution and licensing revenues. The Company's payment terms for distribution customers vary by location and customer. The time between when distribution revenue is recognized and when payment is due is typically not greater than 90 days. The Company offers promotional discounts on its products at point of sale (Retail). The Company does not offer a warranty on its products in any channel.

Revenue for 2023-Q3

- ***Consolidated revenue for 2023-Q3*** amounted to $20.1 million, compared to $25.5 million for 2022-Q3. The overall decrease of $5.4 million in revenue is primarily attributed to lower revenues generated through the Distribution and Retail channels in the current quarter. Further analysis of revenues reported for 2023-Q3 is provided in the discussion of the respective operating segments results below (Distribution, Licensing and Retail).

- ***Distribution revenue for 2023-Q3*** decreased by $3.9 million in comparison to revenues for 2022-Q3. 2023-Q3 revenue was $13.9 million, compared to $17.7 million for 2022-Q3. The decrease in revenues can be primarily attributed to continuing supply chain constraints that restricted the Company's ability to fulfill committed sales orders in addition to price compression attributed to competitive market conditions in both Michigan and California. As of the date of the MD&A, the Company has proactively engaged in solidifying its supply of raw materials (biomass) into fiscal 2024 for its key Michigan operations through a biomass procurement arrangement executed in second quarter of fiscal 2023 (refer to Other Recent Developments for details). This program is also projected to provide costs savings associated with raw material inputs used in the manufacture of in-market cannabis products in the state of Michigan given that the Company has contracted directly with the supplier of the raw materials rather than sourcing through intermediary procurement agents.

- ***Licensing revenue for 2023-Q3*** amounted to $0.4 million and has no comparable revenue in 2022-Q3 due to the inclusion of the segment to the financials in the 2023-Q3 period. Revenues for the quarter ended were garnered from a licensing agreement with Aleafia, a Canadian licensed producer and distributor, which facilitated the launch of Platinum branded cartridges and disposable vapes by Aleafia into their existing provincial distribution network.

- ***Retail revenue for 2023-Q3*** was $5.9 million compared to $7.8 million for 2022-Q3. The decrease of $1.9 million is primarily attributed to the impact of continuing competitive retail market conditions in the state of Michigan and Florida, the impact of aggressive, point of sale, promotional campaigns within the Florida retail network tied to the sunset of HT Medical product offerings required to optimize shelf space for the newly launched "House of Platinum" branded cannabis product offerings introduced in 2023-Q3, as well as the mix of product revenues in 2022-Q3.

Revenue for 2023-YTD

- ***Consolidated revenue for 2023-YTD*** amounted to $69.1 million, compared to $81.0 million for 2022-YTD. The overall decrease of $11.9 million in revenue is primarily attributed to lower revenues generated through the Distribution and Retail channels in the period. Further analysis of revenues reported for 2023-YTD is provided in the discussion of the respective operating segments results below (Distribution, Licensing and Retail).

- ***Distribution revenue for 2023-YTD*** decreased by $3.7 million in comparison to revenues for 2022-YTD. 2023-YTD revenue was $49.2 million, compared to $52.9 million for 2022-YTD. The overall decrease can be primarily attributed to continuing competitive market conditions being faced in the Michigan and California markets, restrictive supply chain conditions faced by the Company in both markets through 2023-Q2 and 2023-Q3, and the final wind down of the previous captive California distribution operations through 2023-Q2 and 2023-Q3 (as referenced in Note 23 of the 2022-YE Financial Statements).

- ***Licensing revenue for 2023-YTD*** amounted to $2.7 million and has no comparable revenue in 2022-YTD due to the inclusion of the segment to the financials in 2023-Q2 period. During 2023-YTD, the Company executed licensing agreements in both the US and Canadian markets which facilitated the launch of its Platinum and Platinum Vape product offerings in these markets. The US launch was facilitated through a procurement and licensing arrangement between an Arizona l distributor and the Company's licensing subsidiary, RWB (PV) Licensing, LLC. The Canadian launch was facilitated through a Licensing agreement with Aleafia and a newly incorporated Canadian subsidiary; RWB (PV) Canada Inc.

- ***Retail revenue for 2023-YTD*** was $17.2 million compared to $28.1 million for 2022-YTD. The decrease of $10.9 million is primarily attributed to the impact of continuing competitive market conditions in the state of Michigan and Florida, the impact of aggressive, point of sale, promotional campaigns conducted in 2023-Q2 and 2023-Q3 within the Florida retail network tied to the sunset of HT Medical product offerings required to optimize shelf space for the newly launched "House of Platinum, Cannabis" branded cannabis product offerings introduced in 2023-Q2, as well as the mix of product revenues in 2022-YTD.

Despite competitive pricing pressures across all of its active markets, the Company continues to proactively adapt the mix of its premium branded product offerings based on the maturing customer tastes defined by licensed retailers and key consumers within these markets. This product focus is the basis for building ultimate consumer awareness and loyalty to the Company's Platinum branded product lines.

Cost of goods sold

Cost of goods sold for 2023-Q3

- ***Consolidated cost of goods sold before fair value adjustments for 2023-Q3*** was $12.3 million, a $3.6 million decrease, when compared to $15.9 million for 2022-Q3, mainly driven by decreases in Retail and Distribution channels as described below.

- ***Distribution cost of goods sold before fair value adjustments for 2023-Q3*** was $9.4 million, a decrease of $2.0 million, when compared to $11.5 million for 2022-Q3. The decrease is in correlation with the decrease in distribution revenues for the quarter.

- ***Licensing cost of goods sold before fair value adjustments for 2023-Q3*** amounted to $0.1 million and has no comparable cost of goods sold in 2022-Q3 due to the inclusion of the segment to the financials in 2023-Q3 period.

- ***Retail cost of goods sold before fair value adjustments for 2023-Q3*** was $2.7 million, a decrease of $1.7 million when compared to $4.4 million in 2022-Q3. The decrease is in direct correlation with the decrease in gross revenues for the 2023-Q3 quarter.

Cost of goods sold for 2023-YTD

- ***Consolidated cost of goods sold before fair value adjustments for 2023-YTD*** was $45.0 million, a $10.2 million decrease, when compared to $55.2 million for 2022-YTD.
- ***Distribution cost of goods sold before fair value adjustments for 2023-YTD*** was $33.0 million, a decrease of $2.5 million, when compared to $35.5 million for 2022-YTD. The decrease is in direct correlation with the decrease in gross revenues for 2023-YTD.
- ***Licensing cost of goods sold before fair value adjustments for 2023-YTD*** amounted to $0.9 million and has no comparable cost of goods sold in 2022-YTD due to the inclusion of the segment to the financials in 2023-Q2 period.
- ***Retail cost of goods sold before fair value adjustments for 2023-YTD*** was $11.1 million, a decrease of $8.6 million when compared to $19.7 million in 2022-YTD. The decrease is in direct correlation with the decrease in gross revenues for 2023-YTD.

Gross profit before fair market value adjustments

Gross profit before fair market value adjustments for 2023-Q3

- ***Consolidated gross profit before fair value adjustments for 2023-Q3*** totaled $7.9 million, a $1.8 million decrease when compared to a consolidated gross profit before fair value adjustments of $9.7 million for 2022-Q3. The consolidated decrease is due to changes in gross profit before fair market value adjustment in the Distribution, Licensing and Retail channels as described below.
- ***Distribution gross profit before fair value adjustments for 2023-Q3*** totaled $4.4 million, a decrease of $1.8 million when compared to a gross profit before fair value adjustments of $6.3 million for 2022-Q3. The decrease in gross profit margin before fair value adjustments is a direct reflection of the reduction in cost of goods sold mentioned above.
- ***Licensing gross profit before fair value adjustments for 2023-Q3*** amounted to $0.3 million and has no comparable gross profit in 2022-Q3 due to the inclusion of the segment to the financials in 2023-Q2 period.
- ***Retail gross profit before fair value adjustments for 2023-Q3*** totaled $3.2 million, a decrease of $0.2 million when compared to a gross profit before fair value adjustments of $3.4 million for 2022-Q3.

Gross profit before fair market value adjustments for 2023-YTD

- ***Consolidated gross profit before fair value adjustments for 2023-YTD*** totaled $24.1 million, a $1.7 million decrease when compared to a consolidated gross profit before fair value adjustments of $25.8 million for 2022-YTD. The consolidated decrease is due to changes in the Distribution, Licensing and Retail channels as described below.
- ***Distribution gross profit before fair value adjustments for 2023-YTD*** totaled $16.1 million, a decrease of $1.2 million when compared to a gross profit before fair value adjustments of $17.4 million for 2022-YTD. The decrease in gross profit margin before fair value adjustments is a direct reflection of the reduction in revenue mentioned above.

- ***Licensing gross profit before fair value adjustments for 2023-YTD*** amounted to $1.8 million and has no comparable gross profit before fair value adjustments in 2022-YTD due to the inclusion of the segment to the financials in 2023-Q2 period.

- ***Retail gross profit before fair value adjustments for 2023-YTD*** totaled $6.2 million, a decrease of $2.2 million compared to gross profit before fair value adjustments of $8.4 million for 2022-YTD reflecting the continuing impact of competitive market conditions in the Company's Michigan and Florida retail operations.

OPERATING EXPENSES

The Company incurs ongoing expenses, cash and non-cash, to operate its Distribution, Licensing and Retail operations, along with various costs related to its public company standing. Operating Expenses for 2023-Q3 and 2022-Q3 are as follows:

2023-Q3	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
General and administration	(3,520,702)	3,610,777	128,729	6,178,356	6,397,160
Marketing expenses	(321,299)	1,167,409	53,179	(612,518)	286,771
Share-based compensation	607,355	(458,614)	-	-	148,741
Depreciation and amortization	(1,777,592)	461,274	-	2,187,779	871,461
Expected credit loss and bad debt expense	-	1,677,989	-	(934,852)	743,138
Total operating Expenses	**(5,012,238)**	**6,458,835**	**181,908**	**6,818,766**	**8,447,270**
2022-Q3	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
General and administration	953,461	3,272,762	-	(410,306)	3,815,917
Marketing expenses	(230,838)	1,368,543	-	118,888	1,256,593
Share-based compensation	1,199,000	(273,000)	-	-	926,000
Depreciation and amortization	(2,506,159)	563,972	-	5,269,639	3,327,452
Expected credit loss and bad debt expense	-	1,707,317	-	(1,068,357)	638,960
Total operating expenses	**(584,536)**	**6,639,594**	**-**	**3,909,865**	**9,964,922**
Variances	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Change in General and administration	(4,474,163)	338,016	128,729	6,588,661	2,581,243
Change in marketing expenses	(90,462)	(201,133)	53,179	(731,406)	(969,822)
Change in share-based compensation	(591,645)	(185,614)	-	-	(777,259)
Change in depreciation and amortization	728,567	(102,698)	-	(3,081,860)	(2,455,991)
Change in expected credit loss and bad debt expense	-	(29,328)	-	133,505	104,177
Change in total operating expenses	**(4,427,701)**	**(180,758)**	**181,908**	**2,908,901**	**(1,517,651)**

Operating Expenses for 2023-YTD and 2022-YTD are as follows:

2023-YTD	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
General and administration	4,731,794	7,002,173	209,259	10,560,309	22,503,535
Marketing expenses	8,666	1,152,258	59,034	198,721	1,418,679
Share-based compensation	607,355	-	-	-	607,355
Depreciation and amortization	-	461,274	-	2,479,336	2,940,610
Expected credit loss and bad debt expense	-	1,677,989	-	-	2,468,930
Total operating Expenses	**5,347,815**	**10,293,695**	**268,293**	**13,238,366**	**29,148,169**

2022-YTD	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
General and administration	7,535,954	8,123,101	-	6,916,229	22,575,284
Marketing expenses	282,995	1,653,989	-	789,605	2,726,589
Share-based compensation	1,199,000	-	-	-	1,199,000
Depreciation and amortization	721	564,448	-	5,635,722	6,200,891

Expected credit loss and bad debt expense	-	1,707,317	-	230,919	1,938,236
Total operating expenses	**9,018,670**	**12,048,855**	**-**	**13,572,476**	**34,640,000**
Variances	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Change in General and administration	(2,804,160)	(1,120,927)	209,259	3,644,080	(71,749)
Change in marketing expenses	(274,329)	(501,729)	59,034	(590,885)	(1,307,910)
Change in share-based compensation	(591,645)	-	-	-	(591,645)
Change in depreciation and amortization	(721)	(103,174)	-	(3,156,386)	(3,260,281)
Change in expected credit loss and bad debt expense	-	(29,328)	-	(230,919)	(260,247)
Change in total operating expenses	**(3,670,855)**	**(1,755,159)**	**268,293**	**(334,110)**	**(5,491,831)**

Consolidated operating expenses for 2023-Q3 and 2023-YTD totaled $8.4 million and $29.1 million, a decrease of $1.5 million and $5.5 million, respectively, when compared to consolidated operating expenses of $10.0 million and $34.6 million for 2022-Q3 and 2022-YTD. The overall decrease is due to changes in operating expenses as described below.

General and administrative expenses ("G&A")

G&A expenses include burdened headcount costs not otherwise attributed to direct or indirect costs of production, expenses associated with operating initiatives such as facility costs including dedicated security, regional cannabis licensing fees, professional and advisory fees, insurance premiums, and allocations of corporate costs associated with the oversight of operations.

The following table summarizes general and administrative expenses incurred by the Company for 2023-Q3, and 2023-YTD, and 2022-Q3 and 2022-YTD:

	2023-Q3	2022-Q3	Variance	2023-YTD	2022-YTD	Variance
	$	$	$	$	$	$
Salaries and wages	3,762,178	2,486,328	1,275,850	11,315,700	12,052,990	(737,290)
Facilities expense	329,721	197,694	132,027	2,354,154	783,040	1,571,114
Professional fees	1,098,503	188,641	909,862	3,960,392	4,781,305	(820,913)
Office and administrative fees	415,297	434,121	(18,824)	1,450,808	1,220,385	230,423
Travel expense	125,653	113,124	12,529	366,339	479,700	(113,361)
Licenses and permits	10,013	155,304	(145,291)	322,709	519,949	(197,240)
Insurance	529,547	177,187	352,360	1,286,485	929,204	357,281
Penalty and late fees	119,112	35,147	83,965	1,439,812	1,634,936	(195,124)
Tax expense	7,136	28,371	(21,234)	7,136	173,775	(166,638)
Total general and administrative expenses	**6,397,160**	**3,815,917**	**2,581,243**	**22,503,535**	**22,575,284**	**(71,749)**

General and Administrative for 2023-Q3

Total G&A expenses for 2023-Q3 were $6.4 million compared to $3.8 million for 2022-Q3. The increase of $2.6 million is primarily attributable to increases in Professional fees and Salaries and wages, offset by reductions in Licenses and permits.

- ***Salaries and wages** in 2023-Q3,* totaled $3.7 million, an increase of $1.3 million when compared to salaries and wages of $2.5 million for 2022-Q3. The increase can be attributed to the addition of key management roles to the Company which were not yet in place in 2022-Q3, including but not limited the office of the President, Chief Financial Officer, and VP, Finance.

- ***Facilities expenses*** in 2023-Q3 totaled $0.3 million, a nominal increase of $0.1 million when compared to facilities expenses of $0.2 million for 2022-Q3.
- ***Professional fees*** for 2023-Q3 totaled $1.1 million, an increase of $0.9 million compared to $0.2 million in 2022-Q3 mainly due to the inclusion of 2023 accrued audit fees within the quarter, whereas 2022-Q3 audit fees were accounted for at 2022-YTD. The increase is also due to consulting fees for IT services being outsourced commencing in 2023-Q3 whereas the Company handled IT in-house in during 2022-Q3.
- ***Office and administrative fees*** *for* 2023-Q3 totaled $0.4 million, comparable to $0.4 million for 2022-Q3.
- ***Licenses and permits*** costs incurred in 2023-Q3 were nominal within the quarter, representing a decrease of $0.1 million compared to $0.2 million for 2022-Q3.
- ***Insurance*** in 2023-Q3 was $0.5 million, an increase of $0.3 million compared to $0.2 million for 2022-Q3.
- ***Penalty and late fees*** for 2023-Q3 were $0.1 million, an increase of $0.1 million compared to minimal costs for 2022-Q3.

General and Administrative for 2023-YTD

Total G&A expenses for 2023-YTD were $22.5 million comparable to $22.6 million for 2022-YTD. The decrease of $0.1 million is primarily attributable to reductions in salaries and wages, professional fees offset by increases in Insurance and facilities expenses.

- ***Salaries and wages in 2023-YTD,*** totaled $11.3 million, a decrease of $0.7 million when compared to salaries and wages of $12.1 million for 2022-YTD. The decrease is primarily attributed to management's continuing commitment to the execution of continued cost reduction initiatives, including a reduction of total Company headcount from 279 for 2022-YTD to 211 for 2023-YTD.
- ***Facilities expenses in 2023-YTD*** totaled $2.3 million, an increase of $1.6 million compared to facilities expenses of $0.8 million for 2022-YTD. The increase can be attributed to carrying a full fiscal year (to date) of facilities expenses associated with the Company's retail operations in Michigan. versus 2022-YTD which was only burdened with approximately eight months of facilities expenses for the same operations. Additional facilities expenses were also incurred by the addition of a fourth medical retail location, located in Clearwater, Florida, which was approved and licensed for operation in February 2023.
- ***Professional fees for 2023-YTD*** totaled $4.0 million, a decrease of $0.8 million compared to $4.8 million in 2022-YTD mainly due to reduction in accounting fees, bringing all accounting services in-house subsequent to 2023-Q1.
- ***Office and administrative fees for 2023-YTD*** totaled $1.5 million, an increase of $0.2 million when compared to $1.2 million for 2022-YTD due to increases in service fees tied to the Company's public company listings.
- ***Licenses and permits*** in 2023-YTD were $0.3 million, a decrease of $0.2 million compared to $0.5 million for 2022-YTD.
- ***Insurance*** in 2023-YTD was $1.3 million, an increase of $0.4 million compared to $0.9 million for 2022-YTD.
- ***Penalty and late fees*** for 2023-YTD were $1.4 million, a decrease of $0.2 million when compared to expenses of $1.6 million for 2022-YTD due to a reduction in the penalties incurred and paid in 2023-YTD.

Expected Credit Loss and Bad Debt Expense

Expected credit loss and bad debt expense *for 2023-Q3* was $0.7 million, a $0.1 million increase compared to $0.6 million for 2022-Q3. The Company provided for $0.7 million in expected credit losses during 2023-Q3 compared to $0.6 million in expected credit losses during 2022-Q2.

Expected credit loss and bad debt expense *for 2023-YTD* was $1.7 million, a decrease of $0.2 million compared to $1.9 million for 2022-YTD. The Company provided for $1.7 million in expected credit losses during 2023-YTD, a $0.2 million decrease from $1.9 million provided for during 2022-YTD.

OTHER EXPENSES (INCOME)

Other expenses (income) for 2023-Q3 and 2022-Q3 are as follows:

2023-Q3	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Interest earned on promissory notes	(1,426,212)	-	-	-	(1,426,212)
Other income	(135,479)	(5,151)	484,412	(558,268)	(214,486)
Accreted interest, leases	(1,256,040)	133,169	(89,075)	1,884,500	672,555
Finance expense, net	10,473,124	(10,648,087)	(30,834)	8,000,980	7,795,183
Business transaction costs	522,930	-	-	-	522,930
Reversal of license liability	-	-	-	-	-
Gain on extinguishment of payables	-	-	-	-	-
(Gain) loss on evaluation of financial instruments	(52,220)	1,040,598	-	(1,244,083)	(255,705)
(Gain) loss on disposal of assets	-	144,359	(144,359)	1,396	1,396
Foreign exchange	(3,427,531)	996,125	1,471	(133)	(2,430,068)
Total other expenses (income)	**4,698,572**	**(8,338,988)**	**221,615**	**8,084,393**	**4,665,593**
2022-Q3	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Interest earned on promissory notes	-	-	-	-	-
Other income	-	-	-	-	-
Accreted interest, leases	-	16,580	-	815,883	832,463
Finance expense, net	5,554,635	65,338	-	1,040,045	6,660,018
Business transaction costs	-	-	-	-	-
Reversal of license liability	(8,135,473)	-	-	-	(8,135,473)
Gain on extinguishment of payables	(1,400,107)	-	-	-	(1,400,107)
(Gain) loss on evaluation of financial instruments	-	-	-	-	-
(Gain) loss on disposal of assets	-	-	-	-	-
Foreign exchange	6,090,887	-	-	185,716	6,276,603
Total other expenses (income)	**2,109,942**	**81,918**	**-**	**2,041,644**	**4,233,504**
Variances	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Change in interest earned on promissory notes	(1,426,212)	-	-	-	(1,426,212)
Change in other income	(135,479)	(5,151)	484,412	(558,268)	(214,486)
Change in accreted interest, leases	(1,256,040)	116,589	(89,074)	1,068,618	(159,908)
Change in finance expense, net	4,918,489	(10,713,426)	(30,834)	6,960,935	1,135,165
Change in business transaction costs	522,930	-	-	-	522,930
Change in reversal of license liability	8,135,473	-	-	-	8,135,473
Change in gain on extinguishment of payables	1,400,107	-	-	-	1,400,107
Change in (Gain) loss on evaluation of financial instruments	(52,220)	1,040,598	-	(1,244,083)	(255,705)
(Gain) loss on disposal of assets	-	144,359	(144,359)	1,396	1,396
Change in foreign exchange	(9,518,418)	996,125	1,471	(185,849)	(8,706,671)
Change in total other expenses (income)	**4,014,842**	**(8,420,906)**	**221,616**	**6,042,750**	**432,088**

Other expenses (income) for 2023-YTD and 2022-YTD are as follows:

2023-YTD	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Interest earned on promissory notes	(1,740,779)	-	-	-	(1,740,779)
Other income	(205,884)	(5,151)	484,412	(558,268)	(284,891)
Accreted interest, leases	-	133,169	-	1,884,499	2,017,669
Finance expense, net	14,170,960	45,994	-	8,000,980	22,217,935
Business transaction costs	522,930	-	-	-	522,930
Reversal of license liability	-	-	-	-	-
Gain on extinguishment of payables	-	-	-	-	-
(Gain) loss on evaluation of financial instruments	(1,295,934)	-	-	(1,244,083)	(2,540,017)
(Gain) loss on disposal of assets	-	144,359	-	1,396	145,755
Foreign exchange	(3,427,531)	-	1,471	-	(3,426,060)
Total other expenses (income)	**8,023,762**	**318,371**	**485,883**	**8,084,525**	**16,912,542**
2022-YTD	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Interest earned on promissory notes					
Other income	-	-	-	-	-
Accreted interest, leases	-	52,185	-	2,781,177	2,833,362
Finance expense, net	12,133,241	278,779	-	3,431,115	15,843,135
Business transaction costs					
Reversal of license liability	(8,135,473)	-	-	-	(8,135,473)
Gain on extinguishment of payables	(1,400,107)	-	-	-	(1,400,107)
(Gain) loss on evaluation of financial instruments	-	-	-	-	-
(Gain) loss on disposal of assets	-	-	-	-	-
Foreign exchange	7,431,324	-	-	197,982	7,629,306
Total other expenses (income)	**10,028,985**	**330,963**	**-**	**6,410,275**	**16,770,223**
Variances	Corporate	Distribution	Licensing	Retail	Consolidated
	$	$	$	$	$
Change in interest earned on promissory notes	(1,740,779)	-	-	-	(1,740,779)
Change in other income	(205,884)	(5,151)	484,412	(558,268)	(284,891)
Change in accreted interest, leases	-	80,984	-	(896,678)	(815,693)
Change in finance expense, net	2,037,720	(232,785)	-	4,569,865	6,374,800
Change in business transaction costs	522,930	-	-	-	522,930
Change in reversal of license liability	8,135,473	-	-	-	8,135,473
Change in gain on extinguishment of payables	1,400,107	-	-	-	1,400,107
Change in (Gain) loss on evaluation of financial instruments	(1,295,934)	-	-	(1,244,083)	(2,540,017)
(Gain) loss on disposal of assets	-	144,359	-	1,396	145,755
Change in foreign exchange	(10,858,855)	-	1,471	(197,982)	(11,055,366)
Change in total other expenses (income)	**(264,444)**	**(12,593)**	**485,883**	**1,674,250**	**1,883,097**

Finance Expense

Finance expenses incurred by the Company include interest on notes payable and convertible debentures, interest incurred on the Company's credit facility, and other costs relating to debt financing obtained by the Company largely borne within the Company's Corporate segment.

Net finance expense for 2023-Q3 totaled $7.8 million, a $1.1 million increase when compared to the net finance expense of $6.7 million for 2022-Q3. This increase is largely attributed to an overall increase in the Company's interest-bearing debt, proceeds of which have been utilized for working capital, investments, and general corporate purposes. In addition, on the anniversary date, June 4, 2023, pursuant to the terms of the USD$20,112,015 Convertible M&V Note, 4% additional interest on the principal balance amounting to $1.2 million became due (the "Additional Interest") and was settled on August 16, 2023.

Net finance expense for 2023-YTD totaled $22.2 million, a $6.4 million increase when compared to the net finance expense of $15.8 million for 2022-YTD for the reasons noted above.

Revaluation of financial instruments

Revaluation of financial instruments for 2023-Q3 and 2023-YTD resulted in gains of $0.3 million and $2.5 million, compared to $nil and $nil on revaluation of financial instruments for 2022-Q3 and 2022-YTD respectively. The valuation inputs of convertible debentures containing embedded derivatives can be found in the "*Liquidity and Capital Resources*" section.

ADJUSTED EBITDA

The Company has reconciled net loss and Adjusted EBITDA for 2023-Q3 and 2023-YTD, with 2022-Q3 and 2022-YTD as follows:

	2023-Q3	2022-Q3	Variance	2023-YTD	2022-YTD	Variance
Net Income (Loss) for the Period	**(6,539,928)**	**(8,455,562)**	**1,915,634**	**(25,404,689)**	**(36,049,741)**	**10,645,052**
Depreciation and amortization[(i)]	871,461	3,327,452	(2,455,991)	2,940,610	6,200,891	(3,260,281)
Expected credit loss and bad debt expense[(i)]	743,137	638,960	104,177	1,677,989	1,938,236	(260,247)
Accreted interest, leases	672,555	832,463	(159,908)	2,017,669	2,833,362	(815,693)
Finance expense, net	7,795,183	6,660,018	1,135,165	22,217,935	15,843,135	6,374,800
Interest income	(1,426,212)	-	(1,426,212)	(1,740,779)	-	(1,740,779)
Business transaction costs	522,930	-	522,930	522,930	-	522,930
(Gain) loss on evaluation of financial instruments	(255,705)	-	(255,705)	(2,540,017)	-	(2,540,017)
Loss on disposal of assets	1,396	-	1,396	145,755	-	145,755
Foreign exchange	(2,430,068)	6,276,603	(8,706,671)	(3,426,060)	7,629,306	(11,055,366)
Termination costs	67,205	36,416	30,789	408,286	107,653	300,633
Current income tax expense/(recovery)	(7,136)	2,779,402	(2,786,538)	2,115,294	4,850,572	(2,735,278)
Deferred income tax expense/(recovery)	(0)	-	(0)	(1,696,281)	-	(1,696,281)
Fair value changes in biological assets	(266,826)	(96,341)	(170,485)	1,471,126	2,371,637	(900,511)
Reversal of license liability	-	(8,135,473)	8,135,473	-	(8,135,473)	8,135,473
Gain on extinguishment of payables	-	(1,400,107)	1,400,107	-	(1,400,107)	1,400,107
Realized fair value changes in inventory sold	1,548,178	1,559,980	(11,802)	1,537,977	2,634,624	(1,096,647)
Share based compensation	148,741	926,000	(777,259)	607,355	1,199,000	(591,645)
Non-recurring expenses[(iii)]	119,112	35,147	83,965	1,439,812	1,634,936	(195,124)
Adjusted EBITDA[(ii)]	**1,564,023**	**4,984,958**	**(3,420,935)**	**2,294,912**	**1,658,031**	**636,881**

(i) Refer to note 30 Reclassifications of the Condensed Interim Consolidated Financial Statements of the Company for the period ended September 30, 2023
(ii) Refer to Non-IFRS Measures
(iii) Non-recurring expenses include expenses are those that the Company does not expect to recur in the future, such as penalties and late fees

This item is a non-IFRS measure. The reader is referred to the "Adjusted EBITDA" note on page 3 of this MD&A for further details and reconciliation to the Company's IFRS measures.

STATEMENT OF FINANCIAL POSITION

Assets

As at 2023-YTD, and 2022-YE, the Company held the following assets:

As at	2023-YTD	2022-YE	Variance
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	2,652,307	2,747,138	(94,831)
Accounts receivable	20,775,288	8,439,143	12,336,145
Notes receivable	20,471,679	-	20,471,679
Prepaid expenses	946,874	1,079,424	(132,550)
Deposits	6,855,569	4,231,775	2,623,794
Inventory	16,460,451	14,457,013	2,003,438
Biological assets	2,449,002	4,291,458	(1,842,456)
Other assets	1,277,578	-	1,277,578
Total current assets	**71,888,748**	**35,245,951**	**36,642,797**
Non-current assets			
Property, plant and equipment, net	71,777,746	73,873,258	(2,095,512)
Intangible assets, net	125,194,082	125,348,600	(154,518)
Right-of-use assets, net	19,542,113	20,703,498	(1,161,385)
Goodwill	37,428,420	37,494,861	(66,441)
Total non-current assets	**253,942,361**	**257,420,217**	**(3,477,856)**
Total assets	**325,831,109**	**292,666,168**	**33,164,941**

As at 2023-YTD, the Company had total assets of $325.8 million, an increase of $33.2 million compared to $292.7 million at 2022-YE.

- ***Cash and equivalents as at 2023-YTD*** was $2.7 million, no change when compared to $2.7 million as at 2022-YE.

- ***Accounts receivable as at 2023-YTD*** were $20.8 million, an increase of $12.3 million compared to $8.4 million as at 2022-YE. The increase in receivables is a result of the Company managing its credit terms for select strategic Distribution customers in the Company's Michigan operations. The Company extends credit to certain distributors at its sole discretion. The increase in accounts receivable can also be attributed to the addition of Licensing revenues, on credit terms, at the end of 2023-Q2. The Company has offset its accounts receivable balance with a provision for expected credit losses totaling $3.3 million (2022-YE; $1.6 million) to account for expected credit losses in accordance with the prescribed IFRS 9 methodology utilized by the Company.

- ***Notes receivable as at 2023-YTD*** was $20.5 million, and $nil at 2022-YE. During 2023-Q3, the Company acquired a $15.0 million note receivable owed by Aleafia. from a third-party lender (the "AH Note Receivable). The Company acquired the AH Note Receivable at a discounted purchase price of $12.5 million. An additional advance of $1.5 million was made to Aleafia under the AH Note Receivable subsequent to the assignment and acquisition transaction. During 2023-Q3, after Aleafia announced that it had received an order (the "Initial Order") from the Ontario Superior Court of Justice (Commercial List) under the Companies' Creditors Arrangement Act the Company also agreed to facilitate the restructuring of Aleafia's business and financial affairs ("the Aleafia CCAA Proceedings"). The Initial Order approved debtor-in-possession financing to be provided by the Company to fund the Aleafia CCAA Proceedings and other short-term working capital requirements of up to $6.6 million (the "AH DIP Note"). As at 2023-Q3, the amount owing to the Company for the AH DIP Note was $4.8 million, and $15.7 million was owed on the AH Note Receivable. (Refer to the Liquidity and Capital Resources section for detailed information on the AH Note Receivable and the AH DIP Note).

- ***Prepaids expenses at 2023-YTD*** were $0.9 million, a marginal decrease of $0.1 million compared to $1.1 million at 2022-YE.

- ***Deposits at 2023-YTD*** were $6.9 million, an increase of $2.6 million compared to $4.2 million at 2022-YE. The increase is largely due to a $4.0 million advance provided by the Company to an arm's length vendor as security for a crop commitment for qualified biomass to be harvested in late 2023. The increase is off-set by a USD $2.0 million refund received in 2023-Q1 relating to a cash bond posted by the Company's Florida (Retail) operations which was included in deposits at 2022-YE. During 2023-YTD, the Company successfully negotiated a bonding agreement with a third-party insurer and, as a result, the cash commitment associated with the previously issued bond was no longer required.

- ***Inventory as at 2023-YTD*** was $16.5 million, an increase of $2.0 million when compared to $14.5 million as at 2022-YE. The increase is primarily related to an increase in raw material and work-in-process inventories of $6.6 million offset by a reduction in finished goods of $0.2 million and an increase in inventory raw materials of $4.3 million. Despite its 2023-YTD sales performance (versus 2022-YTD) and ongoing supply chain constraints, the Company projects that its investment in inventory through the end of 2023-Q23will benefit subsequent quarters by mitigating risks associated with order fill rates within both its Distribution and its Retail segments (at point of sale) as well as facilitating new product introductions into select retail markets. In addition, the Company has taken proactive measures to mitigate risk associated with further volatility in the cost of manufacturing inputs through the aforementioned procurement arrangement for biomass.

- ***Biological assets as at 2023-YTD*** was $2.4 million, a decrease of $1.8 million when compared to $4.3 million as at 2022-YE. Additional details on the assumptions utilized to account for biological assets for 2023-YTD can be found in note 14 of the Company's most recently filed Financial Statements published at SEDAR+.

- ***Other current assets as at 2023-YTD*** was $1.3 million, compared to $nil as at 2022-YE. The increase is attributable to the addition of assets associated with the Company's insurance policies.

Liabilities

A summary of the Company's liabilities as at 2023-YTD, and as at 2022-YE is as follows:

As at	2023-YTD	2022-YE	Variance
	$	$	$
Current liabilities			
Accounts payable and accrued liabilities	43,966,294	37,320,277	6,646,017
Short-term notes payable	136,298,377	1,974,584	134,323,793
Short-term credit facility	18,854,683	17,551,668	1,303,015
Short-term convertible notes	72,290,018	-	72,290,018
Short-term Derivative liabilities	687,428	-	687,428
Short-term lease obligations	648,253	602,418	45,835
Income taxes payable	15,617,898	12,633,699	2,984,199
Other current liabilities	4,799,660	672,064	4,127,596
Total current liabilities	**293,162,611**	**70,754,710**	**222,407,901**
Non-current liabilities			
Long-term notes payable	-	87,357,123	(87,357,123)
Long-term convertible notes	-	64,897,343	(64,897,343)
Long-term lease obligations	22,012,457	22,285,277	(272,820)
Long-term Derivative liabilities	-	3,230,322	(3,230,322)
Deferred tax liability	13,319,693	15,941,348	(2,621,655)
Total non-current liabilities	**35,332,150**	**193,711,413**	**(158,379,263)**
Total liabilities	**328,494,761**	**264,466,123**	**64,028,638**

As at 2023-YTD, the Company had total liabilities of $328.5 million, an increase of $64.0 million as compared to $264.5 million as at 2022-YE. The net increase in total liabilities was primarily due to (1) a net increase in accounts payable and accruals and income taxes payable, (2) an increase in notes payable due to the issuance of new notes, primarily the USD RGR Grid Note and the CAD RGR Grid

Note, (3) an increase in convertible debenture liabilities due to accrued interest, off-set by a decrease in deferred income tax liability. Details of these changes are described below.

Current Liabilities

Total current liabilities as at 2023-YTD totaled $293.2 million, a $222.4 million increase as compared to $70.8 million as at 2022-YE. The decrease is the result of changes in the current liabilities categories described below.

- ***Accounts payable and accrued liabilities as at 2023-YTD*** was $44.0 million, a $6.7 million increase when compared to $37.3 million as at 2022-YE. This increase is a direct result of purchasing and payments activity associated with the Company's ongoing operations.

- ***Short-term notes payable as at 2023-YTD*** totaled $136.3 million, a $134.3 million increase as compared to $2.0 million as at 2022-YE. This increase is the result of all note payables classified at 2022-YE as long-term, becoming due within the next 12 months. The reader is referred to the *Liquidity and Resources section* of this MD&A for further details on short-term notes payable.

- ***Short-term credit facility as at 2023-YTD*** was $18.9 million, a $1.3 million increase when compared to $17.6 million as at 2022-YE. This increase is the result of accrued interest on the credit facility. The total interest recorded for 2023-YTD was $1.6 million (2022-YE; $3.8 million), offset by $0.4 million in interest payments (2022-YE; $6.0 million). The reader is referred to the *Liquidity and Resources section* of this MD&A for further details on the Company's credit facility.

- ***Short-term convertible debentures as at 2023-YTD*** was $72.3 million, a 100% increase when compared to 2022-YE. This increase is the result of the eight outstanding convertible debentures, classified at 2022-YE as long-term, becoming due within the next 12 months. The reader is referred to the Liquidity and Resources section of this MD&A for further details on the Company's convertible debentures.

- ***Other current liabilities as at 2023-YTD*** was $4.8 million, a $4.1 million increase when compared to $0.7 million 2022-YE. This increase is attributed to liabilities associated with inventory received, pending vendor invoicing, and insurance liabilities for financing the Company's insurance assets mentioned above in other assets. The increase is also the result of a reallocation of $0.7 million in amounts due to third parties from accounts payable and accrued liabilities to other liabilities during 2023-YTD for enhanced presentation of the financial results. The reader is referred to note 30, *Reclassifications*, of the Company's most recently filed Financial Statements for details of this reclassification and other reclassifications conducted by the Company to further enhance and align the presentation of the financial results.

Long-term liabilities

Total long-term liabilities for 2023-YTD totaled $35.3 million, a $158.4 million decrease from $193.7 million for 2022-YE. The decrease is the result of changes in the long-term liability categories described below.

- ***Long-term notes payable as at 2023-YTD*** totaled $nil, a $87.4 million decrease when compared to the $87.4 million for 2022-YE. This increase is primarily the result of all note payables classified at 2022-YE as long-term, becoming due within the next 12 months. The reader is referred to the Liquidity and Resources section of this MD&A for further details on long-term notes payable.
- ***Long-term convertible debentures as at 2023-YTD*** totaled $nil, a $64.9 million decrease when compared to the $64.9 million long-term convertible debentures for 2022-YE. As mentioned above in short-term convertible debentures, the decrease is due to eight outstanding convertible debentures classified at 2022-YE as long-term, becoming due within the next 12 months.

The reader is referred to the Liquidity and Resources section of this MD&A for further details on the Company's convertible debentures.

- ***Long-term derivative liabilities as at 2023-YTD*** totaled $nil, a $3.2 million decrease when compared to the $3.2 million in long-term derivatives for 2022-YE. As at 2023-Q3, after revaluation, certain notes attracting derivative liability components resulted in a $nil derivative liability as at 2023-Q3. In addition, those notes attracting long-term derivative liability amounts, were recategorized to short- term derivative liabilities as at 2023-Q3 due to the corresponding note becoming due within the next 12 months. Details of inputs used in the valuation methodology of the Company's embedded derivative liabilities can be found in Note 20 of the Company's 2022 Annual Financial Statements on SEDAR+.

Shareholders' Equity

As at 2023-YTD, total shareholders' equity was a deficit of $2.6 million, a decrease of $30.8 million compared to $28.2 million as at 2022-YE. The decrease in shareholders' equity was primarily to the increase in the accumulated deficit of $21.6 million related to the net loss attributed to RWB shareholders for 2023-YTD (2022-YE; $235.8 million including non-cash impairments of $214.8 million). Losses of $3.8 million relating to non-controlling interests also contributed to the decrease (2022-YE; $6.4 million), and $6.1 million in cumulative translation adjustments for 2023-YTD (2022-YE; $11.4 million).

SUMMARY OF QUARTERLY RESULTS

The Company's results for the last eight quarters reflect the changes in profitability realized by the Company as it continues the execution of its objective of becoming a leading multi-state operator and house of premium brands. The net income and/or losses realized by the Company include impacts from the changes in fair value of biological assets (realized and unrealized), changes in the fair value of convertible debentures and their associated derivative liabilities, changes in share based compensation derived from the change in the fair value of stock-based incentives issued by the Company derived from the underlying trading shares market price and their associated volatility, and impairments to the fair value of indefinite life intangibles and goodwill recorded the course of the relevant periods set out in the exhibit. Background on these specific changes is set out in section "Results from Operations."

The Company's operating results have varied over the past eight quarters due primarily to (1) the competitive nature of the legal cannabis markets in which it maintains operations, (2) the seasonal nature of cannabis markets in which the Company operates, (3) impairment charges related to the adjustment in fair value of investments made by the Company, (4) professional fees tied to public company compliance and executed and ongoing transactions, (5) marketing expenses attributed to brand awareness initiatives that the Company has executed across existing and target legal markets, and (6) debt service and finance expenses (net) attributed to various debt issues and restructurings executed by the Company.

Quarter	Revenue	Cost of Goods Sold	Gross profit Before FMV adjustments	Gross profit After FMV adjustments	Net loss	Earnings per share
	$	$	$	$	$	$
30-Sep-23	20,127,145	12,273,985	7,853,160	6,571,808	(6,539,928)	(0.01)
30-Jun-23	21,915,629	15,049,199	6,866,430	6,195,958	(9,468,463)	(0.02)
31-Mar-23	27,046,088	17,636,414	9,409,674	8,352,395	(9,396,299)	(0.02)
31-Dec-22	16,500,257	14,832,060	1,668,197	6,832,986	(204,268,770)	(0.49)
30-Sep-22	25,543,993	15,871,907	9,672,086	8,208,447	(8,455,562)	(0.02)
30-Jun-22	27,402,453	22,614,856	4,787,597	3,418,053	(17,646,210)	(0.04)
31-Mar-22	28,046,801	16,705,335	11,341,466	9,168,388	(11,757,188)	(0.05)
31-Dec-21	2,452,552	8,265,932	(5,813,380)	2,205,922	(9,541,497)	(0.02)
30-Sep-21	11,202,321	5,339,460	5,862,861	6,863,943	(5,472,693)	(0.03)

SUMMARY OF OUTSTANDING SHARE DATA

As at 2023-YTD, the authorized shares of the Company were as follows:

- An unlimited number of common shares without par value.
- An unlimited number of convertible series I preferred shares without par value, each share convertible into one common share by the holder, and non-voting.
- An unlimited number of convertible series II preferred shares without par value, each share convertible into one common share by the holder. Upon conversion of series II preferred shares into common shares, preferred shareholders will receive an equivalent number of common shares plus an additional 5% common shares for each twelve-month period up to twenty-four months.

As at 2023-YTD, the Company had the following securities outstanding.

Securities Outstanding as at 2023-YTD	Number of Securities	Weighted Average Exercise/ Conversion Price
Common Shares	469,521,901	N/A
Stock Options	18,430,931	0.78

As at the date of this MD&A, the Company had 470,221,901 Common Shares issued and outstanding.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those people who have authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of certain executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel for the three and nine months ended September 30, 2023, and 2022, can be summarized as follows:

	2023-Q3	2023-Q3	2023-YTD	2022-YTD
	$	$	$	$
Management salaries, bonuses, and other benefits	289,131	89,364	798,052	708,319
Consulting fees by a company controlled by a director	50,285	227,299	187,221	259,387
Share-based payments – officers	17,926	-	38,776	-
Share-based payments – directors	55,323	-	164,164	-
Total	**412,665**	**316,663**	**1,188,213**	**967,706**

Due to/from Related Parties

- Included in accounts payable and accrued liabilities for 2023-YTD is $1,436,903 (2022-YTD; $395,473) payable to officers and directors of the Company in relation to accrued salaries and consulting fees. Amounts due to related parties have no stated terms of interest and/or repayment and are unsecured.
- The CAD$17,000,000 Convertible CPIL Note included in short-term convertible debentures on the Condensed Consolidated Statement of Financial Position is due to an entity related to the President of the Company. The term of the CAD$17,000,000 Convertible CPIL Note is 2 years at an interest rate of 8% per annum. The Company valued the CAD$17,000,000 CPIL Convertible Note using the residual method which resulted in a $14,893,017 allocation to long-term convertible debt liability and $2,106,983 to convertible debt reserve which is included in contributed surplus on the statement of financial position. The liability portion of the CAD$17,000,000 CPIL Convertible Note will amortize over the 2-year term at an effective interest rate of 16.43%. The reader is referred to the Liquidity and Capital Resources section for additional information on the CAD$17,000,000 Convertible CPIL Note. Additional terms can be found in the Company's most recent filed Condensed Interim Consolidated Financial Statements for the period ended September 30, 2023, or the most recent Audited Consolidated Financial Statements for the year ended December 31, 2022, which can be found at SEDAR+.

Related Party Transactions

2023-YTD Transactions

- In the three and nine months ended September 30, 2023, the Company expensed $73,249 and $202,940 in stock-based compensation relating to options held by Officers and Directors of the Company (2022; $nil).
- The Company appointed a new Chief Financial Officer and Corporate Secretary. On appointment, the Company granted the new Chief Financial Officer and Corporate Secretary 1,250,000 stock options (note 21).
- On June 16, 2023, the Company appointed a new member to the Board of Directors. On appointment, the USD$1,093,750 Convertible VMOS Note was deemed to be a related party transaction.
- Officers and Directors of the Company held an aggregate of 37,219,510 common shares and 7,484,375 stock options.

2022-YE Transactions

- On September 15, 2022, the Company issued the CAD$17,000,000 Convertible CPIL Note an entity related to the President and Director of the Company.
- On September 19, 2022, a member of the Board of Directors resigned, and the Company appointed a new President and Director.
- On October 7, 2022, the Company granted 3,200,000 stock options to existing Directors of the Company at an exercise price of $0.135 to purchase common shares in the capital of RWB.
- Officers and Directors of the Company held an aggregate of 23,649,654 common shares and 6,746,875 stock options.
- During 2022-YE, 875,000 stock options were forfeited by past Officers and Directors of the Company.

The Company identified close members of the family of key management personnel that currently represent lenders to the Company during the 2022-YE review of related party disclosures in accordance with IFRS IAS 24 and Public Company Accounting Oversight Board AS2410 and U.S. Securities and Exchange Commission Rules and Regulations. Related disclosures are set out in note 26 of the recently filed Financial Statements available on SEDAR+.

COMMITMENTS AND CONTINGENCIES

Claims and Litigation

On August 19, 2022, Greenlane Holdings, LLC filed a lawsuit against Red White & Bloom Brands, Inc.; RWB Platinum Vape, Inc.; Platinum Vape, LLC; and Vista Prime Management, LLC (collectively, the “RWB Entities”) in the Superior Court of California, County of Orange (the “Lawsuit”). The RWB entities answered the complaint, generally denying Greenlane’s allegations and claims, on October 7, 2022. On November 16, 2022, the RWB Entities filed a motion to dismiss the Lawsuit on the grounds of inconvenient forum. Shortly thereafter, the parties agreed to voluntarily submit their dispute to binding arbitration before the American Arbitration Association in Florida (the “Arbitration”). The Lawsuit is stayed pending the outcome of the Arbitration. An Arbitration hearing was set for July 19-20, 2023; however, the hearing was continued to a later date pending resolution of a motion by Greenlane to join additional parties in the Arbitration.

In the normal course of business, the Company is involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these condensed interim consolidated financial statements. Management believes that the resolutions of these proceedings will not have a material unfavorable effect on the Company's condensed interim consolidated financial statements.

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, sanctions, restrictions on its operations, or losses of licenses and permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management believes that the Company is in compliance with applicable local and state regulations as of December 31, 2022, and December 31, 2021, applicable regulations continue to evolve and are subject to change and differing interpretations in each jurisdiction where licensure is maintained for operations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

On June 4, 2020, the Company acquired certain rights granted from HT Retail Licensing, LLC (“Licensor”) to 1251881 BC Ltd, (“Licensee”), a wholly owned subsidiary of the Company. Under this agreement, the Licensor granted an exclusive, non- transferable, non-assignable right and license to practice High Times Intellectual Property Rights (the “Rights”) related to the Commercialization of Cannabis Products and CBD Products in the Territory - Michigan, Florida and Illinois for Cannabis and in the general US for CBD. The Rights for the State of Florida were denied for use by the state regulatory body (OMMU), and the Company did not receive a THC license in the State of Illinois. In addition, on February 23, 2022, the Company received a cease-and-desist notice from the Licensor in respect to the Rights and ceased to be engaged in the manufacturing, sale or licensing of the Rights. The first licensing period under the agreement was for a period of 18 months which was completed on December 20, 2021. The Company recorded an accrual of licensing fees commencing on June 4, 2020, up until, and including, December 31, 2021. Given the aforementioned events and the Company’s position, supported by defenses presented to the Licensor, the Company reversed the accrued license liability, in the amount of $8,135,473, remaining after February 23, 2022, and up to current fiscal year ending December 31, 2022. The Company has entered into negotiations with respect to any outstanding liabilities to the Licensor and agreed to voluntary non-binding mediation between the Company and the Licensor. To date, the Company has not reached a resolution with the Licensor, as there continues to be a dispute over the amount of licensing fees owned to the Licensor and there can be no assurance that a resolution would be favorable to the Company. Notwithstanding the above, the Company’s position remains that there was a failure of the Licensor to perform under the licensing agreements between the parties.

In the normal course of business, the Company is involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in Financial Statements. Management believes that the resolutions of these proceedings will not have a material unfavorable effect on the Company's consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

The Financial Statements have been prepared on the assumption that the Company will continue as a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of business as they come due. The ability of the Company to continue operations as a going concern is ultimately dependent on increasing revenues, decreasing costs, improving cash flows, having adequate sources of funding from debt facilities (both incumbent and prospective), and other potential capital market resources such as equity financing.

Management continually monitors and evaluates the Company's liquidity by reviewing near term capital requirements, including those created by maturing debt, and ensuring planning and budgeting controls and processes are in place which confirm sufficient resources are available to finance the Company's ongoing operations including burdened payroll, facility costs including lease payments (as applicable), net working capital investment, capital expenditures, and debt service requirements.

The Company's primary sources of liquidity are cash from sales of goods and services to its Retail (direct to consumer) and Distribution (direct to retailer) customers, Licensing revenue (direct to licensee), debt financing and equity financing. As at 2023-YTD, the Company had no off-balance sheet arrangements (2022-YE; $nil).

The objective when managing the Company's liquidity and capital structure is to maintain sufficient cash to fund working capital needs. As at 2023-YTD, cash and cash equivalents were $2.7 million (2022-YE; $2.7 million) and the Company had negative working capital (current assets less current liabilities) of $221.3 million (2022-YE; $35.5 million) due to several long-term debt becoming due within the next 12-months. The Company continues to pursue available financing options including but not limited to restructuring existing debt to extend maturities (amongst other attributes), raising capital through debt and equity markets, and executing opportunities to monetize captive assets; both tangible and intangible, should they present themselves. The Company also continues to proactively explore and implement ways to improve its cash flow by prioritizing operating initiatives with greater expected returns and also continue to aggressively target reductions in operating and administrative costs by streamlining its operations and support functions. In assessing whether the going concern assumption was appropriate, the Company considered all relevant information available for the twelve-month period following September 30, 2023. The Company will remain primarily reliant on debt financing and equity markets, in the short term, for prospective funding required to meet its ongoing obligations.

The Company believes that the current capital resources are not sufficient to service its ongoing cash requirements for the next twelve months and, as a result, has secured additional capital resources via the CAD RGR Grid Note and the USD RGR Grid Note to ensure that it can continue to drive growth in its respective Distribution, Licensing, and Retail operations, fund corporate overheads, and capitalize on select growth opportunities; both organic and acquisitive. The reader is referred to the debt section below for details on the CAD RGR Grid Note and the USD RGR Grid Note. The Company has also activated incremental revenue generation in 2023-Q2 through its Licensing segment which is driving the advancement of the Company's asset light growth initiative.

The Company continues to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

These adjustments do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to sustain itself as a going concern in the normal course of operations. Adjustments of this nature could be material.

Cash flow Highlights

The following is the cash flow from operating, investing, and financing activities by the Company for 2023-Q3, and 2022-Q3 is as follows:

	2023-Q3	2022-Q3	Variance
	$	$	$
Cash used in operating activities before changes in non-cash working capital	(4,525,009)	(15,657,819)	11,132,810
Net change in non-cash working capital items	(2,137,203)	8,253,919	(10,391,122)
Net cash provided by (used in) operating activities	**(6,662,212)**	**(7,403,900)**	**741,688**
Net cash used in investing activities	**(1,826,493)**	**53,587,624**	**(55,414,117)**
Net cash provided by (used in) financing activities	**5,776,512**	**(72,782,619)**	**78,559,131**

Net cash used in operating activities for 2023-YTD, including the change in non-cash working capital, was $4.5 million, a decrease of $11.1 million compared to $15.7 million of net cash used in operating activities for 2022-YTD. Cash used in operating activities before non-cash working capital was $2.1 million, a $10.4 million decrease from $8.3 million for 2022-YTD. Operating activities were affected by the net change in non-cash working capital of $6.7 million, a $0.7 million decrease from $7.4 million provided by non-cash working capital items for 2022-YTD used by working capital items for 2023-YTD due to the following activities:

- Cash used by accounts receivable during 2023-YTD was $12.4 million, a $11.6 million increase when compared to $0.7 million used during 2022-YTD. The increase is the result of 75% of the Company's revenues being generated by the Distribution and Licensing sales channel which allows for credit terms, compared to 60% of revenues through sales channels allowing credit terms during 2022-YTD.
- Cash provided by prepaid expenses for 2023-YTD was $0.1 million, a $2.7 million increase compared to $2.8 million used by prepaid expenses for 2022-YTD. The increase is due to the expiry of subscriptions not renewed in the 2023 fiscal year, along with the expensing one-time prepayment for services not required in 2023.
- Cash used on deposits for 2023-YTD was $2.6 million, a 100% increase from that used for 2022-YTD. The increase is largely due to a $4.0 million deposit paid to arm's length vendor for a purchase commitment for qualified biomass to be harvested in late 2023, and $1.6 million in other vendor deposits. The increase is offset by a refund during 2023-YTD for a $2.7 million deposit held at 2022-YE from the Florida Office of Medical Marijuana Use ("OMMU") and the realization of other deposits during 2023-YTD.
- Cash used for inventory for 2023-YTD was $0.5 million, a $6.1 million decrease from $6.6 million used for 2022-YTD. This decrease can be primarily attributed to acquisition activities in the prior year.
- Cash provided by biological assets was $3.3 million, a $2.1 million increase from cash used for biological assets of $1.2 million for 2022-YTD. This increase is due primarily to the movement of biological assets into raw materials inventory through to the end of 2023-Q3.
- Cash provided by accounts payable and accrued liabilities for 2023-YTD was $6.0 million, a $3.7 million increase from $2.3 million in cash provided for 2022-YTD. The increase is primarily related to the Company proactively managing vendor outflows as it continues to strategically manage terms with key customers in addition to timing differences associated with accruals for select G&A expenses.
- Cash of $1.3 million used for other assets increased 100% for 2023-YTD when compared to 2022-YTD. The increase is the result of the investment in the Company's various insurance policies maturing through fiscal 2024.

Net cash used in investing activities for 2023-YTD was $1.8 million, a $55.4 million increase when compared to $53.6 million in cash provided by investing activities for 2022-YTD. The increase is predominantly due to the $53.4 million proceeds received for the sale of assets of Mid-American Growers, Inc., a majority of which were applied as a principal repayment against the Credit Facility, and cash of $0.7 million received with the Pharmaco Acquisition in 2022-YTD. The reader is referred to the Acquisition section for details on the Pharmaco Acquisition and to Discontinued Operations section for details on the sale of Mid-American Growers, Inc.

Net cash received from financing activities for 2023-YTD was $5.8 million, a $78.6 million increase in net cash received from financing activities when compared to $72.8 million used for 2022-YTD. The increase is largely the result of the Company settling $51.3 million on its outstanding credit facility to Bridging, in 2022-YTD, with the proceeds from the sale of the Mid-American Growers, Inc. assets (noted above). The increase is also attributable to the addition of $17.0 million in notes payable, offset by $3.6 million in principal and interest payments during 2023-YTD. See Debt below for additional information on the Company's financing activities, including notes payable and convertible debentures.

Notes Receivable

As at 2023-YTD, and 2022-YE the Company had the following outstanding notes receivable:

Note	Date of Issue	Maturity date	Interest	As at 30-Sep-23	As at 31-Dec-22
			%	$	$
AH DIP Note	2023-06-06	2023-12-24	Prime + 9%	4,802,040	-
AH Note Receivable	2023-07-26	2023-11-23	12.50%	15,669,639	-
Total notes receivable				**20,471,679**	**-**

A continuity of the Company's notes receivable for 2023-YTD, is as follows:

	$
Balance, December 31, 2022	-
Additions	18,730,900
Coupon Interest	1,100,961
Amortization of discount	639,818
Balance, September 30, 2023	**20,471,679**
Short-term	20,471,679
Long-term	-

During 2023-YTD, the Company accrued interest amounting to $1.1 million (2022; $nil) to other income on the consolidated statement of profit and loss and other comprehensive profit and loss relating to interest income earned on account of its notes receivable.

AH Note Receivable

On June 6, 2023, concurrent with the execution of the Aleafia Letter Agreement, the Company was assigned and acquired an arm's length senior secured debt owed by Aleafia (the "AH Note Receivable"). The Company acquired the AH Note Receivable at a discounted purchase price of $12.5 million. An advance of $1.5 million was made to Aleafia under the AH Note Receivable subsequent to the assignment and acquisition transaction. The Company and Aleafia mutually agreed to terminate the Letter Agreement on July 14, 2023.

RGR, an existing creditor of both the Company and Aleafia, provided the Company with a $14.0 million advance under the Company's existing CAD RGR Grid Note to facilitate the purchase of the AH Note Receivable and the funding of the $1.5 million advance under the AH Note Receivable.

The AH Note Receivable attracts a coupon interest of prime plus 9% per annum and matures on December 24, 2023. The discount on the purchase price, amounting to $1.0 million will be recognized by the Company over its expected life using the effective interest method and included other income on the Consolidated Interim Statement of Loss and Comprehensive Loss.

On July 24, 2023, the Company delivered a formal notice of default to Aleafia for failing to maintain the terms prescribed under the AH Note Receivable triggering an additional 5% per annum on the outstanding loan balance per the terms of agreement.

During 2023-YTD, the Company accrued interest amounting to $1.0 million, and amortized $0.6 million of the discount received on the purchase price (2022; $nil) to other income on the consolidated statement of profit and loss and other comprehensive profit and loss relating to interest income earned on the AH Note Receivable.

AH DIP Note

On July 25, 2023, Aleafia announced that it had received the Initial Order from the Court to facilitate the Aleafia CCAA Proceedings. The Initial Order approved DIP financing to be provided by the Company to fund the Aleafia CCAA Proceedings and other short-term working capital requirements of up to $6.6 million (the "AH DIP Note"). Interest on the principal outstanding amount from the date each DIP Advance is made is 12.5% per annum, compounded and calculated weekly and added to the principal amount of on the first day of each month. On execution, a commitment of $0.2 million was payable by Aleafia representing 3% of the maximum $6.6 million available to be advanced under the terms of the AH DIP Note (the "AH Commitment Fee"). The continued availability of the AH DIP Loan is conditional upon, among other things, certain conditions under the Aleafia CCAA Proceedings being satisfied. A copy of the AH DIP Note term sheet was filed on SEDAR+ on August 17, 2023. Concurrent with approval of the AH DIP Note, The Company secured a commitment from RGR to meet its financing commitment to Aleafia under the AH DIP Note.

During 2023-YTD, the Company advanced $4.7 million under the AH DIP Note. The Company also recorded a nominal amount in related interest income to other income on its consolidated statement of profit and loss and other comprehensive profit and loss (2022; $nil).

The reader is referred to the *Recent Developments* note for events subsequent to 2023-YTD, relating to the Company and the Aleafia Transaction.

Debt

2022-YE Debt Restructure

On September 15, 2022, the Company completed a comprehensive debt restructuring plan to extend and amend existing debt and to issue new debt via private placement (the "Debt Restructure"). The Company assessed the modification of existing debt under IFRS 9 *Financial instruments* and recorded gains and losses mentioned below accordingly. Terms of the notes payable incorporated in the debt restructuring were as follows:

a) Existing debt owing to RGR was consolidated into a new secured USD$25.9 million promissory note (the "USD$25,885,000 RGR Note"). The USD$25,885,000 RGR Note bears an interest rate of 15%, compounded monthly with principal and interest payable on September 12, 2024. The note is secured by the Company's interest in its subsidiary, RWB Michigan, LLC. The existing debt consolidated into the USD$25,885,000 RGR Note is as follows:

- USD$19,370,020 principal and USD$2,028,441 in related interest thereon
- USD$16,750,000 RGR Note: USD$16,750,000 principal and USD$733,917 in related interest thereon
- Less: USD$13,000,000 payment made to RGR
- Plus: Administrative fee USD$2,622

Modification of the USD$19,370,020 RGR Note and the USD$16,750,000 RGR Note resulted in a net gain on extinguishment of $108,293.

b) New debt totaling CAD$2,210,000 (the "CAD$2,210,000 BJMD Note") bearing 12.5% interest, payable monthly, plus 2.5% PIK interest, compounded monthly. Principal and PIK interest due September 12, 2024.

c) Amendment to extend the USD$5,000,000 Oakengate Investments Note plus USD$850,000 in related interest into a new USD$5,850,000 note (the "USD$5,850,000 OIL Note") at 12% interest rate. Blended monthly payments of USD$250,000 with payments applied first to interest and residual applied to principal, with the remaining principal balance due September 12, 2024. The modification of the USD$5,000,000 Oakengate Investments Note triggered an extinguishment resulting in a $21,633 loss.

d) New debt totaling USD$6,540,000 (the "USD$5,000,000 SDIL Note" and the "USD$1,540,000 TAII Note) bearing 12.5% interest, payable monthly, plus 2.5% PIK interest, compounded monthly. Principal and PIK interest are due September 12, 2024. The USD$5,000,000 SDIL Note, the USD$1,540,000 TAII Note and a USD$2,959,495 outstanding balance owing to RGR on an existing total USD$11,550,000 RGR Note were immediately consolidated into the following new notes:

- USD$2,887,000 TAII Note
- USD$6,349,000 SDIL Note
- USD$269,000 SIL Note

Each of the above 3 notes attracts a 12.5% interest rate, payable monthly, plus 2.5% PIK interest, compounded monthly. Principal and PIK interest are due September 12, 2024. The modification to the USD$11,550,000 RGR Note resulted in an extinguishment loss of $4,298.

e) Existing debt owing on the USD$5,400,000 DICL Note was amended to extend the maturity dates to September 12, 2024. The modification resulted in a $1,683,573 loss on extinguishment. On extinguishment, the new note (the USD$5,400,000 DICL Convertible Note) was established and reclassified to convertible debt along with a related derivative liability component.

f) Existing debt owing on the USD$5,400,000 SIDL Note was amended to extend the maturity dates to September 12, 2024. The modification resulted in a $1,683,573 loss on extinguishment. On extinguishment, the new note (the USD$5,400,000 SIDL Convertible Note) was established and reclassified to convertible debt along with a related derivative liability component.

g) The Company issued new convertible debt in the amount CAD$17,000,000 to C-Points Investments Ltd, (the "CAD$17,000,000 CPIL Convertible Note"), a Company related to RWB. The term of the note is 2 years at an interest rate of 8% per annum. The proceeds of the CAD$17,000,000 CPIL Convertible Note were used to settle USD$13,000,000 in debt owing on the USD$19,370,020 RGR Note. The Company valued the CAD$17,000,000 CPIL Convertible Note using the residual method which resulted in a $14,893,017 allocation to long-term convertible debt liability and $2,106,983 to convertible debt reserve which is included in contributed surplus on the statement of financial position. The liability portion of the CAD$17,000,000 CPIL Convertible Note will amortize over the 2-year term at an effective interest rate of 16.43%.

Notes payable

The Company has secured financing from various sources since inception in order to execute its strategy of driving the growth of its Distribution, Licensing, and Retail operations and other strategic operating initiatives, and fund corporate overheads. The various financings have aided the Company in expanding its operations and has been a source for funding required for acquisitions, and other development costs.

As at 2023-YTD, and 2022-YE the Company had the following outstanding notes payable:

	Date of Issue	Maturity date	Interest[ii]	As at 2023-YTD	As at 2022-YE
			%	$	$
USD$828,200 - City of San Diego	2021-10-25	On Demand	7.00%	686,185	686,267
Due to Oakshire	various	On Demand	0.00%	1,147,848	1,149,885
$16,218 - Ford loan	2020-11-01	2023-01-12	5.90%	-	325
$26,872 - Ram loan	2020-09-01	2023-08-15	7.39%	-	4,739
USD$25,885,000 RGR Note[i]	2022-09-15	2024-09-12	12.50%+PIK	40,943,963	36,677,932
USD$2,887,000 TAII Note	2022-09-15	2024-09-12	12.50%+PIK	4,269,165	3,939,834
USD$6,349,000 SDIL Note[i]	2022-09-15	2024-09-12	12.50%+PIK	9,296,308	8,664,359
USD$269,000 SIL Note	2022-09-15	2024-09-12	12.50%+PIK	409,609	367,099
USD$18,300,000 VRT Note	2022-09-13	2024-02-12	12.90%+PIK	25,490,765	24,849,083
USD RGR Grid Note[i][iii]	2022-11-01	2024-09-12	12.00%	29,256,446	10,765,408
CAD$2,210,000 BJMD Note[i]	2022-09-15	2024-09-12	12.50%+PIK	-	2,226,776
CAD$2,710,000 BJMDSD Note[i]	2023-02-01	2024-09-12	12.50%+PIK	2,928,014	-
CAD RGR Grid Note[i]	2023-03-27	2024-09-12	12.00%	21,870,074	-
Total notes payable				**136,298,377**	**89,331,707**
Short-term notes payable				136,298,377	1,974,584
Long-term notes payable				-	87,357,123

[i]Held by a related party (refer to Related Party Transactions) / [ii]See below for details on PIK interest / (iii) Note as at 2022-YE was referred to as the USD$7,850,000 RGR Note.

For 2023-YTD, the Company had the following transactions relating to notes payable.

On March 27, 2023, the Company entered into a secured note payable agreement with RGR to finance Canadian dollar advances by RGR to the Company (the “CAD RGR Grid Note”). The CAD RGR Grid Note matures on September 12, 2024, and is secured by a first priority security interest in, and pledge of, the equity ownership interest in certain of the Company’s subsidiaries. The CAD RGR Grid Note bears interest at an aggregate rate of 12% per annum with interest payments due and payable on the last day of each month. During the period ended September 30, 2023, the Company advanced $21.1 million under the CAD RGR Grid Note. $14.0 million of the aforementioned advances were utilized to fund the assignment and acquisition of the AH Note Receivable and $4.7 million of the aforementioned advanced were utilized to fund the AH DIP Note (refer to Notes Receivable section above). Interest incurred for the three and nine months ended September 30, 2023, was $0.6 million, and $0.7 million, respectively.

On March 10, 2023, the Company entered into a secured note payable amending the agreement with RGR to document US dollar advances made by RGR to the Company (the “USD RGR Grid Note”). The USD RGR Grid Note initially provides for an amendment to an existing USD$5,850,000 RGR Note and an additional $2.0 million in funding, for a change in principle with all other terms and conditions remaining the same as the USD$5,850,000 RGR Note, with future advances to be documented as part of the USD RGR Grid Note. As at year-end December 31, 2022, the Company referred to the USD$5,850,000 RGR Note and the additional $2.0 million in funding as the USD$7,850,000 RGR Note. During 2023-YTD, the Company was advanced an additional USD$13.4 million in relation to the USD RGR Grid Note and has made principal repayments of USD$1.0 million. Interest incurred for 2023-Q3 and 2023-YTD was USD$0.6 million, and USD$1.2 million, respectively. Proceeds from the advances made under the USD RGR Grid Note during 2023-YTD, were used for working capital purposes.

On February 1, 2023, the Company amended the secured CAD$2,210,000 BJMD Note to update the principal from $2.2 million to $2.7 million, renaming the loan from the “CAD$2,210,000 BJMD Note” to the “CAD$2,710,000 BJMDSD Note,” with all other terms and conditions remaining the same. $0.5 million in additional funding was received by the Company on amendment. Interest incurred for 2023-Q3 and 2023-YTD was $0.1 million, and $0.3 million, respectively.

During 2023-YTD, the Company substantially satisfied all of its material financial covenants relating to its notes payable. Covenants include preservation of corporate existence, compliance with laws, maintenance of taxes payable, maintenance of records, maintenance of properties, inspection, insurance coverage, perform obligations, and notice of certain events.

Convertible debentures

The Company's continuity of its convertible debentures for 2023-YTD, and 2022-YE is as follows and is presented in Canadian dollars:

	Total
	$
Carrying Value, December 31, 2021	**26,017,720**
Issuance of convertible debentures	17,019,681
Less: debt issuance costs	(19,681)
Net proceeds from issuance of convertible debentures	17,000,000
Reclassification of convertible debenture	17,810,090
Reclassification of debt issuance costs	(15,832)
Amounts classified as an embedded derivative liability	(3,119,904)
Amounts classified as equity, net of transaction costs	(2,106,983)
Convertible debentures at amortized cost	55,585,091
Reclassification of interest accretion	1,918,294
Interest accrued	4,281,074
Interest accretion	2,830,910
Effects of foreign exchange	281,974
Carrying Value, December 31, 2022	**64,897,343**
Short-term, December 31, 2022	-
Long-term, December 31, 2022	64,897,343
	Total
Carrying Value, December 31, 2022	64,897,343
Additional interest	4,174,937
Interest accrued	1,246,874
Interest accretion	3,278,305
Additional interest cash payment	(1,246,874)
Effects of foreign exchange	(60,567)
Carrying value, September 30, 2023	**72,290,018**

The Company did not issue any new convertible debentures during 2023-YTD.

During 2023-YTD, the Company satisfied all material financial covenants associated with its convertible debentures. Covenants include preservation of corporate existence, compliance with laws, maintenance of taxes payable, maintenance of records, maintenance of properties, inspection, insurance coverage, perform obligations, and notice of certain events. For more in-depth details on the convertible debentures, refer to the Company's 2022 Annual Financial Statements.

Credit Facility

A continuity of the Company's 2023-YTD, and 2022-YE secured credit facility is as follows:

	$
Balances, December 31, 2021	**65,472,909**
Reallocation from accounts payable and accrued liabilities	2,686,621
Accrued interest	3,830,665
Interest payments	(6,049,367)
Principal payments	(48,389,160)
Balances, December 31, 2022	17,551,668
Amendment Fee	136000
Finance charge	756
Accrued interest	1,611,474
Interest payments	(354,156)
Amendment fee payment	(91,059)
Balances, September 30, 2023	**18,854,683**

The total interest, in relation to the credit facility, recorded for 2023-Q3 and 2023-YTD was $0.5 million and $1.6 million, respectively (2022-Q3 and 2022-YTD; $0.7 million and $2.0 million, respectively).

2023-YTD amendments

On January 30, 2023, the Company further extended the maturity date of the Credit Facility to July 31, 2023, with no other changes to existing terms. The January 30, 2023, extension was subject to an amendment fee of $0.1 million.

As at the date of these Financial Statements, the Company and PWC, a receiver engaged on behalf of Bridging, are collaboratively engaged in negotiations to settle the Credit Facility with the instrument having matured on July 31, 2023. As of the date of the MD&A, no definitive agreements have been finalized in this regard. The Company remains confident that it can complete the transaction on terms agreeable to both parties.

2022-YE amendments

On August 16, 2022, the Company extended the termination date on its credit facility, extending the maturity date to October 31, 2022, while maintaining the same terms and conditions; interest at the prime rate plus 12% per annum calculated and compounded monthly, payable monthly in arrears on the last day of each month. The credit facility was again extended on January 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

See 2022 Annual Financial Statements for a discussion of the Company's financial instruments and risk management.

OTHER RISKS AND UNCERTAINTIES

See the 2022 Annual Management Discussion and Analysis for a discussion of other risks and uncertainties.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained and are subject to change. The Company's accounting policies and estimates used in the preparation of the consolidated financial statements are considered appropriate in these circumstances but are subject to judgments and uncertainties inherent in the financial reporting process. In preparing this MD&A, management has made significant assumptions regarding the circumstances and timing of the transactions contemplated therein, which could result in a material adjustment to the carrying amount of certain assets and liabilities if changes to the assumptions are made. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are consistent with those disclosed in the 2022 Annual Financial Statements. In addition to significant estimates and judgments used in preparation of 2022 Audited Consolidated Financial Statements, during the period ended September 30, 2023, significant estimates and judgments were used to assess discounts that arise on acquisition of note receivable. Discounts or premiums that arise on acquisition of notes receivable are recognized over its expected life using the effective interest method and are amortized over the expected life of the note receivables. Actual results may differ from these estimates.

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of the Financial Statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. management believes such estimates have been based on reasonable judgments and have been properly reflected in the accompanying Financial Statements.

NEW ACCOUNTING PRONOUNCEMENTS

New standards and amendments to existing standards have been issued and may be applicable to the Company for its annual periods beginning on or after January 1, 2023.

The Company adopted the following new standards and amendments to standards that were effective January 1, 2023. These changes did not have a material impact on the Interim Financial Statements.

- *Amendments to IAS 37 Onerous Contracts and the Cost of Fulfilling a Contract (“IAS 37”)*
- *Amendments to IAS 1 Presentation of Financial Statements (“IAS 1”)*
- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”)*
- *Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (“IAS 12”)*

See the Company’s 2022 Annual Financial Statements for a summary of future accounting standards not yet adopted.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO"), President, and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated Financial Statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. The lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is compensated for by senior management monitoring of relevant at-risk activities including the monitoring of key performance indicators for its various operating segments. The aforementioned officers, specifically the President and CFO, have and will continue to closely monitor essential operational and financial activities of the Company and also diligently invest in increasing the level of oversight in vital workflows. It is important to note that continuous monitoring of internal controls may also require the Company to hire additional staff or supplement skillsets within its existing ranks to be able to implement a more robust series of internal controls. Management has chosen to disclose the potential risk in its filings and will continue to diligently assess the cost and timelines to implement enhancements to staffing and processes that continue to strengthen its existing internal controls infrastructure.