Red White & Bloom Brands Inc.

Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2023, and 2022

CSE: RWB

OTCQX: RWBYF

TABLE OF CONTENTS

RED WHITE & BLOOM BRANDS, INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements; they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of **Red White & Bloom Brands, Inc**. (the "Company") have been prepared and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim consolidated financial statements by an entity's auditor.

MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Red White & Bloom Brands Inc.:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements (the "Financial Statements"), including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the Financial Statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the Financial Statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

November 29, 2023

/s/ *"Brad Rogers" Director*
/s/ *"Colby De Zen" Director*

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Canadian Dollars)

	As at 30-Sep-23	As at 31-Dec-22
	$	**$**
Assets		
Current assets		
Cash and cash equivalents (note 8)	2,652,307	2,747,138
Accounts receivable (note 9)	20,775,288	8,439,143
Notes receivable (note 10)	20,471,679	-
Prepaid expenses (note 11)	946,874	1,079,424
Deposits (note 12)	6,855,569	4,231,775
Inventory (note 13)	16,460,451	14,457,013
Biological assets (note 14)	2,449,002	4,291,458
Other current assets	1,277,578	-
Total current assets	**71,888,748**	**35,245,951**
Non-current assets		
Property, plant and equipment, net (note 15)	71,777,746	73,873,258
Intangible assets, net (note 16)	125,194,082	125,348,600
Right-of-use assets, net (note 18)	19,542,113	20,703,498
Goodwill (note 17)	37,428,420	37,494,861
Total non-current assets	**253,942,361**	**257,420,217**
Total assets	**325,831,109**	**292,666,168**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 19)	43,966,294	37,320,277
Short-term notes payable (note 20)	136,298,377	1,974,584
Short-term credit facility (note 20)	18,854,683	17,551,668
Short-term convertible notes (note 20)	72,290,018	-
Short-term Derivative liabilities (note 20)	687,428	-
Short-term lease obligations (note 18)	648,253	602,418
Income taxes payable	15,617,898	12,633,699
Other current liabilities	4,799,660	672,064
Total current liabilities	**293,162,611**	**70,754,710**
Non-current liabilities		
Long-term notes payable (note 20)	-	87,357,123
Long-term convertible notes (note 20)	-	64,897,343
Long-term lease obligations (note 18)	22,012,457	22,285,277
Long-term Derivative liabilities (note 20)	-	3,230,322
Deferred tax liability	13,319,693	15,941,348
Total non-current liabilities	**35,332,150**	**193,711,413**
Total liabilities	**328,494,761**	**264,466,123**
Shareholders' equity		
Share capital (note 21)	342,068,972	342,068,972
Contributed surplus	16,975,737	16,368,382
Cumulative translation adjustment	4,639,363	10,705,725
Accumulated deficit	(374,270,050)	(352,649,020)
Non-controlling interest (note 25)	7,922,326	11,705,986
Total shareholders' equity (deficit)	**(2,663,652)**	**28,200,045**
Total liabilities and shareholders' equity	**325,831,109**	**292,666,168**

Nature of operations (note 1)
Segmented results (note 29)
Subsequent events (note 32)
Commitments and contingencies (note 28)

Approved by the Board

/s/ *"Brad Rogers" Director*
/s/ *"Colby De Zen" Director*

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

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT & LOSS & COMPREHENSIVE PROFIT & LOSS

(In Canadian Dollars)

	For the 3 months 30-Sep-23	For the 3 months 30-Sep-22	For the 9 months 30-Sep-23	For the 9 months 30-Sep-22
	$	$	$	$
Revenue				
Sales revenue (note 23)	20,127,145	25,543,993	69,088,862	80,993,247
Cost of goods sold, before fair value adjustments	12,273,985	15,871,907	44,959,598	55,192,098
Gross Profit before fair market value adjustments	**7,853,160**	**9,672,086**	**24,129,264**	**25,801,149**
Unrealized changes in fair value of biological assets	266,826	96,341	(1,471,126)	(2,371,637)
Realized fair value amounts included in inventory sold	(1,548,178)	(1,559,980)	(1,537,977)	(2,634,624)
Gross profit after fair market value adjustments	**6,571,808**	**8,208,447**	**21,120,161**	**20,794,888**
Operating Expenses				
General and administration (note 24)	6,397,160	3,815,917	22,503,535	22,575,284
Marketing expenses	286,771	1,256,593	1,418,679	2,726,589
Share-based compensation (note 21)	148,741	926,000	607,355	1,199,000
Depreciation and amortization (note 15, 16)	871,461	3,327,452	2,940,610	6,200,891
Expected credit loss and bad debt expense (note 9)	743,137	638,960	1,677,989	1,938,236
Total Operating Expenses	**8,447,270**	**9,964,922**	**29,148,168**	**34,640,000**
Loss from operations before other expenses (income)	**(1,875,462)**	**(1,756,475)**	**(8,028,007)**	**(13,845,112)**
Other expense (income)				
Interest earned on promissory notes (note 10)	(1,426,212)	-	(1,740,779)	-
Other income	(214,486)	-	(284,891)	-
Accreted interest, leases (note 18)	672,555	832,463	2,017,669	2,833,362
Finance expense, net (note 20)	7,795,183	6,660,018	22,217,935	15,843,135
Business transaction costs (note 32)	522,930	-	522,930	-
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 (note 20)	(255,705)	-	(2,540,017)	-
(Gain) loss on disposal of assets (note 15)	1,396	-	145,755	-
Foreign exchange	(2,430,068)	6,276,603	(3,426,060)	7,629,306
Total other expenses (income)	**4,665,593**	**4,233,504**	**16,912,542**	**16,770,223**
Loss before income taxes	**(6,541,055)**	**(5,989,979)**	**(24,940,549)**	**(30,615,335)**
Current income tax (expense)/recovery	7,136	(2,779,402)	(2,115,294)	(4,850,572)
Deferred income tax recovery	-	-	1,696,281	-
Net loss from continuing operations	**(6,533,919)**	**(8,769,381)**	**(25,359,562)**	**(35,465,907)**
Gain (loss) from discontinued operations (note 31)	(6,009)	313,819	(45,127)	(583,834)
Net loss for the period	**(6,539,928)**	**(8,455,562)**	**(25,404,689)**	**(36,049,741)**
Translation adjustment	(1,286,637)	9,776,508	(6,066,363)	8,397,910
Net loss and Comprehensive loss	**(7,826,565)**	**1,320,946**	**(31,471,052)**	**(27,651,831)**
Net loss attributable to:				
Shareholders	(5,078,244)	(7,750,947)	(21,621,030)	(33,508,056)
Non-controlling interests	(1,461,685)	(704,615)	(3,783,660)	(2,541,685)
Net loss and comprehensive loss attributable to:				
Shareholders	(6,364,880)	2,025,561	(27,687,392)	(25,110,146)
Non-controlling interests	(1,461,685)	(704,615)	(3,783,660)	(2,541,685)
Net loss per share, basic and diluted (note 22)	**(0.01)**	**(0.02)**	**(0.05)**	**(0.10)**
Weighted average number of outstanding common shares, basic & diluted (note 22)	469,521,901	443,042,385	469,521,901	373,050,699

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In Canadian Dollars)

	Convertible Series I Preferred Shares	Convertible Series I Preferred Shares	Convertible Series II Preferred Shares	Convertible Series II Preferred Shares	Common Shares	Common Shares	Non-controlling interest	Contributed Surplus	Cumulative Translation Adjustment	Accumulated Deficit	Total
	#	$	#	$	#	$	$	$	$	$	$
Balances, January 1, 2022	**3,181,250**	**5,637,175**	**92,985,275**	**46,736,677**	**260,860,351**	**229,792,308**	**18,062,258**	**14,192,749**	**(692,849)**	**(116,877,562)**	**196,850,756**
Exercise of restricted share units (note 21)	-	-	-	-	910,000	419,000	-	(419,000)	-	-	-
Issuance of restricted share units (note 21)	-	-					-	273,000	-	-	273,000
Preferred shares conversion	-	-	(129,985,275)	(65,976,677)	139,125,139	65,976,677	-	-	-	-	-
Share based compensation	-	-	-	-	-	-	-	926,000	-	-	926,000
Shares issued for Pharmaco, Inc (note 7)	-	-	37,000,000	19,240,000	37,000,000	19,240,000	-	-	-	-	38,480,000
Shares issued for derivative liability	-	-	-	-	6,004,594	1,140,873	-	-	-	-	1,140,873
Equity portion of convertible debentures	-	-	-	-	-	-	-	3,204,994	-	-	3,204,994
Currency translation adjustment	-	-	-	-	-	-	-	-	8,397,910	-	8,397,910
Net loss	-	-	-	-	-	-	(2,541,685)	-	-	(33,508,056)	(36,049,741)
Balance, September 30, 2022	**3,181,250**	**5,637,175**	**-**	**-**	**443,900,084**	**316,568,858**	**15,520,573**	**18,177,743**	**7,705,061**	**(150,385,618)**	**213,223,792**

	Convertible Series I Preferred Shares	Convertible Series I Preferred Shares	Convertible Series II Preferred Shares	Convertible Series II Preferred Shares	Common Shares	Common Shares	Non-controlling interest	Contributed Surplus	Cumulative Translation Adjustment	Accumulated Deficit	Total
	#	$	#	$	#	$	$	$	$	$	$
Balance, January 1, 2023	**-**	**-**	**-**	**-**	**469,521,901**	**342,068,972**	**11,705,986**	**16,368,382**	**10,705,725**	**(352,649,020)**	**28,200,045**
Stock based compensation (note 21)	-	-	-	-	-	-	-	628,523	-	-	628,523
Stock option forfeitures (note 21)	-	-	-	-	-	-	-	(21,168)	-	-	(21,168)
Currency translation adjustments	-	-	-	-	-	-	-	-	(6,066,362)	-	(6,066,362)
Net loss	-	-	-	-	-	-	(3,783,660)	-	-	(21,621,030)	(25,404,690)
Balance, September 30, 2023	**-**	**-**	**-**	**-**	**469,521,901**	**342,068,972**	**7,922,326**	**16,975,737**	**4,639,363**	(374,270,050)	(2,663,652)

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

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Canadian Dollars)

	For the 9 months 30-Sep-23	For the 9 months 30-Sep-22
Cash flow from operating activities:		
Net loss for the period	**(25,404,689)**	**(36,049,741)**
Items not involving cash:		
Accreted interest on leases	2,017,669	2,833,362
Adjustments to lease obligations	(77,179)	-
Depreciation of right-of-use assets	1,222,864	1,464,030
Adjustments to right-of use assets	72,244	-
Depreciation of property, plant and equipment	3,460,173	3,773,957
Disposal of property, plant and equipment	175,584	-
Accrued interest on interest receivable	(1,029,821)	-
Amortized discount on note receivable	(639,818)	-
Accrued interest on short-term notes	11,555,013	-
Accrued interest on convertible debentures	4,174,937	-
Accreted interest on convertible debentures	3,278,305	-
Accrued interest on credit facility	1,611,474	-
Finance Fees	-	6,115,312
Revaluation of financial instruments	(2,540,017)	-
Stock based compensation	607,355	1,199,000
Realized (gain) loss in cost of sales	(1,537,977)	2,634,624
Fair value adjustment on biological assets	(1,471,126)	2,371,637
	(4,525,009)	**(15,657,819)**
Changes in non-cash working capital items:		
Accounts receivable	(12,350,300)	(700,656)
Prepaid expenses	123,689	2,851,908
Deposits	(2,623,794)	-
Inventory	(491,079)	(6,591,388)
Biological Assets	3,305,978	1,168,386
Accounts payable and accrued liabilities	5,963,042	2,262,042
Current Income tax payable	3,013,456	9,263,627
Deferred income taxes	(2,600,277)	-
Other assets	(1,277,578)	-
Other liabilities	4,799,660	-
Net cash provided by (used in) operating activities	**(6,662,212)**	**(7,403,900)**
Cash flows from investing activities	-	-
Acquisition of property, plant and equipment	(1,673,338)	(1,847,942)
Acquisition of right-of-use assets	(153,155)	-
Sale of investment, net	-	54,688,340
Acquisition of Pharmaco, Inc.	-	747,226
Net cash provided by (used in) investing activities	**(1,826,493)**	**53,587,624**
Cash flow from financing activities:		
Addition to long-term notes payable	12,456,003	-
Principal payments on short-term notes	(1,326,242)	-
Interest payments on short-term notes	(2,742,786)	-
Principal payments on credit facility	-	(69,859,333)
Interest payments on credit facility	(354,156)	-
Amendment fees on credit facility	136,756	-
Amendment fee payments on credit facility	(91,059)	-
Principal payments on lease obligations	(284,335)	(2,923,286)
Interest payments on lease obligations	(2,017,669)	-
Net cash provided by (used in) financing activities	**5,776,512**	**(72,782,619)**
Foreign exchange affecting cash	(5,837,352)	(5,048,437)
Change in cash during the period	(94,831)	7,289,769
Cash, beginning of period	2,747,138	818,753
Cash, end of period	**2,652,307**	**8,108,522**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Red White & Bloom Brands Inc., (the "Company" or "RWB") is publicly traded, with its common shares currently trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "RWB" and in the United States on the OTCQX under the symbol "RWBYF"[1]. The Company was incorporated on March 12, 1980, pursuant to the Business Corporations Act, British Columbia, with its registered office is located at 1890-1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

The unaudited condensed interim consolidated financial statements for the period ended September 30, 2023 (the "Financial Statements"), have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2023, the Company incurred accumulated net comprehensive losses of $374,270,050 (December 31, 2022; $352,649,020) since inception, including non-cash impairments of $214,764,297 realized in fiscal 2022. For the three and nine months ended September 30, 2023, the Company incurred a comprehensive net loss of $7,826,565 and $31,471,052, respectively (2022; $1,320,946 comprehensive net income and $27,651,831 comprehensive net loss, respectively), and net cash used in operations for the nine months ended September 30, 2023, was $6,662,212 (September 30, 2022; $7,403,900).

The Company's operations are primarily funded with debt and equity financing. The availability of these sources of capital is dependent upon many factors and it may be difficult to raise funds through these channels when required. As a result, the Company may not have sufficient financial resources to fund ongoing operations, the acquisition and development of assets or the servicing of debt requirements which may result in the delay, postponement, or curtailment of certain of its operating or investing activities. The Company continues to pursue available financing options including but not limited to restructuring existing debt to extend maturities (amongst other attributes available), 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 initiatives 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. While the Company has been successful in obtaining financing to date, primarily in the form of debt, and it remains confident that it will be able to secure sufficient sources of capital in the future and ultimately achieve profitability and positive cash flows from operations, the Company's ability to raise capital, in various formats, may be adversely impacted by: market conditions that could result in a lack of normally available financing in the cannabis industry; increased competition for capital across the cannabis and other consumer goods industries, and overall negative investor sentiment within the cannabis industry. There can be no assurance that the Company will achieve profitability, or secure financing on terms favorable to the Company or at all. If the going concern assumption were not appropriate for the Financial Statements for the period ended September 30, 2023, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the condensed interim consolidated statements of financial position classifications used. Such adjustments could be material.

[1] Refer to note 32, *Subsequent events*, for an update on the OTCQX filing status.

2. BASIS OF PRESENTATION

A. STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the nine months ended September 30, 2023, and 2022. These Financial Statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022 (the "2022 Audited Consolidated Financial Statements").

These Financial Statements were authorized for issuance by the Company's Board of Directors and Audit Committee on November 29, 2023.

B. BASIS OF MEASUREMENT

These Financial Statements have been prepared on a historical cost basis except for biological assets and certain financial instruments classified as fair value through profit or loss ("FVTPL"), which are measured at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

C. FUNCTIONAL AND PRESENTATION CURRENCY

All figures presented in these consolidated financial statements are reflected in Canadian dollars, unless otherwise noted, which is the functional currency of the Company. Foreign currency transactions and foreign currency translation into Canadian dollars is computed in accordance with the Company's foreign currency and foreign currency translation accounting policies found in note 6 of the Company's 2022 Audited Consolidated Financial Statements. Functional currencies of subsidiaries included in these Financial Statements can be found in note 3.

3. BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are those entities which the Company has power over the investee, is exposed to or has rights to variable returns from its involvement with an investee and has the ability to affect these returns through its power over the investee. The Company has applied the full consolidation method for entities that meet the criteria for consolidation.

Consequently, all significant balances and effects of any transactions taking place between them have been eliminated in the consolidation process. If necessary, adjustments are made to the financial statements of the subsidiaries to adapt their accounting policies to those employed by the Company.

Subsidiaries with controlling interest within these Financial Statements include:

Subsidiary	Source Currency	Jurisdiction	% Ownership As at 30-Sep-23	% Ownership As at 31-Dec-22
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 Business 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).

4. ACCOUNTING PRONOUNCEMENTS

A. ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

Amendments to IAS 37 Onerous Contracts and the Cost of Fulfilling a Contract ("IAS 37")

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The Company applied the standard prospectively from January 1, 2022. The amendments did not have an impact on the Financial Statements.

Amendments to IAS 1 Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued an amendment to IAS 1, which affects the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual periods beginning on or after January 1, 2023, and are to be applied retrospectively. The amendments do not have a material impact on the Financial Statements.

In October 2022, the IASB issued another amendment to IAS 1, which affects the classification of Liabilities as Current or Non-current, clarifying requirements for the classification of liabilities as non-current which is effective for annual periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's Financial Statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued "Definition of Accounting Estimates," which amends IAS 8. The amendment replaces the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendments do not have a material impact on the Financial Statements.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction ("IAS 12")

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's Financial Statements.

B. STANDARDS, AMENDMENTS, AND INTERPRETATIONS NOT YET EFFECTIVE

New and amended accounting standards are effective for the Company for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company has not early adopted new or amended standards in preparing these Financial Statements. The Company has not yet determined the impact of these amendments on its Financial Statements. The following are relevant new and amended standards under review by the Company.

Amendments to IFRS 16, Lease liability in a Sale and Leaseback

The amendment specifies the requirements that a seller-lessee should use in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains that is effective for annual periods beginning on or after January 1, 2024. The Company is currently evaluating the potential impact of these amendments on the Company's Financial Statements.

Amendments to IAS 1, Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments to IAS 1, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as a current or non-current at the reporting date. Instead, the amendment requires disclosure of information about these covenants in the notes to the financials statements. The amendments are effective for annual reporting periods belonging to January 1, 2024, with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's Financial Statements.

5. CRITICAL ASSUMPTIONS AND SOURCES OF UNCERTANITY

The preparation of these Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates and judgments used in the preparation of these Financial Statements are described in the 2022 Audited Consolidated Financial Statements which can be found on the Company's profile on Sedar+. In addition to significant estimates and judgments used in preparation of the 2022 Audited Consolidated Financial Statements, during the period ended September 30, 2023, significant estimates and judgments were used to assess discounts that arise on the acquisition of notes 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.

6. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in these Financial Statements are consistent with those followed in preparation of the 2022 Audited Consolidated Financial Statements, which can be found on Sedar+, which were prepared in accordance with IFRS as issued by the IASB.

7. 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 put/call option valued at $94,129,689 on date of acquisition, and $38,064,000 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 a voluntary lock-up until January 1, 2023. All Series II Preferred Shares issued in relation to the Pharmaco Acquisition were converted into common shares of the Company by April 24, 2022 (note 21).

The purchase price allocation for the Pharmaco Acquisition is as follows:

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	**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 asset	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 identifiable net assets	**(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 note 17 for details on goodwill impairment relating to the Pharmaco Acquisition.

8. CASH AND CASH EQUIVALENTS

Cash and equivalents as at September 30, 2023 and December 31, 2022, includes the following:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Cash in bank	2,248,620	2,196,902
Cash on hand	335,832	369,780
Cash in transit	67,855	180,456
Total cash	**2,652,307**	**2,747,138**

Cash on hand is typically cash amounts at various locations for retail operations and petty cash kept on hand to settle immediate needs of the day-to-day operations. Cash in bank includes cash held by the Company's various financial institutions. Cash in transit are cash deposits from the Company's retail locations on route to be deposited into the Company's dedicated financial institutions. Deposits represented by cash in transit typically have a 24-to-48-hour transit time before they are recognized by the respective financial institution for the benefit of the Company.

9. ACCOUNTS RECEIVABLE

The Company's trade receivables are generated by credit sales through its Distribution segment. The Company extends credit terms to customers, at its discretion, based on the respective customers' creditworthiness. The Company's typical credit terms, for customers who have met the Company's creditworthiness criteria, range between net 60 and 90 days.

As at September 30, 2023 and December 31, 2022 accounts receivable consists of the following:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Trade receivables	22,596,348	9,605,460
Sales tax receivable	637,474	450,848
Other receivables	844,455	-
Total receivables before expected credit losses	**24,078,277**	**10,056,308**
Provision for expected credit losses	(3,302,989)	(1,617,165)
Total	**20,775,288**	**8,439,143**

The Company assessed the carrying amount of trade receivables at September 30, 2023, for expected credit loss ("ECL") and included an expected credit loss of $3,302,989 (December 31, 2022; $1,617,165) against receivables. In the three and nine months ended September 30, 2023, the Company expensed $743,138 and $1,677,006, respectively to expected credit loss and bad debt expense on the consolidated interim statement of income (loss) and comprehensive income (loss) relating to expected credit losses (2022; $638,960 and $1,938,236, respectively).

The aging of the Company's trade receivables and the corresponding ECL as at September 30, 2023 is as follows:

Rate of expected credit loss:	0.00%	4.22%	8.69%	27.15%	51.49%	Total
Aging classification	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121+ Days**	
	$	$	$	$	$	$
Trade receivables	13,982,629	1,283,122	919,674	542,902	5,868,021	22,596,348
Expected credit losses	-	(54,088)	(79,945)	(147,376)	(3,021,580)	(3,302,989)
Net trade receivables	13,982,629	1,229,034	839,729	395,526	2,846,441	19,293,359
Sales tax recoverable	-	-	-	-	-	637,474
Other receivables	-	-	-	-	-	844,455
Balance, September 30, 2023	**13,982,629**	**1,229,034**	**839,729**	**395,526**	**2,846,441**	**20,775,288**

The aging of the Company's trade receivables and the corresponding ECL as at December 31, 2022 is as follows:

Rate of expected credit loss:	0.00%	5.07%	38.05%	55.32%	85.60%	Total
Aging classification	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121+ Days**	
	$	$	$	$	$	$
Trade receivables	6,406,201	989,133	612,468	111,817	1,485,841	9,605,460
Expected credit losses	-	(50,196)	(233,045)	(61,855)	(1,272,069)	(1,617,165)
Net trade receivables	**6,406,201**	**938,937**	**379,423**	**49,962**	**213,772**	**7,988,295**
Sales tax recoverable	-	-	-	-	-	450,848
Balance, December 31, 2022	**6,406,201**	**938,937**	**379,423**	**49,962**	**213,772**	**8,439,143**

Sales tax receivable represents input tax credits on purchased goods or services. The Company does not include sales tax recoverable within its ECL calculations as management deems this as fully collectible as of the date of these financial statements.

10. NOTES RECEIVABLE

As at September 30, 2023, and December 31, 2022 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 the nine months ended September 30, 2023, 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 the three and nine months ended September 30, 2023, the Company accrued interest amounting to $1,100,961 (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, the Company and Aleafia Health Inc. ("Aleafia") entered into a binding letter agreement ("the Aleafia Letter Agreement") whereby the Company agreed to acquire Aleafia and its subsidiaries in a business combination transaction. Concurrent with the execution of the Letter Agreement, the Company was assigned and acquired an arm's length senior secured debt owed by Aleafia to an arm's length lender (the "AH Note Receivable"). The Company acquired the AH Note Receivable at a discounted purchase price of $12,500,000 (note 32). An advance of $1,500,000 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 (note 32).

Royal Group Resources Ltd. ("RGR"), an existing creditor of both the Company and Aleafia, provided the Company with a $14,000,000 advance under the Company's existing CAD RGR Grid Note (note 20) to facilitate the purchase of the AH Note Receivable and the funding of the $1,500,000 advance under the AH Note Receivable (note 20).

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 $1,029,858 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 the three and nine months ended September 30, 2023, the Company accrued interest amounting to $1,029,820, and amortized $639,818 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 an order (the "Initial Order") from the Ontario Superior Court of Justice (Commercial List) (the "Court") under the Companies' Creditors Arrangement Act to facilitate the restructuring of its business and financial affairs ("the Aleafia CCAA Proceedings"). The Initial Order approved debtor-in-possession ("DIP") financing to be provided by the Company to fund the Aleafia CCAA Proceedings and other short-term working capital requirements of up to $6,600,000 (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 fee of $198,000 was payable by Aleafia representing 3% of the maximum $6,600,000 available to be advanced under the terms of the AH DIP Note (the "AH Commitment Fee"). The AH Commitment Fee has been included in Other Income on the Statement of Financial Position. The continued availability of the AH DIP Note 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 the three and nine months ended September 30, 2023, the Company advanced $4,730,900 under the AH DIP Note. The Company also recorded $71,140 in related interest income to other income on the consolidated statement of profit and loss and other comprehensive profit and loss (2022; $nil).

The reader is referred to note 32 for events subsequent to the period ended September 30, 2023, relating to the Company and Aleafia, including but not limited to transactions under the AH DIP Note.

11. PREPAID EXPENSES

As at September 30, 2023, and December 31, 2022, the Company's prepaid expenses are comprised of the following amounts:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Prepaid license	340,287	-
Prepaid taxes	296,750	77,652
Prepaid dues and subscriptions	84,276	34,548
Other prepaid expenses	225,561	967,224
Total prepaid expenses	**946,874**	**1,079,424**

Certain prepaid expenses reported for during the year ended December 31, 2022, have been reallocated to deposits (note 12, 30).

12. DEPOSITS

As at September 30, 2023, and December 31, 2022, the Company had the following deposits:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Vendor deposits	5,511,383	1,272,039
Security deposits	241,879	2,959,736
Other deposits	1,102,307	-
Total deposits	**6,855,569**	**4,231,775**

On June 23, 2023, the Company advanced $3,972,000 to an arm's length vendor as security for a crop commitment for cannabis biomass to be harvested in late 2023. Under the agreed upon terms of the crop commitment, the vendor must maintain select product parameters for the harvest as defined by the Company.

During the fiscal year ended December 31, 2022, Red White & Bloom Florida, Inc. deposited $2,708,800 (USD$2,000,000) with the Florida Office of Medical Marijuana Use ("OMMU") in lieu of a Payment and Performance Insurance Bond. Subsequent to the close of the fiscal year end, the Company secured a surety bond which met the Payment and Performance Bond requirement prescribed by the OMMU. As a result, the full amount of the aforementioned deposit was refunded by the OMMU on March 21, 2023.

13. INVENTORY

The Company's inventory as at September 30, 2023 and December 31, 2022 consists of the following:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Cannabis and CBD derivative finished goods	4,566,359	4,740,066
Raw materials	2,255,047	6,598,751
Cannabis and CBD derivative work in process	9,542,697	2,953,773
Consumables and non-cannabis merchandise	96,348	164,423
Total	**16,460,451**	**14,457,013**

In calculating the value of ending inventory, the Company allocates a portion of direct and indirect costs operating costs and salaries and wages to costs of inventory. During the nine months ended September 30, 2023, the amount allocated to finished goods inventory included $3,165,428 of salary and wages (December 31, 2022; $4,671,039).

14. BIOLOGICAL ASSETS

The Company's biological assets consist of 12,059 plants in varying vegetative states as at September 30, 2023 (December 31, 2022; 9,183). The continuity of biological assets is as follows:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Carrying amount, beginning of year	4,291,458	5,523,061
Acquired from Pharmaco Acquisition	-	579,964
Capitalized cost	6,055,429	13,546,176
Fair value adjustment over/(under) current period	1,550,584	-
Translation adjustment over/(under) prior period	(446,346)	3,301,379
Transferred to inventory	(9,446,714)	(19,075,384)
Effects of foreign exchange	444,591	416,262
Carrying value, end of period	**2,449,002**	**4,291,458**

Sensitivity Analysis

Significant unobservable assumptions used in the valuation of biological assets, including the sensitivities of changes in these assumptions and their effect on the fair value of biological assets, are as follows:

	For the 9 months ended 30-Sep-23		For the 9 months ended 30-Sep-22	
	Weighted average assumption	10% Change of inputs	Weighted average assumption	10% Change of inputs
Selling price per gram	$5.35	$5.88	$4.67	$5.14
Yield by plant (grams)	351	386	216	238
Attrition rate (%)	-18.80%	-20.68%	37.42%	41.17%
Post-harvest costs per gram	$2.43	$2.68	$2.29	$2.52

During the year ended December 31, 2022, within the Retail segment, the Company suffered a significant crop loss due to pest pressure resulting in the loss of 5,796 previously viable plants, resulting in a higher-than-expected attrition rate. During the quarter ended June 30, 2023, within the Retail segment, the cultivation facility at Apopka, Florida suffered a crop loss due to disease. A total of 4,232 plants were lost and destroyed due to the hop latent viroid virus. The cost of the loss event was nominal.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net as of September 30, 2023, and December 31, 2022, consists of the following:

	Land	Land Improvements	Building	Building Improvements	Leasehold Improvements	Vehicles	Furniture & Fixtures	Machinery & Equipment	Computer Hardware	Construction In Progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost											
Balance, December 31, 2021	**613,787**	**1,172,031**	**7,187,200**	**190,405**	**4,160,961**	**187,944**	**336,879**	**9,104,676**	**66,087**	**1,536,749**	**24,556,719**
Additions	15,111	-	45,550,472	273,041	1,985,807	2,664	154,756	868,672	9,527	2,652,761	51,512,811
Disposals	-	-	-	-	(17,424)	-	-	(54,878)	-	-	(72,302)
Balance, December 31, 2022	**628,898**	**1,172,031**	**52,737,672**	**463,446**	**6,129,344**	**190,608**	**491,635**	**9,918,470**	**75,614**	**4,189,510**	**75,997,228**
Additions	-	-	-	25,222	101,614	-	7,581	726,250	-	812,671	1,673,338
Disposals	-	-	-	-	-	(109,410)	(11,490)	(154,202)	-	-	(275,102)
Balance, September 30, 2023	**628,898**	**1,172,031**	**52,737,672**	488,668	6,230,958	81,198	487,726	10,490,518	75,614	5,002,181	77,395,464
Accumulated depreciation											
Balance, December 31, 2021	**-**	**6,340**	**(234,037)**	**-**	**388,578**	**60,768**	**35,286**	**739,651**	**20,242**	**-**	**1,016,828**
Depreciation for the period	-	4,528	1,131,033	105,776	852,425	34,656	99,720	2,244,312	34,609	-	4,507,059
Disposals	-	-	-	-	-	-	-	(9,740)	-	-	(9,740)
Balance, December 31, 2022	**-**	**10,868**	**896,996**	**105,776**	**1,241,003**	**95,424**	**135,006**	**2,974,223**	**54,851**	**-**	**5,514,147**
Depreciation	-	7,621	869,410	96,327	779,894	26,759	71,796	1,592,273	16,093	-	3,460,173
Disposals	-	-	-	-	-	(56,184)	(4,065)	(39,269)	-	-	(99,518)
Balance, September 30, 2023	**-**	**18,489**	**1,766,406**	**202,103**	**2,020,897**	**65,999**	**202,737**	**4,527,226**	**70,944**	**-**	**8,874,802**
Foreign currency movement											
Balance, December 31, 2022	37,449	63,610	144,072	9,036	119,048	18,119	22,654	2,861,656	9,562	104,971	3,390,177
Balance, September 30, 2023	**36,268**	**61,500**	**58,183**	**8,593**	**112,422**	**18,797**	**25,117**	**2,811,264**	**10,392**	**114,547**	**3,257,083**
Net book value											
Balance, December 31, 2022	666,347	1,224,773	51,984,748	366,706	5,007,389	113,303	379,283	9,805,903	30,325	4,294,481	73,873,258
Balance, September 30, 2023	**665,166**	**1,215,042**	**51,029,449**	**295,158**	**4,322,482**	**33,997**	**310,106**	**8,774,556**	**15,062**	**5,116,728**	**71,777,746**

16. INTANGIBLE ASSETS

A continuity of the intangible assets as at September 30, 2023, and December 31, 2022 is as follows:

	Brand	Licenses	Total
	$	$	
Costs			
Balance, December 31, 2021	32,848,560	83,213,580	116,062,140
Addition – Pharmaco Acquisition (note 7)	-	29,242,034	29,242,034
Impairment	-	(29,539,510)	(29,539,510)
Balance, December 31, 2022	32,848,560	82,916,104	115,764,664
Balance, September 30, 2023	**32,848,560**	**82,916,104**	**115,764,664**
Accumulated amortization			
Balance, December 31, 2021	-	-	-
Balance, December 31, 2022	-	-	-
Balance, September 30, 2023	-	-	-
Foreign currency movement			
Balance, December 31, 2022	2,094,960	7,488,976	9,583,936
Balance, September 30, 2023	2,033,040	7,396,378	9,429,418
Net book value			
Balance, December 31, 2022	34,943,520	90,405,080	125,348,600
Balance, September 30, 2023	**34,881,600**	**90,312,482**	**125,194,082**

As a result of the Pharmaco Acquisition on February 7, 2022 (note 7), the Company acquired eleven (11) operating medical and adult-use cannabis licenses, which include:

- Eight (8) fully operating dispensaries (five dually licensed);
- Two (2) operational indoor cultivation facilities totaling over 30,000 sq. ft.; and
- One (1) municipally licensed 10-acre outdoor cultivation facility.

The above noted operating licenses have been included in the intangible assets as at September 30, 2023 and December 31, 2022 as indefinite life intangible assets.

Intangible asset Impairments

At the end of each annual reporting period, or when indicators of impairment arise, the Company assesses whether there were events or changes in circumstances that would indicate that a CGU or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment. As at September 30, 2023, there were no material indicators present that necessitated material impairment of intangible assets.

During the year ended December 31, 2022, the Company recognized intangible asset impairment charges on Licenses totalling $29,539,510, which were identified during its 2022 annual impairment testing process. The impairments stem from the Company commencing restructuring of its Distribution operations in California as it shifts from a smaller, vertically integrated operation to leveraging third party contracting arrangements in the state to facilitate manufacturing, warehousing, and distribution of its branded cannabis product offerings to licensed retailers in the state.

The key assumptions utilized in deriving the fair value of the intangible assets during the Company's year-end 2022 annual impairment review were the applicable discount rate and the revenue growth rate. Should any of these key assumptions materially change from the rates utilized by the Company for the 2022 fair value assessment, the estimated fair value may be impacted and could potentially result in an impairment charge in future periods. The Company has continued to proactively monitor potential impairment conditions in current and future fiscal periods which may result in the Company having to perform a quantitative intangible assets impairment assessment at a time other than at the next fiscal year end of the Company.

17. GOODWILL

Goodwill as at September 30, 2023, and December 31, 2022 was comprised of the following:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Balance, beginning of the period	37,494,861	11,890,928
Goodwill resulting from acquisitions (note 7)	-	203,038,803
Goodwill impairment	-	(185,224,787)
Translation adjustment	(66,441)	7,789,917
Balance, end of the period	**37,428,420**	**37,494,861**

During the fiscal year ended, December 31, 2022, management completed its assessment of the purchase price allocation related to the Pharmaco Acquisition (note 7). On acquisition, the Company allocated $192,170,736 to goodwill.

In assessing a CGU, including goodwill for impairment, the Company compares the carrying value of the CGU to the recoverable amount, where the recoverable amount is the higher of fair value less cost to sell and the value in use ("VIU"). The reader is referred to note 6 for the Company's determination of CGUs.

An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount.

As at September 30, 2023, the were no material conditions present that necessitated a review of the goodwill recorded by the Company. Accordingly, the Company did not perform impairment testing, and did not recognize any impairment charges for the period end. For the year ended December 31, 2022, the Company applied the VIU method to assess its goodwill and as a result of the assessment recorded a $185,224,787 impairment against goodwill associated with the Pharmaco Acquisition (note 7).

Allocation of goodwill to the Company's CGUs for the periods ending September 30, 2023, and December 31, 2022, as follows:

	Retail Segment	Distribution Segment	Total
	$	$	$
Balance, December 31, 2021	**11,620,363**	**270,565**	**11,890,928**
Allocation to Red White & Bloom, Florida Inc.	10,868,067	-	10,868,067
Acquisition of Pharmaco, Inc. (note 7)	192,170,736	-	192,170,736
Goodwill impairment – Red White & Bloom, Florida, Inc.	(10,868,067)	-	(10,868,067)
Goodwill impairment – Pharmaco, Inc.	(174,079,006)	-	(174,079,006)
Goodwill impairment - RWB Platinum Vape, Inc.	-	(277,714)	(277,714)
	29,712,093	**(7,149)**	**29,704,944**
Effects of foreign exchange	7,782,768	7,149	7,789,917
Balance, December 31, 2022	**37,494,861**	**-**	**37,494,861**
Effects of foreign exchange	(66,441)	-	(66,441)
Balance, September 30, 2023	**37,428,420**	**-**	**37,428,420**

The key assumptions utilized in deriving the fair value of the goodwill during the Company’s 2022 annual impairment review were the applicable discount rate and the revenue growth rate. Should any of these key assumptions materially change from the rates utilized by the Company for the 2022 fair value assessment, the estimated fair value may be impacted and could potentially result in an impairment charge in future periods. The Company will continue to proactively monitor potential impairment conditions in future periods which may result in the Company having to perform a quantitative goodwill impairment assessment at a time other than at the fiscal year end of the Company.

During the preparation of the December 31, 2022, Financial Statements, the Company became aware of an error regarding the deferred tax liability and goodwill associated with the 2021 acquisition of its Florida operations. In fiscal 2022, the Company identified that the calculation of the deferred tax liability relating to taxable temporary differences of acquired operating licenses totaling $10,868,067 was not recognized as part of the final purchase price adjustments originally reported with the December 31, 2021, audited consolidated financial statements. As such, the Company determined that the goodwill of the acquired business was also understated by the same amount of the understatement of the deferred tax liability in the same fiscal year. The calculation was corrected in the December 31, 2022, audited consolidated financial statements and the residual balance of the goodwill previously understated ($10,868,067) was impaired as of December 31, 2022, as determined during the Company’s 2022 annual impairment review. The error was not considered material to total assets or long-term liabilities reported for the fiscal year ended December 31, 2021.

18. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

A continuity of the Company's right-of-use assets as at September 30, 2023 and December 31, 2022 is as follows:

	Right of use $
Costs	
Balance, December 31, 2020	475,396
Additions	18,932,756
Balance, December 31, 2021	19,408,152
Additions	3,110,096
Balance, December 31, 2022	22,518,248
Additions	153,155
Adjustments	(72,244)
Balance, September 30, 2023	**22,599,159**
Accumulated depreciation	
Balance, December 31, 2020	68,757
Depreciation for the period	1,075,322
Balance, December 31, 2021	1,144,079
Depreciation for the period	1,721,906
Balance, December 31, 2022	2,865,985
Depreciation for the period	1,222,864
Balance, September 30, 2023	**4,088,849**
Foreign currency movement	
Balance, December 31, 2021	424,184
Balance, December 31, 2022	1,051,234
Balance, September 30, 2023	1,031,804
Net book value	
Balance, December 31, 2021	18,688,257
Balance, December 31, 2022	20,703,498
Balance, September 30, 2023	**19,542,113**

A continuity of the Company's lease obligations related to right-of-use assets is as follows:

	As at 30-Sep-23 $	As at 31-Dec-22 $
Opening balance	22,887,695	19,274,492
Additions	152,481	3,177,419
Adjustments	(77,179)	-
Interest accretion	2,017,669	2,666,326
Interest payments	(2,017,669)	(2,666,326)
Principal payments	(284,536)	(505,244)
Ending balance	**22,678,461**	**21,946,667**
Effects of foreign exchange	(17,751)	941,028
Less: Short-term lease obligations	(648,253)	(602,418)
Long-term lease obligation	**22,012,457**	**22,285,277**

Future minimum lease payments (principal and interest) are as follows:

Future minimum lease payments (principal and interest):	As at 30-Sep-23	As at 31-Dec-22
		$
2023	768,364	3,075,680
2024	3,797,553	3,087,462
2025	3,238,835	3,240,855
2026	3,307,947	3,309,317
2027	3,221,413	3,221,836
Thereafter	35,010,051	34,921,078
Total minimum lease payments	**49,344,163**	**50,856,228**
Present value of minimum lease payments	17,238,972	19,022,342
Effect of discounting	4,125,232	2,660,517
Current portion lease obligations	648,253	602,418
Long term lease obligations	**22,012,457**	**22,285,277**

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company had the following accounts payable and accrued liabilities at September 30, 2023 and December 31, 2022:

	As at **30-Sep-23**	As at **31-Dec-22**
	$	$
Trade payables	19,336,880	19,896,024
Accrued liabilities and other	12,324,395	10,799,471
Sales and excise tax payable	12,273,289	6,596,761
Customer deposits	31,730	28,021
Total	**43,966,294**	**37,320,277**

During the period ending September 30, 2023, the Company had 2 significant suppliers representing 25%, and 15% of its trade payables. During the year December 31, 2022, the Company had two significant suppliers representing 17% and 13% of its trade payables.

20. DEBT

A. NOTES PAYABLE

As at September 30, 2023, and December 31, 2022 the Company had the following outstanding notes payable:

	Date of Issue	Maturity date	Interest[ii]	As at 30-Sep-23	As at 31-Dec-22
			%	$	$
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 (note 26) / [ii]See below for details on PIK interest / (iii) Note as at December 31, 2022 was referred to as the USD$7,850,000 RGR Note.

During the nine months ended September 30, 2023, the Company had the addition of the following 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 was advanced $21,125,125 under the CAD RGR Grid Note. $14,000,000 of the aforementioned advances were utilized to fund the assignment and acquisition of the AH Note Receivable and $4,730,900 of the aforementioned advanced were utilized to fund the AH DIP Note (note 10 and 32). Interest incurred for the three and nine months ended September 30, 2023, was $553,250, and $731,148, respectively.

On March 10, 2023, the Company entered into a secured note payable amending agreement with RGR to document US dollar advances by RGR to the Company (the "USD RGR Grid Note"). The USD RGR Grid Note originated from the existing USD$5,850,000 RGR Note. with all terms and conditions of the USD$5,850,000 RGR Note remaining the same. As of December 31, 2022, $2,000,000 of additional advances were made under the USD$5,850,000 RGR Note, and the note was referred to as the USD$7,850,000 RGR Note as of the same date.

During the nine months ended September 30, 2023, the Company was advanced an additional USD$13,350,000 under the USD RGR Grid Note and has made principal repayments of USD$950,000. Interest incurred for the three and nine months ended September 30, 2023, was USD$568,500, and USD$1,237,517, respectively. Proceeds from the advances made under the USD RGR Grid Note during the nine months ended September 30, 2023, were used for working capital and general corporate purposes.

On February 1, 2023, the Company amended the secured CAD$2,210,000 BJMD Note to account for an additional $500,000 advance under the debt instrument. The amended CAD$2,210,000 BJMD Note was renamed the "CAD$2,710,000 BJMDSD Note," with all other originating terms and conditions remaining the same. Interest incurred for the three and nine months ended September 30, 2023, was $103,715, and $275,141, respectively.

During the nine months ended September 30, 2023, 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.

For the year ended December 31, 2022, the Company had the following transactions relating to notes payable.

On February 4, 2022, the Company entered into a note payable amending agreement with Royal Group Resources Ltd. ("RGR") in the amount of USD$16,750,000 (the "USD$16,750,000 RGR Note"). The secured USD$16,750,000 RGR Note consolidated the USD$11,500,000 RGR Note, along with USD$224,784 in related interest, owing to RGR, and established new funding of USD$4,987,816. The note bears an interest rate of 12%. Blended payments of USD$250,000 are payable monthly, first to interest with the residual to principal. The note matures on January 31, 2023. The amendment resulted in the extinguishment the USD$11,500,000 RGR Note and a resulting loss of $64,076. On September 15, 2022, the USD$16,750,000 RGR Note was consolidated into the USD$25,885,000 RGR Note as noted below.

On May 27, 2022, the Company entered into a loan extension and amendment agreement with Viridescent Realty Trust, Inc. ("VRT") (the "Extension Agreement") related to the USD$18,000,000 VRT (Acreage acquisition 2) Note. The Extension Agreement provided for a 60-day extension of the maturity date of the outstanding loan from its original maturity date of May 31, 2022, to an amended maturity date of July 26, 2022. The Extension Agreement also revised the interest rate from 8% to 12.5%, effective May 28, 2022. On July 26, 2022, the Company entered into a second amendment to extend the maturity date to August 5, 2022, with no changes to the existing terms. On August 5, 2022, the Company engaged in a final amendment, extending the maturity date to August 19, 2022. On September 13, 2022, the Company established a new loan with VRT (the "USD$18,300,000 VRT Note"), discharging payment of US$2,666,548 comprising of US$2,246,548 in interest accrued to the date of settlement and US$420,000 in principle on the USD$18,000,000 VRT (Acreage acquisition 2) Note, and the remaining US$17,580,000 in principle was settled on execution of the US$18,300,000 VRT Note. The loan USD$18,300,000

VRT Note also included an administrative fee of US$180,000 and a non-refundable origination discount of US$540,000. The USD$18,300,000 VRT Note is secured by select assets of the Florida operations. Interest is calculated as the greater of a minimum 12.90% base interest rate or 7.40% plus prime. Base interest is payable monthly, with principal and interest above base due on February 12, 2024. The amendment resulted in the extinguishment the Acreage acquisition 2 Note and a resulting loss of $950,400.

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 loans payable incorporated in the debt restructuring were as follows:

a) Existing debt owing to RGR was consolidated into a new secured USD$25,885,000 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 loan 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 secured 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 secured USD$5,850,000 loan (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 secured 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 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 loans:

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

Each of the above secured notes attracts a 12.5% interest rate, payable monthly, plus 2.5% PIK interest, compounded monthly. Principal and PIK interest 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 secured loan (the USD$5,400,000 DICL Convertible Note) was established and reclassified to convertible debt with along with a related derivative liability component (note 20).

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 secured loan (the USD$5,400,000 SIDL Convertible Note) was established and reclassified to convertible debt with along with a related derivative liability component (note 20).

On October 14, 2022, RGR entered into a Note Purchase Agreement Oakengates Investments Limited ("OIL") to purchase the USD $5,850,000 OIL Note (the "OIL Note Purchase Agreement"). The rights and title of the USD $5,850,000 OIL Note, plus all accrued interest thereon were transferred to RGR at upon execution of the OIL Note Purchase Agreement, establishing the secured USD $5,850,000 RGR Note. The Company assessed the modification under IFRS 9 and recorded a debt modification gain of $67,489.

On November 1, 2022, RGR advanced an additional USD$2,000,000 to the Company; amending the USD $5,850,000 RGR Note. The amendment constituted an extinguishment when assessing debt modification under IFRS 9. As a result, the Company recorded a $64,657 loss on extinguishment related to the extinguishment and established the secured USD $7,850,000 RGR Note.

During the year ended December 31, 2022, the Company satisfied all financial covenants. 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.

<<Remainder of page intentionally left blank>>

A continuity of the Company's notes payable for the nine months ended September 30, 2023, and the year ended December 31, 2022, is as follows:

	$
Balance, December 31, 2021	**89,731,228**
Additions	120,197,021
Coupon interest	8,612,871
Interest paid-in-kind	1,942,905
Principal payments	(17,894,275)
Interest payments	(5,993,161)
Debt modification	(8,054,891)
Gain (loss) on debt modification	67,489
Extinguishment	(106,865,135)
Gain (loss) on extinguishment	(4,363,917)
Establishment of derivative	3,119,904
Effects of foreign exchange	8,831,668
Balance, December 31, 2022	**89,331,707**
Short-term	1,974,584
Long-term	87,357,123
	$
Balance, December 31, 2022	**89,331,707**
Additions	39,494,663
Coupon interest	6,471,401
Interest paid-in-kind	5,083,705
Principal payments	(1,331,298)
Interest payments	(2,767,820)
Effects of foreign exchange	16,019
Balance, September 30, 2023	**136,298,377**
Short-term	136,298,377
Long-term	-

Off Balance Sheet arrangements

The Company did not enter any off-balance sheet arrangements during period ending September 30, 2023 (2022; nil).

B. CONVERTIBLE DEBENTURES

Below are the terms of each of the convertible notes held by the Company, and assumptions used to value each of the respective embedded convertible features in the Company's outstanding convertible debentures as at September 30, 2023, and December 31, 2022.

	USD$1,093,750 Convertible VMOS Note	USD$1,562,500 Convertible FCC Note	USD$1,562,500 Convertible IBGL Note	USD$781,250 Convertible AB Note	USD$20,112,015 Convertible M&V Note	USD$5,400,000 Convertible DICL Note[i]	USD$5,400,000 Convertible SDIL Note[i]	CAD$17,000,000 Convertible CPIL Note[i]
Purpose of issuance	Florida Acquisition	Florida Acquisition	Florida Acquisition	Florida Acquisition	Florida Acquisition	Debt restructure	Debt restructure	Debt restructure
Details and terms								
Face Value	USD$1,093,750	USD$1,562,500	USD$1,562,500	USD$781,250	USD$20,112,015	USD$5,400,000	USD$5,400,000	CAD$17,000,000
Original date of issue	2021-04-22	2021-04-22	2021-04-22	2021-04-22	2021-06-04	2021-10-04	2021-10-04	2022-09-15
Amendment date	-	-	-	-	-	2021-11-25 2022-09-15	2021-11-25 2022-09-15	-
Maturity date	2024-04-22	2024-04-22	2024-04-22	2024-04-22	2024-06-04	2024-09-12	2024-09-12	2024-09-12
Interest rate/annum	8%	8%	8%	8%	8%	8%	8%	8%
Additional interest/annum	-	-	-	-	4% in shares	-	-	-
Default rate/annum	5%	5%	5%	5%	8%	10%	10%	8%
Conversion price/share	USD$2.75	USD$2.75	USD$2.75	USD$2.75	USD$2.75	USD$0.15	USD$0.15	CAD$0.20
Interest due	On maturity	On maturity	On maturity	On maturity	On maturity	On maturity	On maturity	On maturity
Security	Unsecured	Unsecured	Unsecured	Unsecured	Secured	Secured	Secured	Secured
Collateral	None	None	None	None	RWB Florida LLC Class A Membership	Shares of RWB Platinum Vape, LLC	Shares of RWB Platinum Vape, LLC	1st priority security interest RWB Michigan, LLC
****Valuation method used for embedded derivatives***	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Residual Method
Derivative liability valuation inputs, September 30, 2023								
Stock price	$0.054	$0.054	$0.054	$0.054	$0.054	$0.054	$0.054	n/a
Term (years)	0.56	0.56	0.56	0.56	0.68	0.95	0.95	0.95
Volatility	136.70%	136.70%	136.70%	136.70%	130.00%	133.10%	133.10%	n/a
Implied spread	711	711	711	711	711	711	711	n/a
Risk-free rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	n/a
Discount/market yield	12.60%	12.60%	12.60%	12.60%	12.60%	12.60%	12.60%	15.07
Derivative liability valuation inputs, December 31, 2022								
Stock price	$0.070	$0.070	$0.070	$0.070	$0.070	$0.070	$0.070	n/a
Term (years)	1.31	1.31	1.31	1.31	1.43	1.7	1.7	2
Volatility	96.60%	96.60%	96.60%	96.60%	96.60%	96.60%	96.60%	n/a
Implied spread	1120	1120	1120	1120	1120	1120	1120	n/a
Risk-free rate	4.60%	4.60%	4.60%	4.60%	4.60%	4.50%	4.50%	n/a
Discount/market yield	15.80%	15.80%	15.80%	15.80%	15.80%	15.70%	15.70%	15.07

*[i]Held by a related party (note 26) / *Binomial lattice methodology based on a Cox-Ross-Rubenstein ("CRR") approach.*

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives).

A continuity of convertible debentures held by the Company for the nine months ended September 30, 2023, and the year ended December 31, 2022, is as follows:

	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**
Short-term, September 30, 2023	72,290,018
Long-term, September 30, 2023	-

Convertible debenture activity during the period ended September 30, 2023

Interest expense accrued on convertible debentures for the three and nine months ended September 30, 2023, was $2,572,290 and $8,700,117, respectively.

Pursuant to the terms of the USD$20,112,015 Convertible M&V Note, 4% additional interest on the principal balance, amounting to $1,246,874, became due on June 4, 2023; the second anniversary date of the debt instrument (the "Additional Interest"). The Additional Interest was available to be paid by way of the issuance of common shares of the Company to the lender, with the option of the lender to have the Additional Interest settled by way of a cash equivalent. On August 17, 2023, the Company settled the Additional Interest owing to the Lender by way of a cash payment.

During the period ended September 30, 2023, the Company substantially satisfied all material financial covenants in relation to 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.

Convertible debenture activity during the year ended December 31, 2022

As part of the Debt Restructure on September 15, 2022, the Company issued new convertible debt in the amount $17,000,000 to C-Points Investments Ltd, (the "CAD$17,000,000 CPIL Convertible Note"), a Company related to RWB (note 26). 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 (note 20). The terms of the CAD$17,000,000 CPIL Convertible Note can be found in the tables above.

On September 15, 2022, two existing loans of $5,400,000 each, previously classed as notes payable (note 20), owing on the USD$5,400,000 DICL Note and the USD$5,400,000 SDIL Note were amended to extend the maturity dates to September 12, 2024. The modification resulted in a $1,683,573 loss on each extinguishment. On extinguishment, the new notes (the USD$5,400,000 DICL Convertible Note and the USD$5,400,000 SDIL Convertible Note) were established and reclassified to convertible debt with along with a related derivative liability component (note 20). Terms of the USD$5,400,000 DICL Convertible Note and the USD$5,400,000 SDIL Convertible Note can be found in the tables above.

On July 14, 2022, the Company issued 6,004,594 common shares (note 21), valued at $1,104,873 to the holder of USD$20,112,015 M&V Convertible Note (2021; $753,385) to satisfy additional interest due per the terms of the USD$20,112,015 M&V Convertible Note.

C. DERIVATIVE LIABILITIES RELATING TO CONVERTIBLE DEBENTURES

The Company revalues its derivative liabilities to fair market value each period in accordance with IFRS 9 Financial Instruments and IAS 32. Fair market value gains and losses are recorded to the consolidated statement of income (loss) and comprehensive income (loss).

The Company's derivative liabilities associated with convertible debentures listed in section B of this note, as at September 30, 2023, and December 31, 2022, and the corresponding fair market value of the Company's derivative liabilities were as follows:

	9 months ended 30-Sep-23	12 months ended 31-Dec-22
	$	**$**
Opening balance, derivative liability, net	**(3,230,322)**	(1,107,719)
Additions	-	(3,119,904)
Gain (loss) on FMV adjustments of derivative liability	1,297,339	(361,691)
Gain (loss) interest liability classified as a derivative liability	1,242,678	1,165,559
Effects of Foreign exchange	2,877	193,433
Ending balance, derivative liability, net	**(687,428)**	**(3,230,322)**
Short-term	(687,428)	-
Long-term	-	(3,230,322)

For the three and nine months ended September 30, 2023, the Company recorded a gain of $255,705 and $2,540,017 (September 30, 2022; $nil) on the revaluation of derivative liabilities on the condensed interim consolidated statements of loss and comprehensive loss.

D. CREDIT FACILITY

The lender of the Company's credit facility is Bridging Finance, Inc. (the "Credit Facility"). The Credit Facility bears an annual interest rate of 12%, compounded monthly and payable in arrears on the last day of each month. The Credit Facility is secured by general security agreements on mortgages on certain owned real property of Pharmaco among other security obligations.

In January 2022, the Lender, through its receiver, PriceWaterhouseCoopers ("PWC"), agreed in principle to an amended maturity subject to the completion of the sale of the MAG assets (note 31). The MAG assets were subsequently sold and closed on April 28, 2022, with $53,394,324 of the proceeds going towards repayment of the obligations to the Lender.

On August 16, 2022, the Company and the Lender agreed to a revised maturity date of October 31, 2022, while maintaining all other terms and conditions.

On January 30, 2023, the Company and the Lender agreed to a further revised maturity date of July 31, 2023, while maintaining all other terms and conditions. The January 30, 2023 extension was subject to an amendment fee of $136,000.

As at the date of these Financial Statements, the Company and PWC, on behalf of Bridging Finance, Inc., 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.

A continuity of the Company's 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 recorded during the three and nine months ended September 30, 2023, in relation to the credit facility was $556,187 and $1,611,473, respectively (2022; $696,888 and $1,980,875, respectively).

E. DEBT SETTLEMENTS

Debt settled during the year ended December 31, 2022

In April 2022, the Company's settled debt owing on its credit facility in the amount of $53,394,324. Proceeds from the sale of its assets relating to the discontinued operations of MAG (note 31) were sent directly to the credit facility on closing of the sale for the payment of $5,004,036 in outstanding interest and $48,390,288 in principle.

RWB entered into agreements with certain creditors of Pharmaco for the settlement of an aggregate of USD$7,702,745 of indebtedness through the issuance of 22,440,467 common shares in the capital of the Company (the "Pharmaco Settlement"). On December 21, 2022, the Company settled the Pharmaco Debt, issuing 22,440,467 common shares. RWB common shares on December 21, 2022, were valued at $0.10 per share. As such, the Company cancelled the Pharmaco Debt, recorded $2,244,047 to share capital for the issuance of 22,440,467 common shares and recorded a $7,903,108 gain on debt settlement.

21. SHARE CAPITAL AND RESERVES

A. AUTHORIZED

As at September 30, 2023, the authorized shares were as follows:

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

<<Remainder of page intentionally left blank>>

B. ISSUED AND OUTSTANDING

There were no changes to the Company's common share capital during the nine months ended September 30, 2023. Changes for the year ended December 31, 2022, and the balance outstanding is as follows:

Common Shares

Common Shares	Common Shares	Share Capital
	#	$
Balance, December 31, 2021	**260,860,351**	**229,792,308**
Shares issued for the Pharmaco Acquisition (note 7)	37,000,000	19,200,750
Shares issued to settle interest due (note 20)	6,004,594	1,104,873
Exercise of restricted share units (note 21)	910,000	406,850
Exercise of stock options (note 21)	100	105
Shares issued for settlement of debt (note 20)	22,440,467	2,244,047
Conversion of series I preferred shares conversion (note 21)	3,181,250	5,637,175
Conversion of series II preferred shares conversion (note 21)	139,125,139	83,682,864
Balance, December 31, 2022	**469,521,901**	**$342,068,972**
Balance, September 30, 2023	**469,521,901**	**$342,068,972**

Series I Preferred Shares

As at September 30, 2023, and December 31, 2022, the Company did not have any outstanding Series I Preferred Shares. There were no changes during the period ended September 30, 2023:

Series I Preferred Shares	Series I Preferred Shares	Share Capital
	#	$
Balance, December 31, 2021	**3,181,250**	**$5,637,175**
Series I preferred shares conversion (note 21)	(3,181,250)	(5,637,175)
Balance, December 31, 2022	-	-
Balance, September 30, 2023	-	-

Series II Preferred Shares

As at September 30, 2023, and December 31, 2022, the Company did not have any outstanding Series II Preferred Shares. There were no changes during the period ended September 30, 2023:

Series II Preferred Shares	Series II Preferred Shares	Share Capital
	#	$
Balance, December 31, 2021	**92,985,275**	**$46,736,677**
Shares issued for the Pharmaco Acquisition (note 7)	37,000,000	36,946,187
Series II preferred shares conversion (note 21)	(129,985,275)	(83,682,864)
Balance, December 31, 2022	-	-
Balance, September 30, 2023	-	-

Share Capital transactions for the nine months ended September 30, 2023:

The Company did not have transactions relating to share capital during the period ended September 30, 2023.

Share Capital transactions for the year ended December 31, 2022:

During the year ended December 31, 2022, 3,181,250 series I preferred shares valued at $5,637,175 were converted into 3,181,250 common shares at the same value. 129,985,275 series II preferred shares valued at $83,682,864 were also converted into 139,125,139 common shares of the Company at the same value. Per the terms of the series II preferred shares, upon conversion, preferred shareholders received an equivalent number of common shares plus an additional 5% common shares for each twelve-month period up to twenty-four months the series II preferred shares were held.

On February 7, 2022, finalized the Pharmaco Acquisition (note 7). Consideration for the Pharmaco Acquisition included the issuance of 37,000,000 units of RWB ("Units"). Each Unit consists of one common share and one series II convertible preferred share 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. All Series II Preferred Shares issued in relation to the Pharmaco Acquisition were converted into common shares of the Company by April 24, 2022.
On July 14, 2022, the Company settled additional interest due on the USD$20,112,015 Convertible M&V Note (note 20), issuing 6,004,594 common shares valued at $1,104,873.

During the year ended December 31, 2022, 910,000 restricted share units (RSU's) of the Company were exercised. These RSU's were valued at $472,750.

On December 21, 2022, the Company settled USD$7,702,745 in debt relating to Pharmaco, Inc. (note 20) by issuing 22,440,467 common shares valued on date of issuance at $2,244,047.

During the year ended December 31, 2022, 3,181,250 series I preferred shares valued at $5,637,175 were converted into 3,181,250 common shares at the same value. 129,985,275 series II preferred shares valued at $83,682,864 were also converted into 139,125,139 common shares of the Company at the same value. Per the terms of the series II preferred shares, upon conversion, preferred shareholders received an equivalent number of common shares plus an additional 5% common shares for each twelve-month period up to twenty-four months the series II preferred shares were held.

C. STOCK OPTIONS

The Company established a 20% rolling stock option plan (the "Option Plan") to provide the Company with a share-related mechanism to attract, retain and motivate directors, employees and consultants, to reward such persons with the grant of options under the Option Plan from time to time for their contributions toward the long-term goals of the Company and to enable and encourage such persons to acquire shares as long-term investments.

Under the Option Plan, the Board of Directors may from time to time, in its discretion, grant stock options to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant. The minimum exercise price of an option granted under the Option Plan must not be less than the closing price of the common shares on the date preceding the option grant date.

In any 12-month period, and in relation to the number of issued and outstanding common shares of the Company, the total number of options awarded cannot exceed:

- 5% to any one individual as at the grant date
- 2% to any one Consultant as of the grant date
- 2% to employees performing investor relations activities for the Company

The Company uses the Black-Scholes model to establish the fair value of the options on the date of grant by applying the assumptions below. The fair value of the option is expensed over the option's vesting period.

For stock options outstanding as at September 30, 2023, and December 31, 2022, the Company used the following assumptions.

Grant Date	Vesting Start Date	Expiry Date	Share price on Date of Grant	Exercise Price	Volatility	Risk Free Rate	Dividends
			$	%	%	%	$
2018-06-22	2018-09-22	2023-06-22	1.15	5.28	101.57%	1.98%	$nil
2018-10-01	2019-10-01	2023-10-01	1.15	0.50	101.57%	1.98%	$nil
2018-12-12	2019-03-12	2023-12-12	1.15	2.46	101.57%	1.98%	$nil
2019-01-15	2019-01-15	2024-01-15	1.15	1.00	100.00%	2.27%	$nil
2019-02-04	2019-10-01	2024-02-04	1.15	1.00	100.00%	2.27%	$nil
2019-04-01	2020-04-01	2024-04-01	1.15	1.00	100.00%	2.27%	$nil
2019-04-26	2019-04-26	2024-04-26	1.15	5.44	100.00%	2.27%	$nil
2019-04-29	2019-04-29	2024-04-29	1.15	1.00	100.00%	2.27%	$nil
2019-05-13	2019-08-13	2024-05-13	1.15	1.00	100.00%	2.27%	$nil
2020-01-11	2020-04-11	2025-01-11	1.15	1.00	105.27%	0.45%	$nil
2020-04-01	2021-04-01	2025-04-01	1.15	1.00	105.27%	0.45%	$nil
2020-09-10	2020-12-10	2025-09-10	0.66	0.66	105.27%	0.45%	$nil
2020-10-01	2021-01-01	2025-10-01	0.54	0.65	105.27%	0.45%	$nil
2020-10-12	2020-10-12	2025-10-12	0.60	0.65	105.27%	0.45%	$nil
2020-11-18	2021-02-18	2025-11-18	0.67	0.67	105.27%	0.45%	$nil
2020-12-03	2020-12-03	2025-12-03	0.69	0.75	105.27%	0.45%	$nil
2021-07-06	2021-07-06	2025-07-06	1.10	1.10	88.00%	1.23%	$nil
2021-11-12	2022-11-08	2026-11-12	0.63	0.63	88.00%	1.23%	$nil
2022-10-07	2023-01-07	2027-10-07	0.15	0.50	94.35%	3.98%	$nil
2023-03-15	2024-03-15	2033-03-15	0.10	0.10	110.13%	3.28%	$nil

Volatility was estimated by using the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the rate prescribed for Canada government bonds as of the date of the Financial Statements with a remaining term equal to the expected life of the options.

The number of stock options and weighted average exercise prices as at September 30, 2023 and December 31, 2022 are as follows:

	Options	Weighted average exercise price
	#	$
Balance, December 31, 2021	**15,269,289**	**1.26**
Issued	7,100,000	0.15
Exercised	(100)	0.65
Expired	(1,355,625)	0.89
Cancelled	(500,000)	0.93
Forfeited	(2,730,108)	0.58
Balance Outstanding, December 31, 2022	**17,783,456**	**0.95**
Issued	(i) 1,250,000	0.10
Expired	(539,192)	4.67
Forfeited	(63,333)	0.68
Balance Outstanding, September 30, 2023	**18,430,931**	**0.78**
Exercisable		
Exercisable as at September 30, 2023	12,539,682	1.07
Exercisable as at September 30, 2022	9,999,193	2.17

(i) *Issued to an officer of the Company (see note 24)*

Stock Options are measured at fair value at the date of grant and are expensed to share based compensation over the option's vesting period. For the three and nine months ended September 30, 2023, the Company had share-based compensation expenses relating to stock options amounting to $148,741, and $607,355, respectively (2022; 926,000 and $926,000, respectively).

The following reflects remaining contractual life for outstanding and exercisable options as at September 30, 2023:

Outstanding				Exercisable	
Expiry date	**Exercise price**	**Options**	**Remaining contractual life**	**Options**	**Remaining contractual life**
	$	**#**	**(years)**	**#**	**(years)**
2023-10-01	0.50	1,425,000	-	1,425,000	-
2023-12-12	2.46	45,000	0.20	45,000	0.20
2024-01-15	1.00	500,000	0.29	500,000	0.29
2024-02-04	1.00	400,000	0.35	400,000	0.35
2024-04-01	1.00	400,000	0.50	350,000	0.50
2024-04-26	5.44	1,234,502	0.57	1,234,502	0.57
2024-04-29	1.00	500,000	0.58	500,000	0.58
2024-05-13	1.00	30,000	0.62	30,000	0.62
2025-01-11	1.00	371,429	1.28	371,429	1.28
2025-04-01	1.00	125,000	1.50	125,000	1.50
2025-07-06	1.10	115,000	1.77	115,000	1.77
2025-09-10	0.66	15,000	1.95	15,000	1.95
2025-10-01	0.65	3,400,000	2.01	3,400,000	2.01
2025-10-12	0.65	50,000	2.04	50,000	2.04
2025-11-18	0.67	150,000	2.14	165,000	2.14
2025-12-03	0.75	800,000	2.18	800,000	2.18
2026-11-26	0.63	520,000	3.16	351,251	3.16
2027-10-07	0.50	7,100,000	4.02	2,662,500	4.02
2033-03-15	0.10	1,250,000	9.46	-	-
		18,430,931	**2.90**	**12,539,682**	**1.85**

D. RESTRICTED SHARE UNITS ("RSU'S")

The Company has a restricted share plan (the ''RSU Plan") that allows the issuance of restricted share units (''RSU") and deferred share units ("DSU") Under the terms of the RSU Plan the Company may grant RSUs and DSUs to directors, officers, employees and consultants of the Company. Each RSU gives the participant the right to receive one common share of the Company. The Company may reserve up to a maximum of 20% of the issued and outstanding common shares at the time of grant pursuant to awards granted under the RSU Plan.

RSU's are valued at the RWB closing share price on the day prior to grant, and expiry dates are set five years from date of grant.

The Company did not issue RSU's during the nine months ended September 30, 2023. During the year ended December 31, 2022, the Company issued RSU's to a certain employee of the Company with the following terms:

Grant Date	Expiry Date	Share price on date of grant	Vesting	RSUs	Value
		$		#	$
2022 Grants					
8-Feb-22	5-Feb-27	0.56	100%	525,000	294,000

RSU transactions and the number of RSU's outstanding for the nine months ended September 30, 2023, and the year ended December 31, 2022 are as follows:

Restricted Share Units		
	#	$
Balance, December 31, 2021	**385,000**	**112,850**
Granted	525,000	294,000
Exercised	(910,000)	(406,850)
Balance, December 31, 2022	-	-
Balance, September 30, 2023	-	-

Total stock-based compensation as a result of the RSU grants during the nine months ended September 30, 2023, amounted to $nil, (2022; $273,000).

E. WARRANTS

As of September 30, 2023, and December 31, 2022, the number of outstanding warrants and weighted average exercise prices are as follows:

	Warrants	Weighted average exercise price
	#	$
Balance outstanding December 31, 2021	**25,987,692**	**1.03**
Expired	(20,757,490)	1.00
Exercised	(7,489)	1.00
Balance outstanding, December 31, 2022	**5,222,713**	**1.16**
Expired	(5,222,713)	1.16
Balance outstanding, September 30, 2023	-	-

22. EARNINGS (LOSS) PER SHARE

Earnings/loss per share for the three and nine months ended September 30, 2023, and 2022 is as follows:

	3 months ended 30-Sep-23	3 months ended 30-Sep-22	9 months ended 30-Sep-23	9 months ended 30-Sep-22
	$	$		
Outstanding common shares	469,521,901	443,042,385	469,521,901	373,050,699
Earnings (loss) attributable to common shares	(5,078,244)	(7,750,947)	(21,621,030)	(33,508,056)
Weighted average number of shares outstanding, basic and dilutive	469,521,901	443,042,385	469,521,901	373,050,699
Loss per share, basic and diluted	**(0.01)**	**(0.02)**	**(0.05)**	**(0.10)**

No stock options or warrants have been included in the computation of diluted loss per share for the period ended September 30, 2023, or 2022, as their effect would be anti-dilutive.

23. REVENUES

The Company generates revenue through three distinct sales channels: Retail, Distribution and Licensing. Revenues by sales channel for the three and nine months ended September 30, 2023, and 2022 is as follows:

	3 months ended 30-Sep-23	3 months ended 30-Sep-22	9 months ended 30-Sep-23	9 months ended 30-Sep-22
	$	$	$	$
Distribution	13,852,796	17,727,854	49,167,324	52,935,841
Licensing	385,789	-	2,695,239	-
Retail	5,888,560	7,816,139	17,226,299	28,057,406
Total revenue	**20,127,145**	**25,543,993**	**69,088,862**	**80,993,247**

Revenue as a percentage of total sales for the three and nine months ended September 30, 2023, and 2022 is as follows:

	3 months ended 30-Sep-23	3 months ended 30-Sep-22	9 months ended 30-Sep-23	9 months ended 30-Sep-22
	%	%	%	%
Distribution	69%	69%	71%	65%
Licensing	2%	0%	4%	0%
Retail	29%	31%	25%	35%
Total revenue	**100%**	**100%**	**100%**	**100%**

As of September 30, 2023, and 2022 the Company did not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a result, the Company has not adjusted any of the transaction prices for the time value of money. The Company did not have significant customers representing more than 10% of total revenues earned by the Company.

24. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for the three and nine months ended September 30, 2023, and 2022 are as follows:

	3 months ended 30-Sep-23	(i) 3 months ended 30-Sep-22	9 months ended 30-Sep-23	(i) 9 months ended 30-Sep-22
	$	$	$	$
Salaries and wages	3,762,179	2,486,328	11,315,701	12,052,990
Facilities expense	329,723	197,694	2,354,154	783,040
Professional fees	1,098,502	188,641	3,960,392	4,781,305
Office and administrative fees	415,296	434,121	1,450,807	1,220,385
Travel expense	125,653	113,124	366,339	479,700
Licenses and permits	10,013	155,304	322,709	519,949
Insurance	529,546	177,187	1,286,485	929,204
Penalty and late fees	119,112	35,147	1,439,812	1,634,936
Tax expense	7,136	28,371	7,136	173,775
Total general and administrative expenses	**6,397,160**	**3,815,917**	**22,503,535**	**22,575,284**

(i) *For the comparative period, certain expenses have been reallocated. The reader is referred to note 30 for further details.*

25. NON-CONTROLLING INTERESTS

RWB FLORIDA, LLC AND RED WHITE & BLOOM, FLORIDA, INC.

RWB Florida, LLC is owned by two classes of members: Class A Members and Class B Members, to which the Company is the sole Class A Member. RWB Florida, LLC has several Class B Members, none of whom own in excess of 4.99% of the issued and outstanding equity in RWB Florida, LLC. RWB Florida, LLC is a member-managed limited liability company and all management, operational and day to day activities are undertaken exclusively by the Company. Class B Members hold an aggregate of 23% non-controlling interests of RWB Florida, LLC, and therefore, in RWB Florida.

RWB Florida is the holder of an MMTC license from the Florida Department of Health, Office of Medical Marijuana Use ("OMMU") and operates pursuant to the MMTC license throughout the State of Florida.

The following table presents summarized financial information before intragroup eliminations for non-wholly owned subsidiaries at September 30, 2023, and December 31, 2022:

	As at 30-Sep-23	As at 31-Dec-22
	($)	($)
Assets		
Current	18,356,369	14,372,784
Non-current	105,793,547	107,753,717
Total assets	**124,149,916**	**122,126,501**
Liabilities		
Current	62,798,121	4,969,840
Non-current	32,652,099	65,307,061
Total liabilities	**95,450,220**	**70,276,901**
Net Assets	**28,699,696**	**51,849,600**

	3 months ended 30-Sep-23	3 months ended 30-Sep-22	9 months ended 30-Sep-23	9 months ended 30-Sep-22
Net Income (loss)	(6,399,673)	(3,789,619)	(16,565,932)	(13,669,903)
Interests				
Controlling interests – 77%	(4,937,988)	(3,085,004)	(12,782,272)	(11,128,218)
Non-controlling interests – 23%	**(1,461,685)**	**(704,615)**	**(3,783,660)**	**(2,541,685)**

26. RELATED PARTY TRANSACTIONS

A. KEY MANAGEMENT

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of 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:

	3 months ended 30-Sep-23	3 months ended 30-Sep-22	9 months ended 30-Sep-23	9 months ended 30-Sep-22
	$	$	$	$
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**

B. AMOUNTS DUE TO/FROM RELATED PARTIES

Included in accounts payable and accrued liabilities is $1,436,903 (September 30, 2022; $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. Upon initial valuation 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%. During the period ended September 30, 2023, the Company recorded $1,810,119 interest relating to the CAD$17,000,000 Convertible CPIL Note. Additional terms can be found in note 20.

The USD$1,093,750 Convertible VMOS Note included in short-term convertible debentures on the Condensed Consolidated Statement of Financial Position is due to an entity related to a director of the Company. USD$1,093,750 Convertible VMOS Note is 3 years at an interest rate of 8% per annum. The Company valued the USD$1,093,750 Convertible VMOS Note using the Binomial lattice method based on the Cox-Ross-Rubinstein market model which resulted in a $1,001,684 allocation to long-term convertible debt liability and $92,066 derivative liability on initial valuation. The liability portion of the USD$1,093,750 Convertible VMOS Note will amortize over the 3-year term at an effective interest rate of 10.14%. The Company revalues the derivative liability portion each reporting period. Any gains or losses as a result of the revaluation of the derivative liability portion are recorded to the condensed interim statement of profit and loss and comprehensive profit and loss. During the period ended September 30, 2023, the Company recorded $125,477 in interest related to the USD$1,093,750 Convertible VMOS Note, and on revaluation of the related derivative liability had a gain of $24 reducing the derivative liability to $nil. The reader is referred to note 20 for further details.

C. RELATED PARTY TRANSACTIONS

Transactions for the nine months ended September 30, 2023

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 as of the date of the Financial Statements

Transactions for the year ended December 31, 2022

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 (note 20).

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 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 the year ended December 31, 2022, 875,000 stock options were forfeited by past Officers and Directors of the Company.

As of the December 31, 2022, the Company identified close members of the family of key management personnel that currently represent lenders to the Company (note 20) during its 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. The disclosures are highlighted in note 20 of these Financial Statements.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, loans receivable, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

The three levels of the fair value hierarchy are:

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

Level 3 inputs in determining the fair value of investments includes subjective estimates in assessing for indicators of impairment.

B. CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that are subject to such risk include cash, accounts receivable and notes receivable. Accounts receivable balances are amounts due by customers purchasing through the Company's distribution channel, who have exhibited a good credit standing and continue good payment history with the Company. Notes receivable are amounts due from third party debtors (note 10 and note 32).

As at September 30, 2023, the Company held an accounts receivable balance of $ 20,775,288 (December 31, 2022; $8,439,143). Included in this balance is a provision for expected credit losses ("ECL") in the amount of $3,302,989 (December 31, 2022; $1,617,165). See note 9 for details relating to the Company's accounts receivable and ECL provision for the nine months ended September 30, 2023, and the year ended December 31, 2022, and 2022.

As at September 30, 2023, the Company held a notes receivable balance of $20,471,679 (December 31, 2022: $nil) (note 10 and note 32).

The Company limits its exposure to credit loss on cash and cash equivalents by placing its cash with reputable financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

C. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities.

As at September 30, 2023, the Company had a cash balance of $2,652,307 (December 31, 2022; 2,747,138) available to apply against short-term business requirements and current liabilities of $ 293,162,611 (2022; $70,754,710), including short-term lease obligations (note 18), short term notes and a credit facility (note 20), and taxes payable. 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.

D. INTEREST RATE RISK

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore the Company does not consider the interest rate risk for cash to be significant.

As at September 30, 2023 and December 31, 2022, the interest rate on notes payable, credit facilities, and convertible debentures are fixed based on the contracts in place, with the exception of the USD$18,300,000 VRT Note (note 20) which interest is calculated as the greater of a minimum 12.90% base interest rate or 7.40% plus prime. As such, the Company is exposed to interest rate risk to the extent as stated on these financial assets and liabilities.

E. FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk from fluctuations in foreign exchange rates and the degree of volatility in these rates due to the timing of their accounts payable balances. The risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management.

The Company is also exposed to currency risk by having balances and transactions in currencies that are different from its functional currency. The Company operates in foreign jurisdictions, which use the United States Dollar (USD). The Company does not currently use derivative instruments to reduce upward, and downward risk associated with foreign currency fluctuations.

At as September 30, 2023, and December 31, 2022, the Company was exposed to the following currency risk:

	As at 30-Sep-23	As at 31-Dec-22
	$	$
Financial assets denominated in foreign currencies (USD)	222,835,351	291,649,767
Financial liabilities denominated in foreign currencies (USD)	(150,986,980)	(221,604,545)
Net exposure	**71,848,371**	**70,045,222**

A three (3) percent increase in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss for the three and nine months ended September 30, 2023, by $167,718 and $383,385 (2022; $48,067 and $381,381) respectively.

F. CAPITAL RISK MANAGEMENT

The Company monitors its capital structure and adjusts according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the board of directors on an ongoing basis.

The Company's equity comprises of share capital, contributed surplus, option and convertible debenture reserve, and accumulated deficit. As at September 30, 2023, the Company has shareholders' equity deficit of $2,663,652 (December 31, 2022; Equity of $28,200,045). Included in the consolidated statements of financial position as of September 30, 2023, is an accumulated deficit of $374,270,050 (December 31, 2022; $352,649,020). The Company manages capital through its financial and operational forecasting processes.

The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investment, and financing activities. The Company's capital management objectives, policies and processes have remained unchanged during the period ended September 30, 2023. The Company is not subject to any external capital requirements.

28. CONTINGENCIES AND COMMITMENTS

A. 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 “Greenlane 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 Greenlane Lawsuit is stayed pending the outcome of the Arbitration. An Arbitration hearing has been set for July 19-20, 2023; however, the hearing has been continued to a later date (not yet set) pending resolution of a motion by Greenlane to join additional parties in the Arbitration. The reader is referred to note 32 *Subsequent Events* for updates subsequent to the period ended September 30, 2023.

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.

B. 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 the loss of operating 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 the date of these Financial Statements, cannabis and other regulations continue to evolve and are subject to differing interpretations. 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 OMMU, and the Company did not receive a THC license in the State of Illinois. The first licensing period for Michigan 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.

On February 23, 2022, the Company received a cease-and-desist notice from a Licensor in respect to the Rights and ceased to be engaged in the manufacturing, sale or licensing of the Rights. Accordingly, the Company reversed the license liability, in the amount of $8,135,473, remaining after February 23, 2022, and during the 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.

29. SEGMENTED RESULTS

As a result of key operating milestones and acquisitions during fiscal year 2022, including but not limited to the licensure of the Company's manufacturing and processing facility in Warren, Michigan and the closing of the Pharmaco Acquisition (note 7), the Chief Decision Makers ("CDOM") reassessed its classification of operating segments to better reflect how the Company services its customers and respective legal markets in the United States.

Comparative revenues, cost of goods before fair value adjustments, fair value adjustments, operating expenses and other expenses have been reclassified to confirm to the current period's financial statement presentation.

<<<< Remainder of page intentionally left blank >>>>

The exhibits set out below summarize the consolidated financial information of the Company's reportable segments for the nine months ended September 30, 2023, and 2022.

3 months ended 30-Sep-23	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	13,852,796	385,789	5,888,560	-	20,127,145
Cost of goods sold	-	9,417,895	132,770	2,723,320	-	12,273,985
Gross profit before fair value adjustments	**-**	**4,434,901**	**253,019**	**3,165,241**	**-**	**7,853,160**
Unrealized changes in fair value of biological assets	-	-	-	266,826	-	266,826
Realized fair value amounts included in inventory sold	-	-	-	(1,548,178)	-	(1,548,178)
Total Gross Profit (loss)	**-**	**4,434,900**	**253,019**	**1,883,889**	**-**	**6,571,808**
Total gross Profit (%)	0%	32%	66%	32%	0%	33%
Total operating expenses	1,512,955	3,874,095	181,908	2,878,312	-	8,447,270
Total other expenses (income)	(311,146)	54,133	1,338	4,921,269	-	4,665,593
Profit (loss) before Income Taxes	(1,201,808)	506,673	69,772	(5,915,692)	-	(6,541,055)
Income tax	-	7,136	-	-	-	7,136
Net profit (loss) from continuing operations	**(1,201,808)**	**513,809**	**69,772**	**(5,915,692)**	**-**	**(6,533,919)**
Loss from discontinued operations	-	-	-	-	(6,009)	(6,009)
Net loss for the year	**(1,201,808)**	**513,809**	**69,772**	**(5,915,692)**	**(6,009)**	**(6,539,928)**
Attributed to:						
Red White and Bloom	(1,201,808)	513,809	69,772	(4,454,007)	(6,009)	(5,078,244)
Non-controlling interests	-	-	-	(1,461,685)	-	(1,461,685)

3 months ended 30-Sep-22	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	17,727,684	-	7,816,309	-	25,543,993
Cost of goods sold	-	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 changes in fair value of biological assets	-	-	-	96,341	-	96,341
Realized fair value amounts included in inventory sold	-	-	-	(1,559,980)	-	(1,559,980)
Total Gross Profit	**-**	**6,267,984**	**-**	**1,940,464**	**-**	**8,208,447**
Total Gross Profit (%)	0%	35%	0%	25%	0%	32%
Total Operating Expenses	2,603,929	3,391,722	-	3,969,271	-	9,964,922
Total other expenses	2,107,148	84,713	-	2,041,643	-	4,233,504
Loss before Income Taxes	(4,711,077)	2,791,548	-	(4,070,450)	-	(5,989,979)
Income tax	-	2,346,878	-	432,524	-	2,779,402
Net loss from continuing operations	**(4,711,077)**	**444,670**	**-**	**(4,502,974)**	**-**	**(8,769,381)**
Loss from discontinued operations	-	-	-	-	313,819	313,819
Net loss for the year	**(4,711,077)**	**444,670**	**-**	**(4,502,974)**	**313,819**	**(8,455,562)**
Attributed to:						
Red White and Bloom	(4,711,077)	444,670	-	(3,798,359)	313,819	(7,750,947)
Non-controlling interests	-	-	-	(704,615)	-	(704,615)

9 months ended 30-Sep-23	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	49,167,324	2,695,239	17,226,299	-	69,088,862
Cost of goods sold	-	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 changes in fair value of biological assets	-	-	-	(1,471,126)	-	(1,471,126)
Realized fair value amounts included in inventory sold	-	-	-	(1,537,977)	-	(1,537,977)
Total Gross Profit (loss)	-	16,138,989	1,827,251	3,153,921	-	21,120,161
Total gross Profit (%)	0%	33%	68%	18%	0%	31%
Total operating expenses	5,347,815	10,293,695	268,293	13,238,365	-	29,148,168
Total other expenses (income)	8,023,762	318,371	1,471	8,568,938	-	16,912,542
Profit (loss) before Income Taxes	(13,371,577)	5,526,923	1,557,487	(18,653,382)	-	(24,940,549)
Income tax	-	(1,879,330)	-	1,460,317	-	(419,013)
Net profit (loss) from continuing operations	(13,371,577)	3,647,593	1,557,487	(17,193,065)	-	(25,359,562)
Loss from discontinued operations	-	-		-	(45,127)	(45,127)
Net loss for the year	(13,371,577)	3,647,593	1,557,487	(17,193,065)	(45,127)	(25,404,689)
Attributed to:						
Red White and Bloom	(13,371,577)	3,647,593	1,557,487	(13,409,405)	(45,127)	(21,621,030)
Non-controlling interests	-	-	-	(3,783,660)	-	(3,783,660)
As at 30-Sep-23						
Intercompany Balances	278,616,350	(176,061,515)	(2,301,806)	(62,371,085)	(37,881,944)	-
Total Assets	466,308,127	53,853,525	1,369,079	167,271,736	(362,971,359)	325,831,109
Total non-current assets	-	2,964,807	-	210,779,656	40,197,898	253,942,361
Total liabilities	179,114,004	31,834,997	16,731	117,569,057	(40,028)	328,494,761
Total non-current liabilities	-	1,310,604	-	41,339,891	(7,318,345)	35,332,150
% of sales revenue	0%	71%	4%	25%	0%	100%
% of loss for the period	43%	0%	0%	57%	0%	100%
% of income for the period	0%	67%	33%	0%	0%	100%

9 months ended 30-Sep-22	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	52,916,599	-	28,076,648	-	80,993,247
Cost of goods sold	-	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 changes in fair value of biological assets	-	-	-	(2,371,637)	-	(2,371,637)
Realized fair value amounts included in inventory sold	-	-	-	(2,634,624)	-	(2,634,624)
Total Gross Profit	**-**	**17,387,212**	**-**	**3,407,676**	**-**	**20,794,888**
Total Gross Profit (%)	0%	33%	0%	12%	0%	26%
Total Operating Expenses	5,914,653	15,152,871	-	13,572,476	-	34,640,000
Total other expenses	9,711,711	648,238	-	6,410,274	-	16,770,223
Profit (loss) before Income Taxes	(15,626,364)	1,586,103	-	(16,575,074)	-	(30,615,335)
Income tax	-	3,171,909	-	1,678,663	-	**4,850,572**
Net profit (loss) from continuing operations	**(15,626,364)**	**(1,585,806)**	**-**	**(18,253,737)**	**-**	**(35,465,907)**
Loss from discontinued operations	-	-	-	-	(583,834)	(583,834)
Net loss for the year	**(15,626,364)**	**(1,585,806)**	**-**	**(18,253,737)**	**(583,834)**	**(36,049,741)**
Attributed to:						
Red White and Bloom	(15,626,364)	(1,585,806)	-	(15,712,052)	(583,834)	(33,508,056)
Non-controlling interests	-	-	-	(2,541,685)	-	(2,541,685)
As at December 31, 2022						
Intercompany Balances	44,365,495	11,899,095	-	(4,651,926)	(51,612,664)	-
Total Assets	1,043,197	18,915,772	-	232,404,962	40,302,237	292,666,168
Total non-current assets	-	3,133,175	-	214,017,790	40,269,252	257,420,217
Total liabilities	152,577,198	25,581,582	-	86,267,305	40,038	264,466,123
Total non-current liabilities	127,805,847	1,261,616	-	71,975,289	(7,331,339)	193,711,413
% of sales revenue	0%	60%	0%	40%	0%	100%
% of loss for the period	43%	4%	0%	51%	2%	100%
% of income for the period	0%	0%	0%	0%	0%	0%

30. RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with current year presentation. Reclassifications have been made as follows:

- For enhanced disclosure, $1,272,039 in vendor deposits, and $2,959,736 in security deposits reported in prepaid expenses for the year ended December 31, 2022, has been reclassified to deposits on the comparative figures in the condensed interim consolidated statement of financial position.
- For the comparative period December 31, 2022, $672,064 in amounts due to third parties was reclassified from Accounts payable and accrued liabilities to other current liabilities on the condensed interim consolidated statement of financial position.
- Salaries and wages have been reclassified to general and administrative expenses in the statement of loss and comprehensive loss.
- In the financial reporting period for three and nine months ended September 30, 2022, $638,960 and $1,938,236, respectively, originally recorded in general and administrative expenses has been reclassified in these Financial Statements to Bad debt expense on the condensed interim consolidated statement of loss and comprehensive loss.
- In the financial reporting period for three and nine months ended September 30, 2022, $890,135 and $1,324,217, respectively, originally recorded in general and administrative expenses has been reclassified in these Financial Statements to Marketing expenses on the condensed interim consolidated statement of loss and comprehensive loss.
- In the financial reporting period for three and nine months ended September 30, 2022, $962,904 and $962,904 respectively, originally recorded in general and administrative expenses has been reclassified in these Financial Statements to Depreciation and Amortization on the condensed interim consolidated statement of loss and comprehensive loss.
- In the financial reporting period for three and nine months ended September 30, 2022, $832,463 and $2,833,362 respectively, originally recorded in finance expenses has been reclassified in these Financial Statements to Accreted interest, leases on the condensed interim consolidated statement of loss and comprehensive loss.
- The Company's CDOM's reassessed the classification of operating segments to better reflect how the Company services its customers and respective legal markets in the United States. For the year ending December 31, 2022, and onward, the Company has segregated it operations into three main operating segments (i) Retail, and (ii) Distribution, and (iii) Corporate, with all other non-reporting operations to a fourth segment; Other. During the period ended September 30, 2023, the Company expanded its revenue channels to include revenue earned through licensing of its brand to third party distributors. As this revenue stream will earn revenues and incur expenses, and its discrete financials will be reviewed regularly by the Company's CDOM's, management has deemed "Licensing" as its own operating segment, expanding the number of operating segments to five.

These reclassifications had no material effect on the previously reported consolidated statements of loss and comprehensive loss, and cash flows from operating activities in the condensed interim consolidated statements of cash flow.

31. DISCONTINUED OPERATIONS

During the year ended December 31, 2021, the Company discontinued operations of its wholly owned subsidiary, Mid American Growers, Inc. Components of residual loss from discontinued operations for the three and nine months ended September 30, 2023, and 2022 are as follows:

	3 months ended September 30, 2023	3 months ended September 30, 2022	9 months ended September 30, 2023	9 months ended September 30, 2022
	$	$		
Revenue	-	646	-	165,183
Cost of sales, before fair value adjustments	-	2,261	-	256,703
Gross profit (loss)	-	(1,615)	-	(91,520)
General and administration	9,292	(12,392)	48,127	2,911,587
Sales and marketing	-	-	-	902,858
Loss from operations before other expenses (income)	**(9,292)**	**10,777**	**(48,127)**	**(3,905,965)**
Other expense (income)	(3,283)	(66,088)	(2,999)	(1,666,811)
Finance expense	-	162,498	-	8,301
Gain on extinguishment of payables	-	(1,070,046)	-	(1,070,046)
(Gain) loss on disposal of assets	-	(5,229)	-	(593,575)
Net income (loss) from discontinued operations	**(6,009)**	**989,642**	**(45,127)**	**(583,834)**
Net loss per share, basic and diluted on discontinued	(0.00)	(0.01)	(0.00)	(0.01)
Weighted average number of outstanding common shares, basic and diluted	469,521,901	443,042,385	469,521,901	373,050,699

Additional information on the discontinuation of Mid-American Growers, Inc. can be found in the Company's 2022 Audited Consolidated Financial Statements which can be found at Sedar+.

32. SUBSEQUENT EVENTS

Subsequent to the nine months ended September 30, 2023, the Company had the following material event(s):

The Company was selected as the successful bidder under Aleafia's CCAA Process[1]

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.

The Company issued shares as final consideration for an asset purchase

The Company closed an asset purchase by a wholly owned subsidiary of the Company (the "Asset Purchase") and issued 700,000 common shares at a deemed price of $0.06 per share, as final consideration for the Asset Purchase. All securities issued pursuant to the Asset Purchase are subject to a statutory hold period which will expire on March 8, 2024.

None of the securities issued in connection with the Asset Purchase 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.

Launch of the Platinum® brand in Ohio following the successful vote for adult-use marijuana legalization

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 market. 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.

Advances to the Company

Subsequent to the period ended September 30, 2023, RGR provided the Company with additional advances against the CAD RGR Grid Note (note 20) amounting to $9,180,100, for which $3,680,100 was advanced to Aleafia under the terms and conditions of the AH DIP Note (note 10), with the balance of the RGR used for working capital and general corporate purposes. In late November 2023, an additional USD$600,000 was advanced to the Company under the terms of the USD RGR Grid Note (note 20) to facilitate settlement of the Greenlane Lawsuit (note 28 and 32).

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 any SEC sponsored exchanges, nor does it intend to seek a filing on any SEC sponsored exchange, other than the OTCQX, 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 other than the OTCQX, 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 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 subsequently re-apply to list its securities 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.