Red White & Bloom Brands Inc.

Condensed Interim Consolidated Financial Statements

For the periods ended March 31, 2024, and restated 2023

CSE: RWB

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 ("IFRS").

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements for the period ending March 31, 2024.

RED WHITE & BLOOM BRANDS, INC.
MANAGEMENT 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, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards ("IFRS"). 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 condensed interim consolidated 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 condensed interim consolidated 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.

In conjunction with the audit of the consolidated financial statements for the year ended December 31, 2023, by the Company's auditor, Williams & Partners Chartered Professional Accountants, LLP, the Company restated its audited consolidated financial statements for the year ended December 31, 2022 (the "2022 Restatement"). A summary of the related adjustments has been outlined in Note 32 *Restatement of Financial Results* of the Company's audited consolidated financial statements for the year ended December 31, 2023, and 2022 (the "2023 Audited Financial Statements") which can be found on www.sedarplus.ca ("Sedar+"). The adjustments relate to the accounting treatment of foreign currency translation on select non-monetary assets held by the Company (notably property, plant and equipment, intangible assets, right-of-use assets and goodwill). The 2022 restated comparative financial results contained in the 2023 Annual Financial Statements, should be considered to replace the audited consolidated financial statements for the year ended December 31, 2022, previously filed on May 15, 2023 (the "2022 Financial Statements").

As a consequence of the 2022 Restatement, the Company has restated its financial results for the comparative period within these condensed interim consolidated financial statements, for the period ended March 31, 2023. A summary of the related adjustments has been outlined in Note 32 *Restatement of Financial Results* in the following condensed interim consolidated financial statements for the period ended March 31, 2024, and 2023. Only information directly relating to these restatements has been updated in these condensed interim consolidated financial statements.

May 30 2024

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

TABLE OF CONTENTS

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of Canadian Dollars, except number of shares and per share amounts)

	As at 31-Mar-24	As at 31-Dec-23
	$	**$**
Assets		
Current assets		
Cash and equivalents (note 8)	3,472	2,251
Accounts receivable (note 9)	19,427	20,370
Notes receivable (note 10)	-	24,705
Prepaid expenses (note 11)	1,338	894
Deposits (note 12)	8,437	7,329
Inventory (note 13)	26,481	15,247
Biological assets (note 14)	3,426	4,215
Investments (note 7)	2,391	-
Other current assets	458	869
Total current assets	**65,430**	**75,880**
Non-current assets		
Property, plant and equipment, net (note 15)	53,566	33,329
Intangible assets, net (note 16)	93,612	87,252
Right-of-use assets, net (note 17)	16,908	17,564
Goodwill (note 18)	11,880	11,880
Total non-current assets	**175,966**	**150,025**
Total assets	**241,396**	**225,905**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 19)	43,926	42,126
Short-term notes payable (note 20)	170,205	146,900
Short-term credit facility (note 20)	20,016	19,430
Short-term convertible notes (note 20)	77,823	73,724
Short-term derivative liabilities (note 20)	545	673
Short-term lease obligations (note 17)	749	655
Income taxes payable	22,591	21,008
Other current liabilities	3,231	3,645
Total current liabilities	**339,086**	**308,161**
Non-current liabilities		
Long-term lease obligations (note 17)	21,979	21,423
Deferred tax liability	26,586	26,708
Total non-current liabilities	**48,565**	**48,131**
Total liabilities	**387,651**	**356,292**
Shareholders' equity		
Share capital (note 21)	342,111	342,111
Contributed surplus	17,170	17,120
Cumulative translation adjustment	(14,920)	(5,093)
Accumulated deficit	(495,754)	(491,547)
Non-controlling interest (note 25)	5,138	7,022
Total shareholders' equity (deficit)	**(146,255)**	**(130,387)**
Total liabilities and shareholders' equity	**241,396**	**225,905**

Nature of operations and going concern (note 1)
Segmented results (note 29)
Restatement of 2022 Financial Results (note 32)
Subsequent events (note 33)
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 condensed interim consolidated financial statements.

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(In thousands of Canadian Dollars, except number of shares and per share amounts)

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	$
Revenue		
Sales revenue (note 23)	22,551	26,453
Cost of goods sold, before fair value adjustments	14,682	17,043
Gross Profit before fair market value adjustments	7,869	9,410
Unrealized changes in fair value of biological assets	(3,067)	(451)
Realized fair value amounts included in inventory sold	(933)	(606)
Gross profit after fair market value adjustments	**3,869**	**8,353**
Operating Expenses		
General and administration (note 24)	8,202	7,545
Marketing expenses	1,262	483
Share-based compensation (note 21)	50	316
Depreciation and amortization (note 15, 16)	1,091	648
Bad debt expense (note 9)	1,488	223
Total Operating Expenses	**12,093**	**9,215**
Income (loss) from operations before other expenses	**(8,224)**	**(862)**
Other expense (income)		
Interest earned on promissory notes (note 10)	(209)	-
Other income	(666)	(48)
Finance expense	179	711
Interest on credit facilities (note 20)	586	517
Interest on convertible notes (note 20)	1,445	1,363
Accreted interest on convertible notes (note 20)	1,281	1,036
Accreted interest on promissory notes (note 20)	82	-
Interest on promissory notes (note 20)	5,666	3,281
Acquisition costs (note 33)	112	-
Business transaction costs	38	-
Accreted interest, leases (note 18)	673	682
Loss on disposal of assets (note 15)	235	-
Gain on valuation of financial instruments (note 20)	(145)	(1,008)
Loss on debt extinguishment (note 20)	100	-
(Gain) or loss on settlement of debt (note 20)	(636)	-
Gain on investments (note 7)	(7,645)	-
Foreign exchange	(4,092)	24
Total other expenses (income)	**(2,996)**	**6,558**
Loss before income taxes	**(5,228)**	**(7,420)**
Current income tax (expense)/recovery	(1,170)	(1,975)
Deferred income tax recovery	776	1,696
Net loss from continuing operations	**(5,622)**	**(7,699)**
Gain (loss) from discontinued operations (note 30)	(467)	(1,698)
Net loss for the period	**(6,089)**	**(9,397)**
Translation adjustment (note 32)	(1,136)	179
Net loss and Comprehensive loss	**(7,225)**	**(9,218)**
Net loss from continuing operations attributable to:		
Shareholders	(3,737)	(6,497)
Non-controlling interests (note 25)	(1,885)	(1,202)
Net loss and comprehensive loss attributable to:		
Shareholders	(5,340)	(8,016)
Non-controlling interests (note 25)	(1,885)	(1,202)
Net loss per share, basic and diluted (note 22)	**(0.01)**	**(0.01)**
Weighted average number of outstanding common shares, basic and diluted (note 22)	**470,221,901**	**469,521,901**

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

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of Canadian Dollars, except number of shares and per share amounts)

3 months ended March 31, 2023 *Restated (note 32)*	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	$	$	$	$	$	$
Balance, January 1, 2023	469,521,901	342,069	11,706	16,368	(6,228)	(352,649)	11,266
Stock based compensation (note 21)	-	-	-	324	-	-	324
Stock option forfeitures (note 21)	-	-	-	(7)	-	-	(7)
Currency translation adjustments	-	-	-	-	(179)	-	(179)
Net loss	-	-	(1,202)	-	-	(8,194)	(9,396)
Balance, March 31, 2023	**469,521,901**	**342,069**	**10,504**	**16,685**	**(6,407)**	**(360,843)**	**2,008**

3 months ended March 31, 2024	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	$	$	$	$	$	$
Balance, January 1, 2024	**470,221,901**	**342,111**	**7,022**	**17,120**	**(5,093)**	**(491,547)**	**(130,387)**
Stock based compensation (note 21)	-	-	-	50	-	-	50
Currency translation adjustments	-	-	-	-	(9,828)	-	(9,828)
Net loss from continuing operations	-	-	(1,885)	-	-	(3,739)	(5,624)
Net loss from discontinued operations	-	-	-	-	-	(467)	(467)
Balance, March 31, 2024	**470,221,901**	**342,111**	**5,137**	**17,170**	**(14,921)**	**(495,753)**	**(146,256)**

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

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Canadian Dollars, except number of shares and per share amounts)

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	**$**
Cash flow from operating activities:		
Net loss for the period	**(6,089)**	**(9,397)**
Items not involving cash:		
Accreted interest on leases	673	682
Depreciation of right-of-use assets (note 17)	419	412
Depreciation of property, plant and equipment (note 15)	1,178	1,164
Disposal of property, plant and equipment (note 15)	378	-
Amortized discount on note receivable (note 10)	(59)	-
Accrued interest on short-term notes (note 20)	5,666	-
Accrued interest on long-term notes (note 20)	-	3,281
Accreted interest on notes (note 20)	82	-
Accrued interest on convertible debentures (note 20)	1,445	1,363
Accreted interest on convertible debentures (note 20)	1,281	1,036
Accrued interest on credit facility (note 20)	586	517
Finance fees	179	711
Gain on valuation of financial instruments (note 20)	(145)	(1,008)
Gain on investment (note 7)	(7,645)	-
Accrued interest on interest receivable (note 10)	(150)	-
Gain/(Loss) on Debt extinguishment (note 20)	(100)	-
Stock based compensation (note 21)	50	316
Realized (gain) loss in cost of sales	933	606
Fair value adjustment on biological assets (note 14)	3,067	451
Changes in non-cash working capital items:		
Accounts receivable (note 9)	3,639	(5,062)
Prepaid expenses (note 11)	1,294	2,857
Deposits (note 12)	(937)	-
Inventory (note 13)	(4,793)	(1,511)
Biological Assets	(1,040)	360
Accounts payable and accrued liabilities (note 19)	(3,070)	934
Current Income tax payable	997	1,980
Deferred income taxes	(776)	(1,700)
Other assets	421	-
Other liabilities	1,525	-
Net cash provided by (used in) operating activities	**(991)**	**(2,008)**
Cash flows from investing activities		
Acquisition of property, plant and equipment (note 15)	(123)	(270)
Acquisition of right-of-use assets (note 17)	(190)	-
Acquisition of Aleafia (note 7)	1,009	-
Net cash provided by (used in) investing activities	**696**	**(270)**
Cash flow from financing activities:		
Issuance of short-term note (note 20)	-	1,000
Amendment of short-term notes payable (note 20)	-	5,979
Principal payments on short-term notes (note 20)	(27)	(1,064)
Interest payments on short-term notes (note 20)	(263)	(799)
Advances on short-term notes (note 10, 20)	7,688	-
Interest payments on credit facility (note 20)	-	(177)
Amendment fees on credit facility (note 20)	-	136
Amendment fee payments on credit facility (note 20)	-	(91)
Addition to leases (note 17)	190	-
Principal payments on lease obligations (note 17)	(104)	(87)
Interest payments on lease obligations (note 17)	(673)	(682)
Net cash provided by (used in) financing activities	**6,811**	**4,215**
Foreign exchange affecting cash equivalents	(5,295)	(184)
Change in cash during the period	1,221	1,753
Cash equivalents, beginning of year	2,251	2,747
Cash, end of period	**3,472**	**4,500**

The accompanying notes are an integral part of these 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" (note 33). 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.

RWB is a multi-jurisdictional, vertically integrated operator with operations in the legal cannabis markets in the United States, Canada and internationally. The principal activity of the Company is the sale of a diverse range of high-quality cannabis-based products delivered through its distribution and retail channels. The Company operates twelve (12) licensed adult-use and medical retail dispensaries located in the legal states of Michigan and Florida. Through its U.S. distribution operations, RWB has extended its penetration through direct sales to licensed retailers in the states of Michigan and California. As of March 31, 2024, the Company, in accordance with its asset-light strategy, continues to expand its brand footprint to include licensing of its key Platinum and Platinum Vape brands in the emerging states of Ohio, Arizona and Missouri. As of January 12, 2024, the Company has expanded its distribution and medical retail operations in the Canadian market through the acquisition of the former Aleafia Health Group of companies (note 7).

The condensed interim consolidated financial statements for the period ended March 31, 2024, and restated 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. For the period ended March 31, 2024, the Company incurred a comprehensive net loss of $7,227 (restated 2023; $9,217). Working capital deficit (current assets less current liabilities) as at March 31, 2024 was $276,047 (2023; $232,281). Net cash used in operations was $993 (restated 2023; $2,010).

The Company's operations are mainly funded with debt and equity financing, which is dependent upon many external factors. Access to these sources of financing continue to be constrained given the state of the global cannabis markets. The Company may not have sufficient cash to fund ongoing operations, and the acquisition and development of assets or servicing of debt requirements and will therefore require additional funding, which if not able to be raised through the aforementioned sources of funding, may result in the delay, postponement, or curtailment of some of its operating activities. In assessing whether the going concern assumption was appropriate, the Company considered all relevant information available for the twelve-month period following the March 31, 2024, reporting period. To address its financing requirements, the Company continues to aggressively pursue several available options including financing via debt and equity markets to fund growth initiatives, both organic and acquisitive, and monetization of captive assets; tangible and intangible. The Company will also continue to seek to improve its cash flow by prioritizing operating initiatives with greater expected returns and aggressively reduce operating costs by streamlining its operations and support functions. While the Company has been successful in obtaining financing to date and believes it will be able to secure sufficient funds 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 cannabis market conditions that may restrict sources of funding and increased competition across the industry resulting in compression of operating margins. Accordingly, 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 March 31, 2024, 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. These factors cast significant doubt upon the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

A. STATEMENT OF COMPLIANCE

The Company's Financial Statements have been prepared in accordance with and using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the periods ended March 31, 2024, and restated 2023. These Financial Statements should be read in conjunction with the Company's 2023 Financial Statements which can be found on Sedar+.

These Financial Statements were authorized for issuance by the Company's Board of Directors and Audit Committee on May 30, 2024.

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, which are measured at fair value (note 6). 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 unaudited condensed interim consolidated financial statements are reflected in thousands ('000's) of Canadian dollars, unless otherwise noted; Canadian dollars being the functional currency of the Company. Foreign currency transactions and 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 most recently filed audited consolidated financial statements which can be found on Sedar+. 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 the accounting policies used to those used by the Company.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

Subsidiaries with controlling interest within these Financial Statements include the following:

Subsidiary	Source Currency	Jurisdiction	% Ownership As at 31-Mar-24	% Ownership As at 31-Dec-23
Continuing Operations				
Red White & Bloom Brands Inc. (Parent)	**CAD**	**British Columbia, Canada**	**100%**	**100%**
[1]RWB (PV) Canada, Inc.	CAD	Alberta and Ontario, Canada	100%	-
RWB Licensing Inc.	CAD	British Columbia, Canada	100%	100%
[2]Aleafia Inc.	CAD	Ontario, Canada	100%	-
[2]Aleafia Farms Inc.	CAD	Ontario, Canada	100%	-
[2]Aleafia Retail Inc.	CAD	Ontario, Canada	100%	-
[2]Canabo Medical Corporation	CAD	Ontario, Canada	100%	-
[2]Emblem Cannabis Corporation	CAD	Ontario, Canada	100%	-
[2]Growwise Health Ltd.	CAD	Ontario, Canada	100%	-
MichiCann Medical Inc.	CAD	Ontario, Canada	100%	100%
PV CBD, LLC	USD	California, United States	100%	100%
[3]RWB California, Inc.	USD	California, United States	100%	-
RWB Platinum Vape Inc.	USD	California, United States	100%	100%
RWB Florida, LLC	USD	Florida, United States	77%	77%
Red White & Bloom Florida, Inc.	USD	Florida, United States	77%	77%
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%	-
Discontinued Operations				
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%
RLTY USA Corp.	USD	Delaware, United States	100%	100%
RWB Illinois, Inc.	USD	Delaware, United States	100%	100%
Real World Business Integration, LLC	USD	Illinois, United States	100%	100%
GC Ventures 2, LLC	USD	Michigan, United States	100%	100%

[1] Incorporated March 7, 2023
[2] Acquired January 12, 2024 (note 7)
[3] Incorporated February 7, 2023

4. ACCOUNTING PRONOUNCEMENTS

A. ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

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 were effective for annual periods beginning on or after January 1, 2023, and are to be applied retrospectively.

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 amendments do not have a material impact on the Financial Statements.

Amendments to Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements ("IAS 7")

On 25 May 2023, the IASB issued Supplier Finance Arrangements to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are effective for reporting periods beginning on or after 1 January 2024.

The amendments do not have a material impact on the 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 came in effect for annual periods beginning on or after January 1, 2023.

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. The amendments do not have an impact on the 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.

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, 2025, 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 IAS 21, Lack of Exchangeability

On 15 August 2023, the IASB issued Lack of Exchangeability to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for reporting periods beginning on or after 1 January 2025.

New standard, IFRS 18 Presentation and Disclosures in Financial Statements replacing IAS 1 'Presentation of Financial Statements.

The IASB has published its new standard IFRS 18 'Presentation and Disclosures in Financial Statements' that will replace IAS 1 'Presentation of Financial Statements'. The new standard is the result of the so-called primary financial statements project, aims at improving how entities communicate in their financial statements and will be effective for annual periods beginning on or after 1 January 2027.

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 note 5 of the 2023 Audited Consolidated Financial Statements which can be found on the Company's profile on Sedar+.

6. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in these Financial Statements are consistent with those followed in preparation of the 2023 Audited Consolidated Financial Statements, which can be found on Sedar+, which were prepared in accordance with IFRS as issued by the IASB.

7. ACQUISITIONS

ALEAFIA ACQUISITION

On January 12, 2024, in conjunction with the proceedings of Aleafia Health Inc. ("Aleafia') and certain of its subsidiaries (collectively, the "Aleafia Group") under the Companies' Creditors Arrangement Act (the "CCAA Proceedings"), the Company, through its subsidiary, RWB (PV) Canada, Inc. successfully acquired 100% of a new class of common shares of each of Emblem Cannabis Corporation ("ECC"), Canabo Medical Corporation ("CMC"), and Aleafia Retail Inc. ("ARI"), (collectively, the "Purchased Entities"), (the "Aleafia Acquisition"). As a result of the Aleafia Acquisition, the Company became the sole shareholder of the Purchased Entities and their respective subsidiaries.

Total consideration for the Aleafia Acquisition totaled $30,565 consisting of (1) a release of $24,195 outstanding and the obligations payable by the Aleafia Group under the AH Note Receivable (note 10) and the AH DIP Note (note 10), along with, (2) cash consideration of $6,370 , funded through a combination of cash on hand held by the Purchased Entities and a drawdown under RWB's CAD RGR Grid Note (note 20), to be utilized by Aleafia to extinguish outstanding obligations under an existing credit agreement and to fund closing costs and expenses of the Monitor and its legal counsel after the closing date.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

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

	$
AH DIP Note allocated to purchase of shares	7,241
AH Note Receivable allocated to purchase of shares	16,954
Cash consideration	6,370
Total consideration	**30,565**
Identifiable assets (liabilities) acquired	
Cash and equivalents	1,009
Receivables	2,230
Prepaids and deposits	1,722
Inventory	7,000
Biological assets	1,136
Land	11,700
Property, plant and equipment	9,686
Right of use assets	36
Intangible assets	4,681
Investments	2,391
Payables	(2,360)
Taxes payable	(72)
Accrued liabilities	(843)
Other payables	(65)
Lease obligations	(41)
Total identifiable net assets	**38,210**
Excess consideration over net identifiable assets	**(7,645)**
Total consideration	**30,565**

Fair values of investments, intangible assets and goodwill have been evaluated by a third-party valuation specialist. Fair values of the aforementioned assets as well as inventory, biological assets, property, plant and equipment may be subject to change during the allowable measurement period in accordance with IFRS 3.45. In accordance with IFRS 3.45, the allowable measurement period cannot exceed one year post acquisition date and no adjustments are permitted after one year except to correct an error, should one occur, in accordance with IAS 8. [IFRS 3.50]. Any subsequent adjustments made by Management relating to the purchase price allocation for the Aleafia Acquisition must comply with IFRS 3.45.

Total acquisition costs expensed by the Company's relating to the Aleafia Acquisition amounted to $604. $112 was expensed in three months ended March 31, 2024, and $492 was expensed during the year ended December 31, 2023.

Revenue of the Purchased Entities post-acquisition for the three months ended March 31, 2024 amounted to $3,591. Net loss for the period was $1,551. If the Aleafia Acquisition had closed on January 1, 2024, the Company estimates it would have recorded revenue of $22,618 and a net income of $15,583, resulting in an increase in revenue of $532 and a decrease in net loss of $16,975 for three months ended March 31, 2024, including the impact of a bargain purchase amounting to $7,645 recorded by the Company to gain on investments.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

8. CASH AND EQUIVALENTS

Cash as at March 31, 2024 and December 31, 2023, includes the following:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Cash in bank	3,024	1,783
Cash on hand	319	407
Cash in transit	129	61
Total cash	**3,472**	**2,251**

Cash on hand is typically cash amounts at various retail locations and petty cash kept on hand to settle immediate needs of the day-to-day operations. Cash in bank includes cash held at various financial institutions contracted by the Company. Cash in transit represents cash deposits collected from the Company's retail locations on route to be deposited into the accounts maintained by the Company at various financial institutions. Cash-in-transit deposits typically have a twenty-four-to-forty-eight-hour transit time before they are recognized by the respective financial institutions for the benefit of the Company.

9. ACCOUNTS RECEIVABLE

The Company's trade accounts receivable is a result of sales through its Distribution and Licensing segments. The Company extends credit terms to customers at its sole discretion based on the customers' creditworthiness. The Company's typical credit terms, for customers who have met the Company's creditworthiness criteria, range between net 15 and 30 days.

As at March 31, 2024 and December 31, 2023 accounts receivable consists of the following:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Trade receivables	24,636	24,553
Sales tax receivable	522	418
Other receivables	754	164
Total receivables before expected credit losses	**25,912**	**25,135**
Provision for expected credit losses	(6,379)	(4,765)
Provision for credit disputes	(106)	-
Ending Balance	**19,427**	**20,370**

Sales tax receivable represents input tax credits on purchased goods or services.

The Company assessed the carrying amount of trade receivables at March 31, 2024, for expected credit loss ("ECL") and included an expected credit loss of $6,379 (December 31, 2023; $4,765) against receivables. In the three months ended March 31, 2024, the Company expensed $1,488 to expected credit loss and bad debt expense on its condensed interim consolidated statement of loss and other comprehensive loss (March 31, 2023; $223).

(In thousands of Canadian Dollars, except number of shares and per share amounts)

The aging of the Company's trade receivables and the corresponding ECL as at March 31, 2024 is as follows:

Rate of expected credit loss:	0.00%	6.76%	18.14%	34.34%	43.43%	Total
Aging classification	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121+ Days**	
	$	**$**	**$**	**$**	**$**	**$**
Trade Receivables	7,859	1,109	783	3,328	11,557	24,636
Expected Credit Losses	-	(75)	(142)	(1,143)	(5,019)	(6,379)
Net Trade Receivables	**7,859**	**1,034**	**641**	**2,185**	**6,538**	**18,257**
Sales tax recoverable	-	-	-	-	-	522
Provision for credit disputes	-	-	-	-	-	(106)
Other receivables	-	-	-	-	-	754
Balance, March 31, 2024						**19,427**

The aging of the Company's trade receivables and the corresponding ECL as at December 31, 2023 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	9,647	1,438	3,735	1,136	8,596	24,552
Expected Credit Losses	(15)	(82)	(268)	(168)	(4,232)	(4,765)
Net Trade Receivables	**9,631**	**1,356**	**3,468**	**968**	**4,364**	**19,787**
Sales tax recoverable	-	-	-	-	-	418
Other receivables	-	-	-	-	-	165
Balance, December 31, 2023						**20,370**

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 March 31, 2024 and December 31, 2023, the Company had the following outstanding notes receivable:

	Date of Issue	Maturity date	Interest	As at 31-Mar-24	As at 31-Dec-23
			%	**$**	**$**
AH Note Receivable	2023-07-26	2023-11-23	Prime + 9%	-	16,778
AH DIP Note	2023-06-06	2023-12-24	12.50%	-	7,927
Total notes receivable				**-**	**24,705**

(In thousands of Canadian Dollars, except number of shares and per share amounts)

The Company's notes receivable for March 31, 2024, and December 31, 2023, is as follows:

	$
Balance, January 1, 2023	-
Issuance of AH Note Receivable	14,000
Advances on AH DIP Note	10,811
Coupon Interest	2,068
Amortization of discount	971
Principal Payments	(3,145)
Balance, December 31, 2023	**24,705**
Short-term	24,705
Long-term	-
Balance, January 1, 2024	**24,705**
Additions	7,330
Coupon Interest	150
Amortization of discount	59
Aleafia Acquisition (note 7)	(30,565)
Acquisition of Aleafia trademarks and tradenames	(1,679)
Balance, March 31, 2024	**-**

During the three months ended March 31, 2024, the Company accrued interest amounting to $150 (December 31, 2023; $2,068) to other income relating to interest income earned on its note receivables.

AH Note Receivable

On June 6, 2023, the Company and 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. An advance of $1,500 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.

Royal Group Resources Ltd. ("RGR"), an existing creditor of both the Company and Aleafia, provided the Company with a $14,000 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 advance under the AH Note Receivable.

The AH Note Receivable attracted a coupon interest of prime plus 9% per annum and matured on December 24, 2023, and was extended to January 12, 2024. The discount on the purchase price, amounting to $1,030 was recognized by the Company over its expected life using the effective interest method and included other income on the condensed interim consolidated statement of profit and loss and other comprehensive profit and 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 period ended March 31, 2024, the Company accrued interest amounting to $118 (December 31, 2023; $1,807) and amortized $59 of the discount received on the purchase price (December 31, 2023; $971) to other income on its condensed interim consolidated statement of loss and other comprehensive loss relating to interest income earned on the AH Note Receivable.

On January 12, 2024, as a component of the consideration paid for the Aleafia Acquisition (note 7), the Company released all remaining amounts outstanding and obligations payable under the AH DIP Note amounting to $16,953, rendering the AH Note Receivable settled and paid in full.

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 (the "AH DIP Note"). Interest on the principal outstanding amount from the date each DIP Advance is made was 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 was payable by Aleafia representing 3% of the maximum $6,600 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 condensed interim 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.

On November 3, 2023, a principal repayment of $3,145 was made by Aleafia. Funding for the principal repayment was secured by Aleafia through the sale of its greenhouse facility located in Grimsby, Ontario (Canada).

On October 31, 2023, the Court granted an ancillary relief order, as part of the Aleafia CCAA Proceedings, approving, among other matters, amendments to the AH DIP Note to increase the financing available to the Aleafia group of companies from $6,600 to $8,000.

During the period ended March 31, 2024, the Company advanced $7,330 (December 31, 2023; $10,811) under the AH DIP Note and received principal repayments of $nil (December 31, 2023; $3,145). The Company also accrued $32 in related interest income to other income on the condensed interim consolidated statement of profit and loss and other comprehensive profit and loss (December 31, 2024; $261).

On January 12, 2024, as a $1,679 reduction to the obligations payable to RWB under the AH DIP Note, the Company acquired Aleafia trademarks and tradenames. Additionally, the Company released the remaining $7,241 outstanding under the AH DIP Note as part of the consideration paid for the Aleafia Acquisition (note 7), rendering the AH DIP Note settled and paid in full.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

11. PREPAID EXPENSES

As at March 31, 2024 and December 31, 2023, the Company's prepaid expenses are comprised of the following amounts:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Prepaid license	406	480
Prepaid taxes	137	121
Prepaid dues and subscriptions	97	93
Other prepaid fees	698	200
Total prepaid expenses	**1,338**	**894**

12. DEPOSITS

As at March 31, 2024 and December 31, 2023, the Company had the following deposits:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Vendor deposits	7,332	6,271
Security deposits	262	256
Other deposits	843	802
Total deposits	**8,437**	**7,329**

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

13. INVENTORY

The Company's inventory as at March 31, 2024, and December 31, 2023 consists of the following:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Cannabis and CBD derivative finished goods	10,336	3,470
Raw materials	3,315	2,160
Cannabis and CBD derivative work in process	19,655	9,384
Consumables and non-cannabis merchandise	264	332
Inventory provisions	(7,089)	(99)
Total	**26,481**	**15,247**

During the period ended March 31, 2024, the total inventory included in cost of sales was $13,698 (December 31, 2023; $53,047), which includes an allocation for salaries and wages amounting to $1,850 (December 31, 2023; $3,568).

(In thousands of Canadian Dollars, except number of shares and per share amounts)

14. BIOLOGICAL ASSETS

The Company's biological assets consist of 4,858 plants growing as at March 31, 2024 (December 31, 2023; 9,433).

The continuity of biological assets is as follows:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Carrying amount, beginning of year	4,215	4,291
Acquired from Aleafia Acquisition (note 7)	1,134	-
Capitalized cost	5,350	10,100
Unrealized changes in fair value of biological assets	(3,384)	(3,301)
Fair value adjustment over/(under) current period	397	3,384
Translation adjustment over/(under) prior period	-	(83)
Transferred to inventory	(4,171)	(10,236)
Effects of foreign exchange	(115)	60
Carrying value, end of period	**3,426**	**4,215**

Sensitivity Analysis

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

	For the period ended 31-Mar-24			For the period ended 31-Mar-23 *Restated (note 32)*		
	Weighted average assumption	10% Change of inputs	Effect on Biological Asset balance	Weighted average assumption	10% Change of inputs	Effect on Biological Asset balance
Selling price ($/gram)	$2.94	$3.24	$1,002	$6.42	$7.06	$651
Yield by plant (grams)	739	813	$631	614	675	$486
Post-harvest costs ($/gram)	$1.28	$1.41	$(314)	$2.19	$2.41	$(284)

During 2023, within the Retail segment, the Company’s cultivation facility located in 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.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

15.PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of March 31, 2024, and 2023 consists of the following:

	Land	Land Improvements	Building	Building Improvements	Leasehold Improvements	Vehicles	Furniture & Fixtures	Machinery & Equipment	Computer Hardware	Construction In Progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Costs											
Balance, December 31, 2022 restated	**609**	**1,168**	**49,682**	**446**	**5,824**	**198**	**477**	**11,597**	**62**	**4,023**	**74,086**
Additions	-	-	-	25	261	-	8	626	-	1,044	1,964
Disposals	-	-	-	-	-	-	-	(9)	-	-	(9)
Disposals from discontinued operations	-	-	-	-	-	(106)	(11)	(197)	-	-	(314)
Impairments	-	(11)	(30,638)	(89)	-	-	-	-	-	(3,245)	(33,983)
Foreign currency movement	-	-	1,693	6	7	-	-	(8)	-	199	1,898
Balance, December 31, 2023	**609**	**1,157**	**20,737**	**388**	**6,092**	**92**	**474**	**12,009**	**62**	**2,021**	**43,641**
Additions	-	-	-	-	-	-	-	53	-	70	123
Reclassifications	-	-	-	-	1,161	-	-	(1,161)	-	-	-
Additions through business combinations (note 7)	11,700	-	4,738	4,161	-	-	87	604	95	-	21,385
Disposals	-	(1)	-	(10)	(101)	(3)	(21)	(1,333)	(26)	-	(1,495)
Disposals from discontinued operations	-	-	-	-	-	(77)	-	(75)	(20)	-	(172)
Foreign currency movement	-	-	-	-	60	-	-	151	-	(8)	202
Balance, March 31, 2024	**12,309**	**1,156**	**25,475**	**4,539**	**7,212**	**12**	**540**	**10,248**	**111**	**2,083**	**63,685**
Accumulated depreciation											
Balance, December 31, 2022 restated	-	12	1,180	105	1,353	89	125	2,642	35	-	5,541
Depreciation for the period	-	10	1,162	130	1,050	4	92	2,123	14	-	4,585
Depreciation from discontinued operations	-	-	-	-	-	28	1	9	2	-	40
Disposals	-	-	-	-	-	(55)	(4)	(38)	-	-	(97)
Impairments	-	(1)	-	(61)	-	-	-	-	-	-	(62)
Foreign currency movement	-	2	64	60	8	1	17	153	-	-	305
Balance, December 31,2023	**-**	**23**	**2,406**	**234**	**2,411**	**67**	**231**	**4,889**	**51**	**-**	**10,312**
Depreciation for the period	-	3	220	129	322	1	24	470	9	-	1,178
Reclassifications	-	-	-	-	655	-	-	(655)	-	-	-
Disposals	-	(1)	-	(11)	(6)	(2)	(21)	(1,128)	(27)	-	(1,196)
Disposals from discontinued operations	-	-	-	-	-	(58)	-	(21)	(14)	-	(93)
Foreign currency movement	-	-	-	-	(93)	-	-	11	-	-	(82)
Balance, March 31,2024	-	25	2,626	352	3,289	8	234	3,566	19	-	10,119
Net book value											
Balance, December 31, 2023	**609**	**1,134**	**18,331**	**154**	**3,681**	**25**	**243**	**7,120**	**11**	**2,021**	**33,329**
Balance, March 31, 2024	**12,309**	**1,131**	**22,849**	**4,187**	**3,923**	**4**	**306**	**6,682**	**92**	**2,083**	**53,566**

During the three months ended March 31, 2023, $21,386 in property, plant and equipment was acquired by the Company as a result of the Aleafia Acquisition (note 7). The Company allocated $506 in depreciation to inventory within the period (restated March 31, 2023; $928).

(In thousands of Canadian Dollars, except number of shares and per share amounts)

During the year ended December 31, 2023, the Company realized an impairment charge of totalling $33,983 against the carrying value of fixed assets held by Pharmaco Inc., a wholly owned subsidiary of RWB. The charge stems from a re-assessment of the recoverable value of the acquired operations' property, plant and equipment as the Company continues to evaluate restructuring alternatives for the operations. The balance of carrying value of property, plant and equipment as of March 31, 2024, represents management's best estimate of the aforementioned assets' value in use as of March 31, 2024.

16. INTANGIBLE ASSETS

A continuity of the intangible assets for March 31, 2024, and December 31, 2023, is as follows:

	Brand	Licenses	Total
	$	$	$
Costs			
Balance, December 31, 2022	33,992	84,109	118,101
Additions	-	102	102
Impairments	-	(32,180)	(32,180)
Foreign exchange movement	-	1,229	1,229
Balance, December 31, 2023	**33,992**	**53,260**	**87,252**
Additions	1,679	-	1,679
Aleafia Acquisition	447	4,234	4,681
Balance, March 31, 2024	**36,118**	**57,494**	**93,612**

As part of the Aleafia Acquisition on January 12, 2024 (note 7), the Company, through its acquisition of the common shares of select legal entities, acquired all of the operating licenses issued by regulatory authorities in Canada to the aforementioned select entities. The fair value of these operating licenses have been included in the intangible assets as at March 31, 2024.

Intangible asset impairments

At the end of each reporting period, 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.

During the three months ended March 31, 2024, the Company did not recognize any impairment charges against its intangible assets.

During the year ended December 31, 2023, as part of its annual impairment review related to identifiable intangibles, the Company recognized an impairment charge against the previously recognized carrying value of cultivation licenses granted in the state of Massachusetts totalling $5,281. The charge stems from the Company's ongoing strategic review of select assets operations and their recoverable value as at December 31, 2023. The charge is included in Company's discontinued operations for the year ended December 31, 2023 (note 30). The Company also realized an impairment charge against the previously recognized carrying value of adult-use and medical retail licenses granted in the state of Michigan to Pharmaco Inc., totalling $26,899. The charge stems from a re-evaluation of the acquired Pharmaco retail operations, operating as a part of the CGU within the Retail segment, of its tangible and intangible assets as well as goodwill (note 18).

(In thousands of Canadian Dollars, except number of shares and per share amounts)

The balance of carrying value of the identifiable intangibles as of March 31, 2024, and December 31, 2023, represents management's best estimate of the aforementioned assets' value in use for the respective points in time.

The key assumptions utilized in deriving the fair value of the identifiable intangible assets during the Company's 2023 annual impairment review were the applicable discount rate (18%), or cost of capital and the revenue growth rate which varied based on select operating assumptions associated with the valuation methodology applicable to the CGU. Should any of these key assumptions materially change from the rates utilized by the Company for the 2023 fair value assessment, the estimated fair value may be impacted and could potentially result in additional impairment charges 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 intangible assets impairment assessment at a time other than at the next fiscal year end of the Company.

17.RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

A continuity of the Company's right-of-use assets is as follows:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Opening balance	**17,564**	**18,988**
Additions from Aleafia acquisition	36	-
Additions during the period	190	85
Depreciation for the period	(419)	(1,639)
Effects of foreign exchange	(463)	130
Balance, March 31, 2024	**16,908**	**17,564**

As at March 31, 2024 and December 31, 2023, $7 and $nil of right-of-use depreciation expense were allocated directly to inventory and expensed through COGS.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

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

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Opening balance	22,077	22,888
Additions	230	79
Interest accretion	673	2,698
Interest payments	(673)	(2,698)
Principal payments	(104)	(306)
Ending balance	**22,203**	**22,661**
Effects of foreign exchange	525	(583)
Less: Short-term lease obligations	(749)	(655)
Long-term lease obligation	**21,979**	**21,423**

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

	As At 31-Mar-24	As At 31-Dec-23
	$	**$**
2024	2,902	3,715
2025	3,286	3,169
2026	3,350	3,236
2027	3,260	3,151
2028	3,168	3,064
Thereafter	32,013	31,184
Total minimum lease payments	**47,979**	**47,519**
Present value of minimum lease payments	16,385	16,300
Effect of discounting	8,866	9,141
Current portion lease obligations	749	655
Long-term lease obligations	**21,979**	**21,423**

(In thousands of Canadian Dollars, except number of shares and per share amounts)

18.GOODWILL

Goodwill as of March 31, 2024, and December 31, 2023 was comprised of the following:

	$
Balance, December 31, 2022	34,852
Goodwill impairment - Pharmaco, Inc.	(24,318)
Foreign exchange movement	1,346
Balance, December 31, 2023	**11,880**
Balance, March 31, 2024	**11,880**

Balances in goodwill as at March 31, 2024 and December 31, 2023 are associated with the Company's Retail segment.

Goodwill impairment

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"). *Refer to note 6 of the 2023 Audited Financial Statements 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 March 31, 2024, 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.

During the year ended December 31, 2023, the Company recognized an impairment of goodwill associated with its Retail segment totalling $24,318. The charge stems from a re-evaluation of the Pharmaco retail operations, operating as a part of the CGU within the Retail segment, of its tangible and intangible assets as well as goodwill. The charge fully impaired all goodwill associated with the acquired Pharmaco operations.

The key assumptions utilized in deriving the fair value of the goodwill during the Company's 2023 annual impairment review were the applicable discount rate (18%), or cost of capital, and the revenue growth rate which varied based on select operating assumptions associated with the valuation methodology applicable to the CGU. Should any of these key assumptions materially change from the rates utilized by the Company for the 2023 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.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

19.ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company had the following accounts payable and accrued liabilities at March 31, 2024 and December 31, 2023:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Trade payables	19,851	18,506
Accrued liabilities and other	9,691	10,025
Sales and excise tax payable	14,204	13,564
Customer deposits	180	31
Total	**43,926**	**42,126**

During the period ended March 31, 2024, the Company had one significant supplier representing 35% of its trade payables. (December 31, 2023: 17%).

20.DEBT

A. NOTES PAYABLE

As at March 31, 2024, and December 31, 2023 the Company had the following outstanding payable:

'000's	Purpose of Note	Original note value	Date of Issue	Maturity date	Interest	As at 31-Mar-24	As at 31-Dec-23
		$			%	$	$
USD$828,200 - City of San Deigo	Payment plan	828	25-Oct-21	OnDemand	7.00%	713	684
Due to Oakshire	Operations	1,081	n/a	OnDemand	0.00%	1,151	1,123
[i] USD$25,885,000 RGR Note	Debt Restructure	25,885	15-Sep-22	12-Sep-24	15.00%	44,129	41,454
USD$2,887,000 TAII Note	Debt Restructure	2,887	15-Sep-22	12-Sep-24	15.00%	4,504	4,303
[I] USD$6,349,000 SDIL Note	Debt Restructure	6,349	15-Sep-22	12-Sep-24	15.00%	9,802	9,366
USD$269,000 SIL Note	Debt Restructure	269	15-Sep-22	12-Sep-24	15.00%	440	412
[I] USD$ RGR Grid Note	Debt Restructure	7,850	1-Nov-22	12-Sep-24	12.00%	-	30,293
[I, ii] USD$ RGR Grid Note	Debt Restructure	7,850	1-Jan-24	12-Sep-24	12.00%	36,916	-
[I] USD$18,300,000 RGR Note	Debt Restructure	18,300	29-Dec-23	12-Feb-24	12.9%+[iii]PIK	26,755	25,138
[I] CAD$2,710,000 BJMDSD Note	Debt Restructure	2,210	1-Feb-23	12-Sep-24	15.00%	3,148	3,029
[I] CAD$ RGR Grid Note	Operations & Aleafia Acquisition	1,000	27-Mar-23	12-Sep-24	12.00%	-	31,098
[I, ii] CAD$ RGR Grid Note	Operations & Aleafia Acquisition	1,000	1-Jan-24	12-Sep-24	12.00%	42,647	-
Balance, end of period						**170,205**	**146,900**

[i] Related party lender (note 27)
[ii] Result of January 1, 2024, amendment of previous loan
[iii] Details of PIK interest in following notes

Notes payable transactions during the period ended March 31, 2024:

a) RGR Grid Note Amendments

On January 1, 2024, the Company and RGR executed agreements to amend the CAD$ RGR Grid Note and the USD$ RGR Grid Note (the "RGR Grid Notes"). Under the terms of the amendments, effective January 1, 2024, the RGR Grid Notes will bear interest at an aggregate rate of 12% per annum accruing and compounding and calculated on a monthly basis in arrears at the end of each month, and shall be paid, together with principal, on the maturity date; September 12, 2024. All other terms and conditions remain unchanged. The amendments were subject to review under IFRS 9 and as a result, both the CAD$ RGR Grid Note and the USD$ RGR Grid Note were extinguished resulting in $100 loss on extinguishment related to the RGR Grid Note Amendments.

Notes payable transactions during the year ended December 31, 2023:

a) The CAD$2,210,000 BJDM Note Amendment

On February 1, 2023, the Company amended the secured CAD$2,210,000 BJDM Note to update the principal from $2,210 to $2,710, with all other terms and conditions remaining the same. The amendment was subjected to review under IFRS 9 and as a result, the CAD$2,210,000 BJDM Note was extinguished resulting in $nil gain or loss on extinguishment. $500 in additional funding was received by the Company on amendment and the loan was renamed from the "CAD$2,210,000 BJDM Note" to the "CAD$2,710,000 BJDMSD Note."

b) USD RGR Grid Note

On March 10, 2023, the Company entered into a secured note payable amending the agreement with RGR to document US dollar advances made by RGR to the Company (the "USD RGR Grid Note"). The USD RGR Grid Note initially provides for an amendment to an existing USD$5,850 note and an additional $2,000 in funding, for a change in principle with all other terms and conditions remaining the same. The USD RGR Grid Note bears an interest rate of 12% per annum with interest payments due on the last day of each month and all future advances to be documented as part of the USD RGR Grid Note.

b) CAD RGR Grid Note

On March 27, 2023, the Company entered into a secured note payable agreement with RGR to document Canadian dollar advances made by RGR to the Company (the "CAD RGR Grid Note"), maturing on September 12, 2024; secured by a first priority security interest in, and pledge of the equity ownership interest of the Company's subsidiary; RWB Michigan, LLC. The CAD RGR Grid Note will bear interest at an aggregate rate of 12% per annum with interest payments due on the last day of each month.

c) VRT Note Purchase Agreement

The USD$18,300,000 VRT Note included an administrative fee of US$180 and a non-refundable origination discount of US$540. 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.

On December 29, 2023, VRT and RGR entered into an assignment agreement (the "VRT Note Purchase Agreement") in relation to the USD$18,300,000 VRT Note. The VRT Note Purchase Agreement resulted in the assignment, from VRT to RGR, of 100% of VRT's interest in the rights and obligations as set out in the USD$18,300,000 VRT Note and a renaming of the note to the "USD$18,300,000 RGR Note".

All terms and conditions of the [i]USD$18,300,000 RGR Note remain the same as initially set out in the USD $18,300,000 VRT Note. The USD$18,300,000 RGR Note remains to be secured by select assets of the Florida operations. Interest continues to be 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 change in lenders was insignificant and did not initiate debt modification analysis under IFRS 9.

d) The December 31, 2023 Amendments

On December 31, 2023, the Company and the lenders agreed to amend the below listed Notes Payable. Under the terms of the amendments, the Company agreed to settle unpaid principal amounts when(?) the full and final payment of the principal amount becomes due, with accrued PIK interest added to principal effective January 1, 2023. Interest is calculated on a compounded monthly basis at 15% per annum, and payable on the agreed upon maturity date in arrears and on the date of any prepayment or repayment. All other terms and conditions remain unchanged. The amendment was subjected to review under IFRS 9 and as a result, the Company recognized a $507 gain on debt modifications related to the December 31, 2023 Amendments.

The following Notes were included in the December 31, 2023 Amendments:

- CAD$2,710,000 BJMDSD Note
- USD$25,885,000 RGR Note
- USD$6,349,000 SDIL Note
- USD$269,000 SIL Note
- USD$2,887,000 TAII Note

During the three months ended March 31, 2024, and the year ended December 31, 2023, the Company satisfied all financial covenants. Covenants include preservation of corporate existence, compliance with laws, maintenance of taxes payable, maintain of records, maintenance of properties, inspection, insurance coverage, perform obligations, notice of certain events, discharge of all obligations and liabilities.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

Continuity of the outstanding short-term notes payable held by the Company for the three months ended March 31, 2024 is as follows.

Name of Loan	Balance 31-Dec-23	Additions	Interest Accretion	Interest	Principal Payments	Interest Payments	Debt Modification	Transaction costs	Extinguishment	Gain/(loss) on extinguishment	FX (gain)/loss	Balance 31-Mar-24
	$	$	$	$	$	$	$	$	$	$	$	$
USD$828,200 City of San Deigo	684	-	-	-	-	-	-	-	-	-	29	713
Due to Oakshire	1,123	-	-	-	-	-	-	-	-	-	27	1,150
[i]USD$25,885,000 RGR Note	41,454	-	43	1,611	-	-	-	-	-	-	1,022	44,130
USD$2,887,000 TAII Note	4,303	-	11	167	-	(84)	-	-	-	-	107	4,504
[i]USD$6,349,000 SDIL Note	9,366	-	23	361	-	(179)	-	-	-	-	231	9,802
USD$269,000 SIL Note	412	-	1	16	-	-	-	-	-	-	11	440
[i]USD$ RGR Grid Note	30,293	-	-	97	-	-	-	50	(30,390)	(50)	-	-
[i, ii]USD RGR Grid Note	-	4,706	-	1,036	-	-	30,390	-	-	-	784	36,916
[i, iv]USD$18,300,000 RGR Note	25,138	-	-	1,026	(27)	-	-	-	-	-	618	26,755
[i]CAD$2,710,000 BJMDSD Note	3,029	-	4	115	-	-	-	-	-	-	-	3,148
[i]CAD$ RGR Grid Note	31,098	-	-	44	-	-	-	50	(31,142)	(50)	-	-
[i, ii]CAD$ RGR Grid Note	-	10,312	-	1,193	-	-	31,142	-	-	-	-	42,647
Balance, end of period	**146,900**	**15,018**	**82**	**5,666**	**(27)**	**(263)**	**61,532**	**100**	**(61,532)**	**(100)**	**2,829**	**170,205**

Continuity of the outstanding short-term notes payable held by the Company for the year ended December 31, 2023, is as follows.

Name of Loan	Balance 31-Dec-22 *Restated*	Additions	Interest Accretion	Interest	Principal Payments	Interest Payments	Debt Modification	(Gain)/Loss on Debt Modification	Transaction costs	Extinguishment	FX (gain)/loss	Balance 31-Dec-23
	$	$	$	$	$	$	$	$	$	$	$	$
USD$828,200 City of San Deigo	687	-	-	46	(32)	-	-	-	-	-	(16)	685
Due to Oakshire	1,150	-	-	-	-	-	-	-	-	-	(27)	1,123
$26,872 Ram loan	5	-	-	-	(5)	-	-	-	-	-	-	-
[i, iii]USD$25,885,000 RGR Note	36,678	-	155	5,870	-	-	-	(265)	(6)	-	(977)	41,455
[iii]USD$2,887,000 TAII Note	3,940	-	42	622	-	(123)	-	(68)	(6)	-	(103)	4,304
[i, iii]USD$6,349,000 SDIL Note	8,664	-	87	1,356	-	(360)	-	(150)	(7)	-	(225)	9,365
[iii]USD$269,000 SIL Note	367	-	5	59	-	-	-	(3)	(7)	-	(10)	411
USD$18,300,000 VRT Note	24,849	-	-	2,996	-	(3,001)	-	-	-	(24,140)	(705)	(1)
[i]CAD$ RGR Grid Note	10,765	18,757	-	2,639	(1,293)	-	-	-	-	-	(574)	30,294
[I, iv]USD$18,300,000 RGR Note	-	-	-	949	-	-	24,140	-	-	-	49	25,138
[i]CAD$2,210,000 BJMD Note	2,227	-	-	31	-	(25)	-	-	-	(2,231)	-	2
[I, iii]CAD$2,710,000 BJMDSD Note	-	500	13	395	-	(86)	2,231	(21)	(5)	-	-	3,027
[i]CAD$ RGR Grid Note	-	32,705	-	1,538	(3,146)	-	-	-	-	-	-	31,097
Balance, end of year	**89,332**	**51,962**	**302**	**16,501**	**(4,476)**	**(3,595)**	**26,371**	**(507)**	**(31)**	**(26,371)**	**(2,588)**	**146,900**

[i] Related party note (note 27)
[ii] Result of the RGR Grid Note Amendments (note 20)
[iii] See December 31, 2023 Amendments (note 20)
[iv] See VRT Note Purchase Agreement (note 20)

(In thousands of Canadian Dollars, except number of shares and per share amounts)

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 March 31, 2024 and December 31, 2023.

	[i]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	[i]USD$5,400,000 Convertible DICL Note	[i]USD$5,400,000 Convertible SDIL Note	[i]CAD$17,000,000 Convertible CPIL Note
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
[ii]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, December 31, 2023								
Stock price	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	n/a
Term (years)	0.31	0.31	0.31	0.31	0.43	0.7	0.7	2
Volatility	184.40%	184.40%	184.40%	184.40%	173.40%	154.40%	154.40%	n/a
Implied spread	977	977	977	977	977	977	977	n/a
Risk-free rate	5.40%	5.40%	5.40%	5.40%	5.30%	5.10%	5.10%	n/a
Discount/market yield	15.10%	15.10%	15.10%	15.10%	15.10%	14.80%	14.80%	15.07%
Derivative liability valuation inputs, March 31, 2024								
Stock price	-	-	-	-	-	$0.04	$0.04	n/a
Term (years)	-	-	-	-	-	0.45	0.45	2
Volatility	-	-	-	-	-	159.60%	159.60%	n/a
Implied spread	-	-	-	-	-	803	803	n/a
Risk-free rate	-	-	-	-	-	5.40%	5.40%	n/a
Discount/market yield	-	-	-	-	-	13.40%	13.40%	15.07%

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

[i] Held by a related party (note 27)
[ii] Binomial lattice methodology based on a Cox-Ross-Rubenstein ("CRR") approach.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

A continuity of convertible debentures held by the Company for the three months ended March 31, 2024, and December 31, 2023, is as follows:

CAD in '000	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	USD$5,400,000 Convertible SDIL Note	CAD$17,000,000 Convertible CPIL Note	Total
	$	$	$	$	$	$	$	$	$
Carrying Value, January 1, 2023	**1,608**	**2,299**	**2,299**	**1,150**	**26,411**	**7,756**	**7,756**	**15,617**	**64,896**
Additional interest	-	-	-	-	1,247	-	-	-	**1,247**
Additional interest cash payment	-	-	-	-	(1,247)	-	-	-	**(1,247)**
Interest accrued	118	169	169	84	2,451	644	644	1,360	**5,639**
Interest Accretion	52	75	75	37	2,847	176	176	1,053	**4,491**
Effects of foreign exchange	(39)	(58)	(58)	(29)	(722)	(198)	(198)	-	**(1,302)**
Carrying Value, December 31, 2023	**1,739**	**2,485**	**2,485**	**1,242**	**30,987**	**8,378**	**8,378**	**18,030**	**73,724**
Interest accrued	29	42	42	21	631	170	170	340	**1,445**
Interest Accretion	16	23	23	11	849	48	48	263	**1,281**
Effects of foreign exchange	43	61	61	31	765	206	206	-	**1,373**
Carrying Value, March 31, 2024	**1,827**	**2,611**	**2,611**	**1,305**	**33,232**	**8,802**	**8,802**	**18,633**	**77,823**

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 March 31, 2024, 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.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

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 March 31, 2024, and December 31, 2023, and the corresponding fair market value of the Company's derivative liabilities were as follows:

	USD$20,112,015 Convertible M&V Note	USD$5,400,000 Convertible DICL Note	USD$5,400,000 Convertible SDIL Note	Total
	$	$	$	$
Balance, January 1, 2023	**(1,268)**	**(981)**	**(981)**	**(3,230)**
Gain on FMV adjustments of derivative liability	2	647	647	1,296
Gain on Interest liability classified as a derivative liability	1,243	-	-	1,243
Effects of Foreign exchange	24	(3)	(3)	18
Balance, December 31, 2023	**1**	**(337)**	**(337)**	**(673)**
Gain on FMV adjustments of derivative liability	1	72	72	145
Effects of Foreign exchange	(2)	(7)	(8)	(17)
Balance, March 31, 2024	**-**	**(272)**	**(273)**	**(545)**

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.

On January 30, 2023, the Company and the Lender agreed revised the 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.

As at the date of these Financial Statements, the Company and PricewaterhouseCoopers, the appointed receiver acting 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, 2022	**17,552**
Amendment Fee	136
Finance charge	1
Accrued interest	2,186
Interest payments	(354)
Amendment fee payment	(91)
Balances, December 31, 2023	**19,430**
Accrued interest	586
Balances, March 31, 2024	**20,016**

(In thousands of Canadian Dollars, except number of shares and per share amounts)

E. DEBT SETTLEMENTS

On October 30, 2023, in accordance with the policies of the Canadian Securities Exchange, the Company announced that its board of directors has approved the issuance of 700,000 common shares, at a deemed price of $0.06 per share, as final consideration for an asset purchase completed by Pharmaco Inc., a wholly owned subsidiary of the Company (the "Asset Purchase"). All securities issued pursuant to the Asset Purchase are subject to a statutory hold period which will expire on the date that is four months and one day from the date of issuance. 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.

F. OFF BALANCE SHEET ARRANGEMENTS

The Company did not enter any off-balance sheet arrangements during period ending March 31, 2024 (2023; nil).

21.SHARE CAPITAL AND RESERVES

A. AUTHORIZED

As at March 31, 2024, 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 common shares by the holder, and voting. 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.

B. ISSUED AND OUTSTANDING

Changes in share capital for the three months ended March 31, 2024, and the year ended December 31, 2023, and the balances outstanding is as follows:

Common Shares	Common Shares	Share Capital
	#	$
Balance, December 31, 2022 restated	**469,521,901**	**342,069**
Issuance of shares for settlement agreement	700,000	42
Balance, December 31, 2023	**470,221,901**	**342,111**
Balance, March 31, 2024	**470,221,901**	**342,111**

There were no share capital transactions during the period ended March 31, 2024.

Share Capital transactions the year ended December 31, 2023:

On November 7, 2023, in connection with a settlement agreement and mutual release (note 20), the Company issued 700,000 common shares, at a deemed price of $0.06 per share, as final consideration for an asset purchase completed by Pharmaco Inc., a wholly owned subsidiary of the Company.

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.

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(In thousands of Canadian Dollars, except number of shares and per share amounts)

The following assumptions were used by the Company to value the stock options outstanding as at March 31, 2024:

Grant Date	Vesting Start Date	Expiry Date	Share price on Date of Grant	Exercise Price	Volatility	Risk Free Rate	Dividends
			$	$	%	%	$
1-Apr-19	1-Apr-20	1-Apr-24	1.15	1.00	100.00%	2.27%	$nil
26-Apr-19	26-Apr-19	26-Apr-24	1.15	5.44	100.00%	2.27%	$nil
29-Apr-19	29-Apr-19	29-Apr-24	1.15	1.00	100.00%	2.27%	$nil
21-May-19	21-Aug-19	21-May-24	1.15	1.00	100.00%	2.27%	$nil
11-Jan-20	11-Jan-20	11-Jan-25	1.15	1.00	105.27%	0.45%	$nil
11-Jan-20	11-Apr-20	11-Jan-25	1.15	1.00	105.27%	0.45%	$nil
1-Apr-20	1-Apr-21	1-Apr-25	1.15	1.00	105.27%	0.45%	$nil
10-Sep-20	10-Dec-20	10-Sep-25	0.66	0.66	105.27%	0.45%	$nil
1-Oct-20	1-Oct-20	1-Oct-25	0.54	0.65	105.27%	0.45%	$nil
1-Oct-20	1-Jan-21	1-Oct-25	0.54	0.65	105.27%	0.45%	$nil
12-Oct-20	12-Oct-20	12-Oct-25	0.60	0.65	105.27%	0.45%	$nil
18-Nov-20	18-Nov-20	18-Nov-25	0.67	0.67	105.27%	0.45%	$nil
3-Dec-20	3-Dec-20	3-Dec-25	0.69	0.75	105.27%	0.45%	$nil
6-Jul-21	6-Jul-21	6-Jul-25	1.10	1.10	88.00%	1.23%	$nil
12-Nov-21	21-Nov-21	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	22-Jan-22	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	8-Nov-21	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	1-Jul-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	20-Sep-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	4-Oct-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.14	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.20	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.50	94.35%	3.98%	$nil
15-Mar-23	15-Mar-24	15-Mar-33	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 March 31, 2024, and December 31, 2023 are as follows:

	Options	Weighted average exercise price
	#	$
Balance Outstanding, December 31, 2022 restated	**17,783,456**	**0.95**
Issued	[i]1,250,000	0.10
Expired	(2,009,192)	2.07
Forfeited	(63,333)	0.68
Balance Outstanding, December 31, 2023	**16,960,931**	**0.80**
Expired	(1,002,500)	0.95
Forfeited	(87,500)	0.14
Balance Outstanding, March 31, 2024	**15,870,931**	**0.80**
Exercisable		
Exercisable as at March 31, 2024	11,910,099	1.01
Exercisable as at December 31, 2023	11,967,182	1.07

[i] Includes amounts issued to an officer of the Company (see note 26)

(In thousands of Canadian Dollars, except number of shares and per share amounts)

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 months ended March 31, 2024, the Company had share-based compensation expenses relating to stock options amounting to $50 (2023; $316).

The following reflects remaining contractual life for outstanding and exercisable options as at March 31, 2024:

Outstanding				Exercisable	
Expiry date	**Exercise price**	**Options**	**Remaining contractual life**	**Options**	**Remaining contractual life**
	$	**#**	**(years)**	**#**	**(years)**
2024-04-01	1.00	400,000	0.00	350,000	0.00
2024-04-26	5.44	1,234,502	0.07	1,234,502	0.07
2024-04-29	1.00	500,000	0.08	500,000	0.08
2024-05-13	1.00	30,000	0.12	30,000	0.12
2025-01-11	1.00	371,429	0.78	371,429	0.78
2025-04-01	1.00	125,000	1.00	125,000	1.00
2025-07-06	1.10	75,000	1.27	75,000	1.27
2025-09-10	0.66	15,000	1.45	15,000	1.45
2025-10-01	0.65	3,400,000	1.50	3,400,000	1.50
2025-10-12	0.65	50,000	1.53	50,000	1.53
2025-11-18	0.67	150,000	1.64	150,000	1.64
2025-12-03	0.75	800,000	1.68	800,000	1.68
2026-11-12	0.63	445,000	2.87	286,251	2.87
2026-11-26	0.63	75,000	2.66	75,000	2.66
2027-10-07	0.50	6,950,000	3.52	4,343,750	3.52
2033-03-15	0.10	1,250,000	8.96	104,167	8.96
		15,870,931	**2.80**	**11,910,099**	**2.07**

22.EARNINGS (LOSS) PER SHARE

Earnings/loss per share for the three months ended March 31, 2024, and 2023 is as follows:

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	**$**
Outstanding common shares	470,221,901	469,521,901
Earnings (loss) from continuing operations attributable to RWB shares ($)	(3,737)	(6,497)
Weighted average number of shares outstanding, basic and dilutive	470,221,901	469,521,901
Earnings/loss per share, basic and diluted ($)	**(0.01)**	**(0.01)**

No stock options or warrants have been included in the computation of diluted loss per share as their effect would be anti-dilutive.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

23.REVENUES

The Company generates revenue through three distinct sales channels: Retail, Distribution and Licensing. Revenues by channel for the period ended March 31, 2024, and restated 2023 is as follows:

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	$
Distribution	16,066	20,333
Licensing	269	-
Retail	6,216	6,120
Total revenue	**22,551**	**26,453**

Revenue as a percentage of total sales for period ended March 31, 2024, and restated 2023 is as follows:

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	%	%
Distribution	71%	77%
Licensing	1%	0%
Retail	28%	23%
Total	**100%**	**100%**

During the three months ended March 31, 2024 and restated 2023, 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 months ended March 31, 2024, and restated 2023 were as follows:

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	$
Salaries and wages	4,748	3,207
Facilities expense	666	1,104
Professional fees	1,464	1,256
Office and administrative fees	522	665
Travel expense	109	39
Licenses and permits	105	142
Insurance	348	475
Penalty and late fees	93	388
Tax expense	147	269
Total general and administrative expenses	**8,202**	**7,545**

(In thousands of Canadian Dollars, except number of shares and per share amounts)

25.NON-CONTROLLING INTERESTS

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

RWB Florida, LLC is a member-managed limited liability company who is the sole shareholder of RWB Florida Inc.; the entity responsible for all management, operational and day to day commercial activities undertaken by the Company in the state of Florida. RWB Florida, LLC has two classes of issued and outstanding membership interests; Class A and Class B. RWB is the sole Class A Member and also retains a 54% interest in the issued and outstanding Class B membership interests. RWB Florida, LLC has several other Class B Members, who, in aggregate, own 23% of the issued and outstanding Class B membership interests. This group of Class B members represent the non-controlling interest in RWB Florida LLC and RWB Florida Inc. by virtue of RWB Florida LLC's sole ownership interest. None of the non-controlling Class B Members own in excess of 4.99% of the issued and outstanding.

RWB Florida, LLC is the sole shareholder of Red White & Bloom Florida Inc. ("RWB Florida"). RWB Florida is the holder of a Medical Marijuana Treatment Centre ("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 the summarized financial position before intragroup eliminations for non-wholly owned subsidiaries at March 31, 2024, and December 31, 2023:

	As at 31-Mar-24	As at 31-Dec-23
	$	$
Assets		
Current	11,265	16,655
Non-current	94,447	95,737
Total assets	**105,712**	**112,392**
Liabilities		
Current	65,851	62,733
Non-current	32,432	31,938
Total liabilities	**98,283**	**94,671**
Net Assets	**7,429**	**17,721**

The following summarizes the financial results before intragroup eliminations for non-wholly owned subsidiaries at March 31, 2024, and restated, 2023:

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	$
Net Income (loss)	(8,252)	(5,263)
Interests		
Controlling interests – 77%	(6,367)	(4,061)
Non-controlling interests – 23%	**(1,885)**	**(1,202)**

(In thousands of Canadian Dollars, except number of shares and per share amounts)

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 months ended March 31, 2024, and restated 2023, is as follows:

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	$
Management salaries, bonuses, and other benefits	296	219
Consulting fees by a company controlled by a director of the company	51	86
Share-based payments – officers	22	54
Share-based payments – directors	10	-
Total	**379**	**359**

B. AMOUNTS DUE TO/FROM RELATED PARTIES

- $163 of the $296 in management salaries, bonuses, and other benefits during the three months ended March 31, 2024, were accrued balances to be paid out in future periods (restated 2023; $163)

- Included in accounts payable and accrued liabilities is $1,462 (December 31, 2023; $1,230) payable to officers and directors of the Company. 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 (note 20) is due to an entity related to the President of the Company. The term of the CAD$17,000,000 Convertible CPIL Note is 2 years at an interest rate of 8% per annum. The Company valued the CAD$17,000,000 CPIL Convertible Note using the residual method which resulted in a $14,893 allocation to long-term convertible debt liability and $2,107 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 two-year loan term at an effective interest rate of 16.43%. Amounts due and additional terms of the note can be found in note 20.

- The USD$1,093,750 Convertible VMOS Note (note 20) is due to an entity related to a Director of the Company. The term of the USD$1,093,750 Convertible VMOS Note is three 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 $1,007 allocation to long-term convertible debt liability and $92 derivative liability on initial valuation. The liability portion of the USD$1,093,750 Convertible VMOS Note will amortize over the three-year term at an effective interest rate of 10.14%. Amounts due and additional terms of the note can be found in note 20.

- The Company has identified other close family members of key management personnel that currently represent lenders to the Company (note 20) during its review of related party disclosures in accordance with IFRS and Securities and Exchange Commission protocols. The list of family members in is non exhaustive and does not preclude other family members from being considered as close family members. The list of family members is non exhaustive and does not preclude other family members from being considered as close family members. The reader is referred to section D and E below for a continuity schedule of notes payable and convertible debentures payable to the individuals or entities identified.

C. RELATED PARTY TRANSACTIONS

Related party transactions during the three months ended March 31, 2024

- Officers and Directors of the Company hold an aggregate of 37,219,510 common shares and 6,471,875 stock options. As at March 24, 2024, 4,162,042 of these stock options were fully vested.

- The Company expensed $32 in stock-based compensation related to stock options held by directors and officers.

- Refer to sections D and E below for debt related transactions involving individuals or entities identified as close family members as interpreted above.

Related party transactions during the year ended December 31, 2023

- On June 6, 2023, the Company appointed a new member to its Board of Directors following the resignation of a member of the board.

- During the year ended December 31, 2023, 1,034,375 stock options stock options held by Directors of the Company expired.

- Officers and Directors of the Company hold an aggregate of 37,219,510 common shares and 6,471,875 stock options. As at December 31, 2023, 3,621,875 of these stock options were fully vested.

- During the year ended December 31, 2023, the Company expensed $276 in stock-based compensation related to stock options held by directors and officers.

- Refer to sections D and E below for debt related transactions involving individuals or entities identified as close family members as interpreted above.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

D. RELATED PARTY NOTES PAYABLE CONTINUITY SCHEDULE

A notes payable continuity schedule for related party short-term notes payable for the three months ended March 31, 2024, is as follows:

	Balance, 31-Dec-23	Additions	Interest accretion	Interest	Principal payments	Interest payments	Debt modification	Transaction costs	Extinguishment	Gain/(Loss) on extinguishment	FX (gain)/loss	Balance 31-Mar-24
	$	$	$	$	$	$	$	$	$	$	$	$
USD$25,885,000 RGR Note	41,454	-	43	1,611	-	-	-	-	-	-	1,022	44,130
USD$6,349,000 SDIL Note	9,366	-	23	361	-	(179)	-	-	-	-	231	9,802
USD$ RGR Grid Note	30,293	-	-	97	-	-	-	50	(30,390)	(50)	-	-
[i]USD$ RGR Grid Note	-	4,706	-	1,036	-	-	30,390	-	-	-	784	36,916
USD$18,300,000 RGR Note	25,138	-	-	1,026	(27)	-	-	-	-	-	618	26,755
CAD$2,710,000 BJMDSD Note	3,029	-	4	115	-	-	-	-	-	-	-	3,148
CAD$ RGR Grid Note	31,098	-	-	44	-	-	-	50	(31,142)	(50)	-	-
[i]CAD$ RGR Grid Note	-	10,312	-	1,193	-	-	31,142	-	-	-	-	42,647
Balance, end of period	**140,378**	**15,018**	**70**	**5,483**	**(27)**	**(179)**	**61,532**	**100**	**(61,532)**	**(100)**	**2,655**	**163,398**

A notes payable continuity schedule for related party short-term notes payable for year ended December 31, 2023 is as follows:

	Balance, 31-Dec-22	Additions	Interest accretion	Interest	Principal payments	Interest payments	Debt modification	(Gain)/Loss on debt modification	Transaction costs	Extinguishment	FX - (gain)/Loss	Balance 31-Dec-23
	$	$	$	$	$	$	$	%	$	$	$	$
USD$25,885,000 RGR Note	36,678	-	155	5,870	-	-	-	(265)	(6)	-	(977)	41,455
USD$6,349,000 SDIL Note	8,664	-	87	1,356	-	(360)	-	(150)	(7)	-	(225)	9,365
CAD$ RGR Grid Note	10,765	18,757	-	2,639	(1,293)	-	-	-	-	-	(574)	30,294
USD$18,300,000 RGR Note	-	-	-	949	-	-	24,140	-	-	-	49	25,138
CAD$2,210,000 BJMD Note	2,227	-	-	31	-	(25)	-	-	-	(2,231)	-	2
CAD$2,710,000 BJMDSD Note	-	500	13	395	-	(86)	2,231	(21)	(5)	-	-	3,027
CAD$ RGR Grid Note	-	32,705	-	1,538	(3,146)	-	-	-	-	-	-	31,097
	58,334	**51,962**	**255**	**12,778**	**(4,439)**	**(471)**	**26,371**	**(436)**	**(18)**	**(2,231)**	**(1,727)**	**140,378**

[i] Result of the December 31, 2023 Amendments (note 20)

(In thousands of Canadian Dollars, except number of shares and per share amounts)

E. RELATED PARTY CONVERTIBLE DEBENTURE CONTINUITY SCHEDULE

A continuity schedule for related party convertible debentures for the three months ended March 31, 2024, and the year ended December 31, 2023 is as follows:

	USD$1,093,750 Convertible VMOS Note	USD$5,400,000 Convertible DICL Note	USD$5,400,000 Convertible SDIL Note	CAD$17,000,000 Convertible CPIL Note	Total
	$	$	$	$	$
Carrying Value, January 1, 2023	**1,608**	**7,756**	**7,756**	**15,617**	**32,737**
Interest accrued	118	644	644	1,360	2,766
Interest Accretion	52	176	176	1,053	1,457
Effects of foreign exchange	(39)	(198)	(198)	-	(435)
Carrying Value, December 31, 2023	**1,739**	**8,378**	**8,378**	**18,030**	**36,525**
Interest accrued	29	170	170	340	709
Interest Accretion	16	48	48	263	375
Effects of foreign exchange	43	206	206	-	455
Carrying Value, March 31, 2024	**1,827**	**8,802**	**8,802**	**18,633**	**38,064**

A continuity schedule for derivative liabilities associated with related party convertible debentures for the three months ended March 31, 2024, and the year ended December 31, 2023 is as follows:

	USD$5,400,000 Convertible DICL Note	USD$5,400,000 Convertible SDIL Note	Total
	$	$	$
Balance, January 1, 2023	**(981)**	**(981)**	**(1,962)**
Gain on FMV adjustments of derivative liability	647	647	1,294
Gain on Interest liability classified as a derivative liability	-	-	-
Effects of Foreign exchange	(3)	(3)	(6)
Balance, December 31, 2023	**(337)**	**(337)**	**(674)**
Gain on FMV adjustments of derivative liability	72	72	144
Effects of Foreign exchange	(8)	(8)	(16)
Balance, March 31, 2024	**(273)**	**(273)**	**(546)**

See note 20 for corresponding terms and conditions of each of the debt related notes, and valuation methods used for embedded derivatives, along with inputs used in the annual valuations.

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.

In determining the fair value of investments, Level 3 input includes subjective estimates in assessing 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 are amounts due from third party debtors (note 10).

As at March 31, 2024, the Company held an accounts receivable balance of $19,427 (December 31, 2023; $20,370). Included in this balance is a provision for expected credit losses ("ECL") in the amount of $6,369 (December 31, 2023; $4,765) and a provision for credit disputes in the amount of $106 (December 31, 2023; $nil). The reader is referred to note 9 for details relating to the Company's accounts receivable and ECL provision for the three months ended March 31, 2024, and the year ended December 31, 2023.

As at March 31, 2024, the Company held a notes receivable balance of $nil (December 31, 2023: $24,704 (note 10).

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 March 31, 2024, the Company had a cash and equivalents balance of $3,472 (December 31, 2023; $2,251) available to apply against short-term business requirements and current liabilities of $339,086 (December 31, 2023; $308,161), including short-term lease obligations (note 17), short term notes, convertible debentures and a credit facility (note 20), and taxes payable and other current liabilities.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

The Company continues to pursue available financing options including but not limited to restructuring existing debt to extend maturities (amongst other potential amendments to existing debt 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 March 31, 2024 and December 31, 2023, 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 RGR 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 March 31, 2024, and December 31, 2023, the Company was exposed to the following currency risk:

	As at 31-Mar-24	As at 31-Dec-23
	$	**$**
Financial assets denominated in foreign currencies (USD)	26,895	29,181
Financial liabilities denominated in foreign currencies (USD)	(170,691)	(166,752)
Net exposure	**(143,796)**	**(137,571)**

A three (3%) and ten (10%) percent increase in the US dollar exchange rate relative to the Canadian dollar would increase the Company's net loss for the three months ended March 31, 2024, by $253 and $844 (March 31, 2023; $96 and $321) respectively.

F. CAPITAL RISK MANAGEMENT

The Company monitors its capital structure and adjusts according to market conditions in an effort to continue to meet its financial and strategic objectives. The Company may manage its capital structure by restructuring existing debt, issued new debt or shares, or repurchasing outstanding shares. The capital structure is reviewed by management and the board of directors on an ongoing basis.

The Company's equity is comprised of share capital, contributed surplus, stock option reserve, convertible debenture reserves, and accumulated deficit. As at March 31, 2024, the Company has shareholders' deficit of $146,255 (December 31, 2023; $130,387). Included in the consolidated statements of financial position as of March 31, 2023, is an accumulated deficit of $495,754 (December 31, 2023; $491,547). The Company manages capital through its financial and operational forecasting processes.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended March 31, 2024. 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 had been set for July 19-20, 2023; however, the hearing was continued to a later date pending resolution of a motion by Greenlane to join additional parties in the Arbitration. On November 11, 2023, the Greenlane Lawsuit was formally dismissed by the Superior Court of California, County of Orange, on the request of Greenlane Holdings, LLC, without recourse to the RWB Entities, in consideration for a monetary settlement paid by the Company to Greenlane Holdings, LLC in the amount of US$600. The Company had not previously accrued for the settlement and has recognized the associated expense in the current year’s net loss.

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 may be contingently liable with respect to claims incidental to the ordinary course of its operations. In the opinion of management, as of the date of the financial statements, and based on management's consultation with legal counsel, the ultimate outcome of any such matters will not have a material adverse effect on the Company. Accordingly, no provision has been made in these condensed interim consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise. The Company continues to proactively monitor risks in this regard to ensure it has accounted for any and all material liabilities that may arise.

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, sanctions, restrictions on its operations, or losses of licenses and permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management believes that the Company is in compliance with presiding municipal and state regulations, 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.

29.SEGMENTED RESULTS

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct, and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are operating segments whose revenues, profit (loss), or total assets exceed ten percent or more of those of the combined entity. Key measures used by the CODM's to assess performance and make resource allocation decisions include revenues, gross profit and net (loss) income.

The Company's operating segments consist of (1) Corporate, (2) Distribution, (3) Licensing, (4) Retail and (5) Other.

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.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

The following exhibits summarize the condensed interim consolidated financial information of the Company's reportable segments for the three months ended March 31, 2024, and restated 2023.

3 months ended March 31, 2024	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	16,066	269	6,216	-	22,551
Cost of goods sold	-	9,423	159	5,100	-	14,682
Gross profit before fair value adjustments	**-**	**6,643**	**110**	**1,116**	**-**	**7,869**
Unrealized changes in fair value of biological assets	-	(85)	-	(2,982)	-	(3,067)
Realized fair value amounts included in inventory sold	-	(256)	-	(677)	-	(933)
Total gross profit (loss)	**-**	**6,302**	**110**	**(2,543)**	**-**	**3,869**
Total gross profit (loss) (%)	0%	39%	41%	-41%	0%	17%
Total operating expenses	1,708	4,796	446	5,143	-	12,093
Total other expenses (income)	(5,962)	439	-	2,527	-	(2,996)
Profit (loss) before Income Taxes	4,254	1,067	(336)	(10,213)	-	(5,228)
Income tax	-	(721)	(23)	377	(27)	(394)
Net profit (loss) from continuing operations	**4,254**	**346**	**(359)**	**(9,836)**	**(27)**	**(5,622)**
Loss from discontinued operations	-	-	-	-	(467)	(467)
Net profit (loss) for the year	**4,254**	**346**	**(359)**	**(9,836)**	**(494)**	**(6,089)**
Attributed to:						
Red White and Bloom	4,254	346	(359)	(7,951)	(27)	(3,737)
Non-controlling interests	-	-	-	(1,885)	-	(1,885)
As at March 31, 2024						
Intercompany Balances	296,405	(185,673)	(2,711)	(64,698)	(43,323)	-
Total Assets	502,598	76,983	(593)	87,845	(425,437)	241,396
Total non-current assets	1,679	22,506	-	117,789	33,992	175,966
Total liabilities	214,305	31,226	600	124,732	16,788	387,651
Total non-current liabilities	-	1,511	-	37,860	9,194	48,565
% of sales revenue	0%	71%	1%	28%	0%	100%
% of loss for the period	0%	0%	3%	92%	5%	100%
% of income for the period	92%	8%	0%	0%	0%	100%

3 months ended March 31, 2023 restated	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	20,333	-	6,120	-	26,453
Cost of goods sold	-	12,847	-	4,196	-	17,043
Gross profit before fair value adjustments	**-**	**7,486**	**-**	**1,924**	**-**	**9,410**
Unrealized changes in fair value of biological assets	-	-	-	(451)	-	(451)
Realized fair value amounts included in inventory sold	-	-	-	(606)	-	(606)
Total gross profit	**-**	**7,486**	**-**	**867**	**-**	**8,353**
Total gross profit (%)	0%	37%	0%	14%	0%	32%
Total operating expenses	2,229	1,925	14	5,047	-	9,215
Total other expenses	3,957	42	-	2,559	-	6,558
Profit (loss) before Income Taxes	(6,186)	5,519	(14)	(6,739)	-	(7,420)
Income tax	-	(1,879)	-	1,600	-	(279)
Net profit (loss) from continuing operations	**(6,186)**	**3,640**	**(14)**	**(5,139)**	**-**	**(7,699)**
Loss from discontinued operations	-	-	-	-	(1,698)	(1,698)
Net profit (loss) for the year	**(6,186)**	**3,640**	**(14)**	**(5,139)**	**(1,698)**	**(9,397)**
Attributed to:						
Red White and Bloom	(6,186)	3,640	(14)	(3,937)	-	(6,497)
Non-controlling interests	-	-	-	(1,202)	-	(1,202)
As at restated March 31, 2023						
Intercompany Balances	283,724	(174,136)	(2,405)	(64,391)	(42,792)	-
Total Assets	475,606	51,886	(360)	68,558	(369,785)	225,905
Total non-current assets	-	2,715	-	113,317	33,992	150,024
Total liabilities	191,129	31,266	391	117,145	16,361	356,292
Total non-current liabilities	-	1,211	-	37,922	8,998	48,131
% of sales revenue	0%	77%	0%	23%	0%	100%
% of loss for the period	48%	0%	0%	39%	13%	100%
% of income for the period	0%	100%	0%	0%	0%	100%

(In thousands of Canadian Dollars, except number of shares and per share amounts)

Revenues and total assets/liabilities by geographic region for the period ended March 31, 2024, and restated 2023, are as follows:

	Canada	USA	Canada	USA
	For period ended March 31, 2024		**For the restated period ended March 31, 2023**	
	$	**$**	**$**	**$**
Total revenues	3,591	18,960	-	26,453
	Canada	USA	Canada	USA
	As at March 31, 2024		**As at December 31, 2023**	
	$	**$**	**$**	**$**
Total assets	136,238	105,158	191,882	34,023
Total liabilities	212,684	174,967	189,539	166,753

30. DISCONTINUED OPERATIONS

Discontinued operations of the Company's wholly owned subsidiaries include Mid-American Growers, Inc., Real World Business Integration, LLC, Vista Prime Management, LLC, GC Ventures 2, LLC, Vista Prime 3, Inc, Royalty USA Corp, RWB Illinois, Inc.

Components of residual loss from discontinued operations for the three months ended March 31, 2024, and restated 2023 are as follows:

	3 months ended 31-Mar-24	3 months ended 31-Mar-23 *Restated (note 32)*
	$	**$**
Revenue	-	593
Cost of sales	-	594
Gross profit (loss)	-	(1)
General and administration	143	1,264
Sales and marketing	-	71
Depreciation and amortization	-	19
Bad debt expense (recovery)	(5)	333
Loss from operations before other expenses	**(138)**	**(1,686)**
Other expenses	233	-
Finance expense	12	12
Loss on disposal - capital assets	84	-
Net loss before taxes from discontinued operations	**(467)**	**(1,698)**
Net loss from discontinued operations	**(467)**	**(1,698)**
Net loss per share, basic and diluted on discontinued	**0.00**	**0.00**
Weighted average number of outstanding common shares, basic and diluted	470,221,901	469,521,901

31.RECLASSIFICATIONS

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

- 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, 2023, and onward, the Company has segregated it operations into four main operating segments (i) Retail, (ii) Distribution, (iii) Licensing and (iv) Corporate, with all other non-reporting operations to a fifth segment; Other.

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 consolidated statements of cash flow.

32.RESTATEMENT OF FINANCIAL RESULTS

In conjunction with the audit of the consolidated financial statements for the year ended December 31, 2023, by the Company's new auditor, Williams & Partners Chartered Professional Accountants, LLP, the Company has restated its audited consolidated financial statements for the year ended December 31, 2022, previously filed on May 15, 2023 (the "2022 Restatement"). The restatements relate to the accounting treatment of foreign currency translation on select non-monetary assets held by the Company (notably property, plant and equipment, intangible assets, right-of-use assets and goodwill). The restated consolidated financial statements for the year ended December 31, 2022, should be considered to replace the audited consolidated financial statements previously filed on May 15, 2023.

As a consequence of the 2022 Restatement, the Company was required to restate its condensed interim consolidated financial statements for the three months ended March 31, 2023, due to changes the opening balances of property, plant and equipment, intangible assets, right-of-use assets and goodwill. The restated condensed interim consolidated financial statements for the three months ended March 31, 2023, should be considered to replace the condensed interim consolidated financial statements for the three months ended March 31, 2023, previously filed on May 30, 2023.

The following tables summarize the impacts of discontinued operations (note 30), reclassifications (note 31) and prior period adjustments resulting in restatement of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2023.

(In thousands of Canadian Dollars, except number of shares and per share amounts)

A. Changes in Consolidated Statements of Profit and Loss and Comprehensive Profit and Profit and Loss

3 months ended 31-Mar-23	As previously reported	Discontinued operations	Reclassifications	As restated
	$	$		$
Revenue				
Sales revenue	27,046	593	-	26,453
Cost of goods sold, before fair value adjustments	17,636	594	-	17,043
Gross Profit before fair market value adjustments	9,410	(1)	-	9,410
Unrealized changes in fair value of biological assets	(451)	-	-	(451)
Realized fair value amounts included in inventory sold	(606)	-	-	(606)
Gross profit after fair market value adjustments	8,352	(1)	-	8,353
Operating Expenses				
General and administration	8,775	1,230	-	7,545
Marketing expenses	554	71	-	483
Share-based compensation	316	-	-	316
Depreciation and amortization	666	18	-	648
Bad debt expense)	555	332	-	223
Total Operating Expenses	10,866	1,651	-	9,215
Loss from operations before other expenses (income)	(2,514)	(1,652)	-	(862)
Other expense (income)				-
Other income	(48)	-	-	(48)
Finance expense	6,919	-	(6,208)	711
Interest on convertible notes	-	-	517	517
Interest on credit facilities	-	-	1,363	1,363
Accreted interest on convertible notes	-	-	1,036	1,036
Interest on promissory notes	-	(12)	3,293	3,281
Accreted interest, leases	682	-	-	682
Loss on disposal of assets	-	-	-	-
Gain on valuation of financial instruments	(1,008)	-	-	(1,008)
Foreign exchange	24	-	-	24
Total other expenses (income)	6,569	(12)	1	6,558
Loss before income taxes	(9,083)	(1,664)	1	(7,420)
Current income tax (expense)/recovery	(1,975)	-	-	(1,975)
Deferred income tax recovery	1,696	-	-	1,696
Net loss from continuing operations	(9,362)	(1,664)	1	(7,699)
Loss from discontinued operations	(34)	1,664	-	(1,698)
Net loss for the period	(9,396)	-	1	(9,397)
Translation adjustment	179	-	-	179
Net loss and Comprehensive loss	(9,217)	-	1	(9,218)
				-
Net loss attributable to:				-
Shareholders	(6,497)			(6,497)
Non-controlling interests	(1,202)			(1,202)
Net loss and comprehensive loss attributable to:				-
Shareholders	(8,016)			(8,016)
Non-controlling interests	(1,202)			(1,202)

(In thousands of Canadian Dollars, except number of shares and per share amounts)

B. Changes in Consolidated Statement of Changes in Statement Cashflow

	As at 31-Mar-23		
	As previously reported	**Adjustments**	**As restated**
	$	**$**	**$**
Cash flow from operating activities:			
Net loss for the period	(9,397)	-	(9,397)
Items not involving cash:			-
Accreted interest on leases	682	-	682
Depreciation of right-of-use assets	412	-	412
Depreciation of property, plant and equipment	1,183	(19)	1,164
Accrued interest on notes	12	(12)	-
Accrued interest on long-term notes	3,281	-	3,281
Accrued interest on convertible debentures	1,363	-	1,363
Accreted interest on convertible debentures	1,036	-	1,036
Accrued interest on credit facility	517	-	517
Revaluation of financial instruments	(1,008)	-	(1,008)
Finance fees	-	711	711
Stock based compensation	316	-	316
Realized (gain) loss in cost of sales	606	-	606
Fair value adjustment on biological assets	451	-	451
Changes in non-cash working capital items:		-	-
Accounts receivable	(5,062)	-	(5,062)
Prepaid expenses	2,856	-	2,856
Inventory	(1,512)	-	(1,512)
Biological Assets	360	-	360
Accounts payable and accrued liabilities	1,645	(711)	934
Current Income tax payable	1,980	-	1,980
Deferred income taxes	(1,700)	-	(1,700)
Net cash provided by (used in) operating activities	**(1,979)**	**(31)**	**(2,010)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(270)	-	(270)
Net cash provided by (used in) investing activities	**(270)**	**-**	**(270)**
Cash flow from financing activities:		-	
Issuance of short-term note	1,000	-	1,000
Amendment of short-term notes payable	5,979	-	5,979
Principal payments on short-term notes	(1,064)	-	(1,064)
Interest payments on short-term notes	(799)	-	(799)
Interest payments on credit facility	(177)	-	(177)
Amendment fees on credit facility	136	-	136
Amendment fee payments on credit facility	(91)	-	(91)
Principal payments on lease obligations	(87)	-	(87)
Interest payments on lease obligations	(682)	-	(682)
Net cash provided by (used in) financing activities	4,215	-	4,215
Foreign exchange affecting cash equivalents	(214)	-	(214)
Change in cash during the period	1,753	-	1,753
Cash equivalents, beginning of year	2,747	-	2,747
Cash, end of period	**4,500**	**-**	**4,500**

33.SUBSEQUENT EVENTS

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

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

On November 7, 2023, the SEC order suspending trading went into effect. As a result of the SEC order, pursuant to Section 12(j) of the Exchange Act, US resident shareholders of the Company were unable to trade the Company's securities on the OTCQX. As noted below, the Company's OTCQX listing had been suspended in March 2023 while proceedings with the SEC were underway. The Company is working aggressively toward the filing of a registration statement in order to lift the Section 12(j) order and also working collaboratively with the OTC Markets Group to reactivate its listing on the OTC 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.

On March 18, 2024, the Company and its former auditors finalized a settlement addressing key matters preventing the Company from resolving the aforementioned filing deficiencies. As of the date of the financials, both parties continue to collaborate as per the terms of the mediated settlement, however, the Company has not been able to determine a final date as to when its former auditors would be able to abide by their agreed upon deliverables under the mediated settlement.

B. Financing Activities

CAD$3,000,000 OPRC Note Receivable

On May 17, 2024, the Company entered into a $3,000 secured note receivable agreement with One Plant Retail Corporation ("OPRC"), a legal entity in which the Company retains a 9.9% minority investment (the CAD$3,000,000 OPRC Note Receivable). The CAD$3,000,000 OPRC Note Receivable matures on May 31, 2027, and bears an interest rate of 8% per annum. Interest payments of accrued interest are payable by OPRC on the first of each month.

CAD RGR Grid Note Advances

Subsequent to three months ended March 31, 2024, RGR provided the Company with additional advances under the CAD RGR Grid Note amounting to $7,250. $2,500 of the advances were used to fund working capital requirements of the Company's Michigan operations, $3,000 was used to fund the CAD$3,000,000 OPRC Note Receivable (note 33), and $1,750 was used to fund other working capital and general corporate requirements., including those requirements associated with the Company's acquired Aleafia operations post the Aleafia Acquisition (note 7).

USD RGR Grid Note Advances

Subsequent to three months ended March 31, 2024, RGR provided the Company with additional advances under the USD RGR Grid Note amounting to USD$3,750. Proceeds from advances from the USD RGR Grid note were primarily used to fund for working capital purposes.