Red White & Bloom Brands Inc.

Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 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 September 30, 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 periods within these condensed interim consolidated financial statements, for the year ended December 31, 2023, and the period ended September 30, 2023. All references to these periods reflect the adjustments made due to the restatement. 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 September 30, 2024, and 2023. Only information directly relating to these restatements has been updated in these condensed interim consolidated financial statements.

November 29, 2024

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

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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 30-Sep-24	As at 31-Dec-23 *Restated*
	$	**$**
Assets		
Current assets		
Cash and cash equivalents (note 8)	4,233	2,251
Accounts receivable (note 9)	22,947	20,370
Notes receivable (note 10)	6,923	24,705
Prepaid expenses (note 11)	2,990	894
Deposits (note 12)	10,709	7,329
Inventory (note 13)	30,638	15,247
Biological assets (note 14)	10,039	4,215
Other current assets	1,578	869
Total current assets	**90,057**	**75,880**
Non-current assets		
Property, plant and equipment, net (note 15)	54,713	33,329
Intangible assets, net (note 16)	93,612	87,252
Right-of-use assets, net (note 18)	15,518	17,564
Long-term notes receivable (note 10)	3,000	-
Investments (note 7)	2,391	-
Goodwill (note 17)	11,880	11,880
Total non-current assets	**181,114**	**150,025**
Total assets	**271,171**	**225,905**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 19)	46,752	42,126
Short-term notes payable (note 20)	207,594	146,900
Short-term credit facility (note 20)	21,204	19,430
Short-term convertible notes (note 20)	82,684	73,724
Short-term Derivative liabilities (note 20)	-	673
Short-term lease obligations (note 18)	674	655
Income taxes payable	17,352	21,008
Other current liabilities	1,547	3,645
Total current liabilities	**377,807**	**308,161**
Non-current liabilities		
Long-term lease obligations (note 18)	21,175	21,423
Long-term notes payable (note 20)	5,641	-
Deferred tax liability	25,334	26,708
Other non-current liabilities	142	-
Total non-current liabilities	**52,292**	**48,131**
Total liabilities	**430,099**	**356,292**
Shareholders' equity		
Share capital (note 21)	342,111	342,111
Contributed surplus	17,285	17,120
Cumulative translation adjustment	(14,174)	(5,093)
Accumulated deficit	(507,485)	(491,547)
Non-controlling interest (note 25)	3,335	7,022
Total shareholders' equity (deficit)	**(158,928)**	**(130,387)**
Total liabilities and shareholders' equity	**271,171**	**225,905**

Nature of operations and going concern (note 1)
Segmented results (note 29)
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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 30-Sep-24	3 months ended 30-Sep-23 *Restated (note 32)*	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated (note 32)*
	$	**$**	**$**	**$**
Revenue				
Sales revenue (note 23)	21,714	20,127	66,287	68,307
Cost of goods sold, before fair value adjustments	14,706	12,274	45,115	**44,496**
Gross Profit before fair market value adjustments	7,008	7,853	21,172	23,811
Unrealized changes in fair value of biological assets	(186)	267	(99)	(1,471)
Realized fair value amounts included in inventory sold	3,466	(1,548)	3,428	(1,538)
Gross profit after fair market value adjustments	**10,288**	**6,572**	**24,501**	**20,802**
Operating Expenses				
General and administration (note 24)	8,661	6,169	25,728	20,446
Marketing expenses	1,229	287	3,684	1,331
Share-based compensation (note 21)	59	149	165	607
Depreciation and amortization (note 15, 16)	1,327	866	3,071	2,905
Bad debt expense (note 9)	861	688	3,079	956
Total Operating Expenses	**12,137**	**8,159**	**35,727**	**26,245**
Loss from operations before other expenses (income)	**(1,849)**	**(1,587)**	**(11,226)**	**(5,443)**
Other expense (income)				
Interest earned on promissory notes (note 10)	(340)	(1,641)	(578)	(1,741)
Other expenses (income)	110	-	(8)	(285)
Finance expense (note 20)	267	289	543	519
Interest on credit facilities	629	556	1,818	1,611
Interest on convertible notes	2,115	1,429	5,214	5,422
Accreted interest on convertible notes	311	1,144	2,641	3,278
Accreted interest on promissory notes	82	-	248	-
Interest on promissory notes	6,869	4,365	18,597	11,346
Acquisition costs (note 33)	9	-	175	-
Business transaction costs	247	523	300	523
Accreted interest, leases (note 18)	676	673	2,030	2,018
(Gain) loss on disposal of assets (note 15)	(3,756)	1	(3,529)	1
(Gain) loss on valuation of financial instruments (note 20)	(626)	(256)	(691)	(2,540)
Loss on debt extinguishment (note 20)	-	-	100	-
Gain on settlement of debt (note 20)	640	-	(121)	-
Gain on investments	-	-	(7,645)	-
Foreign exchange	2,323	(2,430)	(4,834)	(3,426)
Total other expenses (income)	**9,556**	**4,654**	**14,260**	**16,727**
Loss before income taxes	**(11,405)**	**(6,240)**	**(25,486)**	**(22,170)**
Current income tax (expense)/recovery	8,130	7	4,361	(2,107)
Deferred income tax recovery	535	-	2,109	1,696
Net loss from continuing operations	**(2,740)**	**(6,233)**	**(19,016)**	**(22,581)**
Profit (loss) from discontinued operations (note 31)	(146)	(307)	(610)	(2,824)
Net loss for the period	**(2,886)**	**(6,540)**	**(19,626)**	**(25,405)**
Translation adjustment	(5,827)	(1,287)	9,081	(6,066)
Net loss and Comprehensive loss	**(8,713)**	**(7,827)**	**10,545)**	**(31,471)**
Net loss attributable to:				
Shareholders	(1,841)	(4,772)	(15,328)	(18,797)
Non-controlling interests (note 26)	(899)	(1,462)	(3,688)	(3,784)
Net loss and comprehensive loss attributable to:				
Shareholders	(7,814)	(6,365)	(6,857)	(27,687)
Non-controlling interests (note 26)	(899)	(1,462)	(3,688)	(3,784)
Net loss per share, basic and diluted (note 22)	(0.00)	(0.01)	(0.03)	(0.04)
Weighted average number of outstanding common shares, basic and diluted (note 22)	470,221,901	469,521,901	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)

9 months ended September 30, 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**	**10,706**	**(352,649)**	**28,200**
Stock based compensation (note 21)	-	-	-	629	-	-	629
Stock option forfeitures (note 21)	-	-	-	(21)	-	-	(21)
Currency translation adjustments	-	-	-	-	(6,066)	-	(6,066)
Net loss	-	-	(3,784)	-	-	(21,621)	(25,405)
Balance, September 30, 2023	**469,521,901**	**342,069**	**7,922**	**16,976**	**4,639**	**(374,270)**	**(2,664)**

9 months ended September 30, 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)	-	-	-	165	-	-	165
Currency translation adjustments	-	-	-	-	(9,081)	-	(9,081)
Net loss from continuing operations	-	-	(3,688)	-	-	(15,328)	(19,016)
Net loss from discontinued operations	-	-	-	-	-	(610)	(610)
Balance, September 30, 2024	**470,221,901**	**342,111**	**3,335**	**17,285**	**(14,174**	**(507,485)**	**(158,928)**

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)

	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated* (note 32)
Cash flow from operating activities:		
Net loss for the period	**(19,625)**	**(25,405)**
Items not involving cash:		
Accreted interest on leases (note 17)	2,030	2,018
Adjustments to lease obligations (note 17)	-	(77)
Depreciation of right-of-use assets (note 17)	1,365	1,223
Adjustment to right-of-use assets (note 17)	-	72
Disposal of property, plant and equipment on discontinued operations (note 15)	79	-
Depreciation of property, plant and equipment (note 15)	4,338	3,460
Disposal of property, plant and equipment (note 15)	3,648	176
Disposal of right-of-use assets (note 17)	(119)	-
Accrued interest on notes in discontinued operations (note 20)	38	-
Gain on valuation of financial instruments (note 20)	(691)	(2,540)
Accrued interest on notes (note 20)	18,597	11,550
Accreted interest on notes (note 20)	248	-
Accrued interest on convertible debentures (note 20)	5,214	4,175
Accreted interest on convertible debentures (note 20)	2,641	3,278
Amendment fees on credit facility (note 20)	(45)	137
Accrued interest on credit facility (note 20)	1,818	1,611
Finance Fees	543	-
Accrued interest on interest receivable (note 10)	(518)	(1,030)
Additions on note receivable (note 10)	-	(71)
Amortized discount on note receivable (note 10)	(60)	(640)
Gain/(Loss) on Debt extinguishment (note 20)	(100)	-
Gain on investment (note 7)	(7,645)	-
Stock based compensation (note 21)	165	607
Realized (gain) loss in cost of sales	(3,428)	(1,538)
Fair value adjustment on biological assets (note 14)	99	(1,471)
Changes in non-cash working capital items:		
Accounts receivable (note 9)	45	(12,350)
Prepaid expenses (note 11)	(361)	124
Deposits (note 12)	(3,236)	(2,624)
Inventory (note 13)	(4,648)	(491)
Biological Assets (note 14)	(4,700)	3,306
Accounts payable and accrued liabilities (note 19)	(1,456)	5,963
Current Income tax payable	(4,161)	3,013
Deferred income taxes	(1,925)	(2,600)
Other assets	(701)	(1,278)
Other liabilities	(358)	4,800
Net cash provided by (used in) operating activities	**(12,909)**	**(6,602)**
Cash flows from investing activities		
Acquisition of property, plant and equipment (note 15)	(2,844)	(1,673)
Acquisition of right-of-use assets (note 17)	(303)	(153)
Acquisition of Aleafia (note 7)	1,009	-
Issuance of notes receivable (note 10)	(6,732)	-
Interest receipts on notes receivable (note 10)	106	-
Net cash provided by (used in) investing activities	**(8,764)**	**(1,826)**
Cash flow from financing activities:		
Issuance of promissory note (note 20)	5,750	14,850
Amendment of short-term notes payable (note 20)	-	5,979
Principal payments on short-term notes (note 20)	(5,630)	(1,325)
Interest payments on short-term notes (note 20)	(1,678)	(2,743)
Advances on short-term notes (note 20)	33,267	-
Interest payments on credit facility (note 20)	-	(354)
Amendment fee payments on credit facility (note 20)	-	(91)
Addition to leases (note 17)	(302)	152
Principal payments on lease obligations (note 17)	(337)	(284)
Interest payments on lease obligations (note 17)	(2,030)	(2,018)
Net cash provided by (used in) financing activities	**29,040**	**14,166**
Foreign exchange affecting cash equivalents	(5,385)	(5,832)
Change in cash during the period	1,982	(95)
Cash equivalents, beginning of year	2,251	2,747
Cash, end of period	**4,233**	**2,652**

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 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. 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 and Missouri. The Company has also 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 September 30, 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. As at September 30, 2024, the Company incurred accumulated net comprehensive losses of $507,485, (2023; $491,547) since inception, including non-cash impairments of $85,200 realized in 2023 and $214,764 realized in 2022. For the three and nine months ended September 30, 2024, the Company incurred a comprehensive net loss of $8,713 and $10,545 respectively (2023; net loss of $7,827 and $31,471). Working capital deficit (current assets less current liabilities) as at September 30, 2024 was $287,750 (2023; $232,281). Net cash used in operations was $12,909 (2023; $6,602).

The Company's operations have historically been funded via debt and equity financing. Access to these sources of financing continue to be constrained given the current state of the global cannabis markets. Consequently, the Company may not have sufficient cash to fund ongoing operations, acquire and develop assets, or service debt requirements. This situation may necessitate additional funding, which, if not accessible through debt and/or equity capital markets, could result in the delay, postponement, or curtailment of certain operating activities.

In evaluating the appropriateness of the going concern assumption, the Company has considered all relevant information available for the twelve-month period following the reporting date of September 30, 2024. To address its ongoing financing requirements, the Company is actively pursuing several strategies, including securing financing through existing or potential sources of debt or funding to support both organic and acquisitive growth initiatives, and monetization of captive assets, both tangible and intangible and reducing operating costs through the streamlining of operations and support functions. The Company has been successful in obtaining financing to date, and recently negotiated terms favourable to the Company, with its key lenders, to renew or restructure its existing debt.

There can be no assurance that the Company will achieve profitability, If the going concern assumption were not appropriate for the Financial Statements for the period ended September 30, 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.

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 September 30, 2024, and 2023. These Financial Statements should be read in conjunction with the Company’s most recently filed audited consolidated 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 November 29, 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 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 30-Sep-24	% Ownership As at 31-Dec-23 *Restated*
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%	-
[4]Emblem Lands LP	CAD	Ontario, Canada	100%	-
[5]Emblem Lands GP	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%
[6]Vista Prime 3, Inc.	USD	California, United States	100%	100%
[6]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%
[7]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]Established April 29, 2024
[5]Incorporated April 29, 2024
[6]Dissolved November 6, 2024
[7]Dissolved November 19, 2024

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 twelve (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 January 1, 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, which aims at improving how entities communicate in their financial statements and will be effective for annual periods beginning on or after January 1, 2027.

5. CRITICAL ASSUMPTIONS AND SOURCES OF UNCERTAINITY

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 Company's most recently filed 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 Company's most recently filed 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 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 of debt 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 the Company'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 respective 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 as of the closing date have been evaluated by a third-party valuation specialist. Fair values of the aforementioned assets including 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 $667. $175 was expensed in the nine months ended September 30, 2024, and $492 was expensed during the year ended December 31, 2023.

Revenue of the Purchased Entities post-acquisition for the three and nine months ended September 30, 2024, amounted to $5,368 and $12,990, respectively. Net loss was $56, and $3,070, respectively. If the Aleafia Acquisition had closed on January 1, 2024, the Company estimates it would have recorded consolidated revenues of $66,819 and a consolidated net loss of $20,129 for the nine months ended September 30, 2024, resulting in an increase in revenue of $532 and an increase in net loss of $504 for nine months ended September 30, 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 September 30, 2024 and December 31, 2023, includes the following:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	**$**
Cash in bank	3,600	1,783
Cash on hand	223	407
Cash in transit	410	61
Total cash	**4,233**	**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. During the nine months ended September 30, 2024, the Company was advanced funding from the CAD and USD RGR Grid Note (note 20). Proceeds, net of funds used, from the advances are included in cash and equivalents as at September 30, 2024.

9. ACCOUNTS RECEIVABLE

The Company's trade accounts receivable are 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 September 30, 2024 and December 31, 2023 accounts receivable consists of the following:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	**$**
Trade receivables	29,289	24,553
Sales tax receivable	576	418
Other receivables	730	164
Total receivables before expected credit losses	**30,595**	**25,135**
Provision for expected credit losses	(7,648)	(4,765)
Ending Balance	**22,947**	**20,370**

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

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

The Company assessed the carrying amount of trade receivables at September 30, 2024, for expected credit loss ("ECL") and included an ECL of $7,648 (December 31, 2023; $4,765) against receivables. In the three and nine months ended September 30, 2024, the Company expensed $861 and $3,079, respectively, to ECL and bad debt expense on its condensed interim consolidated statement of loss and other comprehensive loss (September 30, 2023; $688 and $956, respectively).

The aging of the Company's trade receivables and the corresponding ECL as at September 30, 2024, is as follows:

Rate of expected credit loss:	0.00%	2.36%	8.71%	22.01%	42.13%	Total
Aging classification	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121+ Days**	
	$	**$**	**$**	**$**	**$**	**$**
Trade Receivables	8,862	1,177	2,318	804	16,128	29,289
Expected Credit Losses	-	(148)	(140)	(304)	(7,056)	(7,648)
Net Trade Receivables	**8,862**	**1,029**	**2,178**	**500**	**9,072**	**21,641**
Sales tax recoverable	-	-	-	-	-	576
Other receivables	-	-	-	-	-	730
Balance, September 30, 2024	**8,862**	**1,029**	**2,178**	**500**	**9,072**	**22,947**

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	**9,632**	**1,356**	**3,467**	**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 September 30, 2024, and December 31, 2023, the Company had the following outstanding notes receivable:

	Date of Issue	Maturity date	Interest	As at 30-Sep-24	As at 31-Dec-23 *Restated*
			%	**$**	**$**
AH Note Receivable	2023-06-06	2023-12-24	Prime + 9%	-	16,778
AH DIP Note	2023-07-24	2023-11-23	12.50%	-	7,927
CAD$3.0M OPRC Note	2024-05-17	2027-05-31	8.00%	3,020	-
USD PD Note	2024-05-15	2027-05-15	20.00%	6,903	-
Total notes receivable				**9,923**	**24,705**
Short-term				6,923	24,705
Long-term				3,000	-

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

Continuity of the Company's notes receivable for September 30, 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	17,063
Coupon Interest	518
Amortization of discount	60
Principal payments	(37)
Interest payments	(69)
Aleafia Acquisition (note 7)	(30,565)
Acquisition of Aleafia trademarks and tradenames	(1,679)
Foreign exchange	(73)
Balance, September 30, 2024	**9,923**
Short-term	6,923
Long-term	3,000

During the period ended September 30, 2024, the Company accrued interest amounting to $518 and amortized discounts of $59 (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 aforementioned purchase of the AH Note Receivable and the funding of the $1,500 advance under the AH Note Receivable.

The AH Note Receivable garnered a coupon interest rate 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.

Up to January 12, 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 Note Receivable 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 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 had been included in Other Income on the condensed interim statement of financial position. The continued availability of the AH DIP Note was 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.

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

Up to January 12, 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, 2023; $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.

USD PD Note

On May 15, 2024, the Company extended a $8,000 revolving line of credit note to a Michigan cultivation operation bearing interest at 20% per annum as part of a strategy to reduce costly supply chain constraints. The note matures on May 15, 2027, and allows for borrowing, repayment, and reborrowing of principal up to the maximum limit, subject to the Company's approval. Annual repayments are required to reduce the outstanding balance, including interest, to $1,000 by May 15 of each year. The note is secured by substantially all assets of the borrower. The Company also maintains a first-priority security interest in the defined collateral and may accelerate repayment in the event of default.

CAD$3M OPRC Note

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$3M OPRC Note"). The CAD$3M OPRC Note 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.

11.PREPAID EXPENSES

As at September 30, 2024 and December 31, 2023, prepaid expenses are comprised of the following amounts:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	**$**
Prepaid operating license	2,022	480
Prepaid taxes	209	121
Prepaid dues and subscriptions	112	93
Other prepaid fees	647	200
Total prepaid expenses	**2,990**	**894**

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

12.DEPOSITS

As at September 30, 2024, and December 31, 2023, the Company had the following deposits:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	$
Vendor deposits	9,599	6,271
Security deposits	295	256
Other deposits	815	802
Total deposits	**10,709**	**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 was to commence during the fourth quarter. Under the agreed upon terms of the crop commitment, the vendor must maintain select product parameters for the harvest as defined by the Company. To date, the arm's length vendor has not fulfilled their contractual commitment under the crop commitment. The Company continues to work collaboratively with the arm's length vendor towards settlement of their commitment under contract.

Concurrent with the closing of the Aleafia Acquisition (note 7), the Company deposited $748 with a Canadian government institution to be held, in trust by the institution, on the account of Emblem Cannabis Corporation; one of the acquired, licensed Aleafia Group entities.

13.INVENTORY

The Company's inventory as at September 30, 2024, and December 31, 2023 consists of the following:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	$
Cannabis and CBD derivative finished goods	7,595	3,470
Raw materials	5,730	2,160
Cannabis and CBD derivative work in process	16,206	9,384
Consumables and non-cannabis merchandise	871	332
Inventory provisions	236	(99)
Total	**30,638**	**15,247**

During the period ended September 30, 2024, the total inventory included in cost of sales was $39,149 (December 31, 2023; $53,047), which includes an allocation for salaries and wages amounting to $3,775 (December 31, 2023; $3,568). As a result of the Aleafia Acquisition, provisions totaling $7,035 were included in inventory during the period ended September 30, 2024 (note 7).

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

14. BIOLOGICAL ASSETS

The Company's biological assets consist of 7,563 plants growing as at September 30, 2024 (December 31, 2023; 9,433).

The continuity of biological assets is as follows:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	**$**
Carrying amount, beginning of year	4,215	4,291
Reversal of prior year fair value markup	(3,384)	-
Acquired from Aleafia Acquisition (note 7)	1,136	-
Capitalized cost	9,455	10,100
Unrealized changes in fair value of biological assets	-	(3,301)
Fair value adjustment over/(under) current period	3,636	3,384
Translation adjustment over/(under) prior period	(368)	(83)
Transferred to inventory	(4,651)	(10,236)
Effects of foreign exchange	-	60
Carrying value, end of period	**10,039**	**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 30-Sep-24			For the period ended 30-Sep-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)	$6.07	$6.68	$1,753	$5.35	$5.89	$244
Yield by plant (grams)	353	389	$1,008	351	386	$208
Post-harvest costs ($/gram)	$0.96	$1.05	$(432)	$2.43	$2.67	$(29)

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

15.PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of September 30, 2024, and December 31, 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	**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	1,897
Balance, December 31, 2023	**609**	**1,157**	**20,737**	**388**	**6,092**	**92**	**474**	**12,009**	**62**	**2,021**	**43,641**
Additions	-	-	-	-	3	180	-	5,132	-	2,137	7,452
Reclassifications	-	-	(257)	122	1,161	-	-	(876)	-	(150)	-
Additions through business combinations (note 7)	11,700	-	4,738	4,162	-	-	87	604	95	-	21,386
Disposals	-	(1)	(1,885)	(191)	(109)	(2)	-	(588)	(4)	(1,139)	(3,919)
Disposals from discontinued operations	-	-	-	-	-	(77)	-	(75)	(20)	-	(172)
Foreign currency movement	-	-	411	-	59	-	-	6	-	-	476
Balance, September 30, 2024	**12,309**	**1,158**	**23,743**	**4,481**	**7,206**	**193**	**561**	**16,213**	**133**	**2,867**	**68,864**
Accumulated depreciation											
Balance, December 31, 2022	**-**	**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	-	10	655	370	976	16	71	2,211	29	-	4,338
Reclassifications	-	-	(4)	4	655	-	-	(655)	-	-	-
Disposals	-	(1)	-	-	(12)	-	-	(258)	-	-	(271)
Disposals from discontinued operations	-	-	-	-	-	(58)	-	(20)	(15)	-	(93)
Foreign currency movement	-	-	-	(41)	(92)	(1)	-	(1)	-	-	(135)
Balance, September 30, 2024	**-**	**33**	**3,057**	**568**	**3,937**	**24**	**302**	**6,165**	**65**	**-**	**14,151**
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, September 30, 2024	**12,309**	**1,125**	**20,686**	**3,913**	**3,269**	**169**	**259**	**10,047**	**68**	**2,867**	**54,713**

During the period ended September 30, 2024, $21,386 in property, plant and equipment was acquired by the Company as a result of the Aleafia Acquisition (note 7). The Company allocated $2,548 in depreciation to inventory within the period (September 30, 2023; $1,794).

(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 September 30, 2024, represents management's best estimate of the aforementioned assets' value in use as of September 30, 2024.

16.INTANGIBLE ASSETS

A continuity of the intangible assets for September 30, 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, September 30, 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 entities. The fair value of these operating licenses has been included in the intangible assets as at September 30, 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 period ended September 30, 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 September 30, 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 30-Sep-24	As at 31-Dec-23 *Restated*
	$	$
Opening balance	**17,564**	**18,988**
Additions from Aleafia acquisition (note 7)	121	-
Accumulated depreciation from Aleafia acquisition (note 7)	(84)	-
Additions during the period	218	85
Loss on disposals	119	-
Depreciation for the period	(1,281)	(1,639)
Effects of foreign exchange	(1,139)	130
Balance, September 30, 2024	**15,518**	**17,564**

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

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	$
Opening balance	22,077	22,888
Additions/(Disposals)	(261)	79
Interest accretion	2,030	2,698
Interest payments	(2,030)	(2,698)
Principal payments	(337)	(306)
Ending balance	**21,479**	**22,661**
Effects of foreign exchange	370	(583)
Less: Short-term lease obligations	(674)	(655)
Long-term lease obligation	**21,175**	**21,423**

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

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

	As At 30-Sep-24	As At 31-Dec-23 *Restated*
	$	$
2024	727	3,715
2025	3,028	3,169
2026	3,092	3,236
2027	3,124	3,151
2028	3,159	3,064
Thereafter	31,893	31,184
Total minimum lease payments	**45,023**	**47,519**
Present value of minimum lease payments	14,765	16,300
Effect of discounting	8,409	9,141
Current portion lease obligations	674	655
Long-term lease obligations	**21,175**	**21,423**

18.GOODWILL

Goodwill as of September 30, 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, September 30, 2024	**11,880**

Balances in goodwill as at September 30, 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"). The reader is referred 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 September 30, 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.

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

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.

19.ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company had the following accounts payable and accrued liabilities at September 30, 2024, and December 31, 2023:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	**$**
Trade payables	18,656	18,506
Accrued liabilities and other	11,191	10,025
Sales and excise tax payable	16,249	13,564
Customer deposits	656	31
Total	**46,751**	**42,126**

During the nine months ended September 30, 2024, the Company had two significant vendors representing 15% and 16% of its trade payables (December 31, 2023: one representing 17%).

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

20.DEBT

A. NOTES PAYABLE

As at September 30, 2024, and December 31, 2023 the Company had the following outstanding notes payable:

'000's	Purpose of Note	Original note value	Date of Issue	Maturity date	Interest	As at 30-Sep-24	As at 31-Dec-23 *Restated*
		$			%	$	$
USD$828,200 - City of San Deigo	Payment plan	828	25-Oct-21	OnDemand	7.00%	735	684
Due to Oakshire	Operations	1,081	various	OnDemand	0.00%	-	1,123
USD $3M Oakshire Note	Capital purchase	4,608	19-Jul-24	28-Feb-25	0.00%	1,967	-
[i] USD$25,885,000 RGR Note	Debt Restructure	25,885	15-Sep-22	12-Sep-24	15.00%	47,454	41,454
USD$2,887,000 TAII Note	Debt Restructure	2,887	15-Sep-22	12-Sep-24	15.00%	4,810	4,303
[i] USD$6,349,000 SDIL Note	Debt Restructure	6,349	15-Sep-22	12-Sep-24	15.00%	9,432	9,366
USD$269,000 SIL Note	Debt Restructure	269	15-Sep-22	12-Sep-24	15.00%	475	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%	59,320	-
[i] USD$18,300,000 RGR Note	Debt Restructure	18,300	29-Dec-23	12-Feb-24	12.9%+[iii]PIK	28,740	25,138
[i] CAD$2,710,000 BJMDSD Note	Debt Restructure	2,210	1-Feb-23	12-Sep-24	15.00%	3,260	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%	51,275	-
CAD$5.8M ELL Note	Working capital & general corporate	5,750	4-Jun-24	1-Jul-29	6.72%	5,767	-
Balance, end of period						**213,235**	**146,900**

Notes payable transactions during the period ended September 30, 2024:

a) RGR Grid Note Amendments

On January 1, 2024, the Company and Royal Group Resources, Ltd. ("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.

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

b) CAD$5.8M ELL Note

On June 4, 2024, the Company completed a mortgage financing with a third-party Canadian lender in the amount of $5,750 (the "CAD$5.8M ELL Note") secured by a property owned by the Company. Proceeds from the financing will be used for working capital and general corporate purposes. The CAD$5.8M ELL Note matures on July 1, 2029, and has a sixty (60) month term, amortizing over three hundred (300) months at an interest rate of 6.72% per annum. Computershare acts as agent, nominee and custodian in administering the note. The CAD$5,750,000 ELL Note is supported by a guarantee provided by an existing related party lender.

c) USD $3M Oakshire Note

On July 19, 2024, under the terms of the Oakshire Settlement (see "Debt Settlements" below), the Company entered into a promissory note for $3,357 (the "USD $3M Oakshire Note"). The USD $3M Oakshire Note does not accrue interest under normal terms and is due in full on February 28, 2025. Payments are structured in installments, with specific deadlines outlined in the Oakshire Settlement Agreement. If payments are not made as scheduled, an 18% default interest rate will apply, and the total outstanding balance will become immediately due. The USD $3M Oakshire Note is secured by specific tangible assets held by the Company.

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.

d) 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".

On the purchase, all terms and conditions of the [i]USD$18,300,000 RGR Note remained the same as initially set out in the USD $18,300,000 VRT Note. The USD$18,300,000 RGR Note is secured by select assets of the Company's 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, by virtue of the assignment, 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 on September 12, 2024 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 period ended September 30, 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.

During the period ended September 30, 2024, the Company remained actively engaged in negotiations to renew outstanding debt that has otherwise matured as of the date of this report.

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

Continuity of the outstanding notes payable held by the Company for the period ended September 30, 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 30-Sep-24	Short -term	Long -term
	$	$	$	$	$	$	$	$	$	$	$	$		
USD$828,200 City of San Deigo	684	-	-	38	-	-	-	-	-	-	13	735	735	-
Due to Oakshire	1,123	-	-	-	-	-	-	-	(1,123)	-	-	-	-	-
USD $3M Oakshire Note	-	4,608	-	-	(2,588)	-	-	-	-	-	(53)	1,967	1,967	-
[i]USD$25,885,000 RGR Note	41,454	-	124	5,060	-	-	-	-	-	-	816	47,454	47,454	-
USD$2,887,000 TAII Note	4,303	-	35	516	-	(128)	-	-	-	-	84	4,810	4,810	-
[i]USD$6,349,000 SDIL Note	9,366	-	73	1,091	-	(1,305)	-	-	-	-	207	9,432	9,432	-
USD$269,000 SIL Note	412	-	4	50	-	-	-	-	-	-	9	475	475	-
[i]USD RGR Grid Note	30,293	-	-	97	-	-	-	50	(30,390)	(50)	-	-	-	-
[i, ii]USD RGR Grid Note	-	24,535	-	4,037	-	-	30,390	-	-	-	358	59,320	59,320	-
[i, iv]USD$18,300,000 RGR Note	25,138	-	-	3,134	(27)	-	-	-	-	-	495	28,740	28,740	-
[i]CAD$2,710,000 BJMDSD Note	3,029	-	12	357	-	(138)	-	-	-	-	-	3,260	3,260	-
[i]CAD RGR Grid Note	31,098	-	-	44	-	-	-	50	(31,142)	(50)	-	-	-	-
[i, ii]CAD RGR Grid Note	-	19,062	-	4,086	(3,000)	(15)	31,142	-	-	-	-	51,276	51,276	-
CAD$5,750,000 ELL Note	-	5,750	-	124	(15)	(92)	-	-	-	-	-	5,767	126	5,641
Balance, end of period	**146,900**	**53,955**	**248**	**18,635**	**(5,629)**	**(1,678)**	**61,532**	**100**	**(62,655)**	**(100)**	**1,929**	**213,235**	**207,594**	**5,641**

**included in discontinued operations*

[i] Related party note (note 26)
[ii] Result of the RGR Grid Note Amendments (note 20)

(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 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	Extinguish ment	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, i]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, ii]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] See December 31, 2023 Amendments (note 20)
[ii] 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 September 30, 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, September 30, 2024								
Stock price	-	-	-	-	-	-	-	n/a
Term (years)	-	-	-	-	-	-	-	2
Volatility	-	-	-	-	-	-	-	n/a
Implied spread	-	-	-	-	-	-	-	n/a
Risk-free rate	-	-	-	-	-	-	-	n/a
Discount/market yield	-	-	-	-	-	-	-	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 26)
[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 period ended September 30, 2024, and December 31, 2023, is as follows:

CAD in '000	[1]USD$1,093,750 Convertible VMOS Note	[1]USD$1,562,500 Convertible FCC Note	[1]USD$1,562,500 Convertible IBGL Note	[1]USD$781,250 Convertible AB Note	[1]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	136	194	194	97	2,431	531	531	1,100	5,214
Interest Accretion	20	28	28	14	1,509	153	153	737	2,641
Effects of foreign exchange	35	49	49	25	612	167	167	-	1,105
Carrying Value, September 30, 2024	**1,930**	**2,756**	**2,756**	**1,378**	**35,539**	**9,229**	**9,229**	**19,867**	**82,684**

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

During the period ended September 30, 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.

During the period ended September 30, 2024, the Company remained actively engaged in negotiations to renew outstanding debt that has otherwise matured as of the date of this report.

(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 September 30, 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	345	345	691
Effects of Foreign exchange	(2)	(8)	(8)	(18)
Balance, September 30, 2024	-	-	-	-

D. CREDIT FACILITY

The lender of the Company's credit facility initially was 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 PricewaterhouseCoopers ("PWC"), an appointed receiver of the Company's credit facility agreed to revise 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.

On June 14, 2024, the relationship between the Company and PWC was terminated as a result of a loan purchase agreement (the "RGR-BFI Loan Purchase Agreement") between Royal Group Resources, Ltd. ("RGR"), and existing lender related to the Company, and PWC. As a result of the RGR-BFI Purchase Agreement, the Company recovered $45 in amounts owing to PWC for the amendment fee resulting from the January 30, 2023, extension. There were no material changes to the Credit Facility as a result of the RGR-BFI Loan Purchase Agreement.

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

During the period ended September 30, 2024, the Company and RGR continued to collaboratively engage in negotiations to amend and ultimately renew the Credit Facility which had matured on July 31, 2023.
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**
Recovery of amendment fees	(44)
Accrued interest	1,818
Balances, September 30, 2024	**21,204**

E. DEBT SETTLEMENTS

On July 19, 2024, the Company entered into a settlement agreement between with Oakshire Holdings Inc. and its affiliates (the "Oakshire Parties") to resolve a series of financial obligations and claims, including the extinguishment of $1,123 due under the Due to Oakshire Note (the "Oakshire Settlement Agreement"). Under the terms of the agreement, the Company will pay the Oakshire Parties $3,357 in scheduled installments. The obligations under the Oakshire Settlement Agreement is secured by tangible assets held by the Company, in concert with the USD $3M Oakshire Note.

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 September 30, 2024 (2023; nil).

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

21.SHARE CAPITAL AND RESERVES

A. AUTHORIZED

As at September 30, 2024, the authorized shares were as follows:

- Unlimited number of common shares without par value with special rights and restrictions.
- An unlimited number of preferred shares without par value with special rights and restrictions, which are non-voting except in specific circumstances related to dividend defaults.

B. ISSUED AND OUTSTANDING

Changes in share capital for the period ended September 30, 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	**469,521,901**	**342,069**
Issuance of shares for settlement agreement	700,000	42
Balance, December 31, 2023	**470,221,901**	**342,111**
Balance, September 30, 2024	**470,221,901**	**342,111**

Share Capital transactions the during the period ended September 30, 2024:

On June 14, 2024, all authorized Series 1 Convertible Preferred shares and Series II Convertible Preferred shares, each without par value in the Company outstanding as at June 14, 2024, of which none were allotted or issued, were eliminated, and the Company's authorized a new share structure of preferred shares. The preferred shares are unlimited, without par value and have following special rights and restrictions. Directors may determine dividend entitlements, redemption terms and conversion rights provided that no Preferred shares of any particular series are issued and outstanding. In the event of liquidation, Preferred Shareholders have priority in receiving their capital plus any accrued dividends before any distribution to Common Shareholders. The Preferred Shareholders do not have voting rights or the right to attend general meetings, except in specific circumstances related to dividend defaults.

The Common shares were amended to include the following special rights and restrictions: In the event of the Company's liquidation or dissolution, Common Shareholders are entitled to share in the remaining assets of the Company after the claims of the Preferred Shareholders and any other classes with priority have been satisfied.

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.

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

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.

The following assumptions were used by the Company to value the stock options outstanding as at September 30, 2024:

Grant Date	Vesting Start Date	Expiry Date	Share price on Date of Grant	Exercise Price	Volatility	Risk Free Rate	Dividends
			$	$	%	%	$
11-Jan-20	11-Jan-20	11-Jan-25	1.15	1.00	100.00%	2.27%	$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	105.27%	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	94.35%	3.98%	$nil

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

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

The number of stock options and weighted average exercise prices as at September 30, 2024, and December 31, 2023 are as follows:

	Options	Weighted average exercise price
	#	$
Balance Outstanding, December 31, 2022	**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	(3,197,002)	2.70
Forfeited	(102,500)	0.21
Balance Outstanding, September 30, 2024	13,661,429	0.37
Exercisable		
Exercisable as at September 30, 2024	11,855,180	0.40
Exercisable as at December 31, 2023	11,967,182	1.07

Stock Options are measured at fair value at the date of grant and are expensed to share based compensation over the option's vesting period. For the three and nine months ended September 30, 2024, the Company had share-based compensation expenses relating to stock options amounting to $59 and $165, respectively (2023; 149 and 607, respectively).

[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)

The following reflects remaining contractual life for outstanding and exercisable options as at September 30, 2024:

	Outstanding			Exercisable	
Expiry date	**Exercise price**	**Options**	**Remaining contractual life**	**Options**	**Remaining contractual life**
	$	**#**	**(years)**	**#**	**(years)**
11-Jan-25	1.00	371,429	0.28	371,429	0.28
1-Apr-25	1.00	125,000	0.50	125,000	0.50
6-Jul-25	1.10	75,000	0.76	75,000	0.76
10-Sep-25	0.66	15,000	0.95	15,000	0.95
1-Oct-25	0.65	3,400,000	1.00	3,400,000	1.00
12-Oct-25	0.65	50,000	1.03	50,000	1.03
18-Nov-25	0.67	150,000	1.13	150,000	1.13
3-Dec-25	0.75	800,000	1.18	800,000	1.18
12-Nov-26	0.63	400,000	2.12	400,000	2.12
26-Nov-26	0.63	75,000	2.16	75,000	2.16
7-Oct-27	0.14	6,500,000	3.02	5,687,500	3.02
7-Oct-27	0.20	200,000	3.02	175,000	3.02
7-Oct-27	0.50	250,000	3.02	218,750	3.02
15-Mar-33	0.10	1,250,000[i]	8.46	312,501	8.46
Total		**13,661,429**	**2.74**	**11,855,180**	**2.26**

22.EARNINGS (LOSS) PER SHARE

Earnings/loss per share for the three and nine months ended September 30, 2024, and 2023 is as follows:

	3 months ended 30-Sep-24	3 months ended 30-Sep-23 *Restated (note 32)*	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated (note 32)*
Outstanding common shares	470,221,901	469,521,901	470,221,901	469,521,901
Earnings (loss) from continuing operations attributable to RWB shares ($)	(1,841)	(4,780)	(15,328)	(18,806)
Weighted average number of shares outstanding, basic and dilutive	470,221,901	474,738,811	470,221,901	469,521,901
Earnings/loss per share, basic and diluted ($)	**(0.00)**	**(0.01)**	**(0.03)**	**(0.04)**

No stock options 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 channels: Retail, Distribution and Licensing. Revenues by channel for the three and nine months ended September 30, 2024, and 2023 is as follows:

	3 months ended 30-Sep-24	3 months ended 30-Sep-23 *Restated (note 32)*	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated (note 32)*
	$	$	$	$
Distribution	17,996	15,803	52,047	54,357
Licensing	162	386	431	2,695
Retail	3,556	3,938	13,809	11,255
Total revenue	**21,714**	**20,127**	**66,287**	**68,307**

Revenue as a percentage of total sales for three and nine months ended September 30, 2024, and 2023 is as follows:

	3 months ended 30-Sep-24	3 months ended 30-Sep-23 *Restated (note 32*	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated (note 32*
	%	%	%	%
Distribution	83%	78%	78%	80%
Retail	1%	2%	1%	4%
Licensing	16%	20%	21%	16%
Total revenue	**100%**	**100%**	**100%**	**100%**

During the three and nine months ended September 30, 2024, and 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.

During the three and nine months ended September 30, 2024, the Company had one significant customer representing 14% and 12%, correspondingly, of total revenues earned by the Company. The Company had no significant customers representing over 10% during the three and nine months ended September 30, 2023.

24.GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for September 30, 2024, and 2023 were as follows:

	3 months ended 30-Sep-24	3 months ended 30-Sep-23 *Restated*	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated*
	$	$	$	$
Salaries and wages	4,764	3,878	14,473	10,475
Facilities expense	253	323	1,677	2,108
Professional fees	1,632	896	4,749	3,505
Office and administrative fees	791	377	1,943	1,352
Travel expense	122	126	357	346
Licenses and permits	128	10	350	264
Insurance	534	511	1,383	1,219
Penalty and late fees	438	49	797	1,178
Total general and administrative expenses	**8,661**	**6,169**	**25,728**	**20,446**

(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 September 30, 2024, and December 31, 2023:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	$
Assets		
Current	6,585	16,655
Non-current	178,201	95,737
Total assets	**184,786**	**112,392**
Liabilities		
Current	72,307	62,733
Non-current	31,366	31,938
Total liabilities	**103,673**	**94,671**
Net Assets	**81,113**	**17,721**

The following summarizes the financial results before intragroup eliminations for non-wholly owned subsidiaries for the three and nine months ended September 30, 2024, and, 2023:

	For the three months ended 30-Sep-24	For the three months ended 30-Sep-23 *Restated*	For the nine months ended 30-Sep-24	For the nine months ended 30-Sep-23 *Restated*
Net Income (loss)	(3,938)	(6,400)	(16,146)	(16,566)
Interests				
Controlling interests – 77%	(3,038)	(4,938)	(12,459)	(12,782)
Non-controlling interests – 23%	**(899)**	**(1,462)**	**(3,688)**	**(3,784)**

(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 and nine months ended September 30, 2024, and 2023, is as follows:

	3 months ended 30-Sep-24	3 months ended 30-Sep-23 *Restated (note 32)*	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated (note 32)*
	$	$	$	$
Management salaries, bonuses, and other benefits	304	289	913	798
Consulting fees by a company controlled by a director of the company	51	50	153	187
Share-based payments – officers	10	18	30	39
Share-based payments – directors	22	55	65	164
Total	**387**	**412**	**1,161**	**1,188**

B. AMOUNTS DUE TO/FROM RELATED PARTIES

- Included in accounts payable and accrued liabilities is $2,111 in management salaries, bonuses, and other benefits to be paid out in future periods (December 31, 2023; $1,949)

- Included in accounts payable and accrued liabilities is $650 (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 amortized 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 nine months ended September 30, 2024

- Officers and Directors of the Company held an aggregate of 37,220 common shares and 6,450 stock options. As at September 30, 2024, 5,113 of these stock options are fully vested.

- The Company expensed $95 in stock-based compensation related to stock options held by directors and officers.

- The CAD$5.8M ELL Note (note 20) is supported by a guarantee provided by DICL, a related party lender, which was subject to a fee payable to DICL by the Company. The fee was calculated based on a percentage of the principal of the CAD$5.8M ELL Note as is standard practice within capital markets.

- 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 stock options stock options held by Directors of the Company expired.

- Officers and Directors of the Company hold an aggregate of 37,220 common shares and 6,472 stock options. As at December 31, 2023, 3,622 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 nine months ended September 30, 2024, is as follows:

	Balance, 31-Dec-23 *Restated*	Additions	Interest accretion	Interest	Principal payments	Interest payments	Debt modification	Transaction costs	Extinguish ment	Gain/(Loss) on extinguishment	FX (gain)/loss	Balance 30-Sep-24
	$	$	$	$	$	$	$	$	$	$	$	$
USD$25,885,000 RGR Note	41,454	-	124	5,060	-	-	-	-	-	-	816	47,454
USD$6,349,000 SDIL Note	9,366	-	73	1,091	-	(1,305)	-	-	-	-	205	9,432
USD RGR Grid Note	30,293	-	-	97	-	-	-	50	(30,390)	(50)	-	-
[i]USD RGR Grid Note	-	24,535	-	4,035	-	-	30,390	-	-	-	360	59,320
USD$18,300,000 RGR Note	25,138	-	-	3,133	(27)	-	-	-	-	-	496	28,740
CAD$2,710,000 BJMDSD Note	3,029	-	12	357	-	(138)	-	-	-	-	-	3,260
CAD RGR Grid Note	31,098	-	-	44	-	-	-	50	(31,142)	(50)	-	-
[i]CAD RGR Grid Note	-	19,062	-	4,086	(3,000)	(15)	31,142	-	-	-	-	51,276
Balance, end of period	**140,378**	**43,597**	**209**	**17,904**	**(3,027)**	**(1,458)**	**61,532**	**100**	**(61,532)**	**(100)**	**1,877**	**199,481**

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 *Restated*
	$	$	$	$	$	$	$	%	$	$	$	$
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 nine months ended September 30, 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	136	531	531	1,100	2,298
Interest Accretion	20	153	153	737	1,063
Effects of foreign exchange	35	167	167	-	369
Carrying Value, September 30, 2024	**1,930**	**9,229**	**9,229**	**19,867**	**40,255**

A continuity schedule for derivative liabilities associated with related party convertible debentures for the nine months ended September 30, 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
Effects of Foreign exchange	(3)	(2)	(5)
Balance, December 31, 2023	**(337)**	**(337)**	**(674)**
Gain on FMV adjustments of derivative liability	313,070	313,070	626,141
Effects of Foreign exchange	23,584	23,584	47,167
Balance, September 30, 2024	-	-	-

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 September 30, 2024, the Company held an accounts receivable balance of $22,947 (December 31, 2023; $20,370). Included in this balance is a provision for expected credit losses ("ECL") in the amount of $7,649 (December 31, 2023; $4,765). The reader is referred to note 9 for details relating to the Company's accounts receivable and ECL provision for the period ended September 30, 2024, and the year ended December 31, 2023.

As at September 30, 2024, the Company held a notes receivable balance of $6,923 (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 September 30, 2024, the Company had a cash and equivalents balance of $4,233 (December 31, 2023; $2,251) available to apply against short-term business requirements and current liabilities of $377,806 (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.

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 September 30, 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.

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

As at September 30, 2024, and December 31, 2023, the Company was exposed to the following currency risk:

	As at 30-Sep-24	As at 31-Dec-23 *Restated*
	$	$
Financial assets denominated in foreign currencies (USD)	400,744	29,181
Financial liabilities denominated in foreign currencies (USD)	(167,471)	(166,752)
Net exposure	**233,273**	**(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 period ended September 30, 2024, by $591 and $1,971, respectively (September 30, 2023; $168 and $559).

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 September 30, 2024, the Company has shareholders' deficit of $158,928 (December 31, 2023; $130,387). Included in the consolidated statements of financial position as of September 30, 2024, is an accumulated deficit of $507,485 (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 September 30, 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.

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(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 September 30, 2024, and 2023.

3 months ended 30-Sep-24	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	17,995	162	3,557	-	21,714
Cost of goods sold	-	12,140	2	2,564	-	14,706
Gross profit before fair value adjustments	**-**	**5,855**	**160**	**993**	**-**	**7,008**
Unrealized changes in fair value of biological assets	-	1,728	-	(1,914)	-	(186)
Realized fair value amounts included in inventory sold	-	396	-	3,070	-	3,466
Total Gross Profit (loss)	**-**	**7,979**	**160**	**2,149**	**-**	**10,288**
Total gross Profit (%)	0%	44%	99%	60%	0%	47%
Total operating expenses	1,795	5,946	65	4,284	47	12,137
Total other expenses (income)	9,963	41	19	(501)	34	9,556
Profit (loss) before Income Taxes	(11,758)	1,992	76	(1,634)	(81)	(11,405)
Income tax	-	7,168	640	833	24	8,665
Net profit (loss) from continuing operations	**(11,758)**	**9,160**	**716**	**(801)**	**(57)**	**(2,740)**
Loss from discontinued operations	-	-	-	-	(146)	(146)
Net loss for the year	**(11,758)**	**9,160**	**716**	**(801)**	**(203)**	**(2,886)**
Attributed to:						
Red White and Bloom	(11,758)	9,160	716	98	(57)	(1,841)
Non-controlling interests	-	-	-	(899)	-	(899)

3 months ended 30-Sep-23 *restated*	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	13,852	386	5,889	-	20,127
Cost of goods sold	-	9,418	138	2,718	-	12,274
Gross profit before fair value adjustments	**-**	**4,434**	**248**	**3,171**	**-**	**7,853**
Unrealized changes in fair value of biological assets	-	-	-	267	-	267
Realized fair value amounts included in inventory sold	-	-	-	(1,548)	-	(1,548)
Total Gross Profit	**-**	**4,434**	**248**	**1,890**	**-**	**6,572**
Total Gross Profit (%)	0%	32%	64%	32%	0%	33%
Total Operating Expenses	1,490	3,612	178	2,879	-	8,159
Total other expenses	(311)	42	-	4,923	-	4,654
Loss before Income Taxes	(1,179)	780	70	(5,911)	-	(6,240)
Income tax	-	-	-	(1)	-	(1)
Net loss from continuing operations	**(1,179)**	**780**	**70**	**(5,912)**	**-**	**(6,242)**
Loss from discontinued operations	-	-	-	-	(298)	(298)
Net loss for the year	**(1,179)**	**780**	**70**	**(5,912)**	**(298)**	**(6,540)**
Attributed to:						
Red White and Bloom	(1,179)	780	68	(4,449)	-	(4,780)
Non-controlling interests	-	-	-	(1,462)	-	(1,462)

(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 nine months ended September 30, 2024, and 2023.

9 months ended 30-Sep-24	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	52,044	431	13,812	-	66,287
Cost of goods sold	-	32,585	161	12,369	-	45,115
Gross profit before fair value adjustments	**-**	**19,459**	**270**	**1,443**	**-**	**21,172**
Unrealized changes in fair value of biological assets	-	1,808	-	(1,907)	-	(99)
Realized fair value amounts included in inventory sold	-	1,485	-	1,943	-	3,428
Total Gross Profit (loss)	**-**	**22,752**	**270**	**1,479**	**-**	**24,501**
Total gross Profit (%)	0%	44%	63%	11%	0%	37%
Total operating expenses	5,373	15,922	635	13,750	47	35,727
Total other expenses (income)	8,253	1,646	61	4,132	168	14,260
Profit (loss) before Income Taxes	(13,626)	5,184	(426)	(16,403)	(215)	(25,486)
Income tax	-	4,032	617	1,845	(24)	6,470
Net profit (loss) from continuing operations	**(13,626)**	**9,216**	**191**	**(14,558)**	**(239)**	**(19,016)**
Loss from discontinued operations	-	-	-	-	(610)	(610)
Net loss for the year	**(13,626)**	**9,216**	**191**	**(14,558)**	**(849)**	**(19,626)**
Attributed to:						
Red White and Bloom	(13,626)	9,217	189	(10,869)	(239)	(15,328)
Non-controlling interests	-	-	-	(3,688)	-	(3,688)
As at 30-Sep-24						
Intercompany Balances	348,749	(223,707)	(4,259)	(76,789)	(43,994)	-
Total Assets	555,856	(138,640)	(1,960)	358,600	(502,686)	271,171
Total non-current assets	204,534	228,064	-	207,901	(459,384)	181,114
Total liabilities	252,313	34,497	10	121,839	21,440	430,099
Total non-current liabilities	-	1,260	-	36,212	14,820	52,292
% of sales revenue	0%	79%	1%	21%	0%	100%
% of loss for the period	47%	0%	0%	50%	3%	100%
% of income for the period	0%	100%	0%	0%	0%	100%

9 months ended 30-Sep-24 *restated*	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	48,547	2,695	17,065	-	68,307
Cost of goods sold	-	32,727	873	10,896	-	44,496
Gross profit before fair value adjustments	**-**	**15,820**	**1,822**	**6,169**	**-**	**23,811**
Unrealized changes in fair value of biological assets	-	-	-	(1,471)	-	(1,471)
Realized fair value amounts included in inventory sold	-	-	-	(1,538)	-	(1,538)
Total Gross Profit	**-**	**15,820**	**1,822**	**3,160**	**-**	**20,802**
Total Gross Profit (%)	0%	33%	68%	19%	0%	30%
Total Operating Expenses	4,827	7,911	268	13,239	-	26,245
Total other expenses	8,024	132	-	8,571	-	16,727
Loss before Income Taxes	(12,851)	7,777	1,554	(18,650)	-	(22,170)
Income tax	-	(1,879)	-	1,459	-	(420)
Net loss from continuing operations	**(12,851)**	**5,898**	**1,554**	**(17,191)**	**-**	**(22,590)**
Loss from discontinued operations	-	-	-	-	(2,815)	(2,815)
Net loss for the year	**(12,851)**	**5,898**	**1,554**	**(17,191)**	**(2,815)**	**(25,405)**
Attributed to:						
Red White and Bloom	(12,851)	5,898	1,552	(13,405)	-	(18,806)
Non-controlling interests	-	-	-	(3,784)	-	(3,784)
As at 31-Dec-23						
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	-	113,318	33,992	150,025
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%	60%	0%	40%	0%	100%
% of loss for the period	39%	0%	0%	52%	9%	100%
% of income for the period	0%	79%	21%	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 three and nine months ended September 30, 2024, and 2023, are as follows:

	Canada	USA	Canada	USA
	3 months ended 30-Sep-24		3 months ended 30-Sep-23 *Restated*	
	$'000	$'000	$'000	$'000
Total revenues	21,249	465	386	19,741
	9 months ended 30-Sep-24		9 months ended 30-Sep-23 *Restated*	
	$'000	$'000	$'000	$'000
Total revenues	28,871	37,416	386	67,921
	Canada	USA	Canada	USA
	As at 30-Sep-24		As at 31-Dec-23 *Restated*	
Total assets	111,378	157,401	191,882	34,023
Total liabilities	250,698	179,401	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 and nine months ended September 30, 2024, and 2023 are as follows:

	3 months ended 30-Sep-24	3 months ended 30-Sep-23 *Restated (note 32)*	9 months ended 30-Sep-24	9 months ended 30-Sep-23 *Restated (note 32)*
	$	**$**	**$**	**$**
Revenue	-	-	-	782
Cost of sales	-	-	-	463
Gross profit (loss)	-	-	-	319
General and administration	132	237	345	2,105
Sales and marketing	-	-	-	88
Depreciation and amortization	-	5	-	36
Bad debt expense (recovery)	4	56	8	723
Loss from operations before other expenses	**(137)**	**(298)**	**(353)**	**(2,633)**
Other expenses (income)	-	(3)	233	(3)
Finance expense	13	12	38	42
(Gain) loss on disposal - capital assets	(3)	-	(14)	144
Net loss before taxes from discontinued operations	**(146)**	**(307)**	**(610)**	**(2,816)**
Current income tax (recovery) expense	-	(9)	-	(1)
Net loss from discontinued operations	**(146)**	**(298)**	**(610)**	**(2,815)**
Net loss per share, basic and diluted on discontinued	**0.00**	**0.00**	**0.00**	**(0.01)**
Weighted average number of outstanding common shares, basic and diluted	**470,221,901**	**469,521,901**	**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 nine months ended September 30, 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 period ended September 30, 2023 included in these Financial Statements, should be considered to replace the condensed interim consolidated financial statements for the period ended September 30, 2023, previously filed on August 29, 2023.

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

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 period ended September 30, 2023.

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

	Three months ended 30-Sep-23			
	As previously reported	Discontinued operations	Reclassifications	As restated
	$	$	$	$
Revenue				
Sales revenue (note 23)	20,127	-	-	20,127
Cost of goods sold, before fair value adjustments	12,274	-	-	12,274
Gross Profit before fair market value adjustments	7,853	-	-	7,853
Unrealized changes in fair value of biological assets	267	-	-	267
Realized fair value amounts included in inventory sold	(1,548)	-	-	(1,548)
Gross profit after fair market value adjustments	**6,572**	**-**	**-**	**6,572**
Operating Expenses				
General and administration (note 24)	6,397	228	-	6,169
Marketing expenses	287	-	-	287
Share-based compensation (note 21)	149	-	-	149
Depreciation and amortization (note 15, 16)	871	5	-	866
Bad debt expense (note 9)	743	56	-	688
Total Operating Expenses	**8,447**	**289**	**-**	**8,159**
Loss from operations before other expenses (income)	**(1,875)**	**(289)**	**-**	**(1,587)**
Other expense (income)				
Interest earned on promissory notes (note 10)	(1,426)	-	(214)	(1,641)
Other income	(214)	-	214	-
Finance expense (note 20)	7,795	-	(7,506)	289
Interest on credit facilities	-	-	556	556
Interest on convertible notes	-	-	1,429	1,429
Accreted interest on convertible notes	-	-	1,144	1,144
Interest on promissory notes	-	12	4,377	4,365
Business transaction costs	523	-	-	523
Accreted interest, leases (note 18)	673	-	-	673
(Gain) loss on disposal of assets (note 15)	1	-	-	1
Gain (loss) on valuation of financial instruments (note 20)	(256)	-	-	(256)
Foreign exchange	(2,430)	-	-	(2,430)
Total other expenses (income)	**4,666**	**12**		**4,654**
Profit (loss) before income taxes	**(6,541)**	**(301)**		**(6,240)**
Current income tax (expense)/recovery	7	9	-	(1)
Deferred income tax recovery	-	-	-	-
Net loss from continuing operations	**(6,534)**	**(292)**		**(6,242)**
Profit (loss) from discontinued operations (note 31)	(6)	292	-	(298)
Net loss for the period	**(6,540)**	**-**		**(6,540)**
Translation adjustment	(1,287)	-	-	(1,287)
Net loss and Comprehensive profit (loss)	**(7,827)**	**-**	**-**	**(7,827)**

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

	Nine months ended 30-Sep-23			
	As previously reported	Discontinued operations	Reclassifications	As restated
	$	**$**	**$**	**$**
Revenue				
Sales revenue (note 23)	69,089	782	-	68,307
Cost of goods sold, before fair value adjustments	44,960	463	-	44,496
Gross Profit before fair market value adjustments	24,129	319	-	23,811
Unrealized changes in fair value of biological assets	(1,471)	-	-	(1,471)
Realized fair value amounts included in inventory sold	(1,538)	-	-	(1,538)
Gross profit after fair market value adjustments	**21,120**	**319**	**-**	**20,802**
Operating Expenses				
General and administration (note 24)	22,504	2,057	-	20,446
Marketing expenses	1,419	88	-	1,331
Share-based compensation (note 21)	607	-	-	607
Depreciation and amortization (note 15, 16)	2,941	36	-	2,905
Bad debt expense (note 9)	1,678	722	-	956
Total Operating Expenses	**29,148**	**2,903**	**-**	**26,245**
Loss from operations before other expenses (income)	**(8,028)**	**(2,585)**	**-**	**(5,443)**
Other expense (income)				
Interest earned on promissory notes (note 10)	(1,741)	-	-	(1,741)
Other income	(285)	-	-	(285)
Finance expense (note 20)	22,218	8	(21,692)	519
Interest on credit facilities	-	-	1,611	1,611
Interest on convertible notes	-	-	5,422	5,422
Accreted interest on convertible notes	-	-	3,278	3,278
Interest on promissory notes	-	34	11,380	11,346
Business transaction costs	523	-	-	523
Accreted interest, leases (note 18)	2,018	-	-	2,018
(Gain) loss on disposal of assets (note 15)	146	144	-	1
Gain (loss) on valuation of financial instruments (note 20)	(2,540)	-	-	(2,540)
Foreign exchange	(3,426)	-	-	(3,426)
Total other expenses (income)	**16,913**	**186**	**-**	**16,727**
Profit (loss) before income taxes	**(24,941)**	**(2,771)**	**-**	**(22,170)**
Current income tax (expense)/recovery	(2,115)	1	-	(2,116)
Deferred income tax recovery	1,696	-	-	1,696
Net loss from continuing operations	**(25,360)**	**(2,770)**	**-**	**(22,590)**
Profit (loss) from discontinued operations (note 31)	(45)	2,770	-	(2,815)
Net loss for the period	**(25,405)**	**-**	**-**	**(25,405)**
Translation adjustment	(6,066)	-	-	(6,066)
Net loss and Comprehensive profit (loss)	**(31,471)**	**-**	**-**	**(31,471)**

(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 30-Sep-23		
	As previously reported	Adjustments	As restated
Cash flow from operating activities:			
Net loss for the period	(25,405)	-	(25,405)
Items not involving cash:			
Accreted interest on leases	2,018	-	2,018
Adjustments to lease obligations	(77)	72	(5)
Depreciation of right-of-use assets	1,223	(31)	1,192
Adjustment to right-of-use assets	72	72	144
Depreciation of property, plant and equipment	3,460	-	3,460
Disposal of property, plant and equipment	176	-	176
Accrued interest on notes	11,550	(22)	11,528
Accrued interest on convertible debentures	4,175	-	4,175
Accreted interest on convertible debentures	3,278	-	3,278
Amendment fees on credit facility	137	-	137
Accrued interest on credit facility	1,611	-	1,611
Accrued interest on interest receivable	(1,030)	-	(1,030)
Amortized discount on note receivable	(640)	-	(640)
Stock based compensation	607	-	607
Fair value adjustment on biological assets	(1,471)	-	(1,471)
Revaluation of financial instruments	(2,540)	-	(2,540)
Accounts receivable	(12,350)	-	(12,350)
Prepaid expenses	124	-	124
Deposits	(2,624)	-	(2,624)
Inventory	(491)	-	(491)
Biological Assets	3,306	-	3,306
Accounts payable and accrued liabilities	5,963	-	5,963
Current Income tax payable	3,013	-	3,013
Deferred income taxes	(2,600)	-	(2,600)
Other assets	(1,278)	-	(1,278)
Other liabilities	4,800	-	4,800
Net cash provided by (used in) operating activities	**(6,602)**	**91**	**(6,510)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(1,673)	-	(1,673)
Acquisition of right-of-use assets	(153)	-	(153)
Net cash provided by (used in) investing activities	**(1,826)**	**-**	**(1,826)**
Cash flow from financing activities:			
Issuance of promissory note	14,850	-	14,850
Amendment of short-term notes payable	5,979	-	5,979
Principal payments on short-term notes	(1,326)	-	(1,326)
Interest payments on short-term notes	(2,743)	-	(2,743)
Interest payments on credit facility	(354)	-	(354)
Amendment fee payments on credit facility	(91)	-	(91)
Addition to leases	152	-	152
Principal payments on lease obligations	(284)	-	(284)
Interest payments on lease obligations	(2,018)	-	(2,018)
Net cash provided by (used in) financing activities	**14,166**	**-**	**14,166**
Foreign exchange affecting cash equivalents	(5,832)	(91)	(5,923)
Change in cash during the period	(95)	-	(94)
Cash equivalents, beginning of year	2,747	-	2,747
Cash, end of period	**2,653**	**-**	**2,653**

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 (SEC) initiated proceedings to de-register the Company's common stock under Section 12(j) of the Securities Exchange Act of 1934 due to past filing deficiencies by prior management. The Company does not currently trade on exchanges requiring SEC registration and does not intend to seek such listings in the near term. Given the SEC's stance against allowing a right to cure after de-registration proceedings have commenced, the Company chose to settle and agree to the de-registration rather than engage in costly and uncertain litigation. Following this decision, the Company intends to re-file a registration statement on Form 20-F to reinstate its securities registration.

On account of the settlement, the SEC order suspending trading became effective on November 7, 2023, preventing U.S. resident shareholders from trading on the OTCQX, which had already been suspended in March 2023.

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. Subsequent to the settlement date and as of the date of this report, its former auditors have not complied with the terms of the settlement in the opinion of the Company. The Company is currently assessing its recourse options associated with non-performance under the terms of the documented settlement. Given the state of the matters with its former auditors, and for the benefit of the shareholders being impacted by this matter, the Company has proactively engaged another leading audit services provider to complete the aforementioned audit engagements.

As of the date of this report, the Company and its newly engaged auditors have commenced the aforementioned audit engagements and are targeting completion of the scope of work including the accompanying SEC consent requirements, which will lift the Section 12(j) order, by March 31, 2025. The Company will provide its shareholders with timely updates on the status of this engagement as it develops. The Company is also concurrently working to reactivate its OTC marketplace listing. As state prior, once compliance issues with the SEC and OTC have been resolved, the Company plans to seek approval to cancel its SEC registration given that it is not required to sustain its status as a foreign private issuer on OTC Markets.

B. Financing Activities

Advances on existing notes

Subsequent to nine months ended September 30, 2024, Royal Group Resources, Limited ("RGR") provided the Company with additional advances under the USD RGR Grid Note and the CAD RGR Grid Note amounting to USD$5.9 million and CAD $2 million, respectively. Proceeds were used to fund working capital requirements.

C. Stock Option Issuance

On October 3, 2024, the Company granted 1,925,000 stock options to employees under its employee stock option plan at an exercise price of $0.10 per share. The options vest over a term year term commencing October 3, 2025, and have an expiration period of 5 years.

The fair value of the options at the grant date was estimated to be $112 using the Black-Scholes pricing model, based on the following assumptions:

- Expected volatility: 150.63%
- Expected life: 5 years
- Risk-free interest rate: 2.98%
- Dividend yield: $nil

This issuance will result in share-based compensation expense being recognized in future periods as the options vest.