



GROWN ROGUE INTERNATIONAL INC.

**Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2024 and October 31, 2023
Expressed in United States Dollars**

Table of Content

Condensed Consolidated Statements of Financial Position.....	3
Condensed Consolidated Statements of Comprehensive Income (Loss).....	4
Condensed Consolidated Statements of Changes in Equity.....	5
Condensed Consolidated Statements of Cash Flows.....	7

Notes to the Condensed Consolidated Financial Statements

1. Corporate Information	8
2. Significant Accounting Policies and Judgments and Defined Terms	8
3. Biological Assets	11
4. Inventory	12
5. Business Combinations.....	12
6. Other Investments, Purchase Deposits and Notes Receivable	13
7. Leases	16
8. Property and Equipment	17
9. Intangible Assets and Goodwill	17
10. Long-Term Debt.....	18
11. Convertible Debentures	21
12. Share Capital and Shares Issuable	23
13. Warrants.....	25
14. Stock Options.....	26
15. Changes in Non-Cash Working Capital	28
16. Supplemental Cash Flow Disclosure	28
17. Related Party Transactions	28
18. Financial Instruments	31
19. General and Administrative Expenses.....	36
20. Income Taxes	36
21. Capital Disclosures.....	39
22. Segment Reporting.....	40
23. Non-Controlling Interests	40
24. Commitments and Contingencies	41
25. Subsequent Events	42

Grown Rogue International Inc.

Condensed Consolidated Statements of Financial Position

Expressed in United States Dollars

	September 30, 2024	December 31, 2023
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	5,591,717	6,804,579
Accounts receivable (Note 18)	2,661,399	1,642,990
Biological assets (Note 3)	2,927,578	1,723,342
Inventory (Note 4)	2,786,665	5,021,290
Prepaid expenses and other assets	717,132	420,336
Current portion of notes receivable (Note 6.3)	4,296,264	-
Total current assets	18,980,755	15,612,537
Property and equipment (Note 8)	11,014,651	8,820,897
Notes receivable (Note 6.3)	4,098,019	2,449,122
Warrants asset (Note 13)	3,832,792	1,761,382
Intangible assets and goodwill (Note 9)	1,257,668	725,668
Deferred tax assets (Note 20)	700,165	246,294
Other investments (Note 6.2)	1,445,911	-
TOTAL ASSETS	41,329,961	29,615,900
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	2,119,223	1,358,962
Current portion of lease liabilities (Note 7)	718,832	925,976
Current portion of long-term debt (Note 10)	558,515	780,358
Current portion of business acquisition consideration payable (Note 5)	505,340	360,000
Derivative liability (Note 11)	13,222,933	7,471,519
Income tax payable	2,110,216	873,388
Convertible debentures (Note 11)	1,832,511	-
Total current liabilities	21,067,570	11,770,203
Lease liabilities (Note 7)	3,617,628	1,972,082
Long-term debt (Note 10)	1,542,088	82,346
Convertible debentures (Note 11)	-	2,459,924
Business acquisition consideration payable (Note 5)	2,189,486	-
TOTAL LIABILITIES	28,416,772	16,284,555
EQUITY		
Share capital (Note 12)	38,610,317	24,593,422
Contributed surplus (Notes 13 and 14)	8,301,073	8,186,297
Accumulated other comprehensive loss	(116,440)	(108,069)
Accumulated deficit	(34,885,068)	(20,353,629)
Equity attributable to shareholders	11,909,882	12,318,021
Non-controlling interests (Note 23)	1,003,307	1,013,324
TOTAL EQUITY	12,913,189	13,331,345
TOTAL LIABILITIES AND EQUITY	41,329,961	29,615,900

Commitments and contingencies (Note 24)

Subsequent events (Note 25)

Approved on behalf of the Board of Directors:

Signed "J. Obie Strickler", Director

Signed "Stephen Gledhill", Director

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

Grown Rogue International Inc.

Condensed Consolidated Statements of Loss

Expressed in United States Dollars

	Three months ended September 30, 2024	Three months ended October 31, 2023	Nine months ended September 30, 2024	Nine months ended October 31, 2023
	\$	\$	\$	\$
Revenue				
Product sales	6,288,724	6,083,480	19,669,591	17,893,629
Service revenue	703,990	438,811	1,695,726	929,016
Total revenue	6,992,714	6,522,291	21,365,317	18,822,645
Cost of goods sold				
Cost of finished cannabis inventory sold	(3,554,113)	(3,005,867)	(9,894,320)	(9,118,395)
Costs of service revenue	(46,968)	(84,005)	(206,669)	(308,641)
Gross profit, excluding fair value items	3,391,633	3,432,419	11,264,328	9,395,609
Realized fair value loss amounts in inventory sold	(824,728)	(743,981)	(2,772,840)	(1,966,436)
Unrealized fair value gain on growth of biological assets	1,357,031	1,721,172	2,065,695	2,724,925
Gross profit	3,923,936	4,409,610	10,557,183	10,154,098
Expenses				
Amortization of property and equipment (Note 8)	261,750	198,819	728,095	463,002
General and administrative (Note 19)	2,390,671	1,881,389	7,418,538	4,930,635
Share option expense	294,807	97,256	379,178	290,491
Total expenses	2,947,228	2,177,464	8,525,811	5,684,128
Income from operations	976,708	2,232,146	2,031,372	4,469,970
Other income and (expense)				
Interest expense	(101,742)	(85,426)	(271,065)	(271,112)
Accretion expense	(771,484)	(428,823)	(1,531,551)	(862,624)
Other (expense) income	(258,357)	34,224	51,927	217,713
Unrealized loss on derivative liability	(378,587)	(3,884,176)	(13,584,791)	(4,627,858)
Unrealized gain on warrants asset	115,104	129,113	2,071,411	129,113
Gain (loss) on disposal of property and equipment	10,000	(13,881)	7,823	(13,881)
Total expense, net	(1,385,066)	(4,248,969)	(13,256,246)	(5,428,649)
Loss from operations before taxes	(408,358)	(2,016,823)	(11,224,874)	(958,679)
Income tax (Note 20)	(258,882)	4,499	(1,181,888)	(296,178)
Net loss	(667,240)	(2,012,324)	(12,406,762)	(1,254,857)
Other comprehensive income (loss) (items that may be subsequently reclassified to profit & loss)				
Currency translation gain (loss)	(499)	(5,479)	(8,371)	(3,140)
Total comprehensive loss	(667,739)	(2,017,803)	(12,415,133)	(1,257,997)
Loss per share attributable to owners of the parent – basic	(0.00)	(0.01)	(0.06)	(0.01)
Weighted average shares outstanding – basic	221,208,264	178,428,331	205,003,077	173,392,341
Gain (loss) per share attributable to owners of the parent – diluted	(0.00)	(0.01)	0.01	(0.01)
Weighted average shares outstanding – diluted	249,839,967	178,428,331	232,053,367	173,392,341
Net income (loss) for the period attributable to:				
Non-controlling interest	130,777	91,036	270,977	210,129
Shareholders	(798,017)	(2,103,360)	(12,677,739)	(1,464,986)
Net loss	(667,240)	(2,012,324)	(12,406,762)	(1,254,857)
Comprehensive income (loss) for the period attributable to:				
Non-controlling interest	130,777	91,036	270,977	210,129
Shareholders	(798,516)	(2,108,839)	(12,686,110)	(1,468,126)
Total comprehensive loss	(667,739)	(2,017,803)	(12,415,133)	(1,257,997)

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

In these unaudited interim consolidated financial statements, other income and (expense) includes accretion expense and comparative periods have been conformed to current period.

Grown Rogue International Inc.

Condensed Consolidated Statements of Changes in Equity

Expressed in United States Dollars

	Number of common shares*	Number of subordinate voting shares*	Number of multiple voting shares**	Number of total shares**	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Non- controlling interests	Total equity
	#	#	#	#	\$	\$	\$	\$	\$	\$
Balance – December 31, 2023	182,005,886	-	-	182,005,886	24,593,422	8,186,297	(108,069)	(20,353,629)	1,013,324	13,331,345
Conversion of options to common shares (Note 12.1)	1,933,750	1,582,558	-	3,516,308	624,360	(264,402)	-	-	-	359,958
Partial settlement of July Convertible Debentures for common shares (Note 12.3)	5,388,062	-	-	5,388,062	3,626,489	-	-	-	-	3,626,489
Full settlement of December Convertible Debentures for common shares (Note 12.2)	336,775	2,076,750	-	2,413,525	1,413,901	-	-	-	-	1,413,901
Full settlement of August Convertible Debentures for common shares (Note 12.4)	5,682,083	-	-	5,682,083	3,821,599	-	-	-	-	3,821,599
Exercise of warrants relating to December Convertible Debentures (Note 12.5)	6,716,499	-	-	6,716,499	1,239,446	-	-	-	-	1,239,446
Exercise of warrants relating to July Convertible Debentures (Note 12.5)	13,737,500	-	-	13,737,500	2,836,445	-	-	-	-	2,836,445
Exercise of warrants relating to August Convertible Debentures (Note 12.5)	2,816,250	-	-	2,816,250	581,569	-	-	-	-	581,569
Issuance costs on proceeds received from warrants exercises (Note 12.5)	-	-	-	-	(126,914)	-	-	-	-	(126,914)
Investment in Grown Rogue West New York, LLC (Note 23.2)	-	-	-	-	-	-	-	-	650,000	650,000
Dividend issued from Golden Harvests, LLC to minority owner	-	-	-	-	-	-	-	-	(360,000)	(360,000)
Grown Rogue Unlimited, LLC buyout of Canopy Management, LLC and Canopy Management, LLC's acquisition of 20% of Golden Harvests, LLC (Note 23.1)	-	-	-	-	-	-	-	(2,424,694)	-	(2,424,694)
Grown Rogue Unlimited, LLC buyout of Canopy Management, LLC and acquisition of 20% of Golden Harvests, LLC (Note 23.1)	-	-	-	-	-	-	-	570,994	(570,994)	-
Stock options vesting expense	-	-	-	-	-	379,178	-	-	-	379,178
Share Reorganization (Note 12.6)	(218,616,805)	143,421,865	75,195	(75,119,745)	-	-	-	-	-	-
Share Reorganization (Note 12.6)	-	75,194,940	(75,195)	75,119,745	-	-	-	-	-	-
Currency translation loss	-	-	-	-	-	-	(8,371)	-	-	(8,371)
Net income (loss)	-	-	-	-	-	-	-	(12,677,739)	270,977	(12,406,762)
Balance – September 30, 2024	-	222,276,113	-	222,276,113	38,610,317	8,301,073	(116,440)	(34,885,068)	1,003,307	12,913,189

* As of June 24, 2024, the Company completed a reorganization of the Company's share capital (the "**Share Reorganization**"), in which the common shares of the Company were replaced with subordinate voting shares ("**SV Shares**") and a new class of unlisted multiple voting shares ("**MV Shares**") was created. Thus, additional shares issued after the Share Reorganization are reflected in the issuance of SV Shares.

** As of the consolidated statements of financial position dated September 30, 2024, total common shares outstanding were 222,276,113, in which all MV Shares have been converted into SV Shares.

Grown Rogue International Inc.

Condensed Consolidated Statements of Changes in Equity

Expressed in United States Dollars

	Number of common shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Non- controlling interests	Total equity
	#	\$	\$	\$	\$	\$	\$
Balance – January 31, 2023	170,832,611	21,894,633	6,560,714	(111,035)	(19,531,463)	773,588	9,586,437
Stock options vesting expense	-	-	288,971	-	-	-	288,971
Vireo Growth warrants swap	-	-	1,232,253	-	-	-	1,232,253
Settlement of convertible debentures for common shares (Note 12.2)	11,173,275	2,698,789	-	-	-	-	2,698,789
Currency translation loss	-	-	-	(3,140)	-	-	(3,140)
Net income (loss)	-	-	-	-	(1,464,986)	210,129	(1,254,857)
Balance – October 31, 2023	182,005,886	24,593,422	8,081,938	(114,175)	(20,996,449)	983,717	12,548,453

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

Grown Rogue International Inc.

Condensed Consolidated Statements of Cash Flow

Expressed in United States Dollars

	Nine months ended September 30, 2024	Nine months ended October 31, 2023
	\$	\$
Operating activities		
Net loss	(12,406,762)	(1,254,857)
Adjustments for non-cash items in net income (loss):		
Amortization of property and equipment	728,095	463,002
Amortization of property and equipment included in costs of inventory sold	1,554,747	1,481,110
Unrealized fair value gain amounts on growth of biological assets	(2,065,695)	(2,724,925)
Realized fair value loss amounts in inventory sold	2,772,840	1,966,436
Deferred income taxes	(453,871)	(470,358)
Share option expense	379,178	288,971
Accretion expense	1,531,551	862,624
Loss on equity method investment	534,089	-
Loss on disposal of property and equipment	(7,823)	13,881
Unrealized loss on fair value of derivative liability	13,584,791	4,563,498
Unrealized gain on warrants asset	(2,071,411)	(129,113)
Currency translation loss	(8,371)	(3,143)
Loss on acquisition of non-controlling interest paid in shares	-	64,360
	4,071,358	5,121,486
Changes in non-cash working capital (Note 15)	939,242	(257,878)
Net cash provided by operating activities	5,010,600	4,863,608
Investing activities		
Purchase of property and equipment and intangibles	(1,267,534)	(1,420,404)
Cash advances and loans made to other parties	(5,981,851)	(1,430,526)
Repayment of NJ Retail promissory note	250,000	-
Acquisition of Canopy Management, LLC and Golden Harvests, LLC	(588,149)	-
Equity investment in ABCO Garden State LLC	(1,980,000)	-
Net cash used in investing activities	(9,567,534)	(2,850,930)
Financing activities		
Proceeds from convertible debentures	-	6,000,000
Proceeds from warrants exercises	4,657,460	-
Proceeds from options exercises	359,958	-
Proceeds from sale of membership units of subsidiary	650,000	-
Payment of equity and debt issuance costs	(126,914)	-
Repayment of long-term debt	(910,602)	(1,211,100)
Repayment of convertible debentures	(430,828)	(246,006)
Payments of lease principal	(855,002)	(1,185,371)
Net cash provided by financing activities	3,344,072	3,357,523
Change in cash and cash equivalents	(1,212,862)	5,370,201
Cash and cash equivalents, beginning	6,804,579	3,488,046
Cash and cash equivalents, ending	5,591,717	8,858,247

Supplemental cash flow disclosures (Note 16)

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

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

1. CORPORATE INFORMATION

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2024, and October 31, 2023, include the accounts of Grown Rogue International Inc. and its subsidiaries. The registered office is located at 40 King St W Suite 5800, Toronto, ON M5H 3S1.

Grown Rogue International Inc.'s subsidiaries and ownership thereof are summarized in the table below.

Company	Ownership	Defined Term
Grown Rogue International Inc.	100% owner of GR Unlimited	The "Company"
Grown Rogue Unlimited, LLC	100% by the Company	"GR Unlimited"
Grown Rogue Gardens, LLC	100% by Grown Rogue Unlimited, LLC	"GR Gardens"
GRU Properties, LLC	100% by Grown Rogue Unlimited, LLC	"GRU Properties"
GRIP, LLC	100% by Grown Rogue Unlimited, LLC	"GRIP"
Grown Rogue Distribution, LLC	100% by Grown Rogue Unlimited, LLC	"GR Distribution"
Rogue EBC, LLC	70% by Grown Rogue Unlimited, LLC*	"Rogue EBC"
Cannequality, LLC	100% by Rogue EBC*	"Cannequality"
GR Michigan, LLC	87% by Grown Rogue Unlimited, LLC	"GR Michigan"
Canopy Management, LLC	100% by Grown Rogue Unlimited, LLC	"Canopy"
Golden Harvests LLC	80% by Canopy Management, LLC	"Golden Harvests"
Grown Rogue Retail Ventures, LLC	100% by Grown Rogue Unlimited, LLC	"GR Retail"
Grown Rogue West New York, LLC	43.48% by Grown Rogue Retail Ventures, LLC**	"West NY"

* The Company consolidated 70% of Rogue EBC's business activity under International Financial Reporting Standards ("IFRS") 11 – *Joint Arrangements*. Cannequality is wholly owned by Rogue EBC, in which Cannequality is the legal entity that holds the acquired cannabis license for Rogue EBC's joint arrangement operations. When regulatory milestones are achieved, the Company plans to dissolve Cannequality.

** The Company, through its subsidiary GR Retail invested \$500,000 in the equity of West NY. West NY is a lender to a retail business in New Jersey.

The Company is primarily engaged in the business of growing and selling cannabis products. The primary cannabis product produced and sold is cannabis flower.

2. SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS AND DEFINED TERMS

2.1 Statement of Compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 - *Interim Financial Reporting*, using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Company has prepared these unaudited condensed interim consolidated financial statements on the basis that it will continue to operate as a going concern. These unaudited condensed interim consolidated financials are filed on the system for electronic document analysis and retrieval (SEDAR+).

These unaudited condensed interim financial statements do not include all disclosures required by IFRS for annual audited consolidated financial statements and accordingly should be read in conjunction with our audited consolidated financial statements for the two months ended December 31, 2023, and our audited consolidated financial statements for the year ended October 31, 2023.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

The Board of Directors authorized the issuance of these unaudited condensed interim consolidated financial statements on November 13th, 2024.

The principal accounting policies adopted in the preparation of these unaudited condensed interim consolidated financial statements are set forth below.

2.2 Basis of Consolidation

The subsidiaries are those companies controlled by the Company, as the Company is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries by way of its ownership and rights pertaining to the subsidiaries. The financial statements of subsidiaries are included in these unaudited condensed interim consolidated financial statements from the date that control commences until the date control ceases. All intercompany balances and transactions have been eliminated upon consolidation.

2.3 Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and biological assets, which are measured at fair value, as described herein.

2.4 Change in Fiscal Year End

Effective December 31, 2023, the Company changed its financial year-end to December 31 from October 31. Comparative figures in preparing these unaudited condensed interim consolidated financial statements have been reclassified to conform to the current period presentation, and to reflect the results for the three months and nine months ended October 31, 2023, in the unaudited condensed interim consolidated statements of comprehensive loss, cash flows and changes in equity.

2.5 Functional and Presentation Currency

The Company's functional currency is the Canadian dollar, and the functional currency of its subsidiaries is the United States ("U.S.") dollar. These unaudited condensed interim consolidated financial statements are presented in U.S. dollars.

Transactions denominated in foreign currencies are initially recorded in the functional currency using exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using exchange rates prevailing at the end of the reporting period. All exchange gains and losses are included in the consolidated statements of comprehensive income (loss).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company are expressed in U.S. dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income (loss) and reported as currency translation reserve in shareholders' equity.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which, in substance, is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income (loss).

The preparation of these financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses. Areas that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 3 of the Company's consolidated financial statements for the two months ended December 31, 2023. The accounting policies applied in these unaudited condensed interim financial statements are consistent with those used in the Company's consolidated financial statements for the two months ended December 31, 2023.

2.6 Adoption of New Accounting Pronouncements

Amendments to IAS 1 – Presentation of Financial Statements

The amendment to IAS 1 – *Presentation of Financial Statements* specifies that the classification of current versus non-current liabilities may change (e.g. convertible debt). Prior to this amendment, the classification of liabilities was considered current when there was no unconditional right to defer settlement for at least twelve months after the reporting date. Under the amendment to IAS 1, the IASB removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance. The amendment is effective for annual periods beginning on or after January 1, 2024. The Company adopted the amendments to IAS 1 effective January 1, 2024, which impacts the classification of the Company's Financial Statements by recording its convertible debt as a current liability in its condensed consolidated statements of financial position dated September 30, 2024.

2.7 New Accounting Pronouncements

IFRS 18 – Presentation and Disclosures

IFRS 18 – *Presentation and Disclosures in Financial Statements* will replace IAS 1 – *Presentation of Financial Statements*. The new standard aims at improving how entities communicate in their financial statements and will be effective for annual periods beginning on or after January 1, 2027. The standard is applied retrospectively, with specific transition provisions, and early adoption is permitted. The Company is evaluating the impact of this standard on the Company's consolidated financial statements.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

3. BIOLOGICAL ASSETS

Biological assets consist of cannabis plants, which reflect measurement at fair value less costs to sell (“FVLCTS”). Changes in the carrying amounts of biological assets for the nine months ended September 30, 2024, and the two months ended December 31, 2023, are as follows:

	Nine months ended September 30, 2024	Two months ended December 31, 2023
	\$	\$
Beginning balance	1,723,342	1,566,822
Increase in biological assets due to capitalized costs	5,360,242	1,057,764
Change in FVLCTS due to biological transformation	2,065,695	686,867
Transferred to inventory upon harvest	(6,221,701)	(1,588,111)
Ending balance	2,927,578	1,723,342

FVLCTS is determined using a model which estimates the expected harvest yield for plants currently being cultivated, and then adjusts that amount for the expected selling price and also for any additional costs to be incurred, such as post-harvest costs.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

- Expected costs required to grow the cannabis up to the point of harvest
- Estimated selling price per pound
- Expected yield from the cannabis plants
- Estimated stage of growth – the Company applied a weighted average number of days out of the approximately 62-day growing cycle that biological assets have reached as of the measurement date based on historical evidence. The Company assigns fair value according to the stage of growth and estimated costs to complete cultivation.

	September 30, 2024	December 31, 2023	Impact of 20% change	
			September 30, 2024	December 31, 2023
Estimated selling price per (pound)	\$459	\$938	\$764,431	\$335,193
Estimated stage of growth	72%	55%	\$541,596	\$285,243
Estimated flower yield per harvest (pound)	3,858	2,972	\$541,596	\$285,243

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

4. INVENTORY

The Company's inventory composition is as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Raw materials	576,664	503,216
Work in process	1,658,376	3,979,335
Finished goods	551,625	538,739
Ending balance	2,786,665	5,021,290

The cost of inventories, excluding changes in fair value, included as an expense and included in cost of goods sold for the nine months ended September 30, 2024, was \$9,894,320 (for the nine months ended October 31, 2023 - \$9,118,395). The cost of inventories, excluding changes in fair value, included as an expense and included in cost of goods sold for the three months ended September 30, 2024, was \$3,554,113 (for the three months ended October 31, 2023 - \$3,005,867).

5. BUSINESS COMBINATIONS

The following table summarizes the movement in business acquisition consideration payable.

Business acquisition consideration payable	\$
Acquisition date fair value (Note 5.2)	370,537
Payments (Note 5.2)	(8,000)
Application of prepayments (Note 5.2)	(4,000)
Accretion (Note 5.2)	1,463
Balance – December 31, 2023	360,000
Buyout of Canopy minority interest (Note 5.1)	780,000
Acquisition of an additional 20% membership units in Golden Harvest (Note 5.2)	1,644,695
Canopy buyout payments (Note 5.1)	(228,149)
Golden Harvests 20% acquisition payments (Note 5.2)	(360,000)
Accretion	498,280
Balance – September 30, 2024	2,694,826

5.1 Canopy Buyout

On April 24, 2024, the Company acquired the 13% non-controlling interest in Canopy, after which the Company owned a 100% interest in Canopy, for aggregate consideration of \$780,000 comprised of upfront cash payments of \$156,000 and deferred cash payments of \$624,000. The deferred cash payments are to be paid in 48 equal installments with a 5.21% interest rate applied. Consideration remaining to be paid at the date of these unaudited condensed interim consolidated financial statements included cash payments of \$620,478.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

5.2 Golden Harvests

On May 1, 2021, the Company acquired a controlling 60% interest in Golden Harvests for aggregate consideration of \$1,007,719 comprised of 1,025,000 common shares of the Company with a fair value of \$158,181 and cash payments of \$849,536. Consideration remaining to be paid at the date of these unaudited condensed interim consolidated financial statements included cash payments of \$360,000. During the year ended October 31, 2023, 200,000 common shares issuable since May 1, 2021, with an aggregate fair value of \$35,806, were issued.

On December 1, 2021, the Company and the seller of the 60% controlling interest in Golden Harvests agreed to extend the due date of the cash portion of business acquisition consideration payable until December 31, 2024, in exchange for monthly payments at a rate of 18% per annum. The Company may pay all or part of the cash portion of the business acquisition consideration payable prior to December 31, 2024.

On April 24, 2024, the Company acquired an additional 20% interest in Golden Harvests for aggregate consideration of \$2,342,207 comprised of deferred cash payments of \$2,000,000 (the Initial Purchase Price or "IPP") plus true-up amounts (the Additional Purchase Price or "APP"). The IPP is to be paid for in thirteen quarterly installments beginning on January 1, 2025. The Company may pay all or part of the cash portion of the business acquisition consideration payable after January 1, 2025. IPP remaining to be paid at the date of these unaudited condensed interim consolidated financial statements included cash payments of \$2,000,000. The IPP was recorded at its fair value at the date of inception of \$1,644,695.

The APP is calculated on a distribution equivalent basis whereby the seller receives a true-up payment pro-rata based on the proportion of remaining IPP balance at the time of the distribution payment made to the Company. If distribution equivalent amounts in any quarter are in excess of the minimum interest amounts, then no minimum interest amount is due. The distribution equivalent is reduced pro-rata in accordance with amounts paid down against sellers IPP.

6. OTHER INVESTMENTS, PURCHASE DEPOSITS AND NOTES RECEIVABLE

6.1 Investment in Assets Sold by High Street Capital Partners, LLC ("HSCP")

On February 5, 2021, the Company agreed to acquire substantially all of the assets of the growing and retail operations pursuant to the HSCP Transaction, for an aggregate total of \$3,000,000 in consideration, payable in a series of tranches, subject to receipt of all necessary regulatory and other approvals. A payment of \$250,000 was to be due at closing and the payment of the remaining purchase price was to depend on the timing of the closing. The Company also executed the HSCP Management Services Agreement ("MSA"), pursuant to which the Company agreed to pay \$21,500 per month as consideration for services rendered thereunder, until the completion of the HSCP Transaction. In accordance with the MSA, the Company owned all production from the growing assets derived from the growing operations of HSCP, and the Company operated the growing facility of HSCP under the MSA until receipt of the necessary regulatory approvals relating to the acquisition by the Company of HSCP's growing assets. The Company had no involvement with the retail operations contemplated in the agreement until the HSCP Transaction was completed.

On April 14, 2022, the HSCP Transaction closed with modifications to the original terms: the retail purchase was mutually terminated, and total consideration for the acquisition was reduced to \$2,000,000. Upon closing, the Company had paid \$750,000 towards the acquisition, and owed a principal sum of \$1,250,000 as a Secured Promissory Note, which was fully paid during the two months ended December 31, 2023.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

6.2 Investment in ABCO Garden State, LLC (“ABCO”)

On October 4, 2023, the Company announced that it signed a definitive agreement with an option to acquire 70% of ABCO, pending regulatory approval from the New Jersey Cannabis Regulatory Commission (“CRC”). As of May 31, 2024, the Company executed the first option to acquire a 44% membership interest in ABCO. ABCO received licensing approval from the CRC and has an annual NJ cultivation license with local zoning, planning approvals and sufficient power supply. The Company purchased the first option to acquire 44% of ABCO for total consideration of \$1,257,142, which has been paid via conversion of previously advanced amounts. The Company may exercise the second option to purchase an additional 26% membership interest in ABCO, pending regulatory approval, two years after operations commence. The purchase price for the second option is \$722,858, which remains classified as Other Investments.

6.3 Notes Receivable

Transactions related to the Company’s notes receivable for the nine months ended September 30, 2024, and the two months ended December 31, 2023, include the following:

Movement in notes receivable	Notes					Total \$
	6.3.1	6.3.2	6.3.3	6.3.4	6.3.5	
Balance - October 31, 2023	1,178,860	251,667	-	-	-	1,430,527
Advances	982,757	-	-	-	-	982,757
Accrued interest	30,755	5,083	-	-	-	35,838
Balance – December 31, 2023	2,192,372	256,750	-	-	-	2,449,122
Advances	1,847,141	-	1,150,000	400,000	2,500,000	5,897,141
Accrued interest	337,548	9,667	66,250	23,410	39,521	476,396
Repayments	(161,959)	(266,417)	-	-	-	(428,376)
Balance – September 30, 2024	4,215,102	-	1,216,250	423,410	2,539,521	8,394,283
<i>Current portion</i>	<i>1,333,333</i>	<i>-</i>	<i>-</i>	<i>423,410</i>	<i>2,539,521</i>	<i>4,296,264</i>
<i>Non-current portion</i>	<i>2,881,769</i>	<i>-</i>	<i>1,216,250</i>	<i>-</i>	<i>-</i>	<i>4,098,019</i>

6.3.1 ABCO Promissory Note (Formerly Iron Flag Promissory Note)

On October 3, 2023, GR Unlimited executed the ABCO Promissory Note with ABCO’s affiliate, Iron Flag LLC, to fund tenant improvements and for general working capital at the 50,000 square foot facility leased by ABCO for use in ABCO’s cannabis cultivation operations under construction and estimated to be completed in the third quarter of 2024.

Pursuant to the ABCO Promissory Note, GR Unlimited shall make the maximum amount available in one or more advances in an aggregate amount not to exceed \$4,000,000. Interest on the outstanding principal borrowed shall accrue at a rate of 12.5% per annum commencing with respect to each advance and accruing until the date the standing advances and all accrued interest is paid in full. As of the unaudited condensed interim consolidated statements of financial position dated September 30, 2024, the Company has advanced the full \$4M agreed to under the ABCO Promissory Note. An additional \$2,054,782 has been funded, of which \$1,257,142 has been converted to equity in ABCO, and \$797,640 remains outstanding which will inure to the payment of the option for the remaining 26% equity that can be exercised two years from the commencement of operations.

As at September 30, 2024, the outstanding balance of the ABCO Promissory Note was \$3,888,889 (December 31, 2023 - \$2,152,859) and the accrued interest was \$326,213 (December 31, 2023 - \$ 30,755).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

6.3.2 New Jersey Retail Promissory Note

On October 3, 2023, GR Unlimited executed a promissory note and advanced \$250,000 to an individual representing the principal amount of the note. Pursuant to the promissory note agreement, interest on the outstanding principal borrowed shall accrue at a rate of 12% per annum provided that, if the extended maturity date of the note is triggered, interest shall accrue on the outstanding balance commencing on the maturity date and ending on the extended maturity date of the promissory note.

As at September 30, 2024, the outstanding balance of the promissory note was \$nil (December 31, 2023 - \$250,000) and accrued interest was \$nil (December 31, 2023 - \$5,083) as the total balance was fully paid.

6.3.3 Convertible Note

On January 16, 2024, the Company signed a definitive agreement to invest in the development of an adult-use dispensary in West New York, New Jersey. As part of this agreement, GR Unlimited executed a secured convertible promissory note and initially advanced \$500,000 to Nile of NJ LLC, a New Jersey limited liability company. The Company advanced an additional \$650,000 to Nile of NJ LLC. Pursuant to the secured convertible promissory note agreement, interest on the outstanding principal borrowed shall accrue at a rate of 10%. The Company received equity investments of \$600,000 into Retail Ventures from various parties including \$500k from related parties to fund this investment.

As at September 30, 2024, the outstanding balance of the convertible promissory note was \$1,150,000 (December 31, 2023 - nil), and the accrued interest was \$66,250 (December 31, 2023 - nil).

6.3.4 ABCO Bridge Note

On June 3, 2024, GR Unlimited executed a promissory note and advanced \$400,000 to ABCO representing the principal amount of the note. Pursuant to this promissory note, interest on the outstanding principal borrowed shall accrue at a rate of 18% per annum provided that the extended maturity date is not triggered, in which interest shall accrue at a rate of 22% on the outstanding balance commencing on the maturity date and ending on the extended maturity date.

As at September 30, 2024, the outstanding balance of the promissory note was \$400,000 (December 31, 2023 - nil), and the accrued interest was \$23,410 (December 31, 2023 - nil).

6.3.5 ABCO Drawdown Promissory Note

On June 24, 2024, GR Unlimited executed a promissory note and advanced \$500,000 to ABCO. Pursuant to this note, GR Unlimited shall make the maximum amount available to ABCO in one or more advances in an aggregate amount not to exceed \$3,000,000. Interest on the outstanding principal borrowed shall accrue at a rate of 10.5% per annum.

As at September 30, 2024, the outstanding balance of the promissory note was \$2,500,000 (December 31, 2023 - nil), and the accrued interest was \$39,521 (December 31, 2023 - nil).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

7. LEASES

The following is a continuity schedule of lease liabilities.

	September 30, 2024	December 31, 2023
	\$	\$
Balance - beginning	2,898,058	2,918,683
Additions	2,293,404	528,980
Disposals	-	(105,258)
Interest expense on lease liabilities	221,191	58,361
Payments	(1,076,193)	(502,708)
Balance - ending	4,336,460	2,898,058
<i>Current portion</i>	718,832	925,976
<i>Non-current portion</i>	3,617,628	1,972,082

Set out below are undiscounted minimum future lease payments after September 30, 2024:

	Total future minimum lease payments (\$)
Less than one year	1,054,089
Between one and five years	5,188,197
Total minimum lease payments	6,242,286
Less amount representing interest	(1,905,826)
Present value of minimum lease payments	4,336,460

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

8. PROPERTY AND EQUIPMENT

	Computer and Office Equipment	Production Equipment and Other	Land	Leasehold Improvements	Right-of- use Assets	Total
COST	\$	\$	\$	\$	\$	\$
Balance - October 31, 2023	16,283	974,429	-	8,969,127	6,263,363	16,223,202
Additions	-	14,109	-	226,921	528,980	770,010
Disposals	-	(70,198)	-	(131,646)	(185,826)	(387,670)
Balance - December 31, 2023	16,283	918,340	-	9,064,402	6,606,517	16,605,542
Additions	-	12,820	1,533,793	510,198	2,293,404	4,350,213
Disposals	-	-	-	(5,122)	-	(5,122)
Balance – September 30, 2024	16,283	931,160	1,533,793	9,569,478	8,899,921	20,950,633
ACCUMULATED AMORTIZATION						
Balance - October 31, 2023	16,283	401,339	-	3,824,967	3,227,347	7,469,936
Amortization for the period	-	26,866	-	197,164	285,392	509,422
Disposals	-	(54,726)	-	(47,038)	(92,949)	(194,713)
Balance - December 31, 2023	16,283	373,479	-	3,975,093	3,419,790	7,784,645
Amortization for the period	-	100,335	-	927,787	1,126,159	2,154,281
Disposals	-	-	-	(2,945)	-	(2,945)
Balance – September 30, 2024	16,283	473,814	-	4,899,935	4,545,949	9,935,981
NET BOOK VALUE						
Balance - December 31, 2023	-	544,861	-	5,089,309	3,186,727	8,820,897
Balance – September 30, 2024	-	457,346	1,533,793	4,669,540	4,353,972	11,014,651

For the nine months ended September 30, 2024, amortization capitalized into inventory was \$1,426,186 (December 31, 2023 - \$323,007) and expensed amortization was \$728,095 (December 31, 2023 - \$185,415).

9. INTANGIBLE ASSETS AND GOODWILL

Indefinite lived intangible assets and goodwill	September 30, 2024	December 31, 2023
	\$	\$
Balance – beginning	725,668	725,668
Additions – grower licenses	532,000	-
Balance – ending	1,257,668	725,668

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

10. LONG-TERM DEBT

Transactions related to the Company's long-term debt for the nine months ended September 30, 2024, and the two months ended December 31, 2023, include the following:

Movement in long-term debt	Note							Total \$
	10.1	10.2	10.3	10.4	10.5	10.6	10.7	
Balance - October 31, 2023	350,000	375,095	385,762	197,596	80,063	-	-	1,388,517
Interest accretion	-	18,355	15,418	3,811	4,769	-	-	42,353
Debt and interest payments	(350,000)	(4,167)	(4,167)	(125,000)	(84,832)	-	-	(568,166)
Balance – December 31, 2023	-	389,283	397,013	76,407	-	-	-	862,703
Additions to debt	-	-	-	-	-	1,285,000	662,251	1,947,251
Interest accretion	-	28,867	37,300	10,644	-	63,289	61,150	201,250
Debt and interest payments	-	(339,584)	(352,952)	(66,484)	-	(94,229)	(57,352)	(910,601)
Balance – September 30, 2024	-	78,566	81,361	20,567	-	1,254,060	666,049	2,100,603
<i>Current portion</i>	-	78,566	81,361	20,567	-	144,426	233,595	558,515
<i>Non-current portion</i>	-	-	-	-	-	1,109,634	432,454	1,542,088

Undiscounted future payments at:	Note							Total \$
	10.1	10.2	10.3	10.4	10.5	10.6	10.7	
December 31, 2023	-	427,083	428,824	88,298	-	-	-	944,205
September 30, 2024	-	87,500	86,287	65,442	-	1,421,542	820,638	2,481,409
<i>Current portion</i>	-	87,500	86,287	65,442	-	224,782	328,255	792,266
<i>Non-current portion</i>	-	-	-	-	-	1,196,760	492,383	1,689,143

10.1 12.5% Note Payable Owed by GR Distribution to HSCP with Original Principal Amount of \$1,250,000

On April 14, 2022, the Company purchased indoor growing assets from HSCP (Note 6.1). Purchase consideration included a secured promissory note payable with a principal sum of \$1,250,000, of which \$500,000 was due on August 1, 2022 and \$750,000 was due on May 1, 2023, before amendment of the agreement, which is described below. Collateral for the secured promissory note payable is comprised of the assets purchased.

On August 1, 2022, the terms of the secured promissory note between GR Distribution and HSCP, were amended. As amended, the secured promissory note will be fully settled by two principal amounts of \$500,000 and \$750,000 due on May 1, 2023. Beginning on August 1, 2022, and continuing until repaid in full, the unpaid portion of the first principal amount will accrue simple interest at a rate per annum of 12.5%, payable monthly. In the event the Company raises capital, principal payments shall be made as follows. If the capital raise is less than or equal to \$2 million, then 25% of the capital raise shall be paid against the principal payment of \$500,000 due to HSCP on May 1, 2023 ("**First Principal Payment**"); if the capital raise is greater than \$2 million and less than or equal to \$3 million, then \$250,000 shall be paid against the First Principal Payment; and if the capital raise is greater than \$3 million, then \$500,000 shall be paid against the First Principal Payment.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

On May 1, 2023, the terms of the secured promissory note were amended for a second. Under the second amendment, the secured promissory note will be fully settled in two principal amounts. On May 1, 2023, the \$500,000 principal payment plus all accrued but unpaid interest under the first amendment was due and payable. The remaining principal balance of \$500,000, which bore no interest, was due and payable as follows: \$150,000 due and payable on August 1, 2023; \$150,000 due and payable on November 1, 2023; and \$200,000 due and payable on December 31, 2023. The balance was fully paid during the two months ended December 31, 2023.

10.2 10% Note Payable Owed by Golden Harvests with Original Principal Amount of \$250,000

On May 1, 2021, the Company assumed a note payable owed by Golden Harvests (Note 5.2) with a carrying value of \$227,056. The note is for a principal amount of \$250,000, interest paid monthly at 10% per annum, and a maturity date of January 14, 2024. After the maturity date, additional interest payments are due quarterly, at amounts that cause total interest paid over the life of the debt to equal \$250,000. The note is reported at amortized cost using an effective interest rate of approximately 33%. During the nine months ended September 30, 2024, and the two months ended December 31, 2023, the Company made principal and interest payments of \$339,584 and \$4,167 respectively.

10.3 10% Note Payable Owed by GR Distribution with Original Principal Amount of \$250,000

On January 27, 2021, debt was issued by GR Distribution with a principal amount of \$250,000, interest paid monthly at 10% per annum, and a maturity date of January 27, 2024. After the maturity date, additional interest payments are due quarterly, at amounts that cause total interest paid over the life of the debt to equal \$250,000. The note is reported at amortized cost using an effective interest rate of approximately 27%. During the nine months ended September 30, 2024, and the two months ended December 31, 2023, the Company made principal and interest payments of \$352,953 and \$4,167 respectively.

10.4 10% Note Payable Owed by GR Distribution with Original Principal Amount of \$125,000

On November 23, 2020, debt was issued by GR Distribution with a principal amount of \$125,000, interest paid monthly at 10% per annum, and a maturity date of November 23, 2023. After the maturity date, additional interest payments are due quarterly, at amounts that cause total interest paid over the life of the debt to equal \$125,000. The note is reported at amortized cost using an effective interest rate of approximately 27%. During the nine months ended September 30, 2024, and the two months ended December 31, 2023, the Company made principal and interest payments of \$66,484 and \$125,000, respectively.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

10.5 0% Stated Rate Note Payable Owed by Canopy with Original Principal Amount of \$600,000 and Royalty Payments to Lenders

On March 20, 2020, debt with a principal amount of \$600,000 was received under a secured debt investment of \$600,000. It carries a two-year term, with monthly payments of principal commencing June 15, 2020, and with payments calculated at 1% of cash sales receipts of Golden Harvests. Once the principal is repaid, each investor receives a monthly royalty of 1% per \$100,000 invested of cash receipts for sales by Golden Harvests. The royalty commenced in December 2021, at which time principal was repaid, and is payable monthly for a period of two years. The royalty maximum is two times the amount of principal invested, and the royalty minimum is equal to the principal loaned. The Company has the right, but not the obligation, to terminate royalty payments from any lender by paying an amount equal to the original principal invested by such a lender. The debt is reported at the carrying value of the probability-weighted estimated future cash flows of all payments under the agreement at amortized cost using the effective interest method, at an effective interest rate of approximately 73%. A portion of this debt is due to related parties (Note 17.5). During the two months ended December 31, 2023, the balance was fully paid.

10.6 Note Payable Owed by GRU Properties, LLC with Original Principal Amount of \$1,285,000

On January 12, 2024, debt with a principal amount of \$1,285,000 was received, secured by deed of trust of \$1,285,000. Interest is paid at the higher of 5% or the London Interbank Offered Rate ("LIBOR") for the first twelve months. For the thirteenth month to the twenty-fourth month, interest is paid at the higher of 6% or the LIBOR and for twenty-fifth month to the thirty-sixth month, interest is paid at the higher of 7% or the LIBOR. Interest is paid at the end of the month in arrears and is computed based on a 30-day month and has a maturity date of December 1, 2027. The note is reported at amortized cost using an effective rate of approximately 7.2%. During the nine months ended September 30, 2024, the Company made principal and interest payments of \$94,229.

10.7 Note Payable Owed by ABCO Gardens State, LLC, with Original Principal Limit Amount of \$1,100,000

On March 15, 2024, GR Unlimited guaranteed a note payable owed by ABCO Gardens State, LLC, with an original principal limit amount of \$1,100,000. The note allows the Company to borrow any amount which is more than \$150,000 but less than the loan limit of \$1,100,000. All advances in aggregate should not exceed the loan limit of \$1,100,000. Each advance will be subjected to a 1.55% origination fee payable to the lender at the time of the advance, which can be deducted from the advance. Interest is paid at 17.32% per annum and each advance has a maturity date of 3 years after the effective date of the advance. Interest only will be payable on the 15th of the next month following the effective date of the advance and continuing for six months. At any time after the Company has paid twelve months' worth of interest, the Company may repay the note in full following written notice to the lender. The principal and interest payments for the note payable are to be made by GR Unlimited, in which the principal loan balance has been added to the ABCO Promissory Note and is considered an advance issued by GR Unlimited. During the nine months ended September 30, 2024, the Company made principal and interest payments of \$57,352.

10.8 Accrued Interest Payable

Accrued interest payable on long-term debt at September 30, 2024, was \$nil (December 31, 2023 - \$nil).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

11. CONVERTIBLE DEBENTURES

Transactions relating to the Company's convertible debentures for the nine months ended September 30, 2024, and the two months ended December 31, 2023, include the following:

Movement in convertible debt	Note		Total
	11.1	11.2	
Balance - October 31, 2023	\$ 247,316	2,165,446	\$ 2,412,762
Interest accretion	11,672	162,468	174,140
Debt and interest payments	(7,875)	(119,103)	(126,978)
Balance – December 31, 2023	\$ 251,113	\$ 2,208,811	\$ 2,459,924
Debt settlement through conversion of shares	(277,092)	(751,514)	(1,028,606)
Interest accretion	42,844	789,177	832,021
Debt and interest payments	(16,865)	(413,963)	(430,828)
Balance – September 30, 2024	-	\$ 1,832,511	\$ 1,832,511
<i>Current portion</i>	-	\$ 1,832,511	\$ 1,832,511
<i>Non-current portion</i>	-	-	-

11.1 9% Convertible Debentures with Original Principal Amount of \$2,000,000

On December 5, 2022, the Company announced the closing of a non-brokered private placement of the Convertible debentures with aggregate principal amount of \$2,000,000 issued in December 2022. (“**December Convertible Debentures**”). The December Convertible Debentures accrue interest at 9% per year, paid quarterly, and mature 36 months from the date of issue. The December Convertible Debentures are convertible into common shares of the Company at a conversion price of CAD\$0.20 per common share. Additionally, on closing, the Company issued to the purchasers of the December Convertible Debentures an aggregate of 6,716,499 warrants, that represents 50% coverage of each purchaser's Convertible Debenture investment (“**December Warrants**”). The December Warrants are exercisable for a period of three years from issuance into common shares at an exercise price of \$0.25 CAD per common share. The Company has the right to accelerate the warrants if the closing share price of the common shares on the Canadian Securities Exchange is CAD\$0.40 or higher for a period of 10 consecutive trading days.

During the nine months ended September 30, 2024, the Company issued the notice of acceleration dated March 1, 2024, required by the warrant certificates governing the December Warrants, which accelerated the expiry date to 90 days from the date of notice. During the nine months ended September 30, 2024, a total of 6,716,499 common share purchase warrants were issued for 6,716,499 common shares (Note 12.5).

11.1.1 Debt Settlement Through Conversion of Shares

During the nine months ended September 30, 2024, the Purchasers of the December Convertible Debentures fully converted an aggregate total of convertible debenture principal of \$277,092 at CAD\$0.20 per share into 2,413,525 common shares.

The derivative liability was not remeasured at September 30, 2024, given that the December Convertible Debentures were fully settled.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

11.2 9% Convertible Debentures with Original Principal Amount of \$5,000,000

On July 13, 2023, the Company announced the closing of a non-brokered private placement of unsecured convertible debentures with an aggregate principal amount of \$5,000,000 (“**July Convertible Debentures**”). The July Convertible Debentures accrue interest at 9% per year, paid quarterly, and mature 48 months from the date of issue. The July Convertible Debentures are convertible into common shares of the Company at a conversion price of CAD\$0.24 per common share, at any time on or prior to the maturity date. Additionally, on closing, the Company issued to the Subscribers of the July Convertible Debentures an aggregate of 13,737,500 warrants, that represents one-half of one warrant for each CAD\$0.24 of Principal amount subscribed (“**July Warrants**”). The July Warrants are exercisable for a period of three years from issuance into common shares at an exercise price of CAD\$0.28 per common share. The Company has the right to accelerate the warrants if the closing share price of the common shares on the Canadian Securities Exchange is CAD\$0.40 or higher for a period of 10 consecutive trading days.

During the nine months ended September 30, 2024, the Company issued the notice of acceleration dated March 1, 2024, required by the warrant certificates governing the July Warrants, which accelerated the expiry date to 90 days from the date of notice. During the nine months ended September 30, 2024, 13,737,500 common share purchase warrants were issued for 13,737,500 common shares (Note 12.5).

11.2.1 Debt Settlement Through Conversion of Shares

During the nine months ended September 30, 2024, Purchasers of the July Convertible Debentures converted an aggregate total of convertible debenture principal of \$423,515 at CAD\$0.28 per share into 5,388,062 common shares.

The conversion feature of the July Convertible Debentures gives rise to the derivative liability reported on the unaudited condensed interim consolidated statements of financial position at September 30, 2024. The derivative liability is remeasured at fair value through profit and loss at each reporting period using the Black-Scholes option pricing model. The fair value of the derivative liability at September 30, 2024, was estimated to be \$13,222,934 (December 31, 2023 - \$5,824,496) using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	2.70%
Expected life	2.78 years
Expected volatility	93.24%

11.2.2 9% Convertible Debentures with Original Principal Amount of \$1,000,000

On August 17, 2023, the Company announced that it had closed the second and final tranche of a non-brokered private placement of unsecured convertible debentures for gross proceeds of \$1,000,000 (“**August Convertible Debentures**”), for a total aggregate principal amount under both tranches of \$6,000,000 with the July Convertible Debentures. Additionally, on closing, the Company issued to Subscribers under the second tranche an aggregate of 2,816,250 common share purchase warrants (“**August Warrants**”). The terms of the August Convertible Debentures and August Warrants issued as part of this second tranche are the same as those issued in the July Convertible Debentures and July Warrants.

During the nine months ended September 30, 2024, the Company issued the notice of acceleration dated March 1, 2024, required by the warrant certificates governing the August Warrants, which accelerated the expiry date to 90 days from the date of notice. During the nine months ended September 30, 2024, 2,816,250 purchase warrants were issued for 2,816,250 common shares (Note 12.5).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

11.2.3 Debt Settlement Through Conversion of Shares

During the nine months ended September 30, 2024, Purchasers of the August Convertible Debentures converted an aggregate total of convertible debenture principal of \$328,000 at CAD\$0.28 per share into 5,682,083 common shares to fully settle the convertible debenture.

The derivative liability was not remeasured at September 30, 2024, given that the August Convertible Debentures were fully settled.

12. SHARE CAPITAL AND SHARES ISSUABLE

The Company was previously authorized to issue an unlimited number of common shares at no par value and an unlimited number of preferred shares issuable in series.

Effective June 24, 2024, the Company completed the Share Reorganization to redesignate its existing class of common shares without par value in the Company's capital as SV Shares and create a new class of unlisted MV Shares. As of the unaudited condensed interim consolidated statements of financial position dated September 30, 2024, total common shares outstanding were 222,276,113, in which all MV Shares have been converted into SV Shares.

During the nine months ended September 30, 2024, the following share transactions occurred:

12.1 3,516,308 Common Shares Issued for Option Exercise

The Company issued 3,516,308 common shares with an aggregate fair value of \$624,360, as holders opted to convert their options.

12.2 2,413,525 Common Shares Issued to Fully Settle the December Convertible Debentures

The Company issued 2,413,525 common shares with an aggregate fair value of \$1,413,901, as all holders opted to convert their convertible debentures.

12.3 5,388,062 Common Shares Issued to Partially Settle July Convertible Debentures

The Company issued 5,388,062 common shares with an aggregate fair value of \$3,626,489, as few holders opted to convert their convertible debentures.

12.4 5,682,083 Common Shares Issued to Fully Settle August Convertible Debentures

The Company issued 5,682,083 common shares with an aggregate fair value of \$3,821,599, as all holders opted to convert their convertible debentures.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

12.5 23,270,249 Common Shares Issued for Warrant Exercise

During the nine months ended June 30, 2024, the Company issued 23,270,249 common shares for total proceeds of \$4,657,460 gross of issuance costs of \$126,914.

The Company issued 6,716,499 common shares for total proceeds of \$1,239,446 relating to the December Convertible Debentures which had a warrant strike price of CAD\$ 0.25 per share.

The Company issued 13,737,500 common shares for total proceeds of \$2,836,445 relating to the July Convertible Debentures which had a warrant strike price of CAD\$ 0.28 per share.

The Company also issued 2,816,250 common shares for total proceeds of \$581,569 relating to the August Convertible Debentures which had a warrant strike price of CAD\$ 0.28 per share.

12.6 Share Reorganization

On June 24, 2024, the Company completed the Share Reorganization as approved by the Company's shareholders at its annual and special meeting. Pursuant to the Share Reorganization, the Company amended its articles to redesignate its existing class of common shares without par value in the capital of the Company as SV Shares and created a new class of unlisted MV Shares. The SV Shares can be converted into MV Shares at a conversion ratio of 1,000:1, and the MV Shares carry 1,000 votes per share.

During the two months ended December 31, 2023, no share transactions occurred.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

13. WARRANTS

The following table summarizes the warrant activities for the nine months ended September 30, 2024, and the two months ended December 31, 2023:

	Number	Weighted Average Exercise Price (CAD\$)
Balance – October 31, 2022	33,510,696	0.28
Issuance pursuant to the December Convertible Debentures (Note 11.1)	6,716,499	0.25
Issuance pursuant to the July Convertible Debentures (Note 11.2)	13,737,500	0.28
Issuance pursuant to the August Convertible Debentures (Note 11.2)	2,816,250	0.28
Issued pursuant to the Consulting Agreement with Vireo Growth Inc. (Note 13.1)	8,500,000	0.23
Expiration of warrants pursuant to Feb 2021 subscriptions	(8,200,000)	0.20
Expiration of warrants pursuant to the Offering (Special warrant issue)	(23,162,579)	0.30
Expiration of warrants to terminate purchase agreement	(2,148,117)	0.44
Balance – December 31, 2023	31,770,249	0.23
Conversion to common shares pursuant to the December Convertible Debentures	(6,716,499)	0.25
Conversion to common shares pursuant to the July Convertible Debentures	(13,737,500)	0.28
Conversion to common shares pursuant to the August Convertible Debentures	(2,816,250)	0.28
Balance – September 30, 2024	8,500,000	0.23

As at September 30, 2024, the following warrants were issued and outstanding:

Exercise price (CAD\$)	Warrants outstanding	Life (years)	Expiry date
0.225	8,500,000	4.02	October 05, 2028
0.225	8,500,000	4.02	

13.1 Vireo Growth Consulting Agreement (formerly Goodness Growth)

The Consulting Agreement with Vireo Growth Inc. (“Vireo Growth”) was executed as of May 24, 2023, whereby GR Unlimited will support Vireo Growth in the optimization of its cannabis flower products, with a particular focus on improving the quality and yield of top-grade “A” cannabis flower across its various operating markets, starting with Maryland and Minnesota.

As part of this strategic agreement, Vireo Growth is obligated to issue 10,000,000 warrants to purchase 10,000,000 subordinate voting shares of Vireo Growth to the Company, with a strike price equal to CAD\$0.317 (US\$0.233), being a 25.0 percent premium to the 10-day volume weighted average price (“VWAP”) of Vireo Growth’s subordinate voting shares prior to the effective date of the Consulting Agreement. Similarly, the Company issued 8,500,000 warrants to purchase 8,500,000 common shares of the Company to Vireo Growth, with a strike price equal to CAD\$0.225 (US\$0.166), being a 25.0 percent premium to the 10-day VWAP of the Company’s common shares prior to the effective date of the Consulting Agreement. Also see Subsequent Events.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

The Company first measured and recognized the fair value (\$1,232,253) of the warrants using a Black-Scholes option pricing model as of the warrants' deemed issuance date, which was the effective date of the Consulting Agreement (May 24, 2023). The Company and Vireo Growth issued and exchanged the warrants on October 5, 2023, at which time the carrying value (\$1,232,253) of the warrants issued and received was recorded to equity and Warrants Asset, respectively.

The Warrants Asset is remeasured at fair value through profit and loss at each reporting period using the Black-Scholes option pricing model. The fair value of the Warrants Asset at September 30, 2024, was estimated to be \$3,832,792 (December 31, 2023 - \$1,761,382) using the following assumptions:

Expected (strike) price	0.317
Risk-free interest rate	2.70%
Expected life	4.02 years
Expected volatility	99%

14. STOCK OPTIONS

The following table summarizes the stock option movements for the nine months ended September 30, 2024, and the two months ended December 31, 2023:

	Number	Exercise price (CAD\$)
Balance – October 31, 2023	11,205,000	0.17
Granted to employees	100,000	0.39
Granted to service providers	500,000	0.39
Expiration of options to employees	(5,000)	0.15
Balance – December 31, 2023	11,800,000	0.18
Granted to employees	4,845,000	0.84
Granted to service providers	1,910,000	0.84
Options exercised into common shares	(3,565,000)	0.15
Expiration of options employees	(25,000)	0.15
Balance – September 30, 2024	14,965,000	0.48

14.1 Stock Options Granted

During the nine months ended September 30, 2024, 6,755,000 options were granted to employees and service providers (for the two months ended December 31, 2023 – 600,000).

The fair value of the options granted during the nine months ended September 30, 2024 was approximately \$2,411,071 (CAD\$ 3,258,515) and the two months ended December 31, 2023, was approximately \$112,078 (CAD\$148,466), which was estimated at the grant dates based on the Black-Scholes option pricing model, using the following assumptions:

Expected dividend yield	Nil%
Risk-free interest rate	3.78%
Expected life	3.02 years
Expected volatility	86%

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

The vesting terms of options granted during the nine months ended September 30, 2024, are set out in the table below:

Number granted	Vesting terms
50,000	100% of the options vest on August 31, 2025
6,705,000	1/3 of the Options vest on each of December 31, 2024, 2025 and 2026
6,755,000	

The vesting terms of options granted during the two months ended December 31, 2023, are set out in the table below:

Number granted	Vesting terms
100,000	50% on one year anniversary of grant date, 50% on second anniversary of grant date
500,000	Monthly over a year
600,000	

14.2 Stock Options Issued and Outstanding

As at September 30, 2024, the following stock options were issued and outstanding:

Exercise price (CAD\$)	Options outstanding	Number exercisable	Remaining Contractual Life (years)	Expiry period
0.15	200,000	200,000	0.13	November 2024
0.30	1,000,000	1,000,000	0.58	April 2025
0.16	1,150,000	1,150,000	0.65	May 2025
0.15	85,000	85,000	1.10	November 2025
0.15	300,000	300,000	1.55	April 2026
0.15	4,475,000	4,475,000	2.28	January 2027
0.30	400,000	116,666	2.96	September 2027
0.39	600,000	416,666	3.13	November 2027
0.84	5,355,000	-	2.92	August 2027
0.84	1,400,000	-	4.92	August 2029
0.48	14,965,000	7,743,332	2.52	

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

15. CHANGES IN NON-CASH WORKING CAPITAL

The changes to the Company's non-cash working capital for the nine months ended September 30, 2024, and the nine months ended October 31, 2023, are as follows:

	Nine months ended September 30, 2024	Nine months ended October 31, 2023
	\$	\$
Accounts receivable	(1,018,409)	(832,878)
Inventory and biological assets	194,683	(225,775)
Prepaid expenses	(296,796)	(30,442)
Accounts payable and accrued liabilities	822,936	828,511
Income tax payable	1,236,828	30,730
Unearned revenue	-	(28,024)
Total	939,242	(257,878)

16. SUPPLEMENTAL CASH FLOW DISCLOSURE

	Nine months ended September 30, 2024	Nine months ended October 31, 2023
	\$	\$
Interest paid	271,177	259,401
Fair value of common shares issued to settle convertible debentures (Note 12.2, 12.3 and 12.4)	8,861,989	2,698,789
Right-of-use assets acquired through leases (Note 7)	2,293,404	1,864,780
Note payable to HSCP used to acquire assets (Note 10.1)	-	350,000
Note payable to PMW LLC to acquire assets (Note 10.7)	662,251	-
Note payable to Lender Capital, LLC to acquire Ross Lane Property (Note 10.6)	1,285,000	-

17. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2024, the Company incurred the following related party transactions.

17.1 Transactions with the President & Chief Executive Officer ("CEO")

Through its wholly owned subsidiary, GRU Properties, the Company leases an outdoor grow property located in Trail, Oregon, owned by the Company's President and CEO ("**Trail**"). The lease was extended during the year ended October 31, 2021, with a term through December 31, 2025. Lease charges of \$54,000 (nine months ended October 31, 2023 – \$54,000) were incurred for nine months ended September 30, 2024. The lease liability for Trail at September 30, 2024, was \$84,011 (December 31, 2023 - \$129,401).

During the year ended October 31, 2021, the Company leased an outdoor post-harvest facility located in Medford, Oregon ("**Lars**"), a facility which is beneficially owned by the CEO, with a term through June 30, 2026. Lease charges for Lars of \$147,518 (nine months ended October 31, 2023 - \$159,135) were incurred for the nine months ended September 30, 2024. The lease liability for Lars at September 30, 2024, was \$326,423 (December 31, 2023 - \$445,708).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

Leases liabilities payable to the CEO were \$410,434 in aggregate at September 30, 2024 (December 31, 2023 - \$575,109).

During the year ended October 31, 2023, the Company, through GR Unlimited, acquired 87% of the membership units of Canopy from the CEO. All payments necessary for GR Unlimited to exercise its option to acquire 87% of Canopy were equal to payments made by Canopy to purchase a controlling 60% interest of Golden Harvests for aggregate consideration of \$1,007,719 comprised of 1,025,000 common shares of the Company with a fair value of \$158,181 and cash payments of \$849,536. Following GR Unlimited's acquisition of 87% of the membership units of Canopy in January of 2023, Canopy became owned 87% by GR Unlimited; 7.5% by officers and directors; and 5.5% by the CEO. (Also see Note 23.1).

During April 2024, the Company, through GR Unlimited, acquired the remaining 13% of the membership units in Canopy. As part of this transaction, the Company purchased the CEO's 5.5% membership interest in Canopy. The consideration due to the CEO is comprised of an upfront cash payment of \$66,000 and deferred cash payments of \$264,000. (Also see Note 5.1).

17.2 Transactions with Spouse of CEO

During the nine months ended September 30, 2024, the Company incurred expenses of \$75,384 (nine months ended October 31, 2023 - \$75,769) for salary paid to the spouse of the CEO. At September 30, 2024, accounts and accrued liabilities payable to this individual were \$2,308 (December 31, 2023 - \$3,846).

During the nine months ended September 30, 2024, the spouse of the CEO exercised 500,000 stock options into common share. The Company also issued 300,000 stock options during the nine months ended September 30, 2024.

17.3 Transactions with Michigan General Manager ("GM")

Through its subsidiary, Golden Harvests, the Company leased Morton, owned by the Company's GM, that is located in Michigan, with a lease term through January 2026. Lease charges of \$162,000 (nine months ended October 31, 2023 - \$154,000) were incurred during the nine months ended September 30, 2024. The lease liability of Morton at September 30, 2024, was \$255,170 (December 31, 2023 - \$350,668).

Through its subsidiary, Golden Harvests, the Company also leased Morton Annex located in Michigan, which is owned by the Company's GM. The lease term was extended during the two months ended December 31, 2023, through November 2024. Lease charges of \$250,000 (nine months ended October 31, 2023 - \$580,000) were incurred during the nine months ended September 30, 2024. The lease liability of Morton Annex at September 30, 2024, was \$nil (December 31, 2023 - \$239,871).

During April 2024, the Company, through Canopy, acquired an additional 20% of the membership units in Golden Harvest from the GM for aggregate consideration of \$1,644,695, comprised of deferred cash payments of \$2,000,000 plus true-up amounts. A distribution of \$360,000 was paid to the GM during the nine months ended September 30, 2024 and true-up amounts of \$360,000 were paid to the GM.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

17.4 Transactions with Key Management Personnel

Key management personnel consist of the President and CEO, the Chief Financial Officer (“CFO”), GM and the Senior Vice President (“SVP”)* of the Company. The compensation to key management is presented in the following table:

	Three months ended September 30, 2024	Three months ended October 31, 2023	Nine months ended September 30, 2024	Nine months ended October 31, 2023
	\$	\$	\$	\$
Salaries and consulting fees	306,759	394,373	621,959	766,118
Royalty fees paid to GM	-	-	323,000	-
Stock option expense	82,655	55,575	87,422	149,422
Total	389,414	449,948	1,032,381	915,540

*SVP’s effective last day was December 31, 2023.

Stock options granted to key management personnel and close family members of key management personnel include the following. During the nine months ended September 30, 2024, 1,400,000 options were granted to the CEO; 170,000 options granted to the CFO, and 300,000 options granted to the GM. During the nine months ended September 30, 2024, the CFO exercised 1,000,000 stock options into common shares. During the two months ended December 31, 2023, no options were granted to key management personnel.

During the nine months ended September 30, 2024, options of 250,000 were exercised into common shares by a Director. Options of 510,000 were also granted to Directors during the nine months ended September 30, 2024.

Accounts payable, accrued liabilities, and lease liabilities due to key management at September 30, 2024, totaled \$3,122,109 (December 31, 2023 - \$1,230,808).

17.5 Debt Balances and Movements with Related Parties

The following table sets out portions of debt pertaining to related parties:

	CEO	SVP	Director	GM	Total
	\$	\$	\$	\$	\$
Balance – October 31, 2023	6,670	13,345	20,018	360,000	400,033
Interest	399	794	1,190	10,800	13,183
Payments	(7,069)	(14,139)	(21,208)	(10,800)	(53,216)
Balance – December 31, 2023	-	-	-	360,000	360,000
Borrowed	264,000	-	120,000	1,644,695	2,028,695
Interest	4,726	-	2,149	535,708	542,583
Payments	(30,524)	-	(13,875)	(408,600)	(452,999)
Balance – September 30, 2024	238,202	-	108,274	2,131,803	2,478,279

*SVP’s effective last day was December 31, 2023.

Pursuant to the loan and related agreements transacted during the year ended October 31, 2020, the CEO, SVP, and a director obtained 5.5%; 1%; and 2.5% of GR Michigan, respectively; third parties obtained 4% as part of the agreements, such that GR Michigan has a 13% non-controlling interest (Note 23.1). These parties, except the CEO, obtained the same interests in Canopy; the CEO obtained 92.5% of Canopy Management, of which 87% was acquired by the Company in January 2023 (Note 23.2); all payments necessary for the Company to exercise its option to acquire 87% of Canopy were equal to payments made by Canopy to purchase a controlling 60% interest of Golden Harvests. Interest payments of \$48,600 were made on the business acquisition consideration payable of \$360,000 for the nine months ended September 30, 2024 (\$10,400 for the two months ended December 31, 2023). (Also see Note 5.2).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

Pursuant to the Canopy purchase agreement executed on April 24, 2024, the Company, through GR Unlimited, acquired the remaining 13% of the membership units in Canopy. As part of this transaction, the Company purchased a 5.5% membership interest in Canopy from the CEO, comprised of an upfront cash payment of \$66,000 and deferred cash payments of \$264,000. Additionally, the Company purchased a 2.5% membership interest in Canopy from a Director, comprised of an upfront cash payment of \$66,000 and deferred cash payments of \$264,000. The deferred cash payments are to be paid in 48 equal installments with a 5.21% interest rate applied. Principal payments of \$25,798 and interest payments of \$4,726 were made on the business acquisition consideration payable (\$264,000) due to the CEO for the nine months ended September 30, 2024 (\$nil for the two months ended December 31, 2023). Principal payments of \$11,726 and interest payments of \$2,149 were made on the business acquisition consideration payable (\$120,000) due to the Director for the nine months ended September 30, 2024 (\$nil for the two months ended December 31, 2023). (Also see Note 5.1).

During April 2024, the Company, through Canopy, acquired an additional 20% of the membership units in Golden Harvest from the GM for aggregate present value consideration of \$1,644,695, comprised of deferred cash payments of \$2,000,000 plus true-up amounts. Pursuant to the purchase agreement executed on April 24, 2024, the deferred cash payments are to be paid in thirteen quarterly installments beginning on January 1, 2025. True-up payments of \$360,000 were made on the business acquisition consideration payable of \$1,644,695 for the nine months ended September 30, 2024 (\$nil for the two months ended December 31, 2023). (Also see Note 5.2).

18. FINANCIAL INSTRUMENTS

18.1 Market Risk (Including Interest Rate Risk, Currency Risk and Other Price Risk)

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

18.1.1 Interest Rate Risk

At September 30, 2024, and December 31, 2023, the Company's exposure to interest rate risk relates to long term debt and finance lease obligations; each of these items bear interest at a fixed rate.

18.1.2 Currency Risk

As at September 30, 2024, the Company had a portion of its accounts payable and accrued liabilities denominated in Canadian dollars which amounted to CAD\$203,112 (CAD \$155,679 at December 31, 2023). The Company also has derivative liabilities of \$13,222,933 which are based on the underlying price of the Company's stock in Canadian Dollars. The Company is exposed to the risk of fluctuation in the rate of exchange between the Canadian Dollar and the United States Dollar.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

18.1.3 Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk and a change in the price of cannabis. The Company is exposed to price risk related to its derivative liabilities and warrant assets which are based on the underlying value of the Company stock. The Company is not exposed to significant other price risks.

18.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

Credit risk to the Company is derived from cash, trade accounts receivable, and notes receivable. The Company places its cash in deposit with United States financial institutions. The Company has established a policy to mitigate the risk of loss related to granting customer credit by primarily selling on a cash-on-delivery basis.

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits and notes receivable. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At September 30, 2024 and December 31, 2023, the Company had \$4,841,717 and \$6,054,579 in excess of the FDIC insured limit, respectively. The Company has loaned ABCO Garden State, LLC \$7,697,640 under secured and unsecured notes and advances.

Accounts receivable primarily consist of trade accounts receivable and sales tax receivable. The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is assessed on a case-by-case basis and a provision is recorded where required.

The carrying amount of cash, accounts receivable, and notes receivables represent the Company's maximum exposure to credit risk; the balances of these accounts are summarized in the following table:

	September 30, 2024	December 31, 2023
	\$	\$
Cash	5,591,717	6,804,579
Accounts receivable	2,661,399	1,642,990
Notes receivable	8,394,283	2,449,122
Total	16,647,399	10,896,691

The allowance for doubtful accounts at September 30, 2024, was \$390,604 (December 31, 2023 - \$373,393).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

As at September 30, 2024, and December 31, 2023, the Company's trade accounts receivable were aged as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Current	1,412,052	604,920
1-30 days	763,496	568,445
31 days older	752,514	732,981
Total trade accounts receivable	2,928,062	1,906,346
GST /HST	123,941	110,037
Provision for bad debt	(390,604)	(373,393)
Total accounts receivable	2,661,399	1,642,990

Major customers are defined as customers that each individually account for greater than 10% of the Company's annual revenues. During the nine months ended September 30, 2024, there was no major customer that accounted for greater than 10% of revenues (nine months ended October 31, 2023 – no major customer that accounted for greater than 10% of revenues). There was no customer with an accounts receivable balance greater than 10% at September 30, 2024, of the total accounts receivable balance (December 31, 2023 – one major customer comprised 11% of total accounts receivable balance).

18.3 Liquidity Risk

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. At September 30, 2024, and December 31, 2023, the Company's working capital accounts were as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Cash	5,591,717	6,804,579
Current assets excluding cash	13,389,038	8,807,958
Total current assets	18,980,755	15,612,537
Current liabilities	(6,012,126)	(4,298,684)
Working capital	12,968,629	11,313,853

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

The current liabilities included to derive working capital excludes the current portion of convertible debt and derivative liabilities, which has a maturity greater than one year but is classified as current liabilities based on the newly adopted amendment to IAS 1 effective January 1, 2024.

The contractual maturities of the Company's liabilities occur over the next five years are as follows:

	Year 1	Over 1 Year - 3 Years	Over 3 Years - 5 Years
	\$	\$	\$
Accounts payable and accrued liabilities	2,119,223	-	-
Lease liabilities	718,832	937,627	2,680,001
Convertible debentures	-	1,832,511	-
Debt	558,515	1,542,088	-
Business acquisition consideration payable	505,340	2,189,486	-
Total	3,901,910	6,501,712	2,680,001

18.4 Fair Values

The carrying amounts for the Company's cash, accounts receivable, prepaid and other assets, accounts payable and accrued liabilities, current portions of debt and debentures payable, unearned revenue, and interest payable approximate their fair values because of the short-term nature of these items.

18.5 Fair Value Hierarchy

A number of the Company's accounting policies and disclosures require the measurement of fair value for both financial and nonfinancial assets and liabilities. The Company has an established framework, which includes team members who have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. The Company regularly assesses significant unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

The carrying values of the financial instruments at September 30, 2024, are summarized in the following table:

	Level in fair value hierarchy	Amortized Cost	FVTPL ¹
		\$	\$
Financial Assets			
Cash	Level 1	5,591,717	-
Accounts receivable	Level 2	2,661,399	-
Warrants asset	Level 2	-	3,832,792
Financial Liabilities			
Accounts payable and accrued liabilities	Level 2	2,119,223	-
Debt	Level 2	2,100,603	-
Convertible debentures	Level 2	1,832,511	-
Business acquisition consideration payable	Level 2	2,694,826	-
Derivative liabilities	Level 2	-	13,222,933

During the nine months ended September 30, 2024, there were no transfers of amounts between levels.

The carrying values of the financial instruments at December 31, 2023, are summarized in the following table:

	Level in fair value hierarchy	Amortized Cost	FVTPL
		\$	\$
Financial Assets			
Cash	Level 1	6,804,579	-
Accounts receivable	Level 2	1,642,990	-
Warrants asset	Level 2	-	1,761,382
Financial Liabilities			
Accounts payable and accrued liabilities	Level 2	1,358,962	-
Debt	Level 2	862,704	-
Convertible debentures	Level 2	2,459,924	-
Business acquisition consideration payable	Level 2	360,000	-
Derivative liabilities	Level 2	-	7,471,519

During the two months ended December 31, 2023, there were no transfers of amounts between levels.

¹ Fair Value through Profit or Loss ("FVTPL")

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and nine months ended September 30, 2024, and the three and nine months ended October 31, 2023, are as follows:

	Three months ended September 30, 2024	Three months ended October 31, 2023	Nine months ended September 30, 2024	Nine months ended October 31, 2023
	\$	\$	\$	\$
Office, banking, travel, and overheads	486,057	429,827	1,416,897	1,450,460
Professional services	121,063	207,868	1,247,910	430,861
Salaries and benefits	1,783,551	1,243,694	4,753,731	3,049,314
General and administrative expenses	2,390,671	1,881,389	7,418,538	4,930,635

20. INCOME TAXES

The Company is treated as a U.S. corporation for U.S. federal income tax purposes under Internal Revenue Code ("IRC") Section 7874 and is subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Company, regardless of any application of IRC Section 7874, is treated as a Canadian resident company for Canadian income tax purposes as defined in the Income Tax Act (Canada). As a result, the Company is subject to taxation both in Canada and the United States. The Company is also subject to state income taxation in various state jurisdictions in the United States. The Company's income tax is accounted for in accordance with IAS 12 – *Income Taxes*.

For the nine months and three months ended September 30, 2024 and October 31, 2023, income taxes expense consisted of:

	Three months ended September 30, 2024	Three months ended October 31, 2023	Nine months ended September 30, 2024	Nine months ended October 31, 2023
	\$	\$	\$	\$
Current expense:				
Federal	424,476	397,430	1,245,193	599,289
State	57,374	68,429	320,942	167,247
Adjustment to prior years provision versus statutory tax returns	85,722	-	69,622	-
Total current expense:	567,572	465,859	1,635,757	766,536
Deferred expense (benefit):				
Federal	(281,033)	(1,354,696)	(289,485)	(1,354,696)
State	(74,270)	(389,828)	(82,721)	(389,828)
Change in unrecognized deductible temporary differences	46,613	1,274,166	(81,663)	1,274,166
Total deferred expense (benefit):	(308,690)	(470,358)	(453,869)	(470,358)
Total income tax expense (benefit):	258,882	(4,499)	1,181,888	296,178

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

The difference between the income tax expense for the three and nine months ended September 30, 2024 and October 31, 2023, and the expected income taxes based on the statutory tax rate applied to gain (loss) from operations before taxes are as follows:

	Three months ended September 30, 2024 \$	Three months ended October 31, 2023 \$	Nine months ended September 30, 2024 \$	Nine months ended October 31, 2023 \$
Gain (loss) from operations before taxes	(408,358)	(2,016,823)	(11,224,874)	(958,679)
Statutory tax rates	31.01%	27.33%	28.92%	28.49%
Expected income tax (recovery)	(126,652)	(551,247)	(3,246,138)	(273,109)
Change in statutory tax rates and FX rates	(193,835)	(15,600)	(37,689)	-
Nondeductible expenses	2,223,334	(1,006,346)	5,120,740	(740,342)
Deferral adjustments	(1,442,176)	1,568,694	(819,414)	1,309,629
Change in unrecognized deductible temporary differences	(186,951)	-	(81,664)	-
Net operating loss	178,585	-	(2,156)	-
Fiscal year to calendar year adjustment	(279,144)	-	178,585	-
Adjustment to prior years provision versus statutory tax returns	85,721	-	69,624	-
Total income tax expense (benefit):	258,882	(4,499)	1,181,888	296,178

The following tax assets arising from temporary differences and non-capital losses have been recognized in the consolidated financial statements for the nine months ended September 30, 2024, and the two months ended December 31, 2023:

	September 30, 2024 \$	December 31, 2023 \$
Property, plant and equipment	216,628	8,061
Inventory	780,104	129,573
ROU Leases	(298,723)	(168,327)
Net Operating Loss Carryforward (federal)	-	274,831
Net Operating Loss Carryforward (state)	2,156	2,156
Net deferred tax assets:	700,165	246,294

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred income tax liabilities result primarily from amounts not taxable until future periods. Deferred income tax assets result primarily from operating tax loss carry forwards and temporary differences related to property, plant and equipment and inventory, and have been offset against deferred income tax liabilities. As of September 30, 2024, the Company has estimated Canadian non-capital losses of CAD\$9,748,296 and capital losses of CAD\$5,168,246. The Canadian non-capital losses are available to be carried forward, to be applied against Grown Rogue International Inc.'s taxable income earned in Canada over the next 20 years and expire between 2030 and 2043. The Canadian capital losses can be carried forward indefinitely. The deferred tax benefit of these Canadian tax losses has not been set up as an asset as it is not probable that sufficient taxable profits will be available for Canadian tax purposes to realize the carryforward of unused tax losses. Additionally, the deferred tax benefit of capitalized transaction costs and startup costs have not been setup as a deferred tax asset since it is not probable that the Company would be able to realize these deductible temporary differences for U.S. tax purposes.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

The Company operates in various U.S. state tax jurisdictions and is subject to examination of its income tax returns by tax authorities in those jurisdictions who may challenge any item on these returns. Because the tax matters challenged by tax authorities are typically complex, the ultimate outcome of these challenges is uncertain. In accordance with IAS 12, the Company recognizes the benefits of uncertain tax positions in our consolidated financial statements only after determining that it is more likely than not that the uncertain tax positions will be sustained. For the nine months ended September 30, 2024 and the two months ended December 31, 2023, the Company did not record an accrual for uncertain tax positions.

The Company files income tax returns in the United States, including various state jurisdictions, and in Canada, which remain open to examination by the respective jurisdictions starting with the 2018 tax year to the present.

Upon filing of its tax return for fiscal year ending October 31, 2023, the Company has adopted a new U.S. federal income tax position as of August 15, 2024, asserting that the restrictions of IRC Section 280E do not apply to the Company's cannabis operations. The decision to adopt this position is supported by legal interpretations that challenge the Company's tax liability as determined pursuant to IRC Section 280E. If the Company's interpretation is upheld, the Company's financial position could be significantly enhanced by the ability to deduct additional ordinary and necessary business expenses that are non-deductible under IRC Section 280E.

While the Company believes its position is supported by sound legal reasoning, the cannabis industry remains in a complex regulatory environment. The U.S. federal illegality of cannabis poses unique challenges and uncertainties, including the potential for differing interpretations and enforcement actions. The Company is prepared to vigorously defend its tax position if challenged and will continue to monitor legal developments in this matter closely; however, the Company cannot be certain that it will prevail on this issue with the Internal Revenue Service ("**IRS**"). As a precautionary measure, if the Company were not to prevail on this issue with the IRS, it has set aside reserves to mitigate the potential financial impact of such a determination, which is recognized within the Company's income tax payable on its condensed interim consolidated statements of financial position (unaudited).

U.S. Federal and state tax laws impose restrictions on net operating loss carryforwards in the event of a change in ownership of the Company, as defined by the IRC Section 382. The Company does not believe that a change in ownership, as defined by IRC Section 382, has occurred but a formal study has not been completed.

U.S. Congress passed the Inflation Reduction Act in August 2022. The Company does not anticipate any impact to its income tax provision as a result of the new U.S. legislation.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

21. CAPITAL DISCLOSURES

The Company includes equity, comprised of share capital, contributed surplus (including the fair value of equity instruments to be issued), equity component of convertible promissory notes and deficit, in the definition of capital.

The Company's objectives when managing capital are as follows:

- to safeguard the Company's assets and ensure the Company's ability to continue as a going concern.
- to raise sufficient capital to finance the construction of its production facility and obtain license to produce recreational marijuana; and
- to raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to, based on the general economic conditions, the Company's short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares and debt. In order to achieve its objectives, the Company expects to spend its working capital, when applicable, and raise additional funds as required.

The Company does not have any externally imposed capital requirement.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

22. SEGMENT REPORTING

Geographical information relating to the Company's activities is as follows:

Segments	Oregon	Michigan	Other	Services	Total
	\$	\$	\$	\$	\$
Non-current assets other than financial instruments:					
As at September 30, 2024	14,780,668	3,718,369	3,850,169	-	22,349,206
As at December 31, 2023	8,187,649	4,054,332	1,761,382	-	14,003,363
Nine months ended September 30, 2024:					
Net revenue	9,572,906	10,096,685	-	1,695,726	21,365,317
Gross profit	3,952,502	5,115,624	-	1,489,057	10,557,183
Gross profit before fair value adjustments	3,933,766	5,841,505	-	1,489,057	11,264,328
Nine months ended October 31, 2023:					
Net revenue	9,045,541	8,848,088	-	929,016	18,822,645
Gross profit	4,317,816	5,215,907	-	620,375	10,154,098
Gross profit before fair value adjustments	4,281,520	4,493,714	-	620,375	9,395,609
Three months ended September 30, 2024:					
Net revenue	2,865,341	3,423,383	-	703,990	6,992,714
Gross profit	1,777,865	1,489,050	-	657,021	3,923,936
Gross profit before fair value adjustments	902,548	1,832,064	-	657,021	3,391,633
Three months ended October 31, 2023:					
Net revenue	2,895,880	3,187,600	-	438,811	6,522,291
Gross profit	2,176,771	1,878,033	-	354,806	4,409,610
Gross profit before fair value adjustments	1,126,059	1,951,554	-	354,806	3,432,419

23. NON-CONTROLLING INTERESTS

The changes to the non-controlling interest for the nine months ended September 30, 2024, and the two months ended December 31, 2023, are as follows:

	September 30, 2024	December 31, 2023
	\$	\$
Balance, beginning of period	1,013,324	983,717
Canopy buyout of 13% minority interest and acquisition of an additional 20% of Golden Harvests	(570,995)	-
Distributions to Golden Harvest minority interest	(360,000)	-
Non-controlling interest share of Golden Harvests	233,532	29,607
Acquisition of 43.48% of West New York	650,000	-
Non-controlling interest share of West New York	37,446	-
Balance, end of period	1,003,307	1,013,324

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

23.1 Non-controlling Interest in Canopy and Golden Harvests

	September 30, 2024	December 31, 2023
	\$	\$
Current assets	4,234,539	4,521,194
Non-current assets	3,480,721	4,390,297
Current liabilities	5,955,966	2,275,147
Non-current liabilities	54,159	560,425
Net income for the period attributed to non-controlling interest	109,456	29,607

In January of 2023, GR Unlimited exercised its option to acquire 87% of the membership units of Canopy from the CEO. Prior to this, ninety-six percent (96%) of Canopy was owned by officers and directors of the Company, and four percent (4%) was owned by a third party. Ownership by officers and directors, excluding the CEO, was pursuant to agreements which caused their ownership of Canopy to be equal to their ownership in GR Michigan, which total 3.5%. The CEO owned 92.5% of Canopy, which was analogous to the CEO's 5.5% ownership of GR Michigan, and an additional 87% of Canopy, which was and is equal to the Company's 87% ownership of GR Michigan. Following GR Unlimited's acquisition of 87% of the membership units of Canopy in January of 2023, Canopy became owned 87% by GR Unlimited; 7.5% by officers and directors; and 5.5% by the CEO.

In April of 2024, GR Unlimited acquired the remaining 13% membership units of Canopy. Following this acquisition of the additional 13% interest in Canopy, Canopy became wholly owned by GR Unlimited.

In April of 2024, Canopy acquired an additional 20% of the membership units of Golden Harvest. Following the acquisition of an additional 20% interest in Golden Harvest on April 24, 2024, Golden Harvest became 80% owned by Canopy.

23.2 Non-controlling Interest in West New York

	September 30, 2024	December 31, 2023
	\$	\$
Non-current assets	1,186,861	-
Net income for the period attributed to non-controlling interest	21,321	-

24. COMMITMENTS AND CONTINGENCIES

On September 22, 2022, the SEC issued an Order Instituting Proceedings pursuant to Section 12(j) of Securities Exchange Act of 1934 ("**1934 Act**"), against the Company alleging violations of the 1934 Act, as amended, and the rules promulgated thereunder, by failing to timely file periodic reports. Section 12(j) authorizes the SEC as it deems necessary or appropriate for the protection of investors to suspend for a period not exceeding 12 months, or to revoke, the registration of a security if the SEC finds, on the record after notice and opportunity for hearing, that the issuer of such security has failed to comply with any provision of the 1934 Act, as amended, or the rules promulgated thereunder. The Company has filed an answer to the Order Instituting Proceedings and is seeking a hearing in the matter. The Company is currently fully compliant with all of its filings, is vigorously defending itself in the matter, and is preparing to re-register its securities if necessary.

Grown Rogue International Inc.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2024, and October 31, 2023 (note 2.4)

Expressed in United States Dollars, unless otherwise indicated

25. SUBSEQUENT EVENTS

25.1 Termination of Advisory Agreement with Vireo Growth Inc.

On October 11, 2024, the Company announced the termination of the advisory agreement with Vireo Growth. As consideration for the early termination, Vireo Growth will forfeit and return for cancellation 4,500,000 of the 8,500,000 share purchase warrants in Grown Rogue International Inc. that are held by Vireo Growth at a CAD\$0.225 strike price. Additionally, Vireo Growth will pay the Company US\$800,000 in cash. Vireo has the option of deferring the cash payment by making 4 quarterly payments of US\$250,000. Grown Rogue will also receive its full consulting fee for the work performed in Q3 2024 and retains its 10,000,000 warrants in Vireo Growth Inc. Subsequent to the unaudited interim consolidated statements of financial position dated September 30, 2024, the Company received a termination fee of \$800,000 in cash in accordance with the Consulting Agreement on October 18, 2024.

25.2 ABCO Convertible Note

On October 25, 2024, the Company executed a convertible promissory note with ABCO Garden State, LLC in the amount of \$1,050,000. The note is convertible into equity of ABCO at a rate of 1% per \$28,571.43 of principal borrowed upon certain future regulatory milestones. The note carries an interest rate of 15% and can be drawn down in increments of \$10,000. As of November 13, 2024, the Company had advanced \$700k on this promissory note.

25.3 Advances to Nile of NJ LLC under convertible promissory note

On November 1, 2024, the Company through its subsidiary West New York advanced an additional \$287,500 to Nile of NJ LLC under a convertible note in the amount of \$287,500. West New York concurrently received equity subscriptions of \$137,500 in support of this funding.