Interim Condensed Consolidated Financial Statements

Atlas Global Brands Inc.

For the three and nine months ended December 31, 2023 and for the three and twelve months ended December 31, 2022 (Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed consolidated financial statements of Atlas Global Brands Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

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Atlas Global Brands Inc.

Interim condensed consolidated statements of financial position

(Unaudited, in Canadian Dollars)

As at	Note		December 31, 2023		March 31, 2023
Assets					
Current assets					
Cash		**$**	**362,981**	$	2,614,498
Short-term investments			**36,419**		35,833
Trade and other receivables	6		**4,462,335**		5,424,743
Biological assets	7		**2,960,640**		1,892,745
Inventories	8		**15,108,985**		11,000,939
Deposits and prepaid assets	9		**1,617,919**		2,126,110
			24,549,279		23,094,868
Non-current assets					
Property, plant, and equipment	10		**38,383,999**		36,412,517
Right-of-use assets	14		**1,279,671**		1,104,081
Intangible assets	11		**602,064**		608,970
Goodwill	11		**419,892**		430,445
Deferred tax assets			**7,199**		-
Other non-current assets			**2,099**		2,156
Total assets		**$**	**65,244,203**	$	61,653,037
Liabilities					
Current					
Trade and other payables	12	**$**	**27,888,067**	$	22,375,179
Current portion of term debt	13		**21,107,107**		25,862,873
Current portion of lease liabilities	14		**348,664**		161,778
Income taxes payable	22		**100,616**		49,618
Deferred revenue			**37,400**		66,331
Contingent consideration	26		**176,637**		-
Contingent liabilities	4		**957,285**		-
Other current liabilities			**13,403**		11,902
			50,629,179		48,527,681
Non-current liabilities					
Term debt	13		**14,354**		29,733
Lease liabilities	14		**1,004,453**		973,369
Class B preferred shares	15		**965,389**		804,203
Shareholder loans	16		**696,640**		633,009
Put option liability	26		**1,823,464**		1,552,683
Total liabilities			**55,133,479**		52,520,678
Equity					
Share capital	17		**27,919,778**		25,398,660
Shares to be issued			**790,757**		-
Contributed surplus			**582,789**		288,299
Accumulated other comprehensive income			**(300,897)**		(46,619)
Retained earnings (deficit)			**(18,881,703)**		(16,507,981)
Total equity			**10,110,724**		9,132,359
Total liabilities and equity		**$**	**65,244,203**	$	61,653,037

Subsequent events (Note 28)

Approved on behalf of the Board of Directors:

(signed) "Elan MacDonald"
Director

(signed) "Trevor Henry"
Director

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

Atlas Global Brands Inc.

Interim condensed consolidated statements of loss and comprehensive loss

For the three and nine months ended December 31, 2023 and three and twelve months ended December 31, 2022
(Unaudited, in Canadian Dollars)

	Note	Three months ended December 31, 2023	Three months ended December 31, 2022	Nine months ended December 31, 2023	Twelve months ended December 31, 2022
Revenue		**$ 9,817,058**	$ -	**$ 24,628,787**	$ -
Excise taxes		**(1,220,225)**	-	**(3,087,895)**	-
Net revenue	18	**8,596,833**	-	**21,540,892**	-
Inventory expensed to cost of sales	8	**6,113,043**	-	**15,519,905**	-
Gross profit before fair value adjustments		**2,483,790**	-	**6,020,987**	-
Realized loss included in inventory expensed to cost of sales		**2,705,892**	-	**4,923,178**	-
Unrealized gain on changes in fair value of biological assets		**(2,950,496)**	-	**(10,217,787)**	-
Gross profit		**2,728,394**	-	**11,315,596**	-
Operating expenses	19	**6,741,293**	1,577,846	**18,623,924**	2,817,449
Net loss before other (income) expenses		**(4,012,899)**	(1,577,846)	**(7,308,328)**	(2,817,449)
Other (income) expenses					
Rental income	14	**(101,734)**	-	**(241,270)**	-
Finance income		**(12,736)**	-	**(30,821)**	-
Other income		**(353,592)**	-	**(364,527)**	-
Finance expense	22	**1,448,346**	1,561	**3,964,941**	1,700
Gain (loss) on foreign exchange		**(6,868)**	-	**(6,746)**	-
Change in fair value of contingent consideration	26	**33,558**	-	**(131,925)**	-
Abnormal destruction	8	**-**	-	**3,514,649**	-
Gain on loss of control of subsidiaries	5	**-**	-	**(9,535,844)**	-
Gain on bargain purchase	4	**-**	-	**(2,090,146)**	-
Total other (income) expenses		**1,006,974**	1,561	**(4,921,689)**	1,700
Net loss before income taxes		**(5,019,873)**	(1,579,407)	**(2,386,639)**	(2,819,149)
Income Taxes					
Current income taxes		**-**	-	**-**	-
Deferred income taxes		**(963)**	-	**(12,917)**	-
Net loss		**(5,018,910)**	(1,579,407)	**(2,373,722)**	(2,819,149)
Other comprehensive (loss) income					
Foreign currency translation (loss) income		**4,533**	(43,161)	**(254,278)**	19,984
Total other comprehensive loss		**$ (5,014,377)**	$ (1,622,568)	**$ (2,628,000)**	$ (2,799,165)
Basic earnings (loss) per share	23	**$ (0.03)**	$ (0.46)	**$ (0.02)**	$ (0.82)
Diluted earnings (loss) per share	23	**$ (0.03)**	$ (0.46)	**$ (0.02)**	$ (0.82)
Basic weighted average number of common shares	23	**158,679,139**	3,445,380	**157,514,407**	3,445,380
Diluted weighted average number of common shares	23	**158,679,139**	3,445,380	**157,514,407**	3,445,380

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

Atlas Global Brands Inc.

Interim condensed consolidated statements of changes in shareholders' equity

For the nine months ended December 31, 2023 and twelve months ended December 31, 2022
(Unaudited, in Canadian Dollars)

		Common shares issued		Common shares to be issued					
As at	Note	Number of Shares	$	Number of Shares	$	Foreign currency translation reserve	Contributed surplus	Retained earnings (deficit)	Total Shareholders Equity
Balance, December 31, 2021		3,445,380	$ 516,977	$ -	$ -	$ 34,058	$ 12,335	$ (141,086)	$ **422,284**
Share based compensation		-	-	-	-	-	36,293	-	**36,293**
Shares issued in private placement		27,883,262	5,776,788	-	-	-	-	-	**5,776,788**
Shares issued in reverse takeover		34,399,051	741,387	-	-	-	-	-	**741,387**
Shares issued in business combination		85,339,088	18,363,508	-	-	-	-	-	**18,363,508**
Net loss		-	-	-	-	-	-	(2,819,149)	**(2,819,149)**
Capital reserve from translation difference		-	-	-	-	(19,984)	-	-	**(19,984)**
Balance, December 31, 2022		**151,066,781**	**$ 25,398,660**	**$ -**	**$ -**	**$ 14,074**	**$ 48,628**	**$ (2,960,235)**	**$ 22,501,127**
Balance, March 31, 2023		151,066,781	$ 25,398,660	$ -	$ -	$ (46,619)	$ 288,299	$ (16,507,981)	$ **9,132,359**
Share based compensation		-	-	-	-	-	222,912	-	**222,912**
Shares issued/ to be issued for acquisition of GreenSeal		7,612,358	2,521,118	2,387,642	790,757	-	-	-	**3,311,875**
Contribution from shareholder	16	-	-	-	-	-	71,578	-	**71,578**
Net loss		-	-	-	-	-	-	(2,373,722)	**(2,373,722)**
Foreign currency translation loss		-	-	-	-	(254,278)	-	-	**(254,278)**
Balance, December 31, 2023		**158,679,139**	**$ 27,919,778**	**2,387,642**	**$ 790,757**	**$ (300,897)**	**$ 582,789**	**$ (18,881,703)**	**$ 10,110,724**

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

Atlas Global Brands Inc.

Interim condensed consolidated statements of cash flows

For the nine months ended December 31, 2023 and twelve months ended December 31, 2022
(Unaudited, in Canadian Dollars)

	Note	Nine months ended December 31, 2023	Twelve months ended December 31, 2022
Operating activities			
Net loss		$ **(2,373,722)**	$ (2,819,149)
Items not affecting cash:			
Stock based compensation expense	19	**222,912**	36,292
Unrealized gain on changes in fair value of biological assets	7	**(10,217,787)**	-
Realized loss included in inventory expensed of costs of sales		**4,923,178**	-
Depreciation on property, plant and equipment	10	**3,343,868**	-
Depreciation of right-of-use assets	14	**291,458**	-
Depreciation of intangible assets	11	**23,547**	-
Interest accretion – long-term debt	13	**2,060,246**	-
Interest accretion – lease liabilities	14	**104,851**	-
Interest accretion – Class B preferred shares	15	**161,186**	-
Interest expense on shareholder loans	16	**81,487**	-
Interest expense on contingent liability		**52,816**	-
Change in fair value of put option liability	26	**270,781**	-
Change in fair value of contingent consideration	26	**(131,925)**	-
Gain on loss of control of subsidiary	5	**(9,535,844)**	-
Gain on bargain purchase	4	**(2,090,146)**	-
Deferred taxes		**(7,199)**	-
Other income		**(153,704)**	-
Listing expense		**-**	1,117,225
Changes in working capital items	24	**11,085,623**	1,588,664
Cash outflow from operating activities		**(1,888,374)**	(76,968)
Financing			
Repayment of debt	13	**(2,469,979)**	-
Proceeds from issuance of shares		**703,606**	3,466,071
Proceeds from shareholder loans	16	**84,533**	-
Repayment of lease liabilities	14	**(306,530)**	-
Proceeds from factoring of accounts receivable, net of repayments	12	**1,806,606**	-
Advances on line of credit		**205,712**	-
Cash inflow from financing activities		**23,948**	3,466,071
Investing			
Cash acquired in business combination, net of cash paid	4	**106,479**	881,783
Purchase of property, plant and equipment	10	**(167,968)**	-
Cash paid on disposal	5	**(34,691)**	-
Cash (outflow) inflow from investing activities		**(96,180)**	881,783
Effect of exchange rates on cash and equivalents		**(290,911)**	(29,240)
Net cash (outflow) inflow		$ **(2,251,517)**	$ 4,241,646
Net cash, beginning of period		$ **2,614,498**	$ 127,205
Net cash, end of period		$ **362,981**	$ 4,368,851

Supplemental cashflow information (Note 24)

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

1. Nature of operations

(a) Operational Information:

Atlas Global Brands Inc. (formerly Silver Phoenix Resources Inc.) ("Atlas" or "Atlas Global" or the "Company") is a publicly traded corporation with its common shares trading on the Canadian Securities Exchange ("CSE") under the symbol "ATL". Silver Phoenix Resources Inc. was incorporated on February 14, 2003 under the British Columbia Business Corporations Act ("BCBCA").

On December 30, 2022, the Company, pursuant to an amalgamation and share exchange agreement, acquired all of the issued and outstanding shares of Cambrosia Ltd. ("Cambrosia") and, as part of the same amalgamation and share exchange agreement, acquired two operating companies, Atlas Biotechnologies Inc. ("Atlas Biotech") and AgMedica Bioscience Inc. ("AgMedica") (the "Transaction"). Cambrosia was identified as the accounting acquirer and as a result the Transaction has been accounted for a reverse-take-over ("RTO"). Concurrently with the amalgamation and share exchange, Cambrosia acquired a 51% interest in each of Tlalim Papo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating pharmacies in Israel. The amalgamation and share exchange and the acquisition of the pharmacies was accounted for as one transaction.

The Company changed its name to Atlas Global Brands Inc., on December 30, 2022. The registered head office of the Company is 566 Riverview Drive, Suite 104, Chatham, Ontario, N7M 0N2.

The Company operates two licensed cannabis subsidiaries in Canada and has operations in Israel including two pharmacies licensed for cannabis dispensing with expertise across the cannabis value chain: cultivation, manufacturing, marketing, distribution, and pharmacy. Atlas operates two fully accredited and licensed cannabis facilities in Canada, including one European Union Good Manufacturing Practices ("EU-GMP") certified facility, and has a majority interest in three pharmacies in Israel, two which had cannabis licenses.

These financial statements represent a continuation of Cambrosia's financial statements. Cambrosia was incorporated as of March 17, 2021. In the March 31, 2023 fiscal year, the Company changed its year end from December 31 to March 31 comprising a fifteen-month period. The comparable year-to-date period in this set of interim condensed consolidated financial statements is therefore the twelve months ended December 31, 2022. Comparative financial information in the notes to these consolidated financial statements has not been included where the prior year balance was $nil.

(b) Going Concern:

These interim condensed consolidated financial statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

During the nine months ended December 31, 2023, the Company had net loss of $2,373,722 and as at December 31, 2023 had cumulative deficit of $18,881,703 and current liabilities exceeding current assets by $26,079,900. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has historically financed its working capital requirements primarily through equity and debt financing. The Company's ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and generate the necessary funds or raise additional financing in order to meet current and future obligations. The Company expects to attain profitability and positive cash flows from operations through its international distribution strategy. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms.

2. Basis of presentation

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the 15-month period ended March 31, 2023.

(Unaudited, in Canadian Dollars)

2. Basis of presentation (continued)

The accounting policies applied in preparation of these interim condensed consolidated financial statements are consistent with those applied and disclosed in the Company's financial statements for the 15-month period ended March 31, 2023, with the exception of the new accounting policies described below.

The preparation of interim condensed financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year.

The critical judgments and estimates applied in the preparation of the Company's interim condensed consolidated financial statements are consistent with those applied to the Company's financial statements for 15-month period ended March 31, 2023 except as described in Note 2(e) below.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on June 4, 2024.

(a) Basis of measurement

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

(b) Basis of consolidation

Subsidiaries

These interim condensed consolidated financial statements include the accounts and results of operations of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes it or gives rights to variable returns that are related to its involvement in the subsidiary and is able to use its power to affect, either directly or indirectly, the amount of those returns. Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

The Company's subsidiaries are laid out below:

Name of Subsidiary	Jurisdiction of Incorporation	Functional currency	Ownership Interest	
			December 31, 2023	March 31, 2023
Atlas Global Brands Inc	Canada	CAD	100%	100%
Tlalim Papo Ltd.	Israel	NIS	51%	51%
Pharmacy Baron Ltd.	Israel	NIS	51%	51%
R.J. Regavim Ventures Ltd.	Israel	NIS	51%	51%
AgMedica Bioscience Inc.	Canada	CAD	100%	100%
5047346 Ontario Inc.	Ontario	CAD	100%	100%
Tavivat Naturals Inc.	Canada	CAD	100%	100%
8050678 Canada Inc.	Canada	CAD	100%	100%
Unique Beverages (USA) Inc.	USA	CAD	100%	100%
Wellworth Health Corp.	Canada	CAD	100%	100%
Atlas Biotechnologies Inc. (Note 5)	Alberta	CAD	100%	100%
Atlas Growers Ltd. (Note 5)	Alberta	CAD	100%	100%
Atlas Growers Denmark A/S	Denmark	CAD	100%	100%
GreenSeal Nursery Ltd. (Note 4)	Canada	CAD	-%	-%
GreenSeal Cannabis Company, Ltd. (Note 4)	Canada	CAD	-%	-%

2. Basis of presentation (continued)

(b) Basis of consolidation (continued)

All intercompany balances and transactions have been eliminated upon consolidation. The Company has opted not to recognize any non-controlling interest related to investments in its non-wholly owned subsidiaries due to the existence of call and put options over the non-controlling interests which will result in the Company obtaining ownership of 100% of these investments in the future.

(d) Foreign currency

(i) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars (“CAD”). The Company's functional currency is New Israeli Shekel (“NIS”), and the functional currencies of its subsidiaries are laid out above.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the consolidated statements of loss and comprehensive loss.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency, which is Canadian dollars, at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in the consolidated statements of loss and comprehensive loss within other comprehensive loss and are accumulated in the foreign currency translation reserve in the consolidated statement of financial position. When the Company disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive (loss) income related to the foreign operation are recognized in profit or loss.

(e) Critical accounting estimates and judgements

(i) Loss of control of Atlas Biotechnologies Inc. and Atlas Growers Ltd. (“Atlas Subsidiaries”)

The Company exercised judgement in determining the date at which it lost control over the Atlas Subsidiaries which was concluded to be the date of the Receivership Order as it is at that point in time that the Company no longer had power over the entities or exposure to variable returns.

3. Future Accounting Pronouncements

(a) New standards, interpretations and amendments adopted

(i) Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their “material” accounting policy information rather than their “significant” accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company’s consolidated financial statements.

3. Future Accounting Pronouncements

(ii) Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

(ii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 12 Income Taxes which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

(b) New standards, interpretations and amendments not yet effective

(i) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:
• clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
• clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
• make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. Acquisitions

Acquisition of GreenSeal

On April 28, 2023, the Company acquired all of the issued and outstanding shares of GreenSeal Cannabis Company LTD ("GreenSeal Cannabis") and GreenSeal Nursery LTD ("GreenSeal Nursery"), privately-owned Ontario-based licensed cannabis producers.

As consideration, the Company agreed to issue 10,000,000 common shares subject to a lock-up period of up-to 36 months. Commencing on the six-month anniversary of the closing, 15% will be released from lock up every six months. Of the 10,000,000 shares, 7,612,358 were issued upon closing, with the remainder subject to hold-back. The Company also agreed to issue up to 1,500,000 additional common shares if, 12 months from the closing date, the fair market value of the shares released from lock up to that point is not at least in aggregate $3,000,000.

(Unaudited, in Canadian Dollars)

4. Acquisitions (continued)

The following table summarizes the preliminary fair value of the assets and liabilities acquired and consideration paid:

Fair value of share consideration		
Common shares issued (i)	$	2,521,118
Common shares to be issued (ii)		790,757
Contingent consideration (iii)		308,562
Total consideration paid for transaction	$	**3,620,437**

Net assets acquired		
Cash	$	106,480
Accounts receivable		874,829
Inventory		2,587,995
Prepaid expenses and deposits		22,678
Deposits		111,529
Accounts payable and accrued liabilities		(1,651,841)
Net working capital (iii)		2,051,670
Biological Assets		792,603
Property, plant and equipment		9,913,000
Right of use assets		570,230
Lease liabilities		(570,230)
Intangible assets		25,000
Contingent Liability		(1,058,172)
Debt		(6,013,518)
Total net assets acquired		5,710,583
Gain on bargain purchase	**$**	**(2,090,146)**

(i) Share consideration

The share consideration has been determined based on the fair value of the Company's shares on the closing date of the transaction.

(ii) Shares to be issued

2,387,642 common shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company.

(iii) Contingent consideration

Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition based on the then share price of the Company's common shares.

(iv) Contingent liability

As part of the GreenSeal acquisition, the Company recognized a liability related to past investment tax credits received by GreenSeal which may be repayable in the future. The timing of any repayment is uncertain.

From the date of acquisition, GreenSeal contributed $6,597,972 of net revenue and ($3,650,261) to income before income taxes for the nine-month period ended December 31, 2023.

Total acquisition-related transaction costs incurred by the Company in connection with this acquisition was approximately $285,267 which has been recorded in selling, general and administration expenses.

(Unaudited, in Canadian Dollars)

5. Disposals

On June 26, 2023, Ernst & Young Inc. was appointed as receiver and manager (the "Receiver") over certain current and future assets of Atlas Biotech under the Bankruptcy and Insolvency Act (Canada) and the Personal Property Security Act (Alberta). As a result, of the appointment, the Company lost control of Atlas Biotech.

Atlas Biotech's senior lender, the Agriculture Financial Services Corporation (the "AFSC"), obtained the receivership order from the Court of King's Bench of Alberta (the "Court") with the consent of Atlas Biotech. The order follows on the Company's decision to cease operations at its facility in Gunn, Alberta and liquidate the assets of Atlas Biotech in an orderly manner as it focuses on cost reductions, savings and production efficiencies across its operations and the cannabis value chain.

The AFSC has also filed a statement of claim against the Company with the Court in connection with the enforcement of an existing $1.4 million limited parental guarantee of the Company in respect of the indebtedness of Atlas Biotech to the AFSC

The Company and the AFSC are in discussions concerning payment plan of the parental guarantee in the event the proceeds from the liquidation of the Atlas Subsidiaries' assets are not sufficient to satisfy amounts due to the AFSC. The Company also retained other liabilities related to parental guarantees to suppliers and intercompany liabilities.

The gain on loss of control is comprised of:

Net assets derecognized on loss of control	$	10,935,844
Recognition of guarantee – AFSC		(1,400,000)
Gain on loss of control	$	9,535,844

The net assets derecognized were:

		June 26, 2023
Cash	$	34,691
Trade and other receivables		604,623
Inventories		635,418
Deposits and prepaid expenses		431,146
Intercompany receivables		723,047
Property, plant & equipment		4,761,514
Right-of-use assets		215,908
Trade and other payables		(7,073,231)
Current portion of debt		(10,761,357)
Current portion of lease liabilities		(34,681)
Intercompany payables		(268,896)
Lease liabilities		(204,026)
	$	(10,935,844)

Subsequent to the reporting period, a statement of claim was filed against the Company for amounts due to Atlas Biotech. See Note 28 for further information.

(Unaudited, in Canadian Dollars)

6. Trade and Other Receivables

		December 31, 2023		March 31, 2023
Trade accounts receivable	$	**3,216,752**	$	3,969,807
Accrued and other receivables		**1,620,146**		806,241
Indirect taxes receivable		**1,130,186**		850,862
Less: expected credit losses		**(1,504,749)**		(202,167)
Total trade and other receivables	$	**4,462,335**	$	5,424,743

The Company evaluates the necessity for an allowance for expected credit losses resulting from the inability to collect on its trade accounts. The evaluation considers customers' credit risk, the aging of trade accounts receivable, historical experience and current economic information.

During the three and nine month period ended December 31, 2023, the Company increased its allowance for expected credit losses by $1,388,446 related to the balance owing from Harmony (see also Note 28) and wrote off $91,271 related to its settlement with High Times (see also Note 28).

7. Biological Assets

The Company's biological assets consist of cannabis plants. The continuity of biological assets are as follows:

		December 31, 2023		March 31, 2023
Balance, beginning of the period	$	**1,892,745**	$	-
Acquired in a business combination (Note 4)		**792,603**		1,324,270
Production costs capitalized		**7,416,059**		3,173,324
Net change in fair value less cost to sell due to biological transformation		**10,217,787**		2,220,717
Transferred to inventory		**(16,363,003)**		(4,825,566)
Destroyed		**(995,551)**		-
Balance, end of the period	$	**2,960,640**	$	1,892,745

The Company measures its biological assets at their fair value less costs to sell which is determined using a valuation model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. For in-process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth.

As at December 31, 2023, on average, in-process biological assets were 56.0% (March 31, 2023 – 58.6%) complete as to the expected harvest date. For the three and nine months ended December 31, 2023, the Company recorded an unrealized gain of $2,950,496 and $10,217,787, respectively on the changes in the fair value of biological assets (three and twelve month periods ended December 31, 2022 - $nil).

The Company estimates the harvest yields for the plants at various stages of growth. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in unrealized gain on changes in fair value of biological assets in the future periods.

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12.5-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell, (subject to any wastage adjustments).

The following significant unobservable inputs were used by management to determine the fair value of biological assets:

- **Selling price:** based upon a historical selling price by type, being Flower, Trim and Extracts, for the variety of all strains of dry cannabis and extracts produced by the Company, which is expected to approximate future selling prices;
- **Average growth cycle:** represents the weighted average number of weeks out of the expected growing cycle that the biological assets have reached as of the measurement date;
- **Stage of growth and value associated with each stage:** Value for each stage of growth is determined by reference to the percentage of completion, based on the average growth cycle, and the total expected costs and selling price from inception to harvest;

(Unaudited, in Canadian Dollars)

7. Biological Assets (continued)

- **Yield by plant:** represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant; and
- **Post-harvest costs:** calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of cost of direct and indirect materials and labour related to labelling and packaging.

The following table quantifies each significant unobservable input, and also provides the impact that a 10% increase and / or decrease in each input would have on the fair value of biological assets:

Significant inputs and assumptions		December 31, 2023		March 31, 2023
Selling price	**$**	**4.37**	$	3.79
Average growth cycle		**12.5**		12.5 weeks
Yield by plant[1]		**72.97**		103 grams
Post-harvest costs[2]		**31%**		30%

(1) Includes Flower and Trim forecasted from a plant. Yield varies based on grown strains.
(2) Percentage of selling price.

8. Inventories

		December 31, 2023		March 31, 2023
Work-in-progress				
Capitalized costs	**$**	**7,944,078**	$	3,738,545
Fair value adjustment		**5,544,368**		4,898,528
		13,488,446		8,637,073
Finished goods				
Capitalized costs		**323,146**		562,250
Fair value adjustments		**83,348**		577,525
		406,494		1,139,775
Inventory in transit		**-**		45,759
Packaging and supplies		**823,450**		900,054
Non-cannabis products		**390,595**		278,278
Total inventory	**$**	**15,108,985**	$	11,000,939

Inventory expensed to cost of sales during the three and nine month periods ended December 31, 2023 was $6,113,043 and $15,519,905 (three and twelve month periods ended December 31, 2022 - $nil).

During the three and nine month periods ended December 31, 2023, the Company destroyed unsaleable biological assets and inventory related to the liquidation of Atlas Biotech resulting in an abnormal destruction loss of $nil and $3,514,649 (twelve-month period ended December 31, 2022 - $nil). Refer to Note 5 for further details.

9. Deposits and Prepaid Expenses

The Company's deposits and prepaid expenses consists of the following:

		December 31, 2023		March 31, 2023
Prepaid expenses	**$**	**700,647**	$	837,987
Deposits – excise taxes		**894,772**		1,261,123
Other		**22,500**		27,000
Total deposits and prepaid expenses	**$**	**1,617,919**	$	2,126,110

(Unaudited, in Canadian Dollars)

10. Property and Equipment

	Land	Building and production rooms	Production equipment	Furniture & Office equipment	Leasehold improvements	Computer hardware	Vehicles	Total
Cost								
Balance, March 31, 2023	$ 1,044,038	$ 33,892,930	$ 2,312,446	$ 155,011	$ 36,525	$ 1,277	$ 106,643	$ **37,548,870**
Acquired in a business combination (Note 4)	735,000	8,225,000	881,000	72,000	-	-	-	**9,913,000**
Additions	-	19,794	107,089	39,079	-	2,006	-	**167,968**
Disposals	(176,038)	(4,145,400)	(531,000)	(26,193)	-	(1,448)	(66,000)	**(4,946,079)**
Net exchange differences	-	-	-	(2,034)	(985)	-	(1,112)	**(4,131)**
Balance, December 31, 2023	$ 1,603,000	$ 37,992,324	$ 2,769,535	$ 237,863	$ 35,540	$ 1,835	$ 39,531	**42,679,628**
Depreciation								
Balance, March 31, 2023	$ -	$ 818,993	$ 297,953	$ 15,965	$ 1,113	$ 344	$ 1,985	$ **1,136,353**
Depreciation expense	-	2,524,262	770,112	44,052	3,152	455	1,835	**3,343,868**
Disposals	-	(118,635)	(63,386)	(4,589)	-	-	2,046	**(184,564)**
Net exchange difference	-	-	-	16	(16)	-	(28)	**(28)**
Balance, December 31, 2023	$ -	$ 3,224,620	$ 1,004,679	$ 55,444	$ 4,249	$ 799	$ 5,838	$ **4,295,629**
Carrying amount December 31, 2023	**$ 1,603,000**	**$ 34,767,704**	**$ 1,764,856**	**$ 182,419**	**$ 31,291**	**$ 1,036**	**$ 33,693**	**$ 38,383,999**
Carrying amount March 31, 2023	$ 1,044,038	$ 33,073,937	$ 2,014,493	$ 139,046	$ 35,412	$ 933	$ 104,658	$ 36,412,517

(Unaudited, in Canadian Dollars)

11. Intangible Assets and Goodwill

	Licenses	Certifications	Goodwill	Total
Cost				
Balance, March 31, 2023	$ 316,456	$ 300,534	$ 430,446	$ **1,047,436**
Acquired in a business combination (Note 4)	-	25,000	-	**25,000**
Disposals	-	-	-	**-**
Net exchange differences	(8,448)	-	(10,554)	**(19,002)**
Balance, December 31, 2023	$ 308,008	$ 325,534	$ 419,892	$ **1,053,434**
Amortization and impairment				
Balance, March 31, 2023	$ 3,956	$ 4,065	$ -	$ **8,021**
Amortization expense	11,456	12,091	-	**23,547**
Disposals	-	-	-	**-**
Net exchange differences	223	(313)	-	**(90)**
Balance, December 31, 2023	$ 15,635	$ 15,843	$ -	$ **31,478**
Carrying amount December 31, 2023	**$ 292,373**	**$ 309,691**	**$ 419,892**	**$ 1,021,956**
Carrying amount March 31, 2023	$ 312,500	$ 296,470	$ 430,445	$ 1,039,415

12. Trade and Other Payables

	December 31, 2023	March 31, 2023
Trade accounts payable	**$ 9,830,361**	$ 9,454,714
Accrued liabilities	**4,067,637**	1,743,828
Government remittances	**8,355,319**	8,877,886
Payroll liabilities	**1,017,587**	1,316,673
Factoring liability (i)	**1,806,606**	-
Other liabilities	**2,810,557**	982,078
Total trade and other payables	**$ 27,888,067**	$ 22,375,179

As at December 31, 2023 excise taxes outstanding of $4,216,709 (March 31, 2023 - $5,903,639) were included in government remittances.

(i) During the nine months ended December 31, 2023, the Company entered into an arrangement to sell certain accounts receivables for which they would receive an advance of 75% of the accounts receivables sold with the remaining 25% to be remitted net of fees and charges once the receivables are collected. Under the arrangement, the Company also sells certain purchase orders for which they would receive an advance of 65% of the purchase orders sold. Upon the later of the Company delivering the product to the customer, or the customer confirming receipt of the product, the sold purchase order converts to a sold receivable. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility. During the nine month period ended December 31, 2023, $6,275,749 was advanced under the arrangement, and $4,469,143 of repayments were made.

Subsequent to the reporting period, the Company was notified by the lender of a breach of the agreement. See Note 28 for further information.

(Unaudited, in Canadian Dollars)

13. Debt

The Company's debt consists of the following:

	December 31, 2023	March 31, 2023
Chatham, ON facility first mortgage[2]	$ **3,000,000**	$ 3,000,000
Chatham, ON facility second mortgage[2]	**12,100,000**	12,100,000
Equilease	**-**	-
YNCU LOC [1,2]	**268,672**	-
YNCU Loan (Commercial Loan I) [1,2]	**4,207,835**	-
YNCU Loan (Commercial Loan II) [1,2]	**658,044**	-
CEBA 1	**60,000**	-
Privately Held Employee Loans (Lin-Chun)[1]	**296,923**	-
Privately Held Employee Loans (Chris Murray)[1]	**294,559**	-
Promissory notes[2]	**194,409**	-
Other	**41,019**	80,211
Gunn first mortgage[3]	**-**	6,774,633
Gunn second mortgage[3]	**-**	1,652,301
Working capital loan[3]	**-**	969,169
Regional relief and recovery fund[3]	**-**	529,000
Debentures[3]	**-**	787,292
Total debt	**21,121,461**	25,892,606
Less: current portion of debt	**21,107,107**	25,862,873
Long-term portion of debt	$ **14,354**	$ 29,733

[1]Represent debts acquired as a part of business combinations. Refer to Note 5 on business combinations.
[2]Breach of covenants

The loans are subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. As of the acquisition date, all loans were callable by the lenders because the covenant clauses had been breached. Subsequent to the acquisition, the Company continued to not meet all required key financial ratios as outlined in the respective debt agreements.

Due to this breach of the covenant clauses, the lenders are contractually entitled to request for immediate repayment of the outstanding loan amount. The outstanding balance is presented as a current liability as at December 31, 2023.

The lenders had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management is in the process of renegotiating the terms of the agreements with the lender and expects that a revised agreement will be in place in fiscal 2024.

The change in the debt balance during the period is as follows:

Balance, March 31, 2023	$ 25,892,606
Acquisitions (Note 4)	6,013,518
Advances on line of credit	205,712
Promissory note for accounts payable	184,424
Disposals (Note 5)	(10,761,357)
Repayments	(2,469,979)
Interest expense	2,060,246
Net exchange differences	(3,709)
Balance, December 31, 2023	$ **21,121,461**

13. Debt (continued)

Refer to the Company's consolidated financial statements for the 15-month period ended March 31, 2023 for a description of debt existing as at March 31, 2023. A description of the significant new debt for the nine-month period ended December 31, 2023 is as follows:

(a) Equipment financing

The equipment financing loan is due December 2023 and bears interest at 33%. It is secured by personal and corporate guarantees from the former shareholders of GreenSeal.

(b) Line of credit

The line of credit has a maximum borrowing limit of $300,000 and bears annual interest at prime + 2.5%.

(c) Stratford first mortgage

The Stratford first mortgage has a principal amount outstanding of $4,371,485 and bears interest at 4.36%. The first mortgage is due March 2026.

(d) Stratford second mortgage

The Stratford second mortgage has a principal amount of $675,000 and bears interest at 5.75%. The second mortgage is due August 2027.

The line of credit, Stratford first mortgage, Stratford second mortgage are secured against the 530 Wright Boulevard facility, a general assignment of rent and leases, a promissory note, a general security agreement, a commitment letter, an assignment of material contracts and personal and corporate guarantees from the former shareholders of GreenSeal.

(e) Loans from employees

The loans from employees of GreenSeal bears interest at 12% and are due July 1, 2025. As part of the acquisition of GreenSeal, these loans were amended to defer the first principal payment until July 1, 2024. The loans from employees are unsecured.

(f) Promissory notes

During the nine-month period ended December 31, 2023, the Company issued two promissory notes with a total principal amount of $184,424. The notes bear interest at 10% and are due before June 15, 2023 and October 31, 2023. The promissory notes are secured by a general security agreement over the assets of the Company.

(Unaudited, in Canadian Dollars)

14. Leases

The Company as lessee

Lease liabilities are presented in the consolidated statement of financial position as follows:

	December 31, 2023	March 31, 2023
Current	**$ 348,664**	$ 161,778
Non-current	**1,004,453**	973,369
	$ 1,353,117	$ 1,135,147

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on the consolidated statement of financial position:

	Number of right of use leased assets	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with variable payments linked to an index	Number of leases with termination options
Properties	4	1.67 – 5.5 years	3.94	-	-	-	-
Motor vehicles	2	1.92 – 3.42 years	2.67	-	2.00	-	-
Equipment	10	0.42 – 3.25 years	1.83	-	-	-	-
	16			-	2.00	-	-

Future minimum lease payments as at December 31, 2023 are as follows:

	Minimum lease payments due		
	Lease payments	Finance charges	Net present value
Within 1 year	$ 467,784	$ 119,120	$ 348,664
1-2 years	470,167	72,939	397,228
2-3 years	290,667	30,957	259,710
3-4 years	196,107	14,625	181,482
4-5 years	121,271	5,728	115,543
5-6 years	51,098	608	50,490
Beyond 6 years	-	-	-
Total	$ 1,597,094	$ 243,977	$ 1,353,117

The following table outlines the cash outflow and interest expense related to lease liabilities:

	For the three-month period ended December 31, 2023	For the nine-month period ended December 31, 2023
Cash outflow	**$ 118,025**	**$ 306,530**
Interest expense	**$ 36,544**	**$ 104,851**

(Unaudited, in Canadian Dollars)

14. Leases (continued)

Additional information on the right-of-use assets by class of assets is as follows:

		Properties		Equipment		Vehicles		Total
Gross carrying amount								
Balance, April 1, 2023	$	1,016,014	$	15,947	$	135,582	$	**1,167,543**
Acquired in a business combination (Note 4)		69,659		440,519		60,052		**570,230**
Additions		-		31,774		92,758		**124,532**
Disposals		(111,565)		-		(135,543)		**(247,108)**
Foreign exchange		(28,019)		40		(40)		**(28,019)**
Balance, December 31, 2023	$	946,089		488,280		152,809		**1,587,178**
Depreciation								
Balance, April 1, 2023	$	51,045	$	1,435	$	10,982	**$**	**63,462**
Additions		133,246		123,930		34,282		**291,458**
Disposals		(15,244)		-		(17,505)		**(32,749)**
Foreign exchange		(1,262)		(12,250)		(1,152)		**(14,664)**
Balance, December 31, 2023	$	167,785	$	113,115	$	26,607	**$**	**307,507**
Carrying amount, December 31, 2023	**$**	**778,304**	**$**	**375,165**	**$**	**126,202**	**$**	**1,279,671**
Carrying amount, March 31, 2023	$	964,969	$	14,512	$	124,600	$	1,104,081

The Company as lessor:

The Company generated $101,734 and $241,270 in rental income during the three and nine month periods ended December 31, 2023.

The Company generates rental income earned from operating leases with third party tenants in the Company's owned properties. These properties are carried at amortized cost and included in property, plant, and equipment on the consolidated statement of financial position.

The Company expects to generate other income from lease payments under non-cancellable operating leases within the next five years as follows:

	Total
2024	61,181
2025	478,741
2026	446,013
2027	340,135
2028	322,800
Thereafter	299,200
Total Lease Payments	1,948,070

15. Class B Preferred Shares

Balance, March 31, 2023	$	804,203
Repayments		-
Interest expense		161,186
Change in estimated amount or timing of cash flows		-
Balance, December 31, 2023	**$**	**965,389**

There are 4,999,933 Class B Preferred Shares (the "Preferred Shares") outstanding. The Preferred Shares are non-voting, and the holders are entitled to receive a pro rata annual cumulative return of capital of an amount equal to 10% of the Company's

(Unaudited, in Canadian Dollars)

15. Class B Preferred Shares (continued)

subsidiary, AgMedica's, free cash flow during that fiscal year, based on AgMedica's annual financial statements, with payment to be rendered within 60 days after AgMedica issues its annual financial statements.

The Preferred Shares become automatically redeemable by the Company for nil proceeds on the date on which the entire principal amount of $4,999,933 has been returned to the holders of the Preferred Shares by way of the preferential return of capital described above, or any other distributions of capital.

The Company has determined that the Preferred Shares are a financial liability, as the Company has a contractual obligation to deliver cash. The Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate free cash flow. The Company recognized the Preferred Shares at their fair value of $1,145,496 on the acquisition date which was determined based on expected cash flows and a discount rate of 25.00%. The Preferred Shares are subsequently measured using amortized cost, whereby the Company recognizes interest expense using the effective interest rate, and then determines the revised carrying value by reassessing the expected amount and timing of the cash payments and discounting them using the original effective interest rate. Any difference between the old carrying amount and the new carrying amount is recognized in the consolidated statement of loss and comprehensive loss.

During the three and nine month periods ended December 31, 2023 the Company recorded interest accretion expense using the effective interest rate of 25% of $161,186.

16. Shareholder Loans

Balance, March 31, 2023	$	633,009
Advances		12,955
Interest expense		81,487
Changes in estimated amount or timing of cash flows		-
Foreign exchange		(30,811)
Balance, December 31, 2023	**$**	**696,640**

The shareholder loans are repayable based on 50% of the excess cash balance at each month end. During the nine-month period ended December 31, 2023, the Company received advances from its shareholders of $84,533, the fair value of which was $12,955 based on a discount rate of 20.28%. The difference between the cash advanced and the fair value was recorded as a contribution from shareholders of $71,578 in the statement of changes in shareholders' equity. One of the loans was advanced by a member of the Company's advisory board. Refer to Note 21.

17. Share Capital

(a) Authorized and issued

(b) Unlimited common shares without par value.

(b) Share continuity

The Company's share capital continuity consists of:

	Number of common shares		
Balance, March 31, 2023	151,066,781	$	25,398,660
Shares issued in business combination (Note 4)	7,612,358		2,521,118
Balance, December 31, 2023	**158,679,139**	**$**	**27,919,778**

(Unaudited, in Canadian Dollars)

18. Revenues

The Company generates revenue from the cultivation, distribution, wholesale and pharmaceutical dispensing of cannabis and cannabis related products within the domestic and international markets ("Cannabis revenue") as well as non-cannabis medicines and over the counter consumer packaged goods at its pharmacy locations in Israel ("Non-cannabis revenue").

The following table represents the revenue breakdown by type of goods and services for the three and nine months ended December 31, 2023:

		Three months ended December 31, 2023		Nine months ended December 31, 2023
Cannabis revenue	$	9,137,835	$	22,766,983
Less: excise taxes		1,220,225		3,087,896
Net cannabis revenue		7,917,610		19,679,087
Non-cannabis revenue		679,223		1,861,805
Net revenue	**$**	**8,596,833**	**$**	**21,540,892**

The following table represents the net revenue breakdown based on the customer's geographical region for the three and nine months ended December 31, 2023:

		Three months ended December 31, 2023	%		Nine months ended December 31, 2023	%
Domestic revenues	$	2,297,740	27%	$	7,768,327	36%
International revenues:						
Oceania		3,522,100	41%		6,606,648	31%
Asia		2,049,312	24%		5,371,227	25%
Europe		727,681	8%		1,794,690	8%
Net revenue	**$**	**8,596,833**	**100%**	**$**	**21,540,892**	**100%**

(Unaudited, in Canadian Dollars)

19. Operating Expenses

	Three months ended December 31, 2023	Three months ended December 31, 2022	Nine months ended December 31, 2023	Twelve months ended December 31, 2022
Salaries, wages and other employee benefits	**$ 1,409,499**	$ 430,177	**$ 6,074,021**	$ (1,217)
Commissions	**24,654**	-	**30,883**	-
Equipment costs	**18,762**	-	**110,682**	-
Legal and professional fees	**1,199,300**	17,723	**2,139,990**	483,602
Consultants	**243,765**	-	**1,050,291**	-
Facility expenses	**408,331**	-	**1,356,676**	-
Insurance	**148,484**	-	**664,007**	-
Marketing and promotion	**57,418**	-	**246,123**	-
Office expenses	**274,467**	2,298	**913,893**	3,306
Travel and other employee expenses	**62,914**	-	**198,870**	16,287
Bank and payment processor fees	**10,170**	-	**24,660**	-
Research and development	**65,607**	-	**230,280**	-
Company acquisition expenses	**-**	-	**285,267**	1,151,278
Bad debts	**1,537,607**	-	**1,460,675**	-
Other expenses	**8,994**	1,561	**8,994**	10,676
Share based compensation	**77,243**	8,862	**222,912**	36,292
Listing expense	**-**	1,117,225	**-**	1,117,225
Depreciation	**1,194,078**	-	**3,605,700**	-
Total operating expenses	**$ 6,741,293**	$ 1,577,846	**$ 18,623,924**	$ 2,817,449

20. Share Based Compensation

(a) Options

The Company (formerly Silver Phoenix) has in place a long term incentive plan which is aimed at retention, motivation and alignment with the Company of its Directors, Officers, employees, and consultants, who may be granted options to acquire common shares. The plan is administered by the Company's Board of Directors, which approves the terms of option grants, including the exercise price per share, term of the option, and vesting periods. The maximum number of common shares authorized for issuance under the plan is 10% of the issued and outstanding common shares.

A continuity of options and the total options which are outstanding as of December 31, 2023, is as follows:

	Number of Options	Weighted average exercise price per option
Options outstanding as at March 31, 2023	13,434,759	$ 0.80
Forfeited	(2,053,433)	$1.00
Options outstanding as at December 31, 2023	**11,381,326**	**$0.76**

(b) RSUs

The Company has entered into agreements with certain of its Directors and key management team to issue share grants, each of which represents a contingent right to receive 1 common share. Provided that the holder of the share grants continues to be actively engaged in providing ongoing services to the Company, their entitlement to exchange their share grants for common shares will vest with the passage of time on vesting dates as determined by the Board of Directors. On each vesting date, the share grants are converted into equivalent number of common shares.

(Unaudited, in Canadian Dollars)

20. Share Based Compensation (continued)

(b) RSU's (continued)

RSUs outstanding as of December 31, 2023, is as follows:

	Number of RSUs	Weighted average remaining in years
RSUs outstanding as at March 31, 2023	600,000	2.50
Forfeited	(300,000)	
RSUs outstanding as at December 31, 2023	**300,000**	**1.75**

21. Related Party Transactions

The Company has transactions with related parties, as defined in IAS 24 Related Party Disclosures, all of which are undertaken in the normal course of business.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, Corporate Officers, and Advisors.

The remuneration of key management personnel made during the three, nine and twelve months ended December 31, 2023 and 2022:

	Three months ended December 31, 2023	Three months ended December 31, 2022	Nine months ended December 31, 2023	Twelve months ended December 31, 2022
Salaries, wages and benefits	**$ 338,519**	$ -	**$** 929,154	$ -
Share-based compensation expense	**36,426**	-	100,375	-
Professional fees	**166,171**	-	504,508	-
Other	**28,328**	-	160,256	-
Total	**$ 569,444**	$ -	**$ 1,694,293**	$ -

As at December 31, 2023, the Company has a payable to key management personnel of $166,396 (December 31, 2022 - $nil) is for accrued bonus, vacation amounts and expense reimbursements. These amounts are included in trade and other payables.

During the nine month period ended December 31, 2023, pursuant to a purchase agreement between Cambrosia Ltd. and the vendors of its majority interest in a pharmacy in Israel entered into prior to the reverse takeover transaction in December 2022, one member of the Issuer's advisory board (and former vendor of that majority interest and continuing director thereof) advanced the pharmacy the sum of $12,967 by way of shareholder loan, repayable with monthly cash flows of the pharmacy. Refer also Note 16.

(Unaudited, in Canadian Dollars)

22. Net Finance Costs

The Company incurred net finance costs as detailed below for the three and nine months ended December 31, 2023 and three and twelve months December 31, 2022

	Three months ended December 31, 2023	Three months ended December 31, 2022	Nine months ended December 31, 2023	Twelve months ended December 31, 2022
Interest expense on the debt (Note 13)	**$ 631,001**	$ -	**$ 2,060,246**	$ -
Interest expense on lease liabilities (Note 14)	**47,407**	-	**104,851**	-
Interest expense on Class B – Preferred shares, net of changes to carrying value due to revised cash flows (Note 15)	**57,227**	-	**161,186**	-
Interest expense on shareholder loans, net of change to carrying value due to revised cash flows (Note 16)	**23,842**	-	**81,487**	-
Change in fair value of put option liability (Note 26)	**84,164**	-	**270,781**	-
Interest expense on factoring liabilities (Note 14)	**115,508**	-	**261,183**	-
Other finance costs	**489,197**	1,561	**1,025,207**	1,700
Finance expense, net	**$ 1,448,346**	$ 1,561	**$ 3,964,941**	$ 1,700

23. Loss per Share

Approximately 11,681,326 of potentially dilutive securities as at December 31, 2023 (December 31, 2022 – 13,434,759) were excluded in the calculation of diluted loss per share as their impact would have been anti-dilutive.

24. Changes in Non-Cash Working Capital Items

	Nine months ended December 31, 2023	Twelve months ended December 31, 2022
Trade and other receivables	**$ (194,038)**	$ 1,000,274
Deposits and prepaid expenses	**211,253**	278,654
Inventories	**10,279,907**	-
Biological assets	**(7,416,059)**	-
Trade and other payables	**8,233,491**	309,736
Deferred revenue	**(28,931)**	-
Total	**$ 11,085,623**	$ 1,588,664

Non-cash transactions:

	Nine months ended December 31, 2023	Twelve months ended December 31, 2022
Leases	**$ 124,532**	$ -
Promissory notes	**$ 194,409**	$ -

(Unaudited, in Canadian Dollars)

25. Capital Management

The Company's objective when managing its capital is to ensure sufficient debt and equity financing is available to fund its planned operations in a way that maximizes returns for shareholders and other stakeholders. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets.

The Company considers its capital under management as at December 31, 2023 to be debt, Class B preferred shares and equity, as shown below:

		December 31, 2023		March 31, 2023
Term debt	**$**	**21,121,461**	$	25,892,606
Shareholder loans		**696,640**		633,009
Put option liability		**1,823,464**		1,552,683
Class B preferred shares		**965,389**		804,203
Total debt		**24,606,954**		28,882,501
Equity		**10,110,724**		9,132,359
Total capital	**$**	**34,717,678**	$	38,014,860

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future planned operations of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative stage of the Company, is reasonable.

The Company is subject to externally imposed capital requirements in the form of debt covenants which were not met at December 31, 2023. Refer to Note 13.

26. Financial Instruments

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis.

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to their short-term to maturity. The carrying value of the debt and equipment financings approximate their fair value as the loans were recognized at fair value in the business combination discussed in Note 4.

The contingent consideration (Note 4) is measured at fair value and is a Level 3 measurement.

Simultaneously with the closing of the Pharmacy Acquisitions, the Company was granted a call right that allows the Company to purchase all, and only all, the remaining shares in the Pharmacy Acquisitions for a 30-day period following the approval of the pharmacies' 2024 audited financial statements at a purchase price of 3x EBITDA. Following the expiry of the call option, the selling shareholders have the right to put all, and only all, of their shares to the Company for a 30-day window at a purchase price of 2x EBITDA. The Company has measured the put liability at the call price and has elected not to recognize the associated non-controlling interest.

The put option liability is measured at fair value and is a Level 3 measurement.

		December 31, 2023		
		Contingent consideration		Put option liability
Balance, March 31, 2023	$	-	$	1,552,683
Issued in a business combination (Note 4)		308,562		-
Change in fair value		(131,925)		270,781
Balance, December 31, 2023	**$**	**176,637**	**$**	**1,823,464**

(Unaudited, in Canadian Dollars)

26. Financial Instruments (continued)

		December 31, 2023		April 28, 2023		March 31, 2023
Key inputs						
Contingent consideration						
Share price	**$**	**0.15**	$	0.44	$	-
Volatility		**160%**		100%		
Put option liability						
Discount rate		**11.23%**				13.85%
Estimated EBITDA at date of exercise	**$**	**700,000**	$	-	$	700,000

27. Segmented Information

The Company operates as a single segment entity. The Company's revenue by geographic region is disclosed in Note 18. The Company's non-current assets by geographic region is as follows:

		Non-current assets
Canada	$	39,082,268
Israel		1,612,656
Total	**$**	**40,694,924**

The Company operates as a single segment entity.

28. Subsequent Events

Harmony Acquisition

On February 5, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of one trading house and two additional purpose-built cannabis pharmacies in Israel (the "Harmony Acquisition"). In anticipation of the completion of the transaction, Cambrosia, extended loans to Harmony in the amount of NIS 1,000,000 (CAD 325,785) as at March 31, 2023.

During the 2024 fiscal year, the Company advanced a further NIS 400,000 (CAD 146,600) and also entered into revenue transactions with Harmony.

Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction was not completed by the date prescribed for completion in the definitive agreement.

On December 20, 2023, the Company filed a lawsuit against Harmony and its four founders in the District Court of Tel Aviv, seeking various remedies including repayment of a loan in the amount of NIS 1,431,838 (approx. CAD $524,768) of which NIS 1,000,000 (CAD $325,785) was advanced by March 31, 2023.

As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company's request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD $783,293), on each of the accounts of all 6 defendants. Following a request by the Company, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD $1,206,431) in each account.

28. Subsequent Events (continued)

High Times Acquisition

On May 17, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of an Israeli private limited liability company operating a medical cannabis pharmacy. The consideration consisted of 1,132,000 common shares of Atlas and NIS 650,000 (approx. CAD $238,743). This amount was advanced as a loan ahead of the closing of the acquisition on June 6, 2023. The cash consideration may be increased by up to NIS 2,050,000 upon the Pharmacy's revenue and profitability exceeding certain prescribed amounts for the financial years completed December 31, 2023 to 2025. The shares will be subject to a lock-up period of 36 months during which 15% shall be released every six months, commencing on the six-month anniversary of the closing.

The acquisition also included a call option whereby Atlas Global can acquire, and the vendor has a put option to sell, the remaining 49% interest in the pharmacy at a price equal to the revenue of the twelve-month period ended September 30, 2026, multiplied by 0.7. The put option is subject to satisfaction of conditions of profitability and good corporate standing.

As of the date of issuance of these financial statements and subsequent to December 31, 2023, the agreement was terminated pursuant to its terms. The Company and the vendor have agreed to settle the balance owing of 650,000 NIS for NIS 400,000 (approx. CAD $146,920).

Factoring Agreement updates

On September 9, 2023, the Company amended the factoring arrangement discussed in Note 12 to include the sale of certain purchase orders which, once the purchase order is fulfilled, convert into a sold receivable. Amounts advanced on the sale of purchase orders is 65%. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility.

In March 2024, the Canada Revenue Agency (the "CRA") issued Requirements to Pay to various provincial wholesalers requiring the provincial wholesaler to remit to the CRA 50% of the amounts owing to the seller for non-payment of excise taxes. As a result, on April 29, 2024, certain of the accounts receivable subject to the factoring arrangement disclosed in Note 12 have been or are expected to be paid by provincial wholesalers to the CRA, resulting in several material breaches under the factoring arrangement. The Company is working with the counterparty to cure the breaches within the terms of the agreement.

New Loan

On February 6, 2024, the Company borrowed NIS 3,000,000 ($1,100,000 CAD) from a shareholder, with an interest rate of Israeli prime plus 3.75%, with a floor of 9.75%. In addition, the Company agreed to issue 3,693,444 common shares to the lender upon and subject to the revocation of the failure to file cease trade order imposed by the Ontario Securities Common as principal regulator on August 8, 2023. The loan is further secured by a pledge of the Company's interest in its three pharmacies located in Israel, which, the shareholder has the right to enforce should the cease-trade order not be lifted by May 15, 2024. On May 14, 2024, the Ontario Securities Commission, as principal regulator of the Company, issued an order partially revoking the failure to file cease trade order which allowed the Company to issue 3,693,444 common shares to the lender.

War in Gaza

On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in Gaza strip. The Company is continuing with its operations both in Israel and globally, as the state of war had no substantial impact on its operations or business results. The Company continues to assess the effects of the state of war on its financial statements and business.

28. Subsequent Events (continued)

Legal Claims

In January 2024, the Company was served with a claim related to the termination of a consultant which occurred in June 2023. The Company believes that it had appropriate cause for termination and that an economic outflow associated with this claim is unlikely.

On April 22, 2024, the Receiver of the Atlas Subsidiaries (see Note 5) filed a statement of claim against GreenSeal for a judgement in the amount of $351,712.50 including interest and costs for cannabis products allegedly purchased by GreenSeal from the Atlas Subsidiaries. GreenSeal is assessing the merits of the claim. The Company's estimate of the amounts owing have been recorded in the financial statements.

Failure to File Cease Trade

On August 8, 2023, the OSC, as the principal regulator, issued a failure to file cease trade order (the "FFCTO"), upon the Company's failure to file the annual audited financial statements and related MD&A and certifications (the "Annual Filings") by July 31, 2023,As a consequence of the delay in completing the Annual Filings, the Company is also delayed in filing its interim financial report and related management's discussion and analysis and certifications for the interim periods ended June 30, 2023, September 30, 2023 and December 31, 2023 . The Annual Filings were completed April 9, 2023.

The FFCTO prohibits the trading by any person of any securities of the Company in each jurisdiction in Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 – Failure-to-File Cease Trade Orders in Multiple Jurisdictions applies, including trades in the Shares made through the CSE, for as long as the FFCTO is in effect, with limited exceptions.