



Greenway
Greenhouse
Cannabis
Corporation

**GREENWAY GREENHOUSE CANNABIS
CORPORATION**

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Six
Months Ended
September 30, 2022

(Unaudited – In Canadian Dollars)

NOTICE TO READER

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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of 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 interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor

Greenway Greenhouse Cannabis Corporation

Condensed Interim Statements of Financial Position

(Unaudited - in Canadian dollars)

		September 30, 2022	March 31, 2022
	Notes	\$	\$
Assets			
Current assets			
Cash		4,666,407	7,480,082
Accounts receivable		794,775	288,634
Government remittances receivable		303,029	325,196
Inventory	4	2,595,963	2,325,518
Biological assets	5	440,509	459,442
Prepaid expenses and deposits		182,012	109,346
		8,982,695	10,988,218
Property, plant and equipment	6	32,344,243	24,643,771
		41,326,938	35,631,989
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	5,160,936	2,097,258
Current portion of lease liabilities	7	343,322	221,000
Current portion of long-term debt	8	5,388,333	5,653,170
		10,892,591	7,971,428
Lease liabilities	7	8,842,293	5,900,370
Long-term debt	8	4,930,224	4,900,000
		24,665,108	18,771,798
Shareholders' Equity			
Share capital	9	23,697,389	23,697,389
Warrants reserve	14	165,690	165,690
Share-based payments reserve	13	5,152,066	4,845,891
Deficit		(12,353,315)	(11,848,779)
		16,661,830	16,860,191
		41,326,938	35,631,989

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors

/s/ Jamie D'Alimonte Director

/s/ Darren Peddle Director

Greenway Greenhouse Cannabis Corporation
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - in Canadian dollars)

	Notes	For the three months ended September 30,		For the six months ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
Revenue		1,264,219	1,156,930	3,227,928	1,156,930
Cost of sales					
Cost of goods sold	10	710,795	527,776	1,827,596	527,776
Amortization	6	244,314	96,891	503,064	96,891
Gross profit before fair value adjustments		309,110	532,263	897,268	532,263
Fair value adjustment on sale of inventory	4	(293,944)	(800,690)	(547,874)	(800,690)
Fair value adjustment on growth of biological assets	5	586,650	6,098	1,092,919	762,377
Gross profit		601,816	(262,329)	1,442,313	493,950
Operating Expenses					
General and administration	15	353,585	210,405	680,106	446,548
Amortization	6	126,243	294,255	252,486	374,510
Share-based compensation	13	213,050	24,400	307,450	61,285
Professional fees		49,244	69,563	98,813	133,499
Marketing and sales		56,372	49,719	137,096	75,552
Research and development		-	27,023	-	47,278
Transaction costs		34,528	171,910	34,528	191,425
		833,022	847,275	1,510,479	1,330,097
Operating loss		(231,206)	(1,109,604)	(68,166)	(836,147)
Interest expense	7,8,10	(284,229)	(221,000)	(562,645)	(426,195)
Rental income	7,10	62,500	62,500	125,000	125,000
Loss and comprehensive loss		(452,935)	(1,268,104)	(505,811)	(1,137,342)
Weighted average number of common shares - basic		130,924,747	121,671,149	130,924,747	133,245,926
Weighted average number of common shares - diluted		130,924,747	121,671,149	130,924,747	133,245,926
Loss per share - basic	16	(0.00)	(0.01)	(0.00)	(0.01)
Loss per share - diluted	16	(0.00)	(0.01)	(0.00)	(0.01)

The accompanying notes are an integral part of the financial statements.

Greenway Greenhouse Cannabis Corporation
Condensed Interim Statements of Changes in Equity
(Unaudited - in Canadian dollars)

For the six months ended September 30, 2021	Notes	Number of common shares	Share capital amount \$	Warrants reserve \$	Share-based payments reserve \$	Deficit \$	Total \$
Balance, March 31, 2021		171,681,566	13,728,767	-	5,460,857	(8,925,865)	10,263,759
Private placement, net of issuance costs		2,458,000	1,212,786	-	-	-	1,212,786
Shares cancelled		(52,507,547)	-	-	-	-	-
Stock options exercised		200,000	140,000	-	(90,000)	-	50,000
Share-based payments	13	-	-	-	61,285	-	61,285
Net loss		-	-	-	-	(1,137,342)	(1,137,342)
Balance, September 30, 2021		121,832,019	15,081,553	-	5,432,142	(10,063,207)	10,450,488

For the six months ended September 30, 2022	Notes	Number of common shares	Share capital amount \$	Warrants reserve \$	Share-based payments reserve \$	Deficit \$	Total \$
Balance, March 31, 2022		130,924,747	23,697,389	165,690	4,845,891	(11,848,779)	16,860,191
Share-based payments	13	-	-	-	307,450	-	307,450
Stock options expired		-	-	-	(1,275)	1,275	-
Net loss		-	-	-	-	(505,811)	(505,811)
Balance, September 30, 2022		130,924,747	23,697,389	165,690	5,152,066	(12,353,315)	16,661,830

The accompanying notes are an integral part of the financial statements.

Greenway Greenhouse Cannabis Corporation

Condensed Interim Statements of Cash Flows

(Unaudited - in Canadian dollars)

	Notes	For the three months ended		For the six months ended	
		September 30,		September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Cash provided by (used in) operating activities:		(452,935)	(1,267,652)	(505,811)	(1,137,342)
Net income (loss) for the period					
Items not affecting cash	6	370,557	294,255	755,550	374,510
Amortization	13	213,050	24,400	307,450	61,285
Share-based compensation	8	9,777	9,778	19,554	19,554
Amortization of deferred financing fees	7	129,652	85,477	260,463	155,930
Accretion on lease liabilities	4	293,944	800,690	547,874	800,690
Fair value adjustment on sale of inventory	5	(586,650)	(6,098)	(1,092,919)	(762,377)
Fair value adjustment on growth of biological assets					
Changes in non-cash working capital					
Decrease (increase) in:		384,358	(890,037)	(506,141)	(890,037)
Accounts receivable		(251,837)	34,928	22,167	(78,751)
Government remittances receivable		(67,256)	4,127	244,022	(651,709)
Inventory and biological assets		(127,816)	12,854	(72,666)	6,004
Prepaid expenses and deposits					
Increase (decrease) in:		294,624	733,058	1,358,848	668,539
Accounts payable and accrued liabilities		209,468	(164,220)	1,338,391	(1,433,704)
Cash used in investing activity		(636,062)	(156,688)	(3,472,899)	(737,680)
Purchase of property, plant and equipment, net of recovery					
Cash provided by (used) in financing activities	7	(212,500)	(137,500)	(425,000)	(250,000)
Payment of lease liabilities	8	(101,667)	(101,667)	(254,167)	(101,667)
Proceeds from (repayments of) long-term debt	9	-	50,000	-	1,157,286
Private placement, net of issuance costs		(314,167)	(189,167)	(679,167)	805,619
Net increase (decrease) in cash		(740,761)	(510,075)	(2,813,675)	(1,365,765)
Cash, beginning of period		5,407,168	2,600,865	7,480,082	3,456,555
Cash, end of period		4,666,407	2,090,790	4,666,407	2,090,790

The accompanying notes are an integral part of the financial statements.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

1. Nature of operations

Greenway Greenhouse Cannabis Corporation (the "Company") is licensed to cultivate, process and sell (B2B) under the Cannabis Act, having obtained its Standard Nursery Licence on July 24, 2020 and its Standard Cultivation Licence on February 5, 2021. The Company's nursery facility is located in Kingsville, Ontario, and its flowering and processing facility is located in Leamington, Ontario. The business model is to supply bulk packaged, high quality cannabis to the Canadian cannabis industry at prices that ultimately provide a value proposition to the consumers. The Company is a majority-owned subsidiary of Sunrite Greenhouses Ltd. (the "Parent Company")

The address of the Company's registered office is 1478 Seacliff Drive, Kingsville, Ontario N9Y 2M2. The Company is a reporting issuer in the Province of Ontario and its common shares (the "Common Shares") are currently listed on the Canadian Securities Exchange ("CSE") under the symbol "GWAY".

These financial statements were approved by the Board of Directors on November 28, 2022.

2. Basis of presentation and going concern

a) Statement of compliance

The Company's condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended March 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of presentation and measurement

These financial statements have been prepared on a historical cost except for certain financial instruments and biological assets, which are measured at fair value less costs to sell, and inventory which is recorded at the lower of cost and net realizable value, as detailed in the Company's accounting policies.

c) Functional currency

All figures presented in the financial statements are reflected in Canadian dollars, which is the Company's functional currency.

Foreign currency transactions are translated to the functional currency of the Company at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

Greenway Greenhouse Cannabis Corporation
Notes to the Condensed Interim Financial Statements
For the three and six months ended September 30, 2022 and 2021
(Unaudited - in Canadian dollars)

2. Basis of presentation and going concern (continued)

d) Going concern

These financial statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of its operations. The Company has insufficient cash to fund its planned capital investments and operations for the next twelve months. The Company's ability to continue as a going concern is dependent upon its ability to obtain sufficient additional funding and to generate sufficient revenues and positive cash flows from its operating activities to meet its obligations and fund its planned investments and operations. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern.

The Company will require revenue from its products and new financing to continue as a going concern in its present form. However, there can be no assurance that the Company will achieve such results. These financial statements do not include any adjustments related to recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that discharge its liabilities is dependent on its ability to obtain additional financing.

In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. If the going concern assumption was not appropriate for these financial statements, then adjustments would likely be necessary in the carrying amounts of assets and liabilities, expenses, the accumulated deficit and the classification used in the consolidated statement of financial position. These adjustments could be material.

3. Significant accounting policies

These condensed interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended March 31, 2022. For comparative purposes, the Company has reclassified certain immaterial items on the condensed interim statements of financial position and the condensed interim statements of income (loss) and comprehensive income (loss) to conform with the current period's presentation.

4. Inventory

The following is a summary of inventory activity for the six months ended September 30, 2022:

Balance at March 31, 2022	2,325,518
Transferred from biological assets on harvest	2,510,002
Processing costs capitalized	584,530
Inventory sold – cash and amortization costs	(2,276,213)
Biological transformation adjustment relieved from inventory	(547,874)
Balance at September 30, 2022	\$ 2,595,963

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

4. Inventory (continued)

As of September 30, 2022, and March 31, 2022, inventory consisted of:

	September 30, 2022	March 31, 2022
Inventory finished goods, dried flower	2,404,466	1,796,557
Inventory-in-process, dried flower	191,497	528,961
Balance	\$ 2,595,963	2,325,518

During the three and six months ended September 30, 2022, the Company incurred \$955,109 and \$2,330,660, respectively, of cost of sales (2021 - \$624,667 and \$624,667). Included in cost of sales for the three and six months ended September 30, 2022, is \$683,052 and \$1,773,149, respectively, of cash inventory expenses (2021 - \$475,682 and \$475,682), \$244,314 and \$503,064, respectively, of amortization inventory expenses (2021 - \$96,891 and \$96,891), \$27,743 and \$46,075, respectively, of shipping expenses (2021 - \$20,100 and \$20,100), and \$nil and \$8,372, respectively, of repairs and maintenance (2021 - \$31,994 and \$31,994).

5. Biological assets

Biological assets are comprised of cannabis plants undergoing biological transformation. The changes in the carrying value of biological assets are as follows:

March 31, 2022	\$ 459,442
Capitalized costs	1,398,150
Increase in fair value due to biological transformation	1,092,919
Less: transformation into inventory	(2,510,002)
September 30, 2022	\$ 440,509

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price less costs to sell per gram.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from the vegetation stage to the point of harvest and assumes the value of clones is nominal.

Biological assets as at September 30, 2022 include \$41,040 (2021 - \$74,663) of amortization expense.

The following table quantifies each significant unobservable input:

	2022	2021
Weighted average expected loss of plants until harvest	1%	1%
Expected dry-bud yield (average grams per plant)	175 grams	200 - 300 grams
Expected average number of growing weeks	14 weeks	14 - 18 weeks
Estimated selling price of dry bud (per gram)	\$1.20	\$1.40
Post-harvest cost to complete and sell (per gram)	\$0.35	\$0.25

These estimates, by their nature, are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

5. Biological assets (continued)

The following table presents the effect of a 10% change in each respective input on the fair valuation of biological assets at September 30, 2022 which would be reported on the statements of loss and comprehensive loss:

	2022	2021
	\$	\$
Weighted average expected loss of plants until harvest	445	842
Expected dry-bud yield (average grams per plant)	44,051	83,394
Expected number of growing weeks	40,046	56,862
Estimated selling price of dry bud (per gram)	51,752	85,293
Post-harvest cost to complete and sell (per gram)	15,094	15,231

6. Property, plant, and equipment

	Land	Greenhouse	Building	Warehouse equipment	Leasehold improvements	Production equipment	Office furniture and computer equipment	Right-of-use assets	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$
March 31, 2021	562,300	7,484,506	203,600	101,800	10,335,615	106,477	29,476	3,042,478	21,866,252
Additions	—	—	—	—	1,721,957	77,448	168,400	3,448,174	5,415,979
Recoveries	(11,001)	(142,174)	(3,200)	(1,600)	(56,370)	—	(30,000)	—	(244,345)
March 31, 2022	551,299	7,342,332	200,400	100,200	12,001,202	183,925	167,876	6,490,652	27,037,886
Additions	—	—	—	—	5,131,781	45,948	—	3,228,782	8,406,511
Sept 30, 2022	551,299	7,342,332	200,400	100,200	17,132,983	229,873	167,876	9,719,434	35,444,397
Accumulated amortization									
March 31, 2021	—	748,450	25,450	20,360	70,420	4,259	18,549	291,571	1,179,059
Amortization	—	302,224	10,260	8,208	569,268	11,616	3,315	310,165	1,215,056
March 31, 2022	—	1,050,674	35,710	28,568	639,688	15,875	21,864	601,736	2,394,115
Amortization	—	146,846	5,010	4,008	283,012	8,275	1,658	257,230	706,039
Sept 30, 2022	—	1,197,520	40,720	32,576	922,700	24,150	23,522	858,966	3,100,154
Net book value									
March 31, 2021	562,300	6,736,056	178,150	81,440	10,265,195	102,218	10,927	2,750,907	20,687,193
March 31, 2022	551,299	6,291,658	164,690	71,632	11,361,514	168,050	146,012	5,888,916	24,643,771
Sept 30, 2022	551,299	6,144,812	159,680	67,624	16,210,283	205,723	144,354	8,860,468	32,344,243

Of the amortization incurred during the three and six months ended September 30, 2022, \$126,243 and \$252,486, respectively, has been allocated to operating expenses (2021 - \$294,255 and \$374,510), and \$244,314 and \$503,064, respectively, to cost of sales (2021 - \$96,891 and \$96,891). During the three and six months ended September 30, 2022, the Company capitalized \$2,630,919 and \$5,131,781, respectively, of expenses that are considered construction-in-progress that have been grouped with leasehold improvements. The above recoveries for land, greenhouse, building and warehouse equipment are regarding a refund of land transfer taxes. The recovery for leasehold improvements is regarding a government grant, net of applicable costs.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

7. Lease liabilities

The Company leases a greenhouse facility from Via Verde Hydroponics Ltd., a company related by way of common ownership with the majority shareholders of the Company. The lease term for the greenhouse is 20 years, maturing on April 30, 2039. In April 2022, the Company exercised its right to expand the leased space to an aggregate of approximately 167,000 square feet. The Company also leases a nursery facility from Sunrite Greenhouses Ltd., the majority shareholders of the Company. The lease term for the greenhouse is 18 years, maturing on April 30, 2039.

March 31, 2021	\$	2,873,478
Additions		3,448,174
Lease payments		(525,000)
Interest expense		324,718
March 31, 2022		6,121,370
Additions		3,228,782
Lease payments		(425,000)
Interest expense		260,463
September 30, 2022	\$	9,185,615

For the three and six months ended September 30, 2022, the Company recognized an interest expense on lease liabilities in the amount of \$129,652 and \$260,463, respectively, (2021 - \$85,477 and \$155,930) in the statements of loss and comprehensive loss.

The Company recognized cash outflow for lease payments of \$212,500 and \$425,000, respectively, for the three and six months ended September 30, 2022 (2021 - \$137,500 and \$250,000) in the statements of cash flows.

The Company used an incremental borrowing rate of 5.50% at the date of the initial application, for both the greenhouse and nursery leases. For the new square footage leased as of April 2022, the Company used an incremental borrowing rate of 5.95%.

A maturity analysis of lease liabilities as at September 30, 2022 is as follows:

	\$
Year ending March 31, 2023	425,000
Year ending March 31, 2024	850,000
Year ending March 31, 2025	850,000
Year ending March 31, 2026	850,000
Year ending March 31, 2027	850,000
Thereafter	10,295,833
	14,120,833
Interest due over the term of the lease	4,935,218
	9,185,615
Less: Current portion	343,322
	8,842,293

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

8 Long-term debt

	September 30, 2022	March 31, 2022
	\$	\$
Bank Credit Facility - \$6,100,000 - Canadian prime interest rate plus applicable margin, 3-year term, with a 10-year amortization, monthly principal payments of \$50,833 plus interest payments commencing July 2021, due in December 2022	5,388,333	5,642,500
		—
		—
Subordinated Credit Facility - \$4,900,000 - 5.50%, with a 10-year amortization, monthly principal payments of \$40,833 plus interest payments, commencing April 2024	4,900,000	4,900,000
Other	40,000	40,000
	10,328,333	10,582,500
Deduct		
Unamortized financing fees on bank credit facility	9,776	29,330
Principal portion included in current liabilities	5,388,333	5,653,170
	4,930,224	4,900,000

Total long-term debt repayments are as follows:

	\$
Next 12 months	5,388,333
2 years	530,000
3 years	490,000
4 years	490,000
5 years	490,000
Thereafter	2,940,000
Balance of obligation	10,328,333

The bank credit facility of \$6,100,000 was entered into on December 18, 2019 and is secured by a first charge on all assets of the Company. Repayments on the committed facility were interest-only (currently prime + 2.25%) until June 30, 2021 and principal payments commenced in July 2021 with a straight-line amortization of 10 years. Under the terms of the facility, the Company must satisfy certain restrictive covenants. The Company was not in compliance with these covenants as at September 30, 2022. Financing fees of \$74,955 were incurred related to this debt. These costs have been deferred and are amortized over the term of the debt. The lender provided an extension to February of 2023 for the purpose of disposing of the Company's surplus greenhouse and repaying the full balance.

The subordinated credit facility of \$4,900,000 is owed to the majority shareholder, Sunrite Greenhouses Ltd. and is secured by a second charge on all assets of the Company. Payments on the subordinated facility are interest-only until April 1, 2023. The proceeds of this facility were partially utilized to repay the \$3,900,000 financing originally provided by Via Verde Hydroponics Ltd.

During the three and six months ended September 30, 2022, interest expense on long-term debt amounted to \$162,719 and \$305,542, respectively, (2021 - \$135,591 and \$270,386) and deferred financing fees of \$9,777 and \$19,554, respectively, (2021 - \$9,778 and \$19,554) were recognized on the statements of loss and comprehensive loss.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

9. Share capital

Authorized

An unlimited number of common shares

Issued

There are 130,924,747 common shares issued and outstanding at September 30, 2022 (March 31, 2022 – 130,924,747).

Activity

During the three and six months ended September 30, 2022, there was no activity.

10. Related party transactions

Key management personnel are the officers and directors of the Company. Management and directors' fees and share-based compensation for the three and six months ended September 30, 2022 and 2021, are summarized as follows:

	For the three months ended September 30		For the six months ended September 30	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and directors' fees	120,350	52,910	231,985	98,127
Share-based compensation	148,700	24,400	227,200	48,800
	269,050	77,310	459,185	146,927

The Company identifies the following as related parties:

Related party	Description	Relationship
Sunrite Greenhouses Ltd.	Hydroponic Cultivation	Majority Shareholder of the Company
Via Verde Hydroponics Ltd.	Hydroponic Cultivation	Common Ownership with Majority Shareholder
Del Fresco Produce Ltd.	Produce Marketer	Common Ownership with Majority Shareholder
Delfresco Express Ltd.	Produce Distribution	Common Ownership with Majority Shareholder

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

10. Related party transactions (continued)

The Company shares certain economic resources with related parties resulting in the following expenses billed in the three and six months ended September 30, 2022 and 2021, from related parties:

Description	Related Party		For the three months ended September 30		For the six months ended September 30	
			2022	2021	2022	2021
			\$	\$	\$	\$
General labour	Via Verde Hydroponics Ltd.	Cost of sales	106,755	167,415	206,255	519,504
General labour	Sunrite Greenhouses Ltd.	Cost of sales	35,975	26,775	70,770	107,479
Utilities	Via Verde Hydroponics Ltd.	Cost of sales	39,049	51,975	150,987	143,912
Administrative Wages	Del Fresco Produce Ltd.	General and admin	27,025	15,226	52,025	20,846
Insurance	Via Verde Hydroponics Ltd.	General and admin	3,109	9,400	12,437	15,100
Executive wages	Del Fresco Produce Ltd.	General and admin	27,500	43,800	55,000	64,017
Interest	Sunrite Greenhouses Ltd.	Interest expense	67,375	67,375	134,750	134,750

The Company has entered into a lease for approximately 57,000 square feet of greenhouse and warehouse space with Via Verde Hydroponics Ltd. The lease agreement commenced May 1, 2019 and the annual rent is \$250,000. As of April 1, 2022, the Company exercised its right to expand the leased greenhouse space for an additional 125,000 square feet for an incremental annual rent of \$300,000. The Company has also entered into a lease for approximately 10,000 square feet of warehouse space with Sunrite Greenhouses Ltd. for an indoor nursery. The lease agreement commenced May 1, 2021 and the annual rent is \$300,000. The corresponding leased assets has been recorded as a right-of-use assets as described in Note 6.

The Company has an operating lease agreement with its majority shareholder, Sunrite Greenhouses Ltd., to whom it leases approximately 667,000 square feet of greenhouse and warehouse space. The operating lease agreement is a 12-month term (May 1 to April 30) and is renewed annually. The annual rent is \$250,000 and is paid monthly.

As at September 30, 2022, there was a balance owing to related parties noted above of \$2,126,037 (March 31, 2022 – \$1,372,164) included in accounts payable and accrued liabilities.

Related party transactions were made in the normal course of business and have been recorded at the exchange amounts.

11. Income taxes

No deferred tax provision is required for the three and six months ended September 30, 2022, as the Company continues to sustain losses and deductible temporary differences remain unrecognized.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

12. Capital management

The Company's objective is to maintain sufficient capital base so as to maintain investor and creditor confidence and to sustain future development of the business and safeguard the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. Since inception, the Company has primarily been financed through long-term debt and the issuance of share capital.

The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable growth. The Company is subject to financial covenants as a result of its loans. Other than these items related to loans payable, as of September 30, 2022 and 2021, the Company is not subject to externally imposed capital requirements.

The Company currently has not paid any dividends to its shareholders.

13. Stock options

During the six months ended September 30, 2022, the Company granted options subject to certain performance and time-based vesting conditions to directors, officers, employees, and consultants as follows:

	Options	Weighted average exercise price \$
March 31, 2021	10,154,440	0.35
Granted during the year	803,560	1.18
Forfeited during the year	—	—
Exercised during the year	(2,020,000)	0.32
Expired during the year	—	—
Outstanding at March 31, 2022	8,938,000	0.43
Exercisable at March 31, 2022	8,420,856	0.39
March 31, 2022	8,938,000	0.35
Granted during the six month period	1,400,000	1.20
Forfeited during the six month period	—	—
Exercised during the six month period	—	—
Expired during the six month period	(45,000)	1.03
Outstanding at September 30, 2022	10,293,000	0.54
Exercisable at September 30, 2022	8,876,696	0.43

The following lists the options outstanding and exercisable at September 30, 2022:

Expiry Date	Options Outstanding	Weighted Average Remaining Life (Years)	Options Exercisable	Weighted Average Remaining Life (Years)	Exercise Price \$
Options					
September 22, 2024	4,550,000	1.98	4,550,000	1.98	0.25
September 22, 2024	3,743,000	1.98	3,614,196	1.98	0.50
November 25, 2024	500,000	2.15	375,000	2.15	1.35
February 3, 2025	100,000	2.33	-	-	1.45
April 14, 2025	250,000	2.54	50,000	2.54	1.65
August 1, 2027	1,150,000	4.84	287,500	4.84	1.10
Balance September 30, 2022	10,293,000		8,876,696		0.43

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

13. Stock options (continued)

The following lists the options outstanding and exercisable at March 31, 2022:

Expiry Date	Options Outstanding	Weighted Average Remaining Life (Years)	Options Exercisable	Weighted Average Remaining Life (Years)	Exercise Price \$
Options					
September 22, 2024	4,550,000	2.48	4,550,000	2.48	0.25
September 22, 2024	3,763,000	2.48	3,620,856	2.48	0.50
November 25, 2024	500,000	2.65	250,000	2.65	1.35
February 3, 2025	125,000	2.83	-	-	1.45
Balance March 31, 2022	8,938,000		8,420,856		0.39

The fair value of options was determined using the following Black-Scholes Option Pricing Model assumptions:

		September 30, 2022	September 30, 2021
Share price	\$	0.86 - 0.96	\$ 0.50
Exercise price	\$	1.10 - 1.65	\$ 0.50
Expected life		3 - 5 years	3 years
Volatility		70%	70%
Dividend yield		0%	0%
Risk-free interest rate		2.47% - 2.90%	0.23%

During the three and six months ended September 30, 2022, the Company recognized \$213,050 and \$307,450, respectively, (2021 - \$24,400 and \$61,285) in share-based compensation in connection with the options granted.

14. Warrants

The Company's warrants as at September 30, 2022 are as follows:

	Number of Warrants	Exercise price \$
March 31, 2021	-	-
Issued during the twelve month period	7,272,728	1.65
Exercised during the twelve month period	-	-
Expired during the twelve month period	-	-
March 31, 2022	7,272,728	1.65
Issued during the six month period	-	-
Exercised during the six month period	-	-
Expired during the six month period	7,272,782	1.65
Outstanding at September 30, 2022	-	-

All of the above warrants expired on September 24, 2022.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

14. Warrants (continued)

As at September 30, 2022, the following finders' warrants were outstanding:

	Number of finders' warrants	Exercise price \$
March 31, 2021	-	-
Issued during the twelve month period	502,090	1.65
Exercised during the twelve month period	-	-
Expired during the twelve month period	-	-
March 31, 2022	502,090	1.65
Issued during the six month period	-	-
Exercised during the six month period	-	-
Expired during the six month period	-	-
Outstanding at September 30, 2022	502,090	1.65

All of the above finders' warrants expire on December 24, 2023.

The fair value of finders' warrants was determined using the following Black-Scholes Warrant Pricing Model assumptions:

Share price	\$	1.17
Exercise price	\$	1.65
Expected life		2 years
Volatility		70%
Dividend yield		0%
Risk-free interest rate		0.98%

15. General and administrative expenses

	For the three months ended September 30,		For the six months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and directors' fees	120,350	52,910	231,985	98,127
Office and general	128,713	86,872	222,449	136,941
Salaries and wages	80,591	61,223	173,565	123,549
Insurance	23,931	9,400	52,107	22,600
Repairs and maintenance	-	-	-	65,331
	353,585	210,405	680,106	446,548

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

16. Income (loss) per share

The calculation of income (loss) per share for the six month period ended September 30, 2022 and 2021 is calculated as follows:

	2022	2021
Basic loss per share:		
Net loss for the period	\$ (505,811)	\$(1,137,342)
Average number of common shares outstanding during the period	130,924,747	133,245,926
Income (loss) per share - basic	\$ (0.00)	\$ (0.01)

	2022	2021
Diluted loss per share:		
Net loss for the period	\$ (505,811)	\$(1,137,342)
Average number of common shares outstanding during the period "In the money" options outstanding during the period (i)	130,924,747	133,245,926
	-	-
	130,924,747	133,245,926
Loss per share - diluted	\$ (0.00)	\$(0.01)

(i) 8,313,000 in-the-money stock options (2021 – 5,800,000) have not been included in the calculation of diluted loss per share as their impact would be anti-dilutive.

(ii) 502,090 finders' warrants (2021 – nil) have not been included in the calculation of diluted loss per share as their impact would be anti-dilutive.

17. Risk Management

17.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Interest rate risk

The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at September 30, 2022, the Company had invested no such funds in liquid investments.

The Company's Bank Credit Facility (Note 8) currently bears interest at the Canadian prime rate plus 2.25%. An increase in the prime rate by 0.5% would increase or decrease the Company's annual interest expense by approximately \$30,000.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

17.1 Financial Risk Management (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties. During the six month period ended September 30, 2022, 76% of revenue resulted from product sold to the top 3 customers, of which these customers represented an aggregate of \$714,605 of the accounts receivable balance at September 30, 2022.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its cash requirements. As at September 30, 2022, the most significant financial liabilities are accounts payable and accrued liabilities, lease liability and long-term debt.

As at September 30, 2022, the Company's financial liabilities have contractual maturities as summarized below:

	Due within					
	<1 year	1-2 years	2-3 years	3-4 years	>4 Years	Total
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	5,160,936	-	-	-	-	5,160,936
Lease liabilities	850,000	850,000	850,000	850,000	10,720,833	14,120,833
Long-term debt	5,388,333	285,000	490,000	490,000	3,675,000	10,328,333
Total	11,399,269	1,135,000	1,340,000	1,340,000	14,395,833	29,610,102

d) Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

17.2 Fair Values

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity. For long-term liabilities, fair value approximates their carrying value at the fiscal year end as the interest rates used to discount these contracts approximate market rates.

Greenway Greenhouse Cannabis Corporation

Notes to the Condensed Interim Financial Statements

For the three and six months ended September 30, 2022 and 2021

(Unaudited - in Canadian dollars)

17.2 Fair Values (continued)

Assets and liabilities are classified in their entirety based on the lowest level in input that is significant to the fair value measurement. The Company has classified cash as level 1.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).