Red White & Bloom Brands Inc.

Consolidated Financial Statements

For the years ended December 31, 2024, and restated 2023

CSE: RWB

RED WHITE & BLOOM BRANDS, INC.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Red White & Bloom Brands Inc.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required. In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of the consolidated financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

In connection with the audit of the consolidated financial statements for the year ended December 31, 2024, by Williams & Partners LLP ("Williams"), the Company restated its previously issued consolidated financial statements for the year ended December 31, 2023 (the "2023 Restatement").

The Company, upon further review by Williams, revisited the methodology for translating foreign operations to the reporting currency in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. As a result of this review, the Company determined that its 2022 financial results, which were previously restated to reflect the translation of select non-monetary assets (including property, plant and equipment, right-of-use assets, intangible assets, and goodwill) using historical exchange rates, did not align with the most common interpretation of IAS 21. The Company concluded that the net assets (and liabilities) of foreign subsidiaries that are defined as self-sustaining, per IAS 21, should be translated using the exchange rate at the reporting date, consistent with the guidance in paragraph 39 of IAS 21. This position was consistent with the Company's original fiscal 2022 reporting methodology. The Company has reverted to this methodology for the fiscal year ended December 31, 2024, and has restated its 2023 financial statements to reflect this correction and reverse the impact of the 2022 restatement.

As part of the 2023 Restatement, the Company also reassessed its inventory valuation methodology to ensure further alignment with IFRS - IAS 41 *Agriculture* and IAS 2 – *Inventories*. As a result of this reassessment, the Company updated the application of realized and unrealized fair value adjustments to biological asset inventory, resulting in restatements to both inventory values and cost of goods sold for the fiscal years ended 2021 through 2023.

As part of the 2023 Restatement, the Company also revised its methodology for calculating expected credit losses ("ECL") under IFRS 9 – *Financial Instruments*, specifically relating to customer receivables where corresponding trade payables were also outstanding. These receivable balances had previously been excluded from the ECL calculation for the year ended December 31, 2023. The Company concluded that this exclusion did not align with the most common interpretation of IFRS 9 and revised its ECL estimates accordingly.

During the financial year ended December 31, 2024, the Board of Directors approved the strategic decision to discontinue our subsidiary, Pharmaco, Inc., which is represented as part of our Michigan retail operations. This decision to discontinue operations represents the completion of a strategic realignment and divestiture of the Company's Michigan resident retail operations which were deemed to no longer be aligned with the Company's core business objectives. The Company remains focused on continuing to build and invest in its first mover distribution operations in the state of Michigan. In accordance with applicable accounting standards, we have restated the comparative financial information for 2023 to present the retail operations relating to Pharmaco, Inc. as a discontinued operation. This restatement ensures consistency and comparability between reporting periods, enabling stakeholders to better assess the performance of our continuing operations.

Details of the restatements and related adjustments are provided in Note 36 – *Restatement* of these Financial Statements. The Company's audited consolidated financial statements for the relevant periods are available at www.sedarplus.ca ("Sedar+"). The Company remains fully committed to the accuracy, transparency, and integrity of its financial reporting and, to the best of its knowledge, has complied with all necessary revisions to its financial statements in accordance with IFRS and applicable audit standards.

July 17, 2025

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Red White & Bloom Brands Inc.

Opinion

We have audited the consolidated financial statements of Red White & Bloom Brands Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and restated December 31, 2023, and the consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and restated December 31, 2023, and its consolidated financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a comprehensive net loss of $19,160 during the year ended December 31, 2024, and, as at that date, the Company's current liabilities exceeded its current assets by $231,671. As stated in Note 1, these events or conditions, along with other matters described therein, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters emphasized above related to the *Material Uncertainty Relating to Going Concern* and *Restatement of the December 31, 2023 consolidated financial statements* described in the other matter section, we have determined the matters described below to be key audit matters to be communicated in our report.

i) *Inventory and biological assets*

As at December 31, 2024, the Company recorded material balances related to biological assets and cannabis inventory. The valuation of these balances is inherently complex, involving the application of IAS 41 Agriculture and IAS 2 Inventories, and requires significant judgment in estimating fair value less costs to sell at the point of harvest.

The Company applies a top-down valuation model using observable Level 2 inputs, such as the estimated selling price of cannabis products, post-harvest manufacturing costs to complete, and selling costs. While fair value models for biological assets often rely on significant estimation uncertainty related to stage of growth and yield, in this case, actual harvest yields were known prior to the audit report date for all plants in cultivation at year-end, and those actual results were incorporated into the model.

The valuation process also involved retrospective application of a new model and restatement of prior periods, adding to the complexity. Due to the significance of these balances, the use of judgment in determining fair value inputs, and the extent of audit effort involved, we identified this as a key audit matter.

We evaluated the design and implementation of the Company's top-down valuation model and assessed its compliance with IFRS. We verified that the biological assets on hand at year-end were fully harvested prior to the audit report date and confirmed that actual yields were used in the fair value calculation. We assessed the reasonableness of Level 2 inputs by comparing estimated selling prices to post-year-end sales data and evaluating manufacturing costs and selling costs based on historical actuals and supporting documentation. We tested the calculation of realized and unrealized fair value gains, assessed the allocation of direct and indirect costs between biological assets and inventory, and verified the mathematical accuracy of the model. We also traced the model outputs to the general ledger and reviewed the related disclosures for compliance with IFRS.

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Key Audit Matters - continued

ii) *Impairment*

As at December 31, 2024, the Company held significant balances of goodwill and intangible assets, including licenses and brand-related intangibles. Management is required to assess these assets for impairment annually, or when indicators of impairment are identified. The impairment assessment involves significant judgment and estimation uncertainty, particularly with respect to forecasting future cash flows, selecting discount rates, and determining appropriate valuation methodologies under IAS 36 Impairment of Assets.

The Company used different valuation techniques depending on the nature of the asset. For brand-related intangibles, the Company applied the relief-from-royalty method, which required judgment in estimating royalty rates, projected revenues, and discount rates. For licenses and goodwill, the Company used discounted cash flow models at the cash-generating unit (CGU) level. These models involved assumptions about revenue growth, gross margins, discount rates, and long-term terminal growth rates. Given the materiality of the balances, the subjectivity of key inputs, and the sensitivity of the results to changes in these assumptions, we determined this to be a key audit matter.

We evaluated management’s impairment models for compliance with IAS 36 and assessed the appropriateness of the valuation methodologies applied. For the relief-from-royalty model used to value brand intangibles, we assessed the reasonableness of the royalty rates and contributory asset charges by benchmarking against industry data. For the discounted cash flow models applied to licenses and goodwill at the CGU level, we tested the reasonableness of key assumptions, including forecasted revenue growth, margins, terminal value growth, and discount rates.

We also performed sensitivity analyses on key assumptions, assessed historical forecasting accuracy, and compared post-year-end actuals where available. In addition, we evaluated the adequacy of the Company’s disclosures regarding the key assumptions to which the impairment assessments were most sensitive, and the potential impact of reasonably possible changes in those assumptions.

iii) *Business acquisition*

During the reporting period, the Company completed the acquisition of Aleafia Health Inc. for total consideration of $30,565. Management was required to assess whether the acquisition met the definition of a business under IFRS 3 Business Combinations, and to allocate the total consideration to the identifiable assets acquired and liabilities assumed based on their fair values at the acquisition date.

This required significant judgment and estimation, particularly in identifying and valuing intangible assets such as cannabis licenses and brands, determining the appropriate valuation methodologies, and estimating future cash flows and discount rates. Management engaged an external valuator and applied a relief-from-royalty method to value the brand intangible, and a discounted cash flow model to value the acquired licenses. Given the financial significance of the transaction, the complexity of the purchase price allocation, and the judgment involved in the valuation of intangible assets, we identified this as a key audit matter.

We reviewed the acquisition agreement to understand the terms and identify the assets acquired and liabilities assumed. We assessed management’s conclusion that the acquisition met the definition of a business under IFRS 3. We also evaluated the methodologies and key assumptions used in valuing the acquired intangibles, including projected revenues, royalty rates, discount rates, and contributory asset charges. On a sampling basis, we vouched consideration transferred and tested the recognition and measurement of the acquired assets and liabilities. Finally, we evaluated the adequacy of the related financial statement disclosures.

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Other Matter - Restatement of the December 31, 2023 consolidated financial statements

Without modifying our opinion, we draw attention to Note 36 to the consolidated financial statements, which explains that the consolidated financial statements for the year ended December 31, 2023, and the opening balances as at January 1, 2023, have been restated from those originally issued on April 29, 2024.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the information other than the consolidated financial statements and auditor's report thereon. The information other than the consolidated financial statements and auditor's report thereon comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's consolidated financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITORS' REPORT - continued

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements - continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Renaldo Heard.

Williams & Partners

Chartered Professional Accountants LLP
Licensed Public Accountants

Markham, Ontario
July 17, 2025

TABLE OF CONTENTS

PAGE

RED WHITE & BLOOM BRANDS, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*	As at 01-Jan-23 *Restated (note 36)*
		$	$	$
Assets				
Current assets				
Cash and cash equivalents	8	7,285	2,253	2,747
Accounts receivable	9	16,112	14,036	6,943
Notes receivable	10	11,397	24,705	-
Prepaid expenses	11	1,993	477	1,080
Deposits	12	11,186	7,234	3,391
Inventory	13	47,556	20,608	14,053
Biological assets	14	1,728	829	3,860
Assets held for Sale	15	13,192	18,988	118,269
Other current assets		913	971	-
Total current assets		**111,362**	**90,101**	**150,343**
Non-current assets				
Property, plant and equipment, net	16	43,644	23,032	24,866
Intangible assets, net	17	100,709	86,723	88,808
Right-of-use assets, net	18	17,976	17,126	18,835
Long-term notes receivables	10	4,439	-	-
Investments	19	2,479	-	-
Goodwill	20	13,782	12,668	12,973
Total non-current assets		**183,029**	**139,549**	**145,482**
Total assets		**294,391**	**229,650**	**295,825**
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	21	24,074	20,153	17,772
Short-term notes payable	22	207,419	145,093	1,283
Short-term credit facility	22	-	19,430	17,552
Short-term convertible notes	22	45,187	73,724	-
Short-term derivative liabilities	22	-	673	-
Short-term lease obligations	18	701	423	-
Income taxes payable	27	18,313	16,382	12,634
Liabilities held for Sale	15	46,199	27,793	22,518
Other current liabilities	-	1,140	1,207	672
Total current liabilities		**343,033**	**304,878**	**72,431**
Non-current liabilities				
Long-term lease obligations	18	22,028	20,081	20,610
Long-term convertible notes	22	44,071	-	64,897
Long-term notes payable	22	39,157	-	87,357
Long-term derivative liabilities	22	-	-	3,230
Deferred tax liability	27	19,009	19,960	15,941
Other non-current liabilities	-	122	-	-
Total non-current liabilities		**124,387**	**40,041**	**192,035**
Total liabilities		**467,420**	**344,919**	**264,466**
Shareholders' equity				
Share capital	23	342,111	342,111	342,069
Contributed surplus		17,315	17,120	16,368
Cumulative translation adjustment		(21,888)	2,970	10,675
Accumulated deficit		(511,134)	(484,920)	(349,257)
Non-controlling interest	28	567	7,450	11,504
Total shareholders' equity (deficit)		**(173,029)**	**(115,269)**	**31,359**
Total liabilities and shareholders' equity		**294,391**	**229,650**	**295,825**

Nature of operations and going concern (note 1)
Segmented results (note 32)
Restatement of Financial Results (note 36)
Subsequent events (note 37)
Commitments and contingencies (note 31)

Approved by the Board
/s/ "Brad Rogers" Director
/s/ "Colby De Zen" Director

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

RED WHITE & BLOOM BRANDS, INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

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

	Note	Year ended 31-Dec-24	Year ended 31-Dec-23 *Restated (note 36)*
		$	**$**
Revenue			
Sales revenue	25	80,165	69,568
Cost of goods sold, before fair value adjustments	-	59,856	45,292
Gross Profit before fair market value adjustments		20,309	24,276
Unrealized changes in fair value of biological assets	14	14,117	7,653
Realized fair value amounts included in inventory sold	14	(5,981)	(6,886)
Gross profit after fair market value adjustments		**28,445**	**25,043**
Operating Expenses			
General and administration	26	28,429	18,255
Marketing expenses	-	4,831	1,575
Share-based compensation	23	195	752
Depreciation and amortization	16,17	2,407	2,675
Bad debt expense	9	4,538	7,777
Total Operating Expenses		**40,400**	**31,034**
Loss from operations before other expenses		**(11,955)**	**(5,991)**
Other expense (income)			
Interest earned on promissory notes	10	(1,180)	(3,039)
Other income	-	(1,875)	(427)
Finance expense	-	3,125	686
Interest on credit facilities	22	1,082	2,187
Interest on convertible notes	22	7,649	6,887
Accreted interest on convertible notes	22	2,640	4,495
Accreted interest on promissory notes	22	248	-
Interest on promissory notes	22	25,266	16,538
Acquisition costs	7	468	492
Business transaction costs	-	422	599
Accreted interest, leases	18	2,577	2,517
(Gain) loss on disposal of assets	15	(275)	1
Gain (loss) on valuation of financial instruments	22	(691)	(2,539)
Loss on debt extinguishment	22	167	-
(Gain) loss on settlement of debt	22	(878)	(130)
Gain loss on debt modification	22	-	(518)
Gain on investments	7,19	(7,556)	-
Foreign exchange	-	(17,154)	(5,245)
Total other expenses		**14,035**	**22,504**
Loss before income taxes		**(25,990)**	**(28,495)**
Current income tax expense	27	(2,021)	(2,681)
Deferred income tax (expense)/recovery	27	1,968	(15,101)
Net loss from continuing operations		**(26,043)**	**(46,277)**
Loss from discontinued operations	33	(7,054)	(93,441)
Net loss for the period		**(33,097)**	**(139,718)**
Translation adjustment	-	24,858	(7,705)
Net loss and comprehensive loss		**(57,955)**	**(147,423)**
Net loss attributable to:			
Shareholders		(19,160)	(42,224)
Non-controlling interests	28	(6,883)	(4,053)
Net loss and comprehensive loss attributable to:			
Shareholders		(1,355)	(143,369)
Non-controlling interests	28	(6,883)	(4,053)
Net loss per share, basic and diluted	24	(0.04)	(0.09)
Weighted average number of outstanding common shares, basic and diluted		470,221,901	469,521,901

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

RED WHITE & BLOOM BRANDS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

12 months ended December 31, 2023 *Restated (note 36)*	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	**$**	**$**	**$**	**$**	**$**	**$**
Balance, January 1, 2023	469,521,901	342,069	11,504	16,368	10,675	(349,256)	31,360
Stock based compensation (note 23)	-	-	-	773	-	-	773
Stock option forfeitures (note 23)	-	-	-	(21)	-	-	(21)
Issuance of shares for debt settlement (note 22, 23)	700,000	42	-	-	-	-	42
Currency translation adjustments	-	-	-	-	(7,705)	-	(7,705)
Net loss from continuing operations	-	-	(4,054)	-	-	(42,223)	(46,277)
Net loss from discontinued operations (note 33)	-	-	-	-	-	(93,441)	(93,441)
Balance, December 31, 2023	**470,221,901**	**342,111**	**7,450**	**17,120**	**2,970**	**(484,920)**	**(115,269)**

12 months ended December 31, 2024	Common Shares	Common Shares	Non-Controlling Interests	Contributed surplus	Cumulative translation adjustment	Accumulated Deficit	Total equity
	#	**$**	**$**	**$**	**$**	**$**	**$**
Balance, January 1, 2024	470,221,901	342,111	7,450	17,120	2,970	(484,920)	(115,269)
Stock based compensation (note 23)	-	-	-	195	-	-	195
Currency translation adjustments	-	-	-	-	(24,858)	-	(24,858)
Net loss from continuing operations	-	-	(6,883)	-	-	(19,160)	(26,043)
Net loss from discontinued operations (note 33)	-	-	-	-	-	(7,054)	(7,054)
Balance, December 31, 2024	**470,221,901**	**342,111**	**567**	**17,315**	**(21,888)**	**(511,134)**	**(173,029)**

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

RED WHITE & BLOOM BRANDS, INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	12 months ended 31-Dec-24	12 months ended 31-Dec-23 *Restated (note 36)*
Cash flow from operating activities:			
Net loss for the period		(33,097)	(139,718)
Items not involving cash	34	33,862	59,399
Changes in non-cash working capital items:			
Accounts receivable	9	3,269	(7,629)
Prepaid expenses	11	681	68
Deposits	12	(3,286)	(3,097)
Inventory	13	(22,104)	1,953
Biological Assets	14	14,030	(4,833)
Accounts payable and accrued liabilities	21	1,038	1,900
Current Income tax payable	27	419	4,136
Deferred income taxes	27	(2,706)	4,302
Other assets	-	642	(971)
Other liabilities	-	(4,223)	3,645
Net cash used in operating activities		**(11,475)**	**(80,845)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	16	(4,110)	34,151
Acquisition of Intangible assets	17	-	36,541
Acquisition of right-of-use assets	18	(2,105)	219
Aleafia Acquisition, net of cash acquired	7	1,009	-
Issuance of notes receivable	10	(14,697)	-
Advances on notes receivable	10	(7,330)	-
Principal receipts on notes receivable	10	149	-
Interest receipts on notes receivable	10	149	-
Net cash provided by (used in) investing activities		**(26,935)**	**70,911**
Cash flow from financing activities:			
Issuance of promissory note	22	7,376	7,894
Amendment of short-term notes payable	22	-	19,257
Principal payments on short-term notes	22	(7,252)	(1,330)
Interest payments on short-term notes	22	(928)	(3,595)
Advances on short-term notes	22	57,710	-
Interest payments on credit facility	22	-	(354)
Amendment fee payments on credit facility	22	-	(91)
Interest payment on convertible debt	22	-	(1,247)
Principal payments on lease obligations	18	(149)	(271)
Interest payments on lease obligations	18	(2,824)	(2,517)
Net cash provided by (used in) financing activities		53,933	17,746
Foreign exchange affecting cash equivalents		(10,491)	(8,306)
Change in cash during the period		5,032	(494)
Cash equivalents, beginning of year		2,253	2,747
Cash, end of year		**7,285**	**2,253**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Red White & Bloom Brands Inc., (the "Company" or "RWB") is publicly traded, with its common shares currently trading on the Canadian Securities Exchange (the "CSE") under the trading symbol "RWB". The Company was incorporated on March 12, 1980, pursuant to the Business Corporations Act, British Columbia, with its registered office located at 1890-1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

RWB is a multi-jurisdictional, vertically integrated cannabis operator with a presence in established legal markets across the United States, Canada, and international territories. The Company's core business activities include:

1. *United States Distribution*: Production and distribution of a diverse portfolio of premium cannabis products sold to licensed cannabis retailers in Michigan and California through established retailer networks.
2. *Canadian Distribution:* Vertically integrated cultivation, production, and distribution facilitating wholesale sales of premium cannabis products for both adult-use and medical purposes under a portfolio of distinct brands in Canada including Platinum Vape.
3. *International Distribution:* Wholesale distribution of cannabis biomass to licensed distributors within the European Union.
4. *Retail Operations*: six (6) licensed adult-use and medical cannabis dispensaries in Michigan and Florida in addition to an online, subscription based medical dispensary platform servicing thousands of patients throughout Canada.
5. *Brand Licensing:* Arm's length sales and licensing of non-THC Platinum and Platinum Vape branded products in multiple US states.

The consolidated financial statements for the period ended December 31, 2024, and restated 2023 (the "Financial Statements"), have been prepared under the assumption of a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2024, the Company incurred accumulated net comprehensive losses of $511,135 (restated 2023; $484,920) since inception, including non-cash impairments of $141 realized in restated 2024, $94,645 realized in 2023 and $235,155 realized in prior years, totaling $329,941 in non-cash impairments. For the twelve months ended December 31, 2024, the Company incurred a comprehensive net loss of $19,160 (restated 2023; net loss of $42,224). Working capital deficit (current assets less current liabilities) as at December 31, 2024, was $231,671 (restated 2023; $214,777). Net cash used in operations was $11,475 (restated 2023; $80,847).

The Company has traditionally relied on debt and equity financing to support its operations. However, due to the current challenges in the global cannabis capital markets, access to financing sources remains limited. As a result, the Company may face cash flow shortages that could impact its ability to sustain ongoing operations, invest in acquisitions and business development initiatives, or meet debt obligations. Despite these challenges, the Company has been successful in obtaining financing to date and recently negotiated favorable terms with its key lenders to renew and (as applicable) restructure issued and outstanding debt that had otherwise matured within the reporting period (note 22). Having secured the extension of maturity dates and the mutually agreed upon deferral of cash debt service to the next applicable maturity dates for these debts, the Company has been provided with additional cash flow availability, enhancing its ability to manage financial commitments tied to its operations more effectively. If further funding is not accessible through debt instruments or equity capital, delays, postponements, or reductions in certain operational activities may occur.

In evaluating the appropriateness of the going concern assumption, the Company has considered all relevant information available for the twelve-month period following this report. To address its ongoing financial requirements, the Company is actively pursuing several strategies, including securing financing through existing or prospective sources of debt to support both organic and acquisitive growth initiatives, monetizing captive assets, both tangible and intangible, and a continuing program of reducing operating costs through the streamlining of operations and support functions.

There can be no assurance that the Company will achieve profitability. If the going concern assumption were not appropriate for these Financial Statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses, and the consolidated statements of financial position classifications used; such adjustments could be material.

2. BASIS OF PRESENTATION

A. STATEMENT OF COMPLIANCE

The Company's Financial Statements have been prepared in accordance with and using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the periods ended December 31, 2024, and restated 2023.

These Financial Statements were authorized for issuance by the Company's Board of Directors and Audit Committee on July 17, 2025.

B. BASIS OF MEASUREMENT

These Financial Statements have been prepared on a historical cost basis except for biological assets and certain financial instruments classified as fair value through profit or loss, which are measured at fair value (note 6). In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

C. FUNCTIONAL AND PRESENTATION CURRENCY

All figures presented in these Financial Statements are reflected in thousands (‘000’s) of Canadian dollars, unless otherwise noted; Canadian dollars being the functional currency of the Company. Foreign currency transactions and translation into Canadian dollars is computed in accordance with the Company’s foreign currency translation accounting policies found in note 6. Functional currencies of subsidiaries included in these Financial Statements can be found in note 3.

3. BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are those entities which the Company has power over the investee, is exposed to or has rights to variable returns from its involvement with an investee and has the ability to affect these returns through its power over the investee. The Company has applied the full consolidation method for entities that meet the criteria for consolidation.

Consequently, all significant balances and effects of any transactions taking place between them have been eliminated in the consolidation process. If necessary, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those used by the Company.

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

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

Subsidiary	Source Currency	Jurisdiction	% Ownership As at 31-Dec-24	% Ownership As at 31-Dec-23 *Restated*
Continuing Operations				
Red White & Bloom Brands Inc. (Parent)	**CAD**	**British Columbia, Canada**	**100%**	**100%**
[1]RWB (PV) Canada, Inc.	CAD	Alberta and Ontario, Canada	100%	100%
RWB Licensing Inc.	CAD	British Columbia, Canada	100%	100%
[2]Aleafia Inc.	CAD	Ontario, Canada	100%	-
[2]Aleafia Farms Inc.	CAD	Ontario, Canada	100%	-
[2]Aleafia Retail Inc.	CAD	Ontario, Canada	100%	-
[2]Canabo Medical Corporation	CAD	Ontario, Canada	100%	-
[2]Emblem Cannabis Corporation	CAD	Ontario, Canada	100%	-
[2]Growwise Health Ltd.	CAD	Ontario, Canada	100%	-
[3]Emblem Lands LP	CAD	Ontario, Canada	100%	-
[4]Emblem Lands GP	CAD	Ontario, Canada	100%	-
MichiCann Medical Inc.	CAD	Ontario, Canada	100%	100%
PV CBD, LLC	USD	California, United States	100%	100%
[5]RWB California, Inc.	USD	California, United States	100%	100%
RWB Platinum Vape Inc.	USD	California, United States	100%	100%
RWB Florida, LLC	USD	Florida, United States	77%	77%
Red White & Bloom Florida, Inc.	USD	Florida, United States	77%	77%
[6]Red White & Bloom Michigan (2024), Inc.	USD	Michigan, United States	100%	-
RWB Michigan LLC	USD	Michigan, United States	100%	100%
RWB (PV) Licensing, LLC	USD	Nevada, United States	100%	100%
Discontinued Operations				
Vista Prime Management, LLC	USD	California, United States	100%	100%
[7]Vista Prime 3, Inc.	USD	California, United States	100%	100%
[8]Vista Prime 2, Inc.	USD	California, United States	100%	100%
Mid-American Growers, Inc.	USD	Delaware, United States	100%	100%
Pharmaco, Inc.	USD	Michigan, United States	100%	100%
RLTY USA Corp.	USD	Delaware, United States	100%	100%
RWB Illinois, Inc.	USD	Delaware, United States	100%	100%
Real World Business Integration, LLC	USD	Illinois, United States	100%	100%
[9]GC Ventures 2, LLC	USD	Michigan, United States	100%	100%

[1]Incorporated March 7, 2023
[2]Acquired January 12, 2024 (note 7)
[3] Established April 29, 2024
[4]Incorporated April 29, 2024
[5]Incorporated February 7, 2023
[6] Incorporated December 17, 2024
[7] Dissolved November 6, 2024
[8] Dissolved November 6, 2024
[9] Dissolved November 19, 2024

4. ACCOUNTING PRONOUNCEMENTS

A. ACCOUNTING PRONOUNCEMENTS RECENTLY ADOPTED

Amendments to IAS 1 Presentation of Financial Statements ("IAS 1")

In January 2020, the IASB issued an amendment to IAS 1, which affects the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve (12) months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments were effective for annual periods beginning on or after January 1, 2023, and are to be applied retrospectively.

In October 2022, the IASB issued another amendment to IAS 1, which affects the classification of liabilities as current or non-current, clarifying requirements for the classification of liabilities as non-current which is effective for annual periods beginning on or after January 1, 2024.

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

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

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

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

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

In February 2021, the IASB issued "Definition of Accounting Estimates," which amends IAS 8. The amendment replaces the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

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

Amendments to IFRS 16, Lease liability in a Sale and Leaseback

The amendment specifies the requirements that a seller-lessee should use in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains that is effective for annual periods beginning on or after January 1, 2024. The amendments do not have an impact on the Financial Statements.

Amendments to IAS 1, Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments to IAS 1, which specifies that covenants whose compliance is assessed after the reporting date do not affect the classification of debt as a current or non-current at the reporting date. Instead, the amendment requires disclosure of information about these covenants in the notes to the financials statements. The amendments are effective for annual reporting periods belonging to January 1, 2024, with early adoption permitted. The amendments do not have an impact on the Financial Statements.

B. STANDARDS, AMENDMENTS, AND INTERPRETATIONS NOT YET EFFECTIVE

New and amended accounting standards are effective for the Company for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Company has not early adopted new or amended standards in preparing these Financial Statements. The Company has not yet determined the impact of these amendments on its Financial Statements. The following are relevant new and amended standards under review by the Company.

Amendments to IAS 21, Lack of Exchangeability

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

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

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

5. CRITICAL ASSUMPTIONS AND SOURCES OF UNCERTAINITY

The preparation of these Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are key assumptions concerning key sources of estimation uncertainty that have a risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and future years:

A. BUSINESS COMBINATIONS AND ACQUISITIONS

In applying the acquisition method for business combinations under IFRS 3, the Company makes several critical judgements that could significantly impact the financial statements. The most significant estimates relate to assessing the fair values of identifiable assets and liabilities. Judgement is also required in measuring non-controlling interest, calculating goodwill, recognizing bargain purchase gains, estimating contingent consideration, and expensing acquisition-related costs. These judgements are crucial as they affect the recognition, measurement, and disclosure of business combinations, ensuring that they are based on the best available information and consistently applied. Management exercises judgment in estimating the probability and timing of when cash flows are expected to be achieved, which can be used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

B. CONTROL

Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has power over the subsidiary, as defined per IFRS, has exposure or rights to variable returns, and has the ability to use its power to affect these returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained. These Financial Statements include the consolidated results of all subsidiaries that the Company has determined that it has control over.

C. EXPECTED CREDIT LOSS ON RECEIVABLES

Management applies the forward-looking approach to accounting for expected credit losses (“ECL”) over the life of its receivables in accordance with IFRS 9 – *Financial Instruments.* For its trade receivables, the Company applies the simplified approach, which requires the use of the lifetime ECL provisions that do not have a significant financing component. To measure lifetime ECL, trade receivables are first classified into groups with shared credit characteristics and the age of days outstanding. The assessment also considers historical experience of bad debt, including the customers’ ability to pay and the impact of any relevant economic conditions which are expected during the life of the outstanding balance. The ECL is determined according to a provision matrix incorporating historical experiences, when available, adjusted for current and future conditions expected for the life of the respective trade receivable balances which requires judgment.

For select receivables resulting from licensing revenues, management applies the general approach, as defined in IFRS 9, to measure ECL, which requires two bases on which ECL is measured; twelve (12) month expected credit losses and lifetime expected credit losses.

D. BIOLOGICAL ASSETS VALUATION

Management is required to make several estimates and assumptions in calculating the fair value of biological assets; primary cannabis biomass. These estimates and assumptions include the stage of growth of the cannabis biomass, pre-harvest and post-harvest costs, sales price and expected yields. The Company values its biological assets under IFRS IAS 41 - *Agriculture*. IAS 41 requires these assets to be measured at fair value less costs to sell, with changes in fair value recognized in profit or loss. Additionally, IFRS 13 - *Fair Value Measurement* is relevant to management's assessment as it defines fair value and outlines the methods for measuring fair value, including biological assets.

The Company's biological assets consist of cannabis plants, which are valued at fair value less cost to sell. Production costs include all direct and indirect costs relating to biological transformation, which are capitalized to biological assets as incurred.

The direct and indirect costs include the following:

- Direct and indirect materials consumed in the growing process such as soil, chemicals, fertilizers and other supplies;
- Direct and indirect labour attributed to the cultivation process;
- Depreciation and maintenance of production and cultivation equipment; and
- Allocable overhead expenses of the cultivation facility.

The Company measures and adjusts the biological assets to the fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of goods of inventories incorporating the harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the year are included as a separate line in the gross profit calculation on the consolidated statements of profit and loss and other comprehensive profit and loss.

E. INVENTORY VALUATION

Inventories are stated at the lower of cost and net realizable value in accordance with IAS 2. Following the harvest, cannabis biomass is transferred from biological assets to inventory at its fair value less costs to sell at the point of harvest, which becomes the deemed cost for inventory measurement purposes.

Cost includes all costs of processing, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition, including:

- Post-harvest costs (drying, curing, testing, and packaging)
- Direct and indirect labor related to post-harvest activities
- Quality control and testing costs
- Packaging materials
- Allocable production overheads

Cost is determined using the weighted average cost method. The cost of finished goods (including dried flower, oils, concentrates, edibles, and topicals) and work in progress comprises processed cannabis biomass, direct labor, other direct costs, and related production overheads based on normal operating capacity. Inventoriable costs exclude borrowing costs incurred by the Company.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to affect a sale of the inventory.

The valuation of inventories involves significant management judgment and estimates, particularly in the following areas:

- **Fair value determination at harvest transfer**: The deemed cost of harvested cannabis transferred from biological assets requires judgment regarding the fair value less costs to sell at the point of harvest. This represents a critical transition point between IAS 41 (biological assets) and IAS 2 (inventories).
- **Net realizable value assessments:** Management evaluates future demand, market pricing fluctuations, and regulatory changes when assessing whether inventory should be written down. The volatility of wholesale and retail cannabis prices and evolving consumer preferences increase estimation uncertainty.
- **Potency and quality factors:** The quality grading and potency of cannabis inventory significantly impacts its market value. Management applies judgment in determining the impact of these factors on net realizable value.
- **Allocation of post-harvest costs:** The allocation of production overheads to inventory valuation requires judgment in identifying costs directly attributable to bringing inventory to its saleable condition. This includes costs associated with drying, curing, extraction, manufacturing, and packaging.
- **Inventory obsolescence and provisions:** The Company reviews inventory for obsolete, redundant and slow-moving goods, and any such inventory is written down to net realizable value which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of its inventories.

F. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company calculates the estimated fair value of financial instruments using quoted market prices where available. When quoted market prices are not available, the Company uses select pricing models to derive fair value.

G. ESTIMATED USEFUL LIVES AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Depreciation of property, plant and equipment is dependent upon estimates of their useful lives which are determined through the exercise of judgment based on the projected estimated life of the asset. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

H. ESTIMATED USEFUL LIVES AND AMORTIZATION OF INTANGIBLE ASSETS

Amortization of intangible assets with finite lives is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that are amortized are tested for impairment when indicators of impairment exist.

Intangible assets that have indefinite useful lives, such as operating licenses and intellectual property including but not limited to acquired brand names, are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company assesses the classification of the useful lives of indefinite life intangible asset at each reporting date to conclude on whether this assessment remains appropriate. Any change in this estimate is accounted for on a prospective basis as a change in estimate.

I. DETERMINATION OF CASH-GENERATING UNITS

Management determines cash-generating units (CGUs), per IAS 36, by identifying the smallest group of assets that generates cash inflows largely independent of other assets. This process involves significant judgement as management must consider how assets are utilized to generate revenue and how operations are monitored. Assets that cannot be tested individually are grouped together into CGUs based on management's judgment regarding several factors such as shared infrastructure, common operations, and geographical proximity. Additionally, estimation is required in assessing the recoverable amount of a CGU, which involves forecasting future cash flows generated by the determined CGU and selecting appropriate discount rates or cost of capital. These areas of judgement and estimation are critical, as they can significantly impact the financial statements and the reported value of assets.

J. IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Impairment exists when the carrying value of a non-financial asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from completed transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use (“VIU”) calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from forecasts for the applicable prospective periods and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is primarily impacted by the discount rate used for the DCF model as well as the expected future cash flows.

K. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

The carrying value of goodwill and indefinite life intangible assets are reviewed annually, as of the fiscal year end, for impairment or more frequently when there are indicators that an impairment may have occurred. The Company’s impairment tests for goodwill and intangible assets are based on the comparison of the carrying amount of the applicable CGU and the recoverable amount, which is the greater of VIU calculations that use a discounted cash flow model and estimated fair value less cost of disposal. The determination of the Company’s CGUs is based on management’s judgment.

The VIU calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics, and discount or cost of capital rates. The cash flows are derived from the Company’s best estimates budget and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is primarily impacted by the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The estimated fair value less cost of disposal is supported, in select cases, based on the Company’s assessment of comparable company transaction metrics.

L. LEASES

The application of IFRS 16 *Leases* requires significant judgments and certain key estimations to be made. Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Estimating the lease term, and renewal periods;
- Determining the appropriate rate to discount lease payments where the rate implicit in a lease is not readily available; and
- Assessing whether a right-of-use asset is impaired.

Changes in these estimates could affect the identification and determination of the value of lease liabilities and right-of-use assets at initial recognition, and on subsequent measurement of lease liabilities and right-of-use assets. These items could potentially result in changes to amounts reported in the consolidated statements of income and consolidated balance sheets in a given period.

M. FAIR VALUE OF FINANCIAL INSTRUMENTS

The individual fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using the most appropriate valuation technique. The Company uses judgment to select the certain assumptions in performing fair value calculations to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost.

Valuation estimates can vary significantly due to the inherent uncertainty in estimating the fair value of instruments that are not quoted in an active market.

N. CONVERTIBLE DEBENTURES

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant estimates including discount rates and future cash flows. The conversion option has a fixed conversion rate thus the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual balance, or conversion feature is accounted for as equity at issuance. Transaction costs are apportioned to the debt liability and equity component of the convertible debenture in proportion to the allocation of proceeds.

O. SHARE-BASED COMPENSATION

Management uses the Black-Scholes Option Pricing model for valuation of stock option grants, which requires the input of subjective assumptions including the expected life of the stock option, volatility, risk- free rate, dividend yield, and forfeiture rate. Equity-settled transactions for goods and services are measured at the fair value of the services received and value of the equity instruments on settlement date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. Changes in these input assumptions can significantly affect the fair value estimate.

P. REVENUE RECOGNITION

The Company assesses its contracts in accordance with conditions defined under IFRS 15:

- the contract has been approved by the parties to the contract
- each party’s rights in relation to the goods or services to be transferred can be identified
- the payment terms for the goods or services to be transferred can be identified
- the contract has commercial substance, and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

Areas where Management’s judgment for revenue recognition is applied include (i) estimating returns on product sold and price concessions (ii) assessment of whether control has passed to the customer based on criteria established in IFRS 15 and (iii) estimating the period in which performance obligations are met.

Q. DISCONTINUED OPERATIONS

Management must make significant assumptions and judgements when accounting for discontinued operations in accordance with IFRS 5. These include determining whether a component of the entity qualifies as a discontinued operation, which involves assessing if it represents a separate major line of business or geographical area of operations. Management must also estimate the fair value less costs to sell of non-current assets held for sale, requiring forecasts of future cash flows and selection of appropriate discount rates. Additionally, judgement is exercised in evaluating the timing and likelihood of disposal, ensuring that the criteria for classification as held for sale are met. These assumptions and judgements are critical as they directly impact the presentation and disclosure of discontinued operations.

R. DEFERRED INCOME TAX ASSETS

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

S. GOING CONCERN AND LIQUIDITY

Going concern assumes an entity will meet its financial obligations when they fall due, and the company will be able to function without the threat of liquidation for the foreseeable future. In assessing going concern, management determines the probability that its strategic plans will be effectively implemented within one year to mitigate substantial doubt of the Company's ability to continue as a going concern.

Determining probability requires analysis of key indicators, including but not limited to:

- Actual financial results providing historical information and trends for the Company.
- Annual budget and forecasts for the subsequent year, and years thereafter.
- Forecast of future cash flows.
- Existing executed contracts and anticipated contracts in the pipeline.
- Strategic plans and market activations including expected timelines.
- Economic conditions, market demands, production quality and capital expenditures.
- Potential challenges that may alter estimated timelines and revenue projections.
- All debt related instruments including the maturity dates and contract terms.
- Ability to obtain new funding should it be required.

When probable that management's plans will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements were issued, it is determined that the Company is able to continue as a going concern.

T. LITIGATION AND CLAIMS RISKS

Disputes may arise in the normal course of business. Management makes certain judgements and assumptions regarding potential outcomes of legal proceedings in order to determine if an estimated provision is required, which is inherently subject to risks and uncertainties. Management regularly monitors and analyzes current legal matters and consults external counsel when making assessments. Management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of gain or loss. The outcome of matters related to disputes, legal actions and proceedings may have a material effect on the financial position, results of operations or cash flows of the Company, and there is no guarantee that there will not be a future rise in litigation which, depending on the nature of the litigation, could impact the financial position, results of operations, or cash flows of the Company.

6. MATERIAL ACCOUNTING POLICIES

A. FOREIGN CURRENCY TRANSLATION

Functional currency is the currency of the primary economic environment in which an entity operates. The distinction between types of foreign operations is based solely on whether the functional currency differs from the reporting currency of the Company.

The factors considered by the Company when determining functional currency include:

- The currency that mainly influences sales prices for goods and services
- The currency of the country whose competitive forces and regulations mainly determine sales prices
- The currency that mainly influences labor, material, and other costs
- The currency in which funds from financing activities are generated
- The currency in which receipts from operating activities are usually retained

Consolidation of the Company's subsidiaries that operate in a functional currency other than Canadian dollars, are translated into Canadian dollars as follows:

- Assets and liabilities are translated at the spot rate in effect at the end of the reporting period
- Non-monetary assets and liabilities are translated in accordance paragraph 39 of IAS 21, which addresses foreign operations with functional currencies different from the presentation currency. Subsidiaries within this consolidation have been translated into the presentation currency at the closing rate at the date of the statement of financial position.
- Equity is translated at the historical exchange rate
- Revenues and expenses are translated at the average exchange rate for the period.

Translation gains or losses resulting from the translation of foreign subsidiaries for the purpose of consolidation into Canadian dollars are included in other comprehensive income as a separate component of shareholders' equity. Functional currencies for each subsidiary included in these Financial Statements can be found in note 3.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash in a financial institution, cash in transit within forty-eight (48) hours of expected arrival and other short-term deposits that are readily convertible into cash within ninety (90) days (note 8).

C. EXPECTED CREDIT LOSSES ON RECEIVABLES

The Company assesses expected credit losses ("ECL") for financial assets at amortized cost, including accounts receivables which are recorded at invoiced amount and do not bear interest. ECL measurement uses a forward-looking approach considering past events, current conditions, and future economic forecasts, with collectability reviewed on an ongoing basis. The allowance is determined by combining factors including customer creditworthiness, historical collection experience, and receivable age, with account balances written off to profit and loss when recovery is deemed improbable. For assets without significant credit risk increase, twelve (2) 12-month ECL applies, while others use lifetime ECL, with trade receivables using a simplified lifetime approach from initial recognition. ECL is presented as an impairment allowance or provision in financial statements, with disclosures on assumptions, inputs, and impact. Account balances are set off against the allowance when the Company believes it is probable the receivable will not be recovered (note 9).

D. INVENTORY

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost or net realizable value. Inventories of harvested cannabis are transferred from biological assets to raw materials at their fair value less costs to sell at the point of harvest which becomes the initial cost of inventory. Any subsequent post-harvest costs, either direct or indirect, are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to sell. The Company regularly reviews inventory for obsolete, redundant, and slow-moving goods and any such inventory identified is written down to net realizable value.

The post-harvest direct and indirect costs include the following:

- Direct materials such as packages, labels, and bottles.
- Direct labour for individuals who participate in the respective manufacturing processes which include but are not limited to separating, trimming, drying and packaging.
- Direct overhead costs related to manufacturing process
- Indirect labour for paid time spent related to the respective manufacturing processes.
- Indirect materials consumed related to the manufacturing processes.
- Depreciation and maintenance on manufacturing and packaging equipment.
- Quality assurance conducted for finished goods.

The post-harvest costs capitalized to finished goods and costs of other purchased finished goods are subsequently recorded in cost of goods sold on the consolidated statements of loss and comprehensive loss when they are sold. The realized initial costs, transferred from biological assets measured at fair value less costs to sell at harvest, are presented as a separate line in the gross profit calculation on the consolidated statements of loss and comprehensive loss.

E. BIOLOGICAL ASSETS

The Company's biological assets (note 14) consist of cannabis plants, at various stages of growth, which are valued at fair value at each reporting date. Fair value is calculated as the future selling price less cost to sell.

Fair Value Measurement: The Company measures fair value of its biological assets at each reporting date using the future selling price less costs to sell. Fair value is determined using a model which estimates the expected harvest yield in grams for plants being cultivated as of the reporting date, and incorporates the stage of growth of the plants, the expected selling price per gram, estimated attrition of plants during their life cycle and any additional costs to be incurred, such as post-harvest costs.

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

- *Future selling price* - calculated as the weighted average historical selling price for all associated strains of cannabis sold by the Company, which is expected to approximate future selling prices.
- *Stage of growth* - represents the weighted average number of days out of the growing cycle that biological assets have reached as of the measurement date.
- *Yield by plant* - represents the expected number of grams of cannabis biomass which are expected to be obtained from each harvested cannabis plant.
- *Attrition* - represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested, estimated attrition of plants during their life cycle.
- *Post-harvest costs* - calculated as the cost per gram of harvested cannabis to complete the sale of finished goods incorporating the cannabis plants post-harvest, consisting of the cost of direct and indirect materials and labor related to labeling and packaging.

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

Costs to sell: represent the incremental costs directly attributable to the disposal of an asset or disposal group, excluding finance costs, income tax expense, costs already provided for in existing provisions, and costs that would otherwise be incurred regardless of the disposal decision.

Costs to sell include:

- Legal fees
- Stamp duties and similar transaction taxes
- Costs of removing assets from their current location
- Direct incremental costs to bring assets into saleable condition
- Other costs directly related to the disposal transaction

Unrealized gains or losses arising from the changes in fair value during the period are included as a separate line in the gross profit calculation on the consolidated statements of loss and comprehensive loss.

F. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment (note 16) is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets less their residual value. Cost is comprised of expenditures that are directly attributable to the acquisition of the asset in addition to other costs associated with bringing the assets to a state of commercial readiness. Property, plant, and equipment is not depreciated until placed in use.

When assets are retired or sold, the costs and related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reflected in the consolidated statements of income (loss) and comprehensive income (loss). Depreciation methods, useful lives, and estimated residual values are reviewed by management each fiscal year end or when there is an indicator for impairment analysis.

Management has set the useful life for depreciation purposes as follows:

Property, plant and equipment	Depreciation Method	Useful Life
Land	Non-depreciating	Not applicable
Construction in process	Non-depreciating	Not applicable
Land improvements	Straight-line	10 – 15 years
Buildings	Straight-line	20 – 40 years
Leasehold improvements	Straight-line	Life of lease
Computer hardware	Straight-line	3 years
Furniture and fixtures	Straight-line	2 – 12 years
Machinery and equipment	Straight-line	2 – 20 years
Vehicles	Straight-line	3 – 5 years
Right-of-use assets	Straight-line	Life of lease (plus assessed renewal)

Costs associated with property, plant and equipment under a five-thousand-dollar ($5) threshold are recognized as an expense as incurred. Maintenance costs associated with property, plant and equipment are recognized in the consolidated statements of loss and comprehensive loss as incurred as they do not contribute to the betterment or useful life of the assets in question.

G. INTANGIBLE ASSETS

The Company's finite life intangible assets (note 17) are recorded at fair market value less any accumulated amortization and impairment losses, if any, and are assessed for indicators of impairment at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. Amortization is recorded on a straight-line basis over the estimated useful life less residual value. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the asset and recognized in the consolidated statements of loss and comprehensive loss).

The Company's amortization policy for intangible assets with finite lives is as follows:

Intangible asset	Amortization Method	Useful Life
Product license	Straight-Line	5.5 years
Retail License	Straight-Line	5.5 years

Indefinite life intangible assets are deemed to have no foreseeable limit over which the asset is expected to generate net cash inflows. Following initial recognition, intangible assets with indefinite lives are carried at cost less any accumulated impairment losses and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company reviews the classification of indefinite life intangible assets at each annual reporting date to determine whether the classification as indefinite remains appropriate. Any amendment to the nature of indefinite life intangible assets is recognized on a prospective basis as a change in estimate.

H. GOODWILL

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates. The Company reviews goodwill annually for impairment, or sooner, if events or circumstances indicate that the carrying amount of the asset may not be recoverable. The Company assesses both key qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If these factors indicate potential impairment, then a quantitative test is performed and an impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill.

Impairment is determined for goodwill by assessing if the carrying value of CGUs, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less cost of disposal and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill, and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

I. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

At inception of a contract, the Company assesses whether a contract contains the right to control the use of the identified asset for a period in exchange for consideration. If the right to use the asset is conveyed within the contract, the Company recognizes a right-of-use asset and an associated lease obligation on the statement of financial position on the commencement date. The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease obligation, any lease payments made in advance of the lease commencement date (net of any incentives received), initial direct costs, and any restoration costs of the underlying asset.

The Company depreciates right-of-use assets on a straight-line basis over the lease term. The Company also assesses right-of use assets for impairment at the end of each reporting period or when such indicators exist.

At the possession date, the Company measures the lease liability at the present value of future lease payments, discounted using the rate implicit in the lease or the Company's incremental borrowing rate where available or market comparatives. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) and variable lease payments that are based on an index or rate.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Variable lease payments that are not based on an index or a rate are not included in the measurement of both the lease liabilities and right-of-use assets. The related liabilities are recognized as an expense in the period in which the conditions that trigger those payments occur and are recorded as general and administrative expenses in the consolidated statement of loss or comprehensive loss.

J. ASSETS AND LIABILITIES HELD FOR SALE

The Company classifies non-current assets or disposal groups as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this classification, the assets or disposal groups must be available for immediate sale in their present condition and the sale must be highly probable, with management committed to a plan to sell, an active program to locate a buyer initiated, active marketing at a reasonable price, completion expected within one year, and unlikely significant changes to the plan. Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, with impairment losses recognized in profit or loss on initial classification and subsequent remeasurement. When classified as held for sale, these assets are not depreciated or amortized, and any equity-accounted investee or subsidiary is no longer equity accounted or consolidated but retained at the lower of its carrying amount and fair value less costs to sell, in accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*.

K. IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If an asset is deemed to be impaired, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the assets belong. If the recoverable amount of an asset (or CGU to which the asset belongs) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU to which the asset belongs) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as an expense related to revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU to which the asset belongs) is increased to the revised estimate of its recoverable amount, not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU to which the asset belongs) in prior years. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

L. SHARE CAPITAL

Equity instruments are contracts that give rise to a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and preferred shares, as issued, (collectively, the "shares"), conversion features on convertible debentures, warrants, as issued, and stock options are classified as equity instruments based on the relative fair value of each instrument on issuance date. Incremental costs directly attributable to the issue of new shares, convertible debenture options, share warrants, or stock options are shown in equity as a deduction, net of tax, from the respective financing proceeds. Income taxes relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

M. REVENUE RECOGNITION

The Company assesses its revenue recognition contracts in accordance with IFRS 15:

- the contract has been approved by the parties to the contract
- each party's rights in relation to the goods or services to be transferred can be identified
- the payment terms for the goods or services to be transferred can be identified
- the contract has commercial substance, and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

Revenue from contracts with customers is recognized in accordance with IFRS 15.31 when the Company satisfies a performance obligation by transferring a promised good or service to a customer. Revenue is recognized by the Company at the point in time when control of the products sold transfers and the Company's obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the customer contract.

When (or as) a performance obligation is satisfied, the Company recognizes, as revenue, the amount of the transaction price that is allocated to that performance obligation. Revenue from sales of the Company's products have a single performance obligation and are sold for a fixed price. The Company recognizes revenue in an amount that reflects the consideration which the Company expects to receive from the customer for the sales of the goods, net of promotional discounts, sales taxes, or similar obligations. The Company does not recognize a liability for estimated sales refunds for goods expected to be returned as, based on historical information, the amount has not been historically material to the financial statements.

For contracts involving multiple performance obligations, the transaction price is allocated based on relative stand-alone selling prices of the goods or services. If a stand-alone selling price is not directly observable, it is estimated using an adjusted-market-assessment approach, which, for the most part, involves referring to prices from competitors for similar goods and then making an adjustment to such prices to reflect the company's costs and margins. Contract assets arise when the company transfers goods or services in advance of receiving consideration from customers. Contract liabilities arise from the obligation to transfer goods or services to the customer when consideration has already been received.

The Company's revenue is derived from three sales channels (i) Retail, (ii) Distribution, and (iii) Licensing.

(i) **Retail:** Revenue from sales through the Company's retail channel is revenue that is generally recognized, net of promotional discounts at point of sale, estimated returns and sales taxes, on the date the goods are sold. Reserves for returns are not material.

(ii) **Distribution**: Revenue from sales to customers through the Company's distribution channel are recognized, net of promotional discounts at the time of sale, estimated returns and sales taxes, when control of the goods has transferred to the customer. Where the Company arranges the shipping of goods, revenue is recognized on the date the goods are shipped from the Company's warehouse or third-party distribution partner (FOB shipping point). Where the customer arranges for the pickup of goods, revenue is recognized at the time the goods are transferred to the customer's carrier. Where the Company arranges the shipping of goods, revenue is recognized on the date the goods are delivered to the customer (FOB designation). Costs to ship orders to customers are included as an expense in cost of goods sold. As stated above, reserves for sales returns have not been historically material to the financial statements.

(iii) **Licensing Revenue**: Revenue from sales to licensed third party distributors of non-THC, branded products and licensing fees associated with the consumption of non-THC branded products.

Retail revenues are settled for cash or credit at point of sale and agreed-upon commercial credit terms in the case of distribution and licensing revenues. The Company's payment terms for distribution and licensing customers vary by location and customer; however, the time between when distribution and licensing revenue is recognized and when payment is due is typically not greater than 30 days. The Company from time to time offers promotional discounts on its products. The Company does not offer a warranty on its products.

N. SHARE-BASED COMPENSATION

RWB's stock option plan allows the Company, at its discretion, to grant employees, directors, and consultants the option to acquire common shares of the Company.

The fair value of options granted is recognized as a share-based compensation expense with a corresponding increase in equity reserves. The fair value of the options granted is measured using the Black-Scholes option pricing model considering the terms and conditions upon which the options were granted. Share-based compensation is expensed by the Company on a graded vesting schedule. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued.

O. COST OF GOODS SOLD

Cost of goods sold, primarily consists of cost incurred to ready inventory for sale, including post harvest costs, product costs, packaging and labeling, warehousing, fulfillment, distribution, freight, and tariff costs. The Company also includes discounts given, inventory revaluations, write-offs, shrinkage, and obsolescence within cost of goods sold.

P. OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Makers ("CODMs"). The CODMs are responsible for allocating resources and assessing the performance of the operating segments and have been identified as the Chief Executive Officer and President of the Company.

The Company's reportable segments, organized based on channels to end-user markets serviced by the Company, are as follows:

(1) ***Corporate segment*** which includes the publicly traded parent company and select wholly owned affiliates represent a cost centre for related public company reporting and various administrative costs.
(2) ***Distribution segment*** which includes subsidiaries that are licensed to cultivate, manufacture, process and distribute Company branded and third-party cannabis products and accessories directly to licensed retailers in Michigan and, California, and to intermediary distributors in Canada.
(3) ***Licensing segment*** which includes sales of branded, non-THC products and licensing fees earned from third party distributors.
(4) ***Retail segment*** which sells both Company branded and third-party cannabis products and accessories to both consumers and patients in the legal adult-use and medical markets in Florida, Michigan and Canada.

All other non-reporting segments are included in an 'Other' category. The CODMs assess the aforementioned segment performance based on their respective operating income or loss.

Q. LOSS PER SHARE AND DILUTED LOSS PER SHARE

Basic loss per share is computed by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding. Diluted loss per share reflects the potential dilution that could occur from common shares issuable through the exercise or conversion of stock options, restricted stock units, warrants and convertible securities. In certain circumstances, the conversion of options, restricted stock units, warrants and convertible securities are excluded from diluted loss per share if the effect of such inclusion would be anti-dilutive.

The inclusion of the Company's stock options, restricted stock units, warrants and convertible securities in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation.

Consequently, there is no difference between basic loss per share and diluted loss per share.

R. INCOME TAXES

Income taxes are comprised of current and deferred taxes. These taxes are accounted for using the liability method. The determination of both current and deferred taxes reflects the Company's interpretation of the relevant tax rules in each applicable jurisdiction as well its assessment of the relevant factors that impacted its representations on the reporting date.

Current tax is recognized in connection with income for tax purposes, unrealized tax benefits and the recovery of tax paid in a prior period and measured using the enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose.

Deferred tax is recognized on the difference between the carrying amount of an asset or a liability, as reflected in the financial statements, and the corresponding tax basis, used in the computation of income for tax purposes (“temporary differences”) and measured using the enacted tax rates and laws as at the balance sheet date that are expected to apply to the taxable income that the Company expects in the period during which the difference is expected to reverse. Management assesses the likelihood that a deferred tax asset will be realized at each reporting date. A valuation allowance is provided to the extent that it is more likely than not that all or a portion of a deferred tax asset will not be realized.

An unrealized tax benefit or liability may arise in connection with a period that has not yet been reviewed by the relevant tax authority. A change in the recognition or measurement of an unrealized tax benefit or liability is reflected in the period during which the change occurs.

Income taxes are recognized in the consolidated statement of operations, except when they relate to a pre-tax item that is recognized in other comprehensive income (loss) or directly in equity, respectively. Income taxes recognized in other comprehensive income (loss) or equity are reclassified to the consolidated statement of operations if the corresponding pre-tax item is reclassified to the consolidated statement of operations.

Where current and deferred income taxes arise from the initial accounting for a business combination, these are embedded in the acquisition tax accounting for the business combination.

Interest and penalties in respect of income taxes are not recognized in the consolidated statement of operations as a component of income taxes but as a component of general and administration costs.

S. FINANCIAL INSTRUMENTS

The Company recognizes a financial asset or liability when it becomes party to the contractual provisions of instrument. The Company classifies its financial assets and financial liabilities in accordance with IFRS 9, which establishes three primary measurement categories for financial assets:

(i) **FVTPL:** those to be measured subsequently at fair value through profit or loss;
(ii) **FVOCI:** those to be measured subsequently at fair value through other comprehensive income; and
(iii) **Amortized Cost:** those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies financial assets if and only its business model for managing those assets changes. Financial liabilities are not reclassified.

The following table summarizes classification of the Company's financial instruments under IFRS 9 *Financial Instruments*:

Asset or Liability	Classification under IFRS 9	Measurement
Cash	FVTPL	Fair value
Accounts receivable	Amortized cost	Amortized cost
Notes receivable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Other current assets	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Notes payable	Amortized cost	Amortized cost
Credit facility	Amortized cost	Amortized cost
Other current liabilities	Amortized cost	Amortized cost
Convertible notes	Amortized cost	Amortized cost
Derivative liabilities	FVTPL	Fair value

Recognition and subsequent measurement

The Company recognizes financial assets and financial liabilities into the statement of financial position when the Company enters into a contract relating to a financial instrument. All financial instruments are measured at fair value on initial recognition. Financial instruments related to all contract assets and liabilities are classified as current as they are expected to be realized or satisfied within the operating cycle of the contract. All other financial instruments are considered non-current if they are expected to be realized more than twelve (12) months after the reporting period.

Transaction costs directly attributable to an acquisition or issuance of financial assets and financial liabilities, other than financial assets and liabilities classified as FVTPL, are added to, or deducted from, the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income. Contingent assets are not recognized in the consolidated financial statements as this may result in the recognition of income that may never be realized. Should the realization of a contingent asset become certain, the Company recognizes the asset accordingly.

The following accounting policies apply to the subsequent measurement of financial instruments:

Financial Instrument	Subsequent Measurement
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVTPL or FVOCI	Measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Equity investments that are held for trading are measured at FVPL net gains and losses are recognized in as profit or loss in the statement of income (loss) and other comprehensive income (loss). For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.
Debt investments at FVOCI	Measured at fair value. Interest income is calculated using the effective interest rate method. Foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Classification

Financial assets are measured at amortized cost if it meets the following conditions and are not designated as FVTPL:

(i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments are measured at FVOCI if it meets the following conditions and is not designated as FVTPL:

(i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments that are held for trading are measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

Impairment of financial instruments

The Company assesses all information available, including forward-looking information, that may impact the determination of the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

For trade receivables, the Company applies the simplified approach as permitted by IFRS 9. At each reporting date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired under the expected credit loss ("ECL") model. The ECL model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. For trade and other receivables, the Company has measured the expected credit losses based on lifetime expected credit losses taking into consideration historical credit loss, where available, economic conditions and financial factors specific to the debtors. The carrying amount of trade receivables is reduced for any expected credit losses through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in the statements of income (loss) and comprehensive income (loss). When it is determined that recovery of an amount owing is not possible, the financial asset is written off to bad debt.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Fair value hierarchy

The fair value of the Company's accounts receivable, accounts payable and accrued liabilities approximate their carrying value, due to their short terms to maturity. The fair value of the Company's notes payable and convertible debenture liability approximates fair value due to the market rate of interest. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. Investments are measured at fair value using Level 2 inputs.

The following levels summarize the fair value hierarchy under which the Company's financial instruments are valued.

- **Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities
- **Level 2:** Inputs other than quoted prices that are observable for the asset or liability, directly or indirectly, and
- **Level 3:** Inputs that are not based on observable market data.

Level 3 inputs include management's subjective estimates used to assess indicators of impairment.

T. CONVERTIBLE DEBENTURES

In the event that the Company issues compound instruments (such as convertible debentures), these shall be classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument under IAS 32 Financial Instruments: Presentation. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments will be classified as an equity instrument.

Recognition and Measurement

When compound instruments are issued, the Company measures the fair value of the liability component using the prevailing market interest rate for similar non-convertible instruments. This amount shall be recorded as a financial liability measured at amortized cost using the effective interest method until extinguished upon conversion or at the instrument's maturity date, in accordance with IFRS 9 Financial Instruments. The value of the conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized directly in equity and is not subsequently remeasured, in compliance with IAS 32. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option. Allocated transaction costs related to the issuance of convertible debentures to the liability and equity components in proportion to the allocation of the financing proceeds. Transaction costs relating to the equity component shall be recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized over the term of the convertible debentures using the effective interest method.

For compound instruments containing embedded derivatives that do not meet equity classification criteria, the fair value of the embedded derivative is determined first based on the contractual terms, and the initial carrying amount of the host instrument shall be the residual amount after separating the embedded derivative, in accordance with IFRS 9.

U. DERIVATIVE LIABILITIES

The Company accounts for derivative liabilities in accordance with IFRS 9 - *Financial Instruments*. A derivative is recognized when the Company becomes party to a contract that meets all three criteria: its value changes in response to an underlying variable, requires little or no initial investment, and is settled at a future date. Upon initial recognition, derivative liabilities are measured at fair value with transaction costs expensed immediately in profit or loss. Subsequently, all derivative liabilities are measured at fair value with changes recognized in profit or loss. The Company assesses contracts for embedded derivatives requiring separation when the embedded derivative's economic characteristics are not closely related to the host contract. Embedded derivatives meeting separation criteria are accounted for as standalone derivative liabilities. Fair value is determined in accordance with IFRS 13, using observable market prices where available or appropriate valuation techniques. Derivative liabilities are derecognized only when the obligation is discharged, cancelled, or expires. The Company provides disclosures in accordance with IFRS 7, including information about the nature and extent of risks, risk management practices, and quantitative exposure data.

V. BUSINESS COMBINATIONS

The Company applies the purchase method to account for acquisitions. Consideration is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the acquisition date. Transaction costs directly attributable to the business combination are expensed as incurred. Identifiable net assets are measured at their fair values at the acquisition date except for leases under IFRS 16, deferred taxes and non-current assets that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell.

Any excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded by the Company as goodwill. In circumstances where the acquisition cost is less than the fair value of the net assets acquired (a bargain purchase), the difference is recognized directly in profit or loss.

Non-controlling interest in the acquiree is initially measured at the non-controlling shareholder's fair value. The measurement of contingent consideration at fair value on the acquisition date is performed with subsequent changes in the fair value recorded through the consolidated statements of income (loss) and comprehensive income (loss).

W. DISCONTINUED OPERATIONS

A component of the Company is classified as a discontinued operation if the component has been disposed of or is classified as held for sale and (a) represents a separate major line of business or geographical area of operations, (b) is part of a single coordinated plan to dispose of such operation, or (c) is a subsidiary acquired exclusively for resale purposes. Discontinued operations are presented separately in the statement of comprehensive income as a single amount comprising the post-tax profit or loss and post-tax gain or loss on measurement to fair value less costs to sell or on disposal. The Company discloses additional information in the notes including revenue, expenses, pre-tax profit or loss, related tax expense, gain or loss on measurement to fair value less costs to sell, and cash flow information for discontinued operations. Prior period results are restated to enhance comparability, when a component ceases to be classified as held for sale, and the results reclassified to income from continuing operations for all periods presented, in compliance with IFRS 5.

X. PROVISIONS AND CONTINGENT LIABILITIES

Provisions, where applicable, are recognized in other liabilities when the Company has a present legal or constructive obligation tied to past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

Y. RELATED PARTY TRANSACTIONS

An individual or close family member is considered a related party to the Company if that person:

- has control or joint control over the Company.
- has significant influence over the Company.
- is a member of key management personnel.

An entity is related to the Company if:

- the entity shares common members as the Company.
- the entity is an associate or joint venture with the Company.
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- the entity is controlled or jointly controlled by a related party person.
- a related party person has significant influence over the entity or is a member of the key management personnel of the entity.
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

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

7. ACQUISITIONS

ALEAFIA ACQUISITION

On January 12, 2024 (the “Acquisition Date”), the Company, through its subsidiary RWB (PV) Canada, Inc., acquired 100% of a newly created class of common shares of Emblem Cannabis Corporation ("ECC"), Canabo Medical Corporation ("CMC"), and Aleafia Retail Inc. ("ARI") (collectively, the "Purchased Entities"). This acquisition (the "Aleafia Acquisition") was executed in connection with proceedings under the Companies' Creditors Arrangement Act (the "CCAA Proceedings") involving Aleafia Health Inc. and certain of its subsidiaries (collectively, the "Aleafia Group").

Upon completion of the Aleafia Acquisition, the Company became the sole shareholder of the Purchased Entities and their respective subsidiaries.

The total consideration for the Aleafia Acquisition was $30,565, comprising:

- $24,195 through the release of debt obligations payable by the Aleafia Group under the AH Note Receivable and the AH DIP Note (refer to Note 10); and
- $6,370 in cash consideration, funded through a combination of existing cash reserves held by the Purchased Entities and a drawdown under the Company's CAD RGR Grid Note (refer to Note 22). These funds were allocated to discharge outstanding obligations under a pre-existing credit agreement and to finance closing costs and post-closing expenses incurred by the Monitor and respective legal counsel.

All identifiable net assets held by the Purchase Entities, including inventory, biological assets, property, plant and equipment, investments, intangible assets and goodwill, have been recorded at their respective fair market values as assessed on Acquisition Date.

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

	$
AH DIP Note allocated to purchase of shares	7,241
AH Note Receivable allocated to purchase of shares	16,954
Cash consideration	6,370
Total consideration	**30,565**
Identifiable assets (liabilities) acquired	
Cash and equivalents	1,009
Receivables	2,230
Prepaids and deposits	1,722
Inventory	7,267
Biological assets	692
Land	11,700
Property, plant and equipment	9,686
Right of use assets	36
Intangible assets	4,681
Investments	1,837
Payables	(2,360)
Taxes payable	(72)
Accrued liabilities	(843)
Other payables	(65)
Lease obligations	(41)
Total identifiable net assets	**37,479**
Excess consideration over net identifiable assets	**(6,914)**
Total consideration	**30,565**

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

During the year ended December 31, 2024, the Company expensed $468 in acquisition costs relating to the Aleafia Acquisition ($492; restated 2023). Revenue of the Purchased Entities post-acquisition for the year ended December 31, 2024, amounted to $19,448 and net income totalled $2,985.

Had the Aleafia Acquisition closed on January 1, 2024, the Company estimates it would have recorded consolidated revenues of $80,697 and a consolidated net loss of $33,601 for the year , resulting in an increase in revenue of $532 and an increase in net loss of $504 for the year, including the impact of a bargain purchase amounting to $6,914 recorded by the Company to gain on investments.

8. CASH AND EQUIVALENTS

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	**$**
Cash in bank	6,622	1,785
Cash on hand	116	407
Cash in transit	318	61
Restricted cash	229	-
Total cash	**7,285**	**2,253**

- **Cash on Hand:** Comprised of currency maintained at retail locations and petty cash funds utilized for immediate operational requirements.
- **Cash in Bank:** Represents balances held in deposit accounts at the Company's authorized financial institutions.
- **Cash in Transit:** Consists of retail location deposits in the process of being transferred to the Company's financial institution accounts. These deposits typically require twenty-four to forty-eight (24-48) hours to be recognized and credited to the Company's accounts.
- **Restricted Cash:** Includes funds held in a non-redeemable 12-month guaranteed investment certificate ("GIC") maturing on August 29, 2025. This GIC bears an effective interest rate of 4.41% with monthly compounding.

The Company received cash advances throughout the year under the CAD and USD RGR Grid Note (note 22). Net unused proceeds from these advances are included in cash and cash equivalents as at December 31, 2024.

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

9. ACCOUNTS RECEIVABLE

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

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	$
Trade receivables	22,466	20,782
Sales tax receivable	1,106	418
Other receivables	1,726	164
Total receivables before expected credit losses	**25,298**	**21,364**
Provision for expected credit losses	(8,311)	(7,328)
Expected credit losses on other receivables	(679)	-
Provision for credit disputes	(196)	-
Ending Balance	**16,112**	**14,036**

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

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

The Company assessed the carrying amount of trade receivables at December 31, 2024, for expected credit loss ("ECL") and included an ECL of $8,311 (restated 2023; $7,328) against receivables. In the year ended December 31, 2024, the Company expensed $3,363 and $1,175, respectively, to ECL and bad debt expense on its consolidated statement of loss and other comprehensive loss (restated 2023; $7,668 and $109, respectively).

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

Rate of expected credit loss:	0.51%	4.15%	16.19%	11.92%	31.00%	80.65%	Total
Aging classification	**Current**	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121+ Days**	
	$	$	$	$	$	$	$
Trade receivables	6,492	3,399	593	1,804	771	9,407	22,466
Expected credit losses – trade receivables	(33)	(141)	(96)	(215)	(239)	(7,587)	(8,311)
Net trade receivables	**6,459**	**3,258**	**497**	**1,589**	**532**	**1,820**	**14,155**
Sales tax receivable							1,106
Other receivables							1,726
Expected credit losses – other receivables							(679)
Provision for credit disputes							(196)
Balance, December 31, 2024							**16,112**

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

The aging of the Company's trade receivables and the corresponding ECL as at December 31, 2023, restated, is as follows:

Rate of expected credit loss:	0.98%	17.13%	9.41%	28.06%	25.00%	81.54%	Total
Aging classification	**Current**	**1-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121+ Days**	
	$	**$**	**$**	**$**	**$**	**$**	**$**
Trade Receivables	4,580	4,519	1,297	2,691	1,136	6,559	20,782
Expected Credit Losses	(45)	(774)	(122)	(755)	(284)	(5,348)	(7,328)
Net Trade Receivables	**4,535**	**3,745**	**1,175**	**1,936**	**852**	**1,211**	**13,454**
Sales tax receivable							418
Other receivables							164
Balance, December 31, 2023							**14,036**

The Company does not include sales tax recoverable within its ECL calculations as management deems this as fully collectible as of the date of these Financial Statements.

For changes to opening balances as at January 1, 2023 relating to the 2023 Restatement, please refer to note 36 – *Restatements*.

10. NOTES RECEIVABLE

As at December 31, 2024, and restated 2023, the Company had the following outstanding notes receivable:

	Date of Issue	Maturity date	Interest	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
			%	**$**	**$**
AH Note Receivable	2023-06-06	2023-12-24	Prime + 9%	-	16,778
AH DIP Note	2023-07-24	2023-11-23	12.50%	-	7,927
OPRC Note	2024-05-17	2027-05-31	8.00%	3,000	-
PD Note	2024-05-15	2027-05-15	20.00%	12,095	-
KMI Note	2024-12-19	On Demand	12.00%	741	-
Total notes receivable				**15,836**	**24,705**
Short-term				11,397	24,705
Long-term				4,439	-

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

Continuity of the Company's notes receivable for December 31, 2024, including restated 2023, is as follows:

	$
Balance, January 1, 2023	-
Issuance of AH Note Receivable	14,000
Advances on AH DIP Note	10,811
Coupon Interest	2,068
Amortization of discount	971
Principal Payments	(3,145)
Balance, December 31, 2023	**24,705**
Short-term	24,705
Long-term	-
Balance, January 1, 2024	**24,705**
Advances on AH DIP Note	7,330
Addition of PD Note	10,973
Addition of OPRC Note	3,000
Addition of KMI Note	723
Coupon Interest	1,123
Amortization of discount	60
Principal payments	(149)
Interest payments	(149)
Aleafia Acquisition (note 7)	(30,565)
Acquisition of Aleafia trademarks and tradenames (note 17)	(1,679)
Foreign exchange	464
Balance, December 31, 2024	**15,836**
Short-term	11,397
Long-term	4,439

During the year ended December 31, 2024, the Company accrued interest amounting to $1,123 and amortized discounts of $60 to other income relating to interest income earned and amortization of discounts on its note receivables (restated 2023; $2,068 and $971, accordingly).

AH Note Receivable

On June 6, 2023, the Company and Aleafia entered into a binding letter agreement ("the Letter Agreement") whereby the Company agreed to acquire Aleafia and its subsidiaries in a business combination transaction. Concurrent with the execution of the Letter Agreement, the Company was assigned and acquired an arm's length senior secured debt owed by Aleafia to an arm's length lender (the "AH Note Receivable"). The Company acquired the AH Note Receivable at a discounted purchase price of $12,500. An advance of $1,500 was made to Aleafia under the AH Note Receivable subsequent to the assignment and acquisition transaction. The Company and Aleafia mutually agreed to terminate the Letter Agreement on July 14, 2023.

Royal Group Resources Ltd. ("RGR"), an existing creditor of both the Company and Aleafia, provided the Company with a $14,000 advance under the Company's existing CAD RGR Grid Note (note 22) to facilitate the aforementioned purchase of the AH Note Receivable and the funding of the $1,500 advance under the AH Note Receivable.

The AH Note Receivable garnered a coupon interest rate of prime plus 9% per annum and matured on December 24, 2023, and was extended to January 12, 2024. The discount on the purchase price, amounting to $1,030, was recognized by the Company over its expected life using the effective interest method and included other income on the consolidated statement of profit and loss and other comprehensive profit and loss.

On July 24, 2023, the Company delivered a formal notice of default to Aleafia for failing to maintain the terms prescribed under the AH Note Receivable triggering an additional 5% per annum on the outstanding loan balance per the terms of agreement.

Up to January 12, 2024, the Company accrued interest amounting to $118 (restated 2023; $1,807) and amortized $60 of the discount received on the purchase price (restated 2023; $971) to other income on its consolidated statement of loss and other comprehensive loss relating to interest income earned on the AH Note Receivable.

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

AH DIP Note

On July 25, 2023, Aleafia announced that it had received an order (the "Initial Order") from the Ontario Superior Court of Justice (Commercial List) (the "Court") under the Companies' Creditors Arrangement Act to facilitate the restructuring of its business and financial affairs ("the Aleafia CCAA Proceedings"). The Initial Order approved debtor-in-possession ("DIP") financing to be provided by the Company to fund the Aleafia CCAA Proceedings and other short-term working capital requirements of up to $6,600 (the "AH DIP Note"). Interest on the principal outstanding was 12.5% per annum, compounded and calculated weekly and added to the principal amount of on the first day of each month. On execution, a commitment fee of $198 was payable by Aleafia representing 3% of the maximum $6,600 available to be advanced under the terms of the AH DIP Note (the "AH Commitment Fee"). The AH Commitment Fee had been included in Other Income on the statement of financial position. The continued availability of the AH DIP Note was conditional upon, among other things, certain conditions under the Aleafia CCAA Proceedings being satisfied. A copy of the AH DIP Note term sheet was filed on Sedar+ on August 17, 2023. Concurrent with approval of the AH DIP Note, The Company secured a commitment from RGR to meet its financing commitment to Aleafia under the AH DIP Note.

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

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

Up to January 12, 2024, the Company advanced $7,330 (restated 2023; $10,811) under the AH DIP Note and received principal repayments of $nil (restated 2023; $3,145). The Company also accrued $32 in related interest income to other income on the consolidated statement of profit and loss and other comprehensive profit and loss (restated 2023; $261).

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

PD Note

On May 15, 2024, the Company extended a US$8,000 revolving line of credit note to a Michigan cultivation operation (the "Borrower") bearing interest at 20% per annum to facilitate an arm's length crop commitment that will reduce the cost of raw material (cannabis biomass) inputs used in the Company's finished goods sold in the state of Michigan. The note matures on May 15, 2027, and allows for borrowing, repayment, and reborrowing of principal up to the maximum principal limit, subject to the

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

Company's approval. Annual repayments are required to reduce the outstanding balance, including interest, to USD $1,000 by May 15 of each year unless this condition is waived by the Company. The Company has secured a first-priority security interest on substantially all of the Borrower's operating assets excluding inventory on hand at the inception of the loan agreement and may accelerate repayment in the event of default.

OPRC Note

On May 17, 2024, the Company entered into a $3,000 secured note receivable agreement with One Plant Retail Corporation ("OPRC"), (the "OPRC Note"). OPRC is a legal entity in which the Company retains an 8.94% minority investment (note 19). The OPRC Note matures on May 31, 2027, and bears an interest rate of 8% per annum. Interest payments of accrued interest are payable by OPRC on the first of each month.

KMI Note

On December 19, 2024, the Company entered into a first priority, secured note receivable agreement with Kase Manufacturing Inc. ("KMI"), a vendor providing contract manufacturing and distribution services to the Company in the state of California. The KMI Note bears an interest rate of 12% per annum, compounded monthly until repaid in full. Default interest shall be at 20% after default, compounded monthly. The KMI Note is secured by all present and future right, title, and interest of Borrower's assets.

11. PREPAID EXPENSES

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	$
Prepaid operating licenses	1,741	304
Prepaid taxes	4	10
Prepaid dues and subscriptions	129	93
Other prepaid fees	119	70
Total prepaid expenses	**1,993**	**477**

Prepaid operating licenses include licenses held by the Company's various subsidiaries that allow for the legal conduct of cultivation, processing, distribution, and medical and adult-use retail sales by these entities. These licenses are regulated by the respective authorities in each state or province across the United States and Canada.

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

12. DEPOSITS

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated*
	$	$
Vendor deposits	10,202	6,176
Security deposits	333	256
Other deposits	651	802
Total deposits	**11,186**	**7,234**

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

On June 23, 2023, the Company advanced $3,776 to an arm's length vendor (included in vendor deposits) as security for a crop commitment for cannabis biomass which delivery was to commence during the fourth quarter of fiscal 2024. Under the agreed upon terms of the crop commitment, the vendor must maintain select product parameters for the harvest as defined by the Company. To date, the arm's length vendor has not fulfilled their contractual commitment under the crop commitment. The Company continues to work collaboratively with the arm's length vendor towards settlement of their commitment under this contract.

As of December 31, 2024, the Company has an additional $2,132 in vendor deposits held by a third-party vendor to secure the delivery of cannabis biomass. These deposits ensure supply chain security, stabilize prices, maintain operational continuity, and mitigate risks associated with supply disruptions.

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

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

13. INVENTORY

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	$
Cannabis and CBD derivative finished goods	5,376	4,023
Raw materials	5,493	1,778
Cannabis and CBD derivative work in process	38,965	14,906
Consumables and non-cannabis merchandise	443	-
Inventory provisions	(2, 721)	(99)
Total inventory	**47,556**	**20,608**

During the period ended December 31, 2024, the total inventory included in cost of sales was $53,136 (restated 2023; $53,207), which includes an allocation for salaries and wages amounting to $5,701 (restated 2023; $2,889). $2,463 of these provisions at December 31, 2024, relatie to inventory held by entities acquired as part of the Aleafia Acquisition n (note 7).

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

14. BIOLOGICAL ASSETS

The Company's biological assets consist of 4,837 plants growing as at December 31, 2024 (2023 restated; 9,433).

The continuity of biological assets is as follows:

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	$
Carrying amount, beginning of year	829	3,938
Acquired from Aleafia Acquisition (note 7)	1,136	-
Capitalized cost	11,940	3,095
Unrealized changes in fair value of biological assets	856	566
Transferred to inventory	(13,092)	(6,838)
Effects of foreign exchange	59	68
Carrying value, end of year	**1,728**	**829**

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

Sensitivity Analysis

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

	For the period ended 31-Dec-24			For the period ended 31-Dec-23 *Restated (note 36)*		
	Weighted average assumption	10% Change of inputs	Effect on Biological Asset balance	Weighted average assumption	10% Change of inputs	Effect on Biological Asset balance
Selling price ($/gram)	$2.90	$3.18	$7,240	$2.61	$2.87	$575
Yield by plant (grams)	359	395	6,490	377	415	333
Post-harvest costs ($/gram)	$1.11	$1.22	$5,017	$1.30	$1.43	($29)

15. ASSETS & LIABILITIES HELD FOR SALE

Assets and liabilities held by the Company's discontinued operations as outlined in note 3 (the "Discontinued Operations"), have been included in assets held for sale and liabilities held for sale on the statement of financial position.

Pharmaco Inc. ("Pharmaco"), a wholly owned subsidiary of the Company, operated licensed medical and adult-use retail outlets and conducted limited cultivation operations in Michigan since its acquisition by the Company on February 7, 2022. During the year ended December 31, 2024, management determined that Pharmaco's operations no longer aligned with the Company's core business objectives.

On December 26, 2024, following defaults under a senior secured loan agreement, the senior secured lender to Pharmaco submitted a Receivership Order to the Circuit Court in Pontiac, Michigan, requesting the appointment of a receiver to oversee the sale of all of Pharmaco's assets. The court approved the Receivership Order, authorizing the Receiver to manage and/or divest Pharmaco's assets, with the senior secured lender retaining its senior lien position and entitlement to proceeds from any sale.

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

The initiation of the receivership proceedings led to the classification of Pharmaco's assets and liabilities as a disposal group under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Revenue and expenses for the fiscal period ended December 31, 2024, and its restated 2023 comparative period, related to the Pharmaco operations have been eliminated from the Company's continuing operations and are shown as discontinued operations in the consolidated statement of profit or loss.

The carrying amounts of assets and liabilities held by the Company's Discontinued Operations as at December 31, 2024, and restated 2023 are as follows:

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	**$**
Current assets		
Accounts receivable	4	1,845
Prepaid expenses	-	417
Deposits	42	95
Inventory	-	1,604
Lease receivables	1,617	-
Other assets	-	542
Non-current assets		
Property, plant and equipment, net	11,529	12,916
Right-of-use assets, net	-	1,569
Intangible assets, net	-	-
Assets classified as held for sale	13,192	18,988
Current liabilities		
Accounts payable and accrued liabilities	23,550	21,976
Notes payable	798	1,574
Lease obligations	-	1,807
Credit facility	21,851	-
Other liabilities	-	2,436
Liabilities classified as held for sale	**46,199**	**27,793**

During the year ended December 31, 2024, the Company recognized an impairment loss of $141 on a property, plant and equipment related to Discontinued Operations (restated 2023; $33,983). These impairments stem from a reassessment of the recoverable value of the acquired operations' property, plant and equipment as the Company continued to evaluate restructuring alternatives for the operations. The balance of the carrying value of property, plant and equipment, represents management's best estimate of the aforementioned assets' value in use as of December 31, 2024, and restated 2023.

During the year ended December 31, 2023, the Company recognized $36,344 in impairments of intangible assets, $33,983 in impairments of property, plant and equipment and $24,318 of goodwill associated with Pharmaco. These impairment losses have been included in (income) losses from discontinued operations in the consolidated statement of profit or loss.

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

16. PROPERTY, PLANT AND EQUIPMENT

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

	Land	Land Improvements	Building	Building Improvements	Leasehold Improvements	Vehicles	Furniture & Fixtures	Machinery & Equipment	Computer Hardware	Construction In Progress	Total
	$	$	$	$	$	$	$	$	$	$	$
Costs											
Balance, December 31, 2022, restated	**666**	**1,226**	**7,662**	**1,083**	**5,331**	**17**	**481**	**11,225**	**14**	**1,021**	**28,726**
Additions	-	-	-	-	261	-	8	626	-	1,044	1,939
Disposals	-	-	-	-	-	-	-	(9)	(14)	-	(23)
Foreign currency movement	(15)	(29)	(180)	(1,083)	861	1	(12)	(136)	-	(12)	(605)
Balance, December 31, 2023, restated	**651**	**1,197**	**7,482**	**-**	**6,453**	**18**	**477**	**11,706**	**-**	**2,053**	**30,037**
Additions	-	-	1,828	175	78	180	101	675	4	2,457	5,498
Additions through business combinations (note 7)	6,491	-	9,948	4,161	-	-	87	604	95	-	21,386
Disposals	-	-	-	-	(109)	(2)	(67)	(634)	-	(1,213)	(2,025)
Foreign currency movement	57	105	(1,171)	(157)	1,913	10	42	(58)	(4)	91	828
Balance, December 31, 2024	**7,199**	**1,302**	**18,087**	**4,179**	**8,335**	**206**	**640**	**12,293**	**95**	**3,388**	**55,724**
Accumulated depreciation											
Balance, December 31, 2022, restated	**-**	**12**	**393**	**-**	**1,404**	**5**	**112**	**1,919**	**15**	**-**	**3,860**
Depreciation for the period	-	10	254	-	1,046	4	91	1,909	-	-	3,314
Disposals	-	-	-	-	-	-	-	-	(10)	-	(10)
Foreign currency movement	-	(1)	(16)	-	(48)	-	(6)	(83)	(5)	-	(159)
Balance, December 31, 2023 restated	**-**	**21**	**631**	**-**	**2,402**	**9**	**197**	**3,745**	**-**	**-**	**7,005**
Depreciation for the period	-	14	724	434	1,304	17	96	1,952	34	-	4,575
Disposals	-	-	(528)	(116)	(13)	(2)	-	(272)	(3)	-	(934)
Foreign currency movement	-	3	569	100	967	3	21	(230)	1	-	1,434
Balance, December 31, 2024	**-**	**38**	**1,396**	**418**	**4,660**	**27**	**314**	**5,195**	**32**	**-**	**12,080**
Net book value											
Balance, December 31, 2023, restated	651	1,176	6,851	-	4,051	9	280	7,961	-	2,053	23,032
Balance, December 31, 2024	**7,199**	**1,264**	**16,691**	**3,761**	**3,675**	**179**	**326**	**7,098**	**63**	**3,388**	**43,644**

During the period ended December 31, 2024, $21,386 in property, plant and equipment was acquired by the Company as a result of the Aleafia Acquisition (note 7). The Company capitalized $3,408 in depreciation expense to inventory within the year ended December 31, 2024 (restated 2023; $2,091).

For changes to opening balances as at January 1, 2023, related to the 2023 Restatement, please refer to note 36 – *Restatements*

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

17. INTANGIBLE ASSETS

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

	Brand	Licenses	Total
	$	$	$
Costs			
Balance, December 31, 2022, restated	**34,944**	**53,864**	**88,808**
Foreign exchange movement	(821)	(1,264)	(2,085)
Balance, December 31, 2023, restated	**34,123**	**52,600**	**86,723**
Additions	1,679	-	1,679
Aleafia Acquisition (note 7)	447	4,234	4,681
Foreign exchange movement	3,001	4,625	7,626
Balance, December 31, 2024	**39,250**	**61,459**	**100,709**

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

For changes to opening balances as at January 1, 2023, related to the 2023 Restatement, please refer to note 36 – *Restatements*

Intangible asset impairments

At the end of each reporting period, the Company assesses whether there were events or changes in circumstances that would indicate that a CGU or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

During the period ended December 31, 2024, and restated 2023, the Company did not recognize any impairment charges against its intangible assets within its continued operations.

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

The key assumptions utilized in deriving the fair value of the identifiable intangible assets during the Company's 2024 annual impairment review were the applicable discount rate, or cost of capital, and the revenue growth rate which varied based on select operating assumptions associated with the valuation methodology applicable to the CGU. Should any of these key assumptions materially change from the rates utilized by the Company for the 2024 fair value assessment, the estimated fair value may be impacted and could potentially result in additional impairment charges in future periods. The Company will continue to proactively monitor potential impairment conditions in future periods which may result in the Company having to perform a quantitative intangible assets impairment assessment at a time other than at the next fiscal year end of the Company.

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

18. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	$
Opening balance	17,126	17,120
Additions from Aleafia acquisition (note 7)	121	-
Accumulated depreciation from Aleafia acquisition (note 7)	(85)	-
Additions during the period	3,675	81
Depreciation for the period	(1,570)	(1,448)
Dispositions - ROU Asset	(3,447)	72
Dispositions - ROU Accumulated Depreciation	936	-
Gain on Disposals	(319)	-
Effects of foreign exchange	1,539	1,301
Balance, December 31, 2024	**17,976**	**17,126**

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	$
Opening balance	20,504	20,983
Additions/(Disposals)	415	156
Interest accretion	2,577	2,517
Interest payments	(2,824)	(2,517)
Principal payments	(149)	271
Ending balance	**20,523**	**21,410**
Effects of foreign exchange	2,206	(906)
Less: Short-term lease obligations	(701)	(423)
Long-term lease obligation	**22,028**	**20,081**

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*

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

	As at 31-Dec-24
	$
2024	-
2025	3,115
2026	3,230
2027	3,272
2028	3,318
2029	3,554
Thereafter	29,995
Total minimum lease payments	**46,484**
Present value of minimum lease payments	(15,486)
Effect of discounting	(8,269)
Current portion lease obligations	(701)
Long-term lease obligations	**22,028**

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

19. MINORITY INTEREST IN INVESTMENT

As part of the Aleafia Acquisition (note 7), the Company acquired an 8.94% equity interest in One Plant (Retail) Corp. ("OPRC"), a privately held entity operating or holding an operating interest in several licensed cannabis retail locations in the Canadian marketplace under the "One Plant" trade banner (*www.oneplant.ca*). OPRC operates a growing network of profile retail locations that feature both captive and third-party premium cannabis product offerings in a tailored, customer-centric storefront and online environment.

The Company does not exercise significant influence over OPRC's operational or financial policies.

The Company measures its equity investment in OPRC at FVTPL with net gains and losses recognized in as profit or loss in the statement of profit (loss) and other comprehensive. During the fiscal year ended December 31, 2024, the Company recorded a $642 gain on its minority interest equity investment in OPRC.

As of December 31, 2024, the Company maintains its 8.94% minority ownership interest in OPRC. The carrying value of the remaining investment is $2,479, reflecting the Company's share of OPRC's fair value.

Below is a continuity of the Company's investment in OPRC:

	$
Balance, December 31, 2023	-
Equity investment as a result of business combinations (note 7)	1,837
Gain on fair value adjustment	642
Balance, December 31, 2024	**2,479**

20. GOODWILL

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

	$
Balance, December 31, 2022, restated	**12,973**
Foreign exchange movement	(305)
Balance, December 31, 2023, restated	**12,668**
Foreign exchange movement	1,114
Balance, December 31, 2024	**13,782**

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

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*

Goodwill impairment

In assessing a CGU, including goodwill, for impairment, the Company compares the carrying value of the CGU to the recoverable amount, where the recoverable amount is the greater of fair value, less cost to sell and the value in use ("VIU"). The reader is referred to note 6 for the Company's methodology for determining CGUs. An impairment charge is recognized to the extent that the carrying value exceeds the recoverable amount.

As at December 31, 2024, and restated 2023, there were no material conditions present that necessitated impairment of goodwill for continuing operations that were recorded by the Company. Accordingly, the Company did not recognize any impairment charge during the period.

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

The key assumptions utilized in deriving the fair value of the goodwill during the Company's 2024 annual impairment review were the applicable discount rate, or cost of capital, and the revenue growth rate which varied based on select operating assumptions associated with the valuation methodology applicable to the CGU. Should any of these key assumptions materially change from the rates utilized by the Company for the 2024 fair value assessment, the estimated fair value may be impacted and could potentially result in an impairment charge in future periods. The Company will continue to proactively monitor potential impairment conditions in future periods which may result in the Company having to perform a quantitative goodwill impairment assessment at a time other than at the fiscal year end of the Company.

21. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated*
	$	**$**
Trade payables	14,761	12,936
Accrued liabilities and other	5,857	6,641
Sales and excise tax payable	3,335	572
Customer deposits	121	4
Total	**24,074**	**20,153**

During the year ended December 31, 2024, the Company had two significant vendors representing 20% and 10% of its trade payables (restated 2023: one vendor representing 17%).

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*

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

22. DEBT

A. NOTES PAYABLE

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

'000's	Purpose of Note	Note Value (Source Currency)	Date of Issue/ Amendment	Maturity date	Interest	As at 31-Dec-24	As at 31-Dec-23 *Restated*
		$			%	$	$
Oakshire Note	Debt settlement	USD 3,000	19-Jul-24	28-Feb-25	0.00%	1,665	-
FL Ops Note	Operations	USD 1,130	4-Jun-24	4-Dec-25	12.00%	1,637	-
[i] USD$18,300,000 RGR Note	Debt Restructure	USD 18,300	29-Dec-23	12-Feb-24	12.9%+PIK	-	25,141
[i], [ii] RGR Note C	Debt Restructure	USD 21,742	29-Nov-24	30-Nov-26	12.00%	33,541	-
[i] USD$25,885,000 RGR Note	Debt Restructure	USD 25,885	15-Sep-22	12-Sep-24	15.00%	52,038	41,454
USD$2,887,000 TAII Note	Debt Restructure	USD 2,887	1-Jan-24	12-Sep-24	15.00%	5,278	4,303
[i] USD$6,349,000 SDIL Note	Debt Restructure	USD 6,349	15-Sep-22	12-Sep-24	15.00%	10,091	9,365
USD$269,000 SIL Note	Debt Restructure	USD 269	15-Sep-22	12-Sep-24	15.00%	521	411
[i] USD$ RGR Grid Note	Debt Restructure	USD 7,850	1-Jan-24	12-Sep-24	12.00%	75,902	30,293
[i] CAD$ - RGR Grid Note	Debt Restructure	USD 31,198	1-Jan-24	12-Sep-24	12.00%	56,946	31,098
[i] CAD$2,710,000 BJMDSD Note	Debt Restructure	CAD 2,710	1-Feb-23	12-Sep-24	15.00%	3,214	3,029
ELL Note	Working Capital	CAD 5,750	5-Jun-24	1-Jul-29	6.72%	5,743	-
Balance, end of period						**246,576**	145,093
Short-term						207,419	145,093
Long-term						39,157	-

During the period ended December 31, 2024, the Company remained actively engaged in negotiations to renew notes payable that had otherwise matured during the fiscal year (as indicated in the above noted exhibit). On February 1, 2025, the Company and the respective note holders successfully renewed the terms of the notes payable in question. The reader is referred to note 37 for further details on the renewals.

Notes payable transactions during the year ended December 31, 2024:

a) RGR Grid Note Amendments

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

The RGR Grid Notes were subsequently renewed, post maturity, on February 1, 2025. The reader is referred to note 37 for further details on the renewals.

[i] Related Party (note 29)
[ii] Amendment of USD$18,300,000 RGR Note

b) FL Ops Note

On June 4, 2024, the Company's subsidiaries, Red White & Bloom Florida Inc. and RWB Florida LLC (as joint borrowers), entered into an operating loan agreement with Red White and Bloom Brands Inc. and a consortium of arm's-length lenders, for an aggregate principal amount of up to USD $6,000 (the "FL Ops Note"). The FL Ops Note carries a 12% annual interest rate (increasing to 15% in the event of default), compounds monthly, and matures on December 4, 2025. The arm's-length lenders advanced $1,626 (USD $1,130) of the total principal while Red White and Bloom Brands, Inc. advanced $6,708 (USD $4,662). For the purpose of these Financial Statements, amounts advanced by Red White and Bloom Brands, Inc. have been eliminated on consolidation. The FL Ops Note was issued to fund ongoing operating costs and fixturing of the Florida retail stores to be activated through fiscal 2025.

c) ELL Note

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

d) Oakshire Note

On July 19, 2024, under the terms of the Oakshire Settlement (see Debt Settlement below), the Company entered into a promissory note for $3,357 (the "Oakshire Note") to settle financial obligations and claims, including the extinguishment of $1,123 due to Oakshire. The Oakshire Note is non-interest bearing and is required to be settled, in full, by February 28, 2025 unless this condition is otherwise waived by the applicable lender. Payments are structured in installments, with specific deadlines outlined in the Oakshire Settlement Agreement. If payments are not made as scheduled, an 18% default interest rate will apply (at the discretion of the lender, and the total outstanding balance will become immediately due unless this condition is otherwise waived by the applicable lender. The Oakshire Note is secured by specific operating assets held by the Company.

e) RGR Note C (amendment of the USD$18,300,000 RGR Note)

On November 29, 2024, the Company and RGR executed an agreement, effective June 4, 2024, to amend the USD$18,300,000 RGR Note resulting in RGR Note C. Prior to the amendment, the Company incurred USD$1,339 in penalties and interest in accordance with the default terms of the USD$18,300,000 RGR Note. Under the terms of the amendment, RGR Note C will bear interest of 12% per annum, compounded monthly, with interest and principal payable on the maturity date, defined as November 30, 2026. The amendment was subject to review under IFRS 9 and as a result, the USD$18,300,000 RGR Note was extinguished resulting in $67 loss on extinguishment. Details of the transaction are included in the notes payable continuity schedule above.

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

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

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

b) USD RGR Grid Note

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

f) CAD RGR Grid Note

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

c) VRT Note Purchase Agreement

The USD$18,300,000 VRT Note included an administrative fee of US$180 and a non-refundable origination discount of US$540. The USD$18,300,000 VRT Note is secured by select assets of the Florida operations. Interest is calculated as the greater of a minimum 12.90% base interest rate or 7.40% plus prime. Base interest is payable monthly, with principal and interest above base due on February 12, 2024.

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

On the purchase, all terms and conditions of the [i]USD$18,300,000 RGR Note remained the same as initially set out in the USD $18,300,000 VRT Note. The USD$18,300,000 RGR Note is secured by select assets of the Company's Florida operations. Interest continues to be calculated as the greater of a minimum 12.90% base interest rate or 7.40% plus prime. Base interest is payable monthly, with principal and interest above base due on February 12, 2024. The change in lenders, by virtue of the assignment, did not initiate debt modification analysis under IFRS 9.

d) The December 31, 2023 Amendments

On December 31, 2023, the Company and the lenders agreed to amend the below listed Notes Payable. Under the terms of the amendments, the Company agreed to settle unpaid principal amounts on September 12, 2024, when the full and final payment of the principal amount becomes due, with accrued PIK interest added to principal effective January 1, 2023. Interest is calculated on a compounded monthly basis at 15% per annum, and payable on the agreed upon maturity date in arrears and on the date of any prepayment or repayment. All other terms and conditions remain unchanged. The amendment was subjected to review under IFRS 9 and as a result, the Company recognized a $507 gain on debt modifications related to the December 31, 2023, amendments.

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

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

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*

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

Continuity of the outstanding notes payable held by the Company for the period ended December 31, 2024, is as follows.

Name of Loan	Balance 31-Dec-23 Restated (note 36)	Additions	Interest Accretion	Interest	Interest Payments	Principal Payments	Debt Modification	Transaction costs	Extinguish -ment	Extinguishment Gain/(loss)	FX (gain)/loss	Balance 31-Dec-24	Short -term	Long -term
	$	$	$	$	$	$	$	$	$	$	$	$		
Oakshire Note	-	4,608	-	-	-	(3,005)	-	-	-	-	62	1,665	1,665	-
MV Ops Note	-	1,626	-	11	-	-	-	-	-	-	-	1,637	1,637	-
[i]USD$18,300,000 RGR Note	25,138	-	-	1,847	-	(27)	-	1,842	(30,460)	(67)	1,727	-	-	-
[I, ii]RGR Note C	-	-	-	2,198	-	-	30,460	-	-	-	883	33,541	-	33,541
[I] USD$25,885,000 RGR Note	41,454	-	124	6,490	-	-	-	-	-	-	3,970	52,038	52,038	-
USD$2,887,000 TAII Note	4,303	-	35	663	(128)	-	-	-	-	-	405	5,278	5,278	-
[I] USD$6,349,000 SDIL Note	9,366	-	73	1,323	(460)	(1,032)	-	-	-	-	821	10,091	10,091	-
USD$269,000 SIL Note	412	-	4	65	-	-	-	-	-	-	40	521	521	-
[I] USD$ RGR Grid Note	30,293	-	-	97	-	-	-	50	(30,390)	(50)	-	-	-	-
[I, iii]USD$ RGR Grid Note	-	34,648	-	6,092	-	-	30,390	-	-	-	4,772	75,902	75,902	-
[I] CAD$ - RGR Grid Note	31,098	-	-	100	-	-	-	50	(31,198)	(50)	-	-	-	-
[I, iii] CAD$ - RGR Grid Note	-	23,062	-	5,701	(15)	(3,000)	31,198	-	-	-	-	56,946	56,946	-
[I] CAD$2,710,000 BJMDSD Note	3,029	-	12	461	(138)	(150)	-	-	-	-	-	3,214	3,214	-
ELL Note	-	5,750	-	218	(187)	(38)	-	-	-	-	-	5,743	127	5,616
Balance, end of period	**145,093**	**69,694**	**248**	**25,266**	**(928)**	**(7,252)**	**92,048**	**1,942**	**(92,048)**	**(167)**	**12,680**	**246,576**	**207,419**	**39,157**

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

[i] Related party (note 29)
[ii] November 29, 2024 amendment of USD$18,300,000 RGR Note (note 22)
[iii] Amended January 1, 2024 (note 22)

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

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

Name of Loan	Balance 31-Dec-22 *Restated*	Additions	Interest Accretion	Interest	Principal Payments	Interest Payments	Debt Modification	(Gain)/Loss on Debt Modification	Transaction costs	Extinguish -ment	FX (gain)/loss	Balance 31-Dec-23 ***Restated***	Short-term
	$	$	$	$	$	$	$	$	$	$	$	$	
$26,872 - Ram loan	5	-	-	-	-	(5)	-	-	-	-	-	-	-
[i,ii]USD$25,885,000 RGR Note	36,678	-	155	5,870	-	-	-	(265)	(7)	-	(977)	41,454	41,454
[ii] USD$2,887,000 TAII Note	3,940	-	42	622	(123)	-	-	(68)	(7)	-	(103)	4,303	4,303
[i, ii] USD$6,349,000 SDIL Note	8,664	-	87	1,356	(360)	-	-	(150)	(7)	-	(225)	9,365	9,365
[ii] USD$269,000 SIL Note	367	-	5	59	-	-	-	(3)	(7)	-	(10)	411	411
[i] USD$18,300,000 VRT Note	24,849	-	-	2,996	(3,001)	-	-	-	-	(24,139)	(705)	-	-
[i] USD$ RGR Grid Note	10,765	18,757	-	2,638	-	(1,293)	-	-	-	-	(574)	30,293	30,293
[i] USD$18,300,000 RGR Note	-	-	-	949	-	-	24,139	-	-	-	53	25,141	25,141
[i] CAD$2,210,000 BJMD Note	2,227	-	-	30	(25)	-	-	-	-	(2,231)	-	-	-
[i, iii]CAD$2,710,000 BJMDSD Note	-	500	13	395	(86)	-	2,231	(20)	(5)	-	-	3,028	3,028
[i]CAD$ RGR Grid Note	-	32,705	-	1,538	-	(3,145)	-	-	-	-	-	31,098	31,098
Balance, end of year	**87,495**	**51,962**	**302**	**16,453**	**(3,595)**	**(4,443)**	**26,370**	**(506)**	**(33)**	**(26,370)**	**(2,541)**	**145,093**	**145,093**

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

[i] Related party (note 29)
[ii] Amended December 31, 2023 (note 22)
[iii] February 1, 2023 amendment of CAD$2,210,000 BJMD Note (note 22)

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

B. CONVERTIBLE DEBENTURES

Below are the terms of each of the convertible notes held by the Company, and assumptions used to value each of the respective embedded convertible features in the Company's outstanding convertible debentures as at December 31, 2024, and restated 2023.

	AB Convertible Note	FCC Convertible Note	IBGL Convertible Note	[i]VMOS Convertible Note	MV Convertible Note	[i]DCIL Convertible Note	[i]SDIL Convertible Note	[i]CPIL Convertible Note
Purpose of issuance	Florida Acquisition	Florida Acquisition	Florida Acquisition	Florida Acquisition	Florida Acquisition	Debt restructure	Debt restructure	Debt restructure
Details and terms								
Original note value	USD$781,250	USD$1,562,500	USD$1,562,500	USD$1,093,750	USD$20,112,015	USD$5,400,000	USD$5,400,000	CAD$17,000,000
Original date of issue	2021-04-22	2021-04-22	2021-04-22	2021-04-22	2021-06-04	2021-10-04	2021-10-04	2022-09-15
Amendment date	n/a	n/a	2024-12-31 effective 2024-06-04	2024-12-31 effective 2024-06-04	2024-11-29 effective 2024-06-04	2021-11-25 2022-09-15	2021-11-25 2022-09-15	-
Maturity date	2024-04-22	2024-04-22	2024-04-22 amended 2026-11-30	2024-04-22 amended 2026-11-30	2024-06-04 amended 2026-11-30	2024-09-12	2024-09-12	2024-09-12
Interest rate/annum	8% post maturity 12%	8% post maturity 12%	8% amended 12%	8% amended 12%	8% amended 12%	8%	8%	8%
Additional interest/annum	-	-	-	-	4% in shares amended 0%	-	-	-
Default rate/annum	5%	5%	5%	5%	8% amended 15%	10%	10%	8%
Conversion price/share	N/A	N/A	USD$2.75	USD$2.75	USD$2.75	USD$0.15	USD$0.15	CAD$0.20
Interest due	On Demand	On Demand	On maturity	On maturity	On maturity	On maturity	On maturity	On maturity
Security	Unsecured	Unsecured	Unsecured	Unsecured	Secured	Secured	Secured	Secured
Collateral	None	None	None	None	RWB Florida LLC Class A Membership	Shares of RWB Platinum Vape, LLC	Shares of RWB Platinum Vape, LLC	1st priority security interest RWB Michigan, LLC
[ii]Valuation method used for embedded derivatives	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Binomial Lattice based on CRR	Residual Method
Derivative liability valuation inputs, December 31, 2023								
Stock price	**$0.04**	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	n/a
Term (years)	$0.04	0.31	0.31	0.31	0.43	0.7	0.7	2
Volatility	0.31	184.40%	184.40%	184.40%	173.40%	154.40%	154.40%	n/a
Implied spread	184.40%	977	977	977	977	977	977	n/a
Risk-free rate	977	5.40%	5.40%	5.40%	5.30%	5.10%	5.10%	n/a
Discount/market yield	5.40%	15.10%	15.10%	15.10%	15.10%	14.80%	14.80%	15.07%
	15.10%							

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

As at December 31, 2024, and restated December 31, 2023, the Company's assessment determined that no derivative liability was associated with the existing convertible debentures.

[i] Held by a related party (note 29)
[ii] Binomial lattice methodology based on a Cox-Ross-Rubenstein ("CRR") approach.

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

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

CAD in '000	AB Convertible Note	FCC Convertible Note	IBGL Convertible Note	[1]VMOS Convertible Note	MV Convertible Note	[i]DCIL Convertible Note	[i]SDIL Convertible Note	[i]CPIL Convertible Note	Total
	$	$	$	$	$	$	$	$	$
Carrying Value, January 1, 2023	**1,150**	**2,299**	**2,299**	**1,608**	**26,411**	**7,756**	**7,756**	**15,617**	**64,896**
Additional interest	-	-	-	-	1,247	-	-	-	**1,247**
Additional interest cash payment	-	-	-	-	(1,247)	-	-	-	**(1,247)**
Interest accrued	84	169	169	118	2,451	644	644	1,360	**5,639**
Interest Accretion	37	75	75	52	2,847	176	176	1,053	**4,491**
Effects of foreign exchange	(29)	(58)	(58)	(39)	(722)	(198)	(198)	-	**(1,302)**
Carrying Value, December 31, 2023	**1,242**	**2,485**	**2,485**	**1,739**	**30,987**	**8,378**	**8,378**	**18,030**	**73,724**
Interest accrued	26	52	52	37	1,078	829	829	1,673	**4,576**
Interest Accretion	14	28	28	20	1,506	153	153	737	**2,639**
Extinguishment	-	-	(2,658)	(1,860)	(34,684)	-	-	-	**(39,202)**
Amendment	-	-	2,658	1,860	34,684	-	-	-	**39,202**
Interest accrued post-amendment	92	184	184	129	2,486	-	-	-	**3,075**
Effects of foreign exchange	113	225	225	157	2,958	783	783	-	**5,244**
Carrying Value, December 31, 2024	**1,487**	**2,974**	**2,974**	**2,082**	**39,015**	**10,143**	**10,143**	**20,440**	**89,258**
Short-term	1,487	2,974	-	-	-	10,143	10,143	20,440	**45,187**
Long-term	-	-	2,974	2,082	39,015	-	-	-	**44,071**

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

Convertible note transactions during the year ended December 31, 2024:

a) MV Convertible Note (amendment of the USD$20,112,015 MV Convertible Note)

On November 29, 2024, the Company and M&V Investments One LLC ("MV") executed an agreement to amend the USD$20,112,015 MV Convertible Note resulting in the MV Convertible Note, with an effective date of June 4, 2024. Under the terms of the amendment, the MV Convertible Note will bear interest of 12% per annum, compounded annually, with interest and principal payable on the maturity date, defined as November 30, 2026. The Company and MV also agreed that MV may convert all or any portion of the outstanding principal balance of the MV Convertible Note at a price of USD $2.75 per common share of the Company at any time prior to maturity. The amendment was subject to review under IFRS 9 and as a result, the USD$20,112,015 MV Convertible Note was extinguished and the MV Convertible Note was established. Details of the transaction are included in the convertible debenture continuity schedule above.

[1] Held by a related party (note 29)

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

b) IBGL and VMOS Convertible Notes (amendment of the USD$1,562,500 IBGL and USD$1,093,750 VMOS Convertible Notes)

On December 31, 2024, the Company and lenders of the USD$1,562,500 IBGL and, USD$1,093,750 VMOS Convertible Notes amended existing notes, with an effective date of April 22, 2024, resulting in the IBGL and VMOS Convertible Notes. Under the terms of the amendments, interest is set at 12% per annum, with interest and principal payable on the maturity date, defined as November 30, 2026. The Company and the holders of the IBGL and VMOS Convertible Notes also agreed that the lenders may convert all or any portion of the principal balance of the respective Convertible Notes at a price of USD $2.75 per common share of the Company at any time prior to the next respective maturity date. The amendment was subject to review under IFRS 9 and as a result, the USD$1,562,500 IBGL and USD$1,093,750 VMOS Convertible Notes were extinguished and the IBGL and VMOS Convertible Notes were established. Details of the transactions are included in the convertible debenture continuity schedule above.

During the year ended December 31, 2024, the Company remained actively engaged in negotiations to renew the AB and FCC Convertible debt that matured during the reporting period. As of the date of this report, the Company continues renewal negotiations with these respective lenders. The lenders have not provided formal notification of default to the Company despite the expiration of the original maturity dates. The principal renewal terms of the debt instruments have been acknowledged as acceptable by the lenders with current discussions solely focused on collateral arrangements. Given that the original maturity dates have expired, these loan obligations continue to be classified as short-term debt in the Company's Consolidated Statement of Financial Position.

Convertible note transactions during the year ended December 31, 2023:

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

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

C. DERIVATIVE LIABILITIES RELATING TO CONVERTIBLE DEBENTURES

The Company's derivative liabilities associated with convertible debentures listed in section B of this note, as at December 31, 2024, and restated 2023, and the corresponding fair market value of the Company's derivative liabilities were as follows:

	MV Convertible Note	DICL Convertible Note	SDIL Convertible Note	Total
	$	$	$	$
Balance, January 1, 2023	**(1,268)**	**(981)**	**(981)**	**(3,230)**
Gain on FMV adjustments of derivative liability	2	647	647	1,296
Gain on Interest liability classified as a derivative liability	1,243	-	-	1,243
Effects of Foreign exchange	24	(3)	(3)	18
Balance, December 31, 2023	**1**	**(337)**	**(337)**	**(673)**
Gain on FMV adjustments of derivative liability	1	345	345	691
Effects of Foreign exchange	(2)	(8)	(8)	(18)
Balance, December 31, 2024	-	-	-	-

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

D. CREDIT FACILITY

The lender of the Company's credit facility initially was Bridging Finance, Inc. (the "Credit Facility"). The Credit Facility bears an annual interest rate of 12%, compounded monthly and payable in arrears on the last day of each month. The Credit Facility is secured by general security agreements on mortgages on certain owned real property of Pharmaco among other security obligations.

On January 30, 2023, the Company and PricewaterhouseCoopers ("PWC"), the appointed receiver overseeing the operations of Bridging Finance Inc., agreed to revise the maturity date of July 31, 2023 to January 30, 2024, while maintaining all other terms and conditions. The January 30, 2024, extension was subject to an amendment fee of $136.

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

During the period ended December 31, 2024, the Company and RGR continued to collaboratively engage in negotiations to renew the Credit Facility which had matured on July 31, 2023.

On December 26, 2024, following defaults under the Credit Facility confirmed by RGR, RGR submitted a Receivership Order to the Circuit Court in Pontiac, Michigan, requesting the appointment of a receiver to oversee the sale of all of Pharmaco's assets. The court approved the Receivership Order, authorizing the Receiver to manage the sale of all of Pharmaco's assets, with RGR retaining its senior lien position and entitlement to proceeds from any sale. With the classification to discontinued operations, Pharmaco's assets and liabilities were reclassed to Assets and Liabilities for Sale on the Statement of Financial Position, including all amounts owing to RGR under the RGR Credit Facility. The reader is referred to notes 15 assets and liabilities held for sale, and note 37 *Pharmaco Receivership* for events relating to the RGR Credit Facility following the reporting date.

A continuity of the Company's secured credit facility is as follows:

	$
Balances, December 31, 2022	**17,552**
Amendment Fee	136
Finance charge	1
Accrued interest	2,186
Interest payments	(354)
Amendment fee payment	(91)
Balances, December 31, 2023	**19,430**
Accrued interest	1,082
Recovery of amendment fees	(45)
Allocation to liabilities available for sale (note 15)	(20,467)
Balances, December 31, 2024	-

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

E. DEBT SETTLEMENTS

On July 19, 2024, the Company entered into a settlement agreement between with Oakshire Holdings Inc. and its affiliates (the "Oakshire Parties") to resolve a series of financial obligations and claims, including the extinguishment of $1,123 due under the Due to Oakshire Note (the "Oakshire Settlement Agreement"). Under the terms of the agreement, the Company will pay the Oakshire Parties $3,357 in scheduled installments. The obligations under the Oakshire Settlement Agreement is secured by tangible assets held by the Company, in concert with the Oakshire Note (note 22). Payments made by the Company in connection with the Oakshire Note amounted to $3,005 as at year end December 31, 2024 (see Note 22 a above).

On October 30, 2023, in accordance with the policies of the Canadian Securities Exchange, the Company announced that its board of directors has approved the issuance of 700,000 common shares, at a deemed price of $0.06 per share, as final consideration for an asset purchase completed by Pharmaco Inc., a wholly owned subsidiary of the Company (the "Asset Purchase"). All securities issued pursuant to the Asset Purchase are subject to a statutory hold period which will expire on the date that is four months and one day from the date of issuance. None of the securities issued in connection with the Asset Purchase will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and none of them will be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act.

F. OFF BALANCE SHEET ARRANGEMENTS

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

23. SHARE CAPITAL AND RESERVES

A. AUTHORIZED

As at December 31, 2024, the authorized shares were as follows:

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

B. ISSUED AND OUTSTANDING

Changes in share capital for the period ended December 31, 2024, restated 2023, and the balances outstanding is as follows:

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

Share Capital transactions during the year ended December 31, 2024:

On June 14, 2024, all authorized Series 1 Convertible Preferred shares and Series II Convertible Preferred shares outstanding, of which none were allotted or issued, were eliminated by approved resolution. On the same date, the Company authorized a new class of preferred shares (the "Preferred Shares"). The Preferred Shares are unlimited, issuable in series, without par value, and have special rights and restrictions, under directors' discretion, which impact (1) dividend entitlements, (2) redemption terms and (3) conversion rights provided that no other preferred shares are issued and outstanding. In the event of liquidation, Preferred shareholders have priority in receiving paid-in capital plus any accrued dividends before any distribution to common shareholders. The Preferred shareholders do not have voting rights or the right to attend general meetings, except in specific circumstances related to dividend defaults.

On June 14, 2024, the common shares were concurrently amended to include the following special rights and restrictions: in the event of the Company's liquidation or dissolution, common shareholders are entitled to share in the remaining assets of the Company after the claims of the Preferred shareholders and any other classes with priority have been satisfied.

Share Capital transactions the year ended December 31, 2023, restated:

On November 7, 2023, in connection with a settlement agreement and mutual release (note 22), the Company issued 700,000 common shares, at a deemed price of $0.06 per share, as final consideration for an asset purchase completed by Pharmaco Inc., a wholly owned subsidiary of the Company.

C. STOCK OPTIONS

The Company established a 20% rolling stock option plan (the "Option Plan") to provide the Company with a share-related mechanism to attract, retain and motivate directors, employees, and consultants, to reward such persons with the grant of options under the Option Plan from time to time for their contributions toward the long-term goals of the Company and to enable and encourage such persons to acquire shares as long-term investments.

Under the Option Plan, the Board of Directors may from time to time, in its discretion, grant stock options to directors, officers, employees and consultants of the Company. Pursuant to the Option Plan, the Company may issue options for such period and exercise price as may be determined by the Board of Directors, and in any case not exceeding ten (10) years from the date of grant. The minimum exercise price of an option granted under the Option Plan must not be less than the closing price of the common shares on the date preceding the option grant date.

In any 12-month period, and in relation to the number of issued and outstanding common shares of the Company, the total number of options awarded cannot exceed:

- 5% to any one individual as at the grant date
- 2% to any one Consultant as of the grant date
- 2% to employees performing investor relations activities for the Company

The Company uses the Black-Scholes model to establish the fair value of the options on the date of grant by applying the assumptions below. The fair value of the option is expensed over the option's vesting period.

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

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

Grant Date	Vesting Start Date	Expiry Date	Share price on Date of Grant	Exercise Price	Volatility	Risk Free Rate	Dividends
			$	$	%	%	$
11-Jan-20	11-Jan-20	11-Jan-25	1.15	1.00	100.00%	2.27%	$nil
11-Jan-20	11-Apr-20	11-Jan-25	1.15	1.00	105.27%	0.45%	$nil
1-Apr-20	1-Apr-21	1-Apr-25	1.15	1.00	105.27%	0.45%	$nil
10-Sep-20	10-Dec-20	10-Sep-25	0.66	0.66	105.27%	0.45%	$nil
1-Oct-20	1-Oct-20	1-Oct-25	0.54	0.65	105.27%	0.45%	$nil
1-Oct-20	1-Jan-21	1-Oct-25	0.54	0.65	105.27%	0.45%	$nil
12-Oct-20	12-Oct-20	12-Oct-25	0.60	0.65	105.27%	0.45%	$nil
18-Nov-20	18-Nov-20	18-Nov-25	0.67	0.67	105.27%	0.45%	$nil
3-Dec-20	3-Dec-20	3-Dec-25	0.69	0.75	105.27%	0.45%	$nil
6-Jul-21	6-Jul-21	6-Jul-25	1.10	1.10	105.27%	1.23%	$nil
12-Nov-21	21-Nov-21	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	22-Jan-22	26-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	8-Nov-21	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	1-Jul-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	20-Sep-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
12-Nov-21	4-Oct-22	12-Nov-26	0.63	0.63	88.00%	1.23%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.14	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.20	94.35%	3.98%	$nil
7-Oct-22	7-Jan-23	7-Oct-27	0.15	0.50	94.35%	3.98%	$nil
15-Mar-23	15-Mar-24	15-Mar-33	0.10	0.10	94.35%	3.98%	$nil
3-Oct-24	3-Oct-25	3-Oct-29	0.07	0.10	150.63%	3.28%	$nil

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

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

	Options	Weighted average exercise price
	#	$
Balance Outstanding, December 31, 2022	**17,783,456**	**0.95**
Issued	[i]1,250,000	0.10
Expired	(2,009,192)	2.07
Forfeited	(63,333)	0.68
Balance Outstanding, December 31, 2023	**16,960,931**	**0.80**
Issued	1,925,000	0.12
Expired	(3,197,002)	2.70
Forfeited	(102,500)	0.21
Balance Outstanding, December 31, 2024	**15,586,429**	**0.33**
Exercisable		
Exercisable as at December 31, 2024	12,828,097	0.38
Exercisable as at December 31, 2023	11,967,182	1.07

[i] Includes amounts issued to an officer of the Company (see note 29)

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

Stock Options are measured at fair value at the date of grant and are expensed to share based compensation over the option's vesting period. For the three and twelve months ended December 31, 2024, the Company had share-based compensation expenses relating to stock options amounting to $30 and $195, respectively (restated 2023; 145 and 752, respectively).

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

Outstanding				Exercisable	
Expiry date	**Exercise price**	**Options**	**Remaining contractual life**	**Options**	**Remaining contractual life**
	$	**#**	**(years)**	**#**	**(years)**
11-Jan-25	1.00	371,429	0.03	371,429	0.03
1-Apr-25	1.00	125,000	0.25	125,000	0.25
6-Jul-25	1.10	75,000	0.51	75,000	0.51
10-Sep-25	0.66	15,000	0.69	15,000	0.69
1-Oct-25	0.65	3,400,000	0.75	3,400,000	0.75
12-Oct-25	0.65	50,000	0.78	50,000	0.78
18-Nov-25	0.67	150,000	0.88	150,000	0.88
3-Dec-25	0.75	800,000	0.92	800,000	0.92
12-Nov-26	0.63	400,000	1.87	400,000	1.87
26-Nov-26	0.63	75,000	1.90	75,000	1.90
7-Oct-27	0.14	6,500,000	2.77	6,500,000	2.77
7-Oct-27	0.20	200,000	2.77	200,000	2.77
7-Oct-27	0.50	250,000	2.77	250,000	2.77
03-Mar-29	0.10	1,925,000	4.76	-	-
15-Mar-33	0.10	1,250,000	8.21	416,668	8.21
Total		**15,586,429**	**2.76**	**12,828,097**	**2.11**

24. EARNINGS (LOSS) PER SHARE

Earnings/loss per share for the year ended December 31, 2024, and restated 2023 is as follows:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23 *Restated (note 36)*
Outstanding common shares	470,221,901	469,521,901
Earnings (loss) from continuing operations attributable to RWB shares ($)	(19,160)	(42,036)
Weighted average number of shares outstanding, basic and dilutive	470,221,901	469,521,901
Earnings/loss per share, basic and diluted ($)	**(0.04)**	**(0.09)**

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

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

25. REVENUES

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

	12 months ended 31-Dec-24	12 months ended 31-Dec-23 *Restated (note 36)*
	$	**$**
Distribution	58,539	61,671
Licensing	4,666	3,351
Retail	16,960	4,546
Total revenue	**80,165**	**69,568**

Revenue as a percentage of total sales for the year ended December 31, 2024, and restated 2023 is as follows:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23 *Restated (note 36)*
	%	**%**
Distribution	73.02%	88.65%
Licensing	5.82%	4.82%
Retail	21.16%	6.53%
Total revenue	**100%**	**100%**

During the year ended December 31, 2024, and restated 2023, the Company did not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a result, the Company has not adjusted any of the transaction prices for the time value of money.

The year ended December 31, 2024, the Company had one significant customer representing 11% of total revenues earned by the Company. The Company had no significant customers representing over 10% during the restated year 2023.

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

26. GENERAL AND ADMINISTRATIVE EXPENSES

The Company's general and administrative expenses for December 31, 2024, and 2023 were as follows:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23 *Restated (note 36)*
	$	**$**
Salaries and wages	14,841	10,631
Facilities expense	1,638	840
Professional fees	5,841	4,010
Office and administrative fees	1,761	855
Travel expense	521	330
Licenses and permits	1,703	55
Insurance	1,895	1,239
Penalty and late fees	229	295
Total general and administrative expenses	**28,429**	**18,255**

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

27. INCOME TAXES

A. INCOME TAX EXPENSE

The Company conducts business within the cannabis industry in the United States. As a result, the Company is subject to the limits of Internal Revenue Code 280e under which it is only allowed to deduct expenses directly related to the cost of goods sold or the costs of production of its cannabis related finished goods.

A reconciliation of the amounts of income taxes reflected above compared to the expected income tax rates calculated at the combined Canadian federal and provincial enacted statutory rate of 26.5% for each of two years ended December 31, 2024, and December 31, 2023, is as follows:

	2024	2023 Restated *(note 36)*
	$	$
Current tax expense (recovery)		
Continuing operations	2,021	2,681
Discontinued operations	(151)	1,513
Deferred tax expense (recovery)		
Continuing operations	(1,968)	15,101
Discontinued operations	(366)	(10,755)
Total income tax expense (recovery)	**(464)**	**8,540**

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26.5% (2023 - 26.5%) to income before income taxes. The reconciliation of the differences are as follows:

	2024	2023 *Restated (note 36)*
	$	$
Income before income tax including discontinued operations	(33,562)	(131,178)
Statutory income tax rate	26.50%	26.50%
Expected income tax expense (recovery)	(8,894)	(34,762)
Increase (decrease) resulting from:		
Effect of change in tax rates	(84)	(245)
Non-deductible recoveries and other	(3,906)	(910)
280E expenses	8,274	11,507
Impairment of goodwill	-	16,567
Return to provision true up	(566)	14,164
Change in unrecognized temporary differences	4,712	2,219
Income tax expense (recovery)	**(464)**	**8,540**

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

B. RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are attributable to the following:

	2024	2023 *Restated (note 36)*
	$	$
Deferred tax assets		
Non-Capital Loss Carryforward	6,739	4,523
Lease Obligations	-	5,643
Other	56	30
Fixed Assets	32	-
Deferred tax assets	**6,827**	**10,196**

Deferred tax liabilities are attributable to the following:

	2024	2023 *Restated (note 36)*
	$	$
Inventory and biological assets	(760)	(2,042)
Intangibles	(25,382)	(23,328)
Property, plant and equipment	-	-
Right of Use Assets	-	(4,786)
Other	306	-
Deferred tax liabilities	**(25,836)**	**(30,156)**
Net deferred tax liability	**(19,009)**	**(19,960)**

C. MOVEMENT IN DEFERRED TAX ASSETS & LIABILITIES

The following table summarizes the movement in deferred tax assets and liabilities:

	$
Balance, December 31, 2022 restated	**(15,941)**
Future income tax recovery (expense)	(15,101)
Future income tax recovery (expense) relating to discontinued operations	10,755
Other	327
Balance, December 31, 2023 restated	**(19,960)**
Future income tax recovery (expense)	366
Future income tax recovery (expense) relating to discontinued operations	1,968
Other	(1,383)
Balance, December 31, 2024	**(19,009)**

In evaluating whether it is more likely than not that all of or a portion of a deferred income tax asset will be realized, consideration is given to the estimated reversal of deferred income tax liabilities and future taxable income generated in the taxing regime in which the Company and its subsidiaries conduct operations. The Company has recognized valuation allowances for operating or non-capital losses carried forward, capital losses carried forward and other deferred income tax assets for which it is believed that it is more likely than not that these items will not be realized.

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

D. UNRECOGNIZED DEFERRED TAX ASSETS & LIABILITIES

The unrecognized temporary differences of the Company are comprised of:

	2024	2023 *Restated (note 36)*
	$	$
Non Capital Loss Carryforward	282,999	93,222
Property, plant and equipment	(297)	-
Lease Obligations	185	
Restricted IFE	23,109	
Financing fees and reserves	7,888	
Other	(8,548)	(3,751)
Intangibles	(1,588)	
Right of Use Assets	(198)	
	303,550	**89,471**

As at December 31, 2024, and restated 2023 the Company has the following tax attributes available to reduce future year's taxable income, which operating losses carried forward expire as follows:

	2024	2023 *Restated (note 36)*
	$	$
Future tax attributes		
Expiring between 8 and 20 years	290,090	98,952
Indefinite	22,295	16,655
Total	**312,385**	**115,607**

In accordance with the guidance noted above in section (d), the Company has recognized a valuation allowance for the noted amount of losses above.   Penalties and interest are accounted for as part of the income tax provision.

As of the date of the Financial Statements, the Company was in the process of finalizing prior period income tax filings. As such, the balances recognized by the Company in the aforementioned notes may be subject to change in future periods based on the respective final tax filing positions.

28. NON-CONTROLLING INTERESTS

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

RWB Florida, LLC (“Florida LLC") is a member-managed limited liability company that serves as the sole shareholder of Red White & Bloom Florida Inc. (“Florida Inc”). The Florida Inc. is responsible for all management, operational, and day-to-day commercial activities conducted by the Company in the state of Florida.

Membership Structure

The LLC has issued two classes of membership interests:

- Class A: Held exclusively by RWB
- Class B: RWB maintains a 54% controlling interest, with the remaining 46% held by multiple minority members

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

Non-Controlling Interests

Several Class B members collectively own 23% of the issued and outstanding Class B membership interests, representing the non-controlling interest in both Florida LLC and Florida Inc. No individual non-controlling Class B member holds an ownership stake exceeding 4.99% of total issued and outstanding interests.

The following table presents the summarized financial position before intragroup eliminations for non-wholly owned subsidiaries at December 31, 2024, and restated 2023:

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	$
Assets		
Current	13,831	16,655
Non-current	195,170	95,737
Total assets	**209,001**	**112,392**
Liabilities		
Current	11,980	62,733
Non-current	108,591	31,938
Total liabilities	**120,571**	**94,671**
Net Assets	**88,430**	**17,721**

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

	For the year ended 31-Dec-24	For the year ended 31-Dec-23 *Restated (note 36)*
Net Income (loss)	(30,137)	(17,746)
Interests		
Controlling interests – 77%	(23,254)	(13,693)
Non-controlling interests – 23%	**(6,883)**	**(4,053)**

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

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

29. RELATED PARTY TRANSACTIONS

A. KEY MANAGEMENT

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of certain executive members of the Company's Board of Directors and corporate officers. Remuneration attributed to key management personnel for the year ended December 31, 2024, and restated 2023, is as follows:

	Year ended 31-Dec-24	Year Ended 31-Dec-23 *Restated (note 36)*
	$	**$**
Management salaries, bonuses, and other benefits	1,062	1,199
Consulting fees by a company controlled by a director of the company	20	308
Share-based payments – officers	40	57
Share-based payments – directors	66	219
Total	**1,188**	**1,783**

B. AMOUNTS DUE TO/FROM RELATED PARTIES

- Included in accounts payable and accrued liabilities is $1,092 in management salaries, bonuses, and other benefits to be paid out in future periods (restated 2023; $1,949)

- The CPIL Convertible Note represents an obligation to an entity controlled by the Company's President. This note was issued with a two-year term, scheduled to mature on September 15, 2024, bearing interest at 8% per annum. Upon initial recognition, the Company valued the CPIL Convertible Note using the residual method, allocating $14,893 to long-term convertible debt liability and $2,107 to convertible debt reserve. The liability portion amortized over the two-year loan term at an effective interest rate of 16.43%. At maturity, due to the expiry of the embedded conversion rights, the Company transferred the convertible debt reserve to contributed surplus. Subsequent to the December 31, 2024, fiscal year-end, as disclosed in Note 37, the Company and the noteholder renegotiated the terms of the instrument, transforming the CPIL Convertible Note into a note payable (the "CPIL Note"). For complete details regarding outstanding amounts and terms of the CPIL Convertible Note, refer to note 22, and for the CPIL Note refer to note 37.

- The VMOS Convertible Note represents an obligation to an entity controlled by a member of the Company's Board of Directors. Originally scheduled to mature on April 22, 2024, the note was formally amended on December 31, 2024, with the amendment retroactively effective as of June 4, 2024. The amendment extended the maturity date to November 30, 2026, deferred the payment of interest and principal to the next maturity date, and increased the annual interest rate from 8% to 12%. Upon amendment, the Company reassessed the note's value using the Binomial lattice method based on the Cox-Ross-Rubinstein market model, resulting in no derivative liability. For complete details regarding outstanding amounts and terms of the VMOS Convertible Note, refer to note 22.

- The Company has identified other close family members of key management personnel that currently represent lenders to the Company (note 22) during its review of related party disclosures in accordance with IFRS and Securities and Exchange Commission protocols. The list of family members is non exhaustive and does not preclude other family members from being considered as close family members. The reader is referred to section D and E below for a continuity schedule of notes payable and convertible debentures payable to the individuals or entities identified.

C. RELATED PARTY TRANSACTIONS

Related party transactions during the year ended December 31, 2024

- Officers and Directors of the Company held an aggregate of 37,220 common shares and 6,450 stock options. As at December 31, 2024, 5,167 of these stock options are fully vested.
- 22 stock options held by Directors of the Company expired.
- The Company expensed $107 in stock-based compensation related to stock options held by directors and officers.
- The ELL Note (note 22) is supported by a guarantee provided by DICL, a related party lender, which was subject to a fee payable to DICL by the Company. The fee was calculated based on a percentage of the principal of the ELL Note as is standard practice within capital markets.
- Refer to sections D and E below for debt related transactions involving individuals or entities identified as close family members as interpreted above.

Related party transactions during the year ended December 31, 2023, restated

- On June 6, 2023, the Company appointed a new member to its Board of Directors following the resignation of a member of the board.
- Officers and Directors of the Company hold an aggregate of 37,220 common shares and 6,472 stock options. As at December 31, 2023, 3,622 of these stock options were fully vested.
- 1,034 stock options stock options held by Directors of the Company expired.
- The Company expensed $276 in stock-based compensation related to stock options held by directors and officers.
- Refer to sections D and E below for debt related transactions involving individuals or entities identified as close family members as interpreted above.

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

D. RELATED PARTY NOTES PAYABLE CONTINUITY SCHEDULE

A notes payable continuity schedule for related party short-term notes payable for year ended December 31, 2024, is as follows:

	Balance, 31-Dec-23 *Restated*	Additions	Interest accretion	Interest	Principal payments	Interest payments	Debt modification	(Gain)/Loss on debt modification	Transaction costs	Extinguish ment	Gain/(Loss) on extinguishment	FX (gain)/loss	Balance 31-Dec-24
	$	$	$	$	$	$	$	$	$	$	$	$	$
USD$18,300,000 RGR Note	25,138	-	-	1,847	(27)	-	-	-	1,842	(30,460)	(67)	1,727	-
[22]RGR Note C	-	-	-	2,198	-	-	30,460	-	-	-	-	883	33,541
USD$25,885,000 RGR Note	41,454	-	124	6,490	-	-	-	-	-	-	-	3,970	52,038
USD$6,349,000 SDIL Note	9,366	-	73	1,323	(1,032)	(460)	-	-	-	-	-	821	10,091
USD$ RGR Grid Note	30,293	-	-	97	-	-	-	-	50	(30,390)	(50)	-	-
[23]USD$ RGR Grid Note	-	34,648	-	6,092	-	-	30,390	-	-	-	-	4,772	75,902
CAD$ - RGR Grid Note	31,098	-	-	100	-	-	-	-	50	(31,198)	(50)	-	-
[ii]CAD$ - RGR Grid Note	-	23,062	-	5,701	(3,000)	(15)	31,198	-	-	-	-	-	56,946
CAD$2,710,000 BJMDSD Note	3,029	-	12	461	(150)	(138)	-	-	-	-	-	-	3,213
Balance, end of year	**140,378**	**57,710**	**209**	**24,309**	**(4,209)**	**(613)**	**92,048**	**-**	**1,942**	**(92,048)**	**(167)**	**12,173**	**231,732**

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

	Balance, 31-Dec-22 *Restated*	Additions	Interest accretion	Interest	Principal payments	Interest payments	Debt modification	(Gain)/Loss on debt modification	Transaction costs	Extinguish ment	Gain/(Loss) on extinguishment	FX (gain)/loss	Balance 31-Dec-23
	$	$	$	$	$	$	$	$	$	$	$	$	$
USD$25,885,000 RGR Note	36,678	-	155	5,870	-	-	-	(265)	(7)	-	(265)	(977)	41,454
USD$6,349,000 SDIL Note	8,664	-	87	1,356	-	(360)	-	(150)	(7)	-	(150)	(225)	9,365
USD$18,300,000 VRT Note	24,849	-	-	2,996	-	(3,001)	-	-	-	(24,139)	-	(705)	-
USD$ RGR Grid Note	10,765	18,757	-	2,638	(1,293)	-	-	-	-	-	-	(574)	30,293
USD$18,300,000 RGR Note	-	-	-	949	-	-	24,139	-	-	-	-	53	25,141
CAD$2,210,000 BJMD Note	2,227	-	-	30	-	(25)	-	-	-	(2,232)	-	-	-
CAD$2,710,000 BJMDSD Note	-	500	13	395	-	(86)	2,231	(20)	(5)	-	(20)	-	3,028
CAD$ - RGR Grid Note	-	32,705	-	1,538	(3,145)	-	-	-	-	-	-	(0)	31,098
Balance, end of year	**83,183**	**51,962**	**255**	**15,772**	**(4,438)**	**(3,472)**	**26,370**	**(435)**	**(19)**	**(26,371)**	**(435)**	**(2,428)**	**140,379**

[22] Amended USD$18,300,000 RGR Note
[23] Result of January 1, 2024 amendment

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

E. RELATED PARTY CONVERTIBLE DEBENTURE & RELATED DERIVATIVE LIABLITY CONTINUITY SCHEDULES

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

	VMOS Convertible Note	DICL Convertible Note	SDIL Convertible Note	CPIL Convertible Note	Total
	$	$	$	$	$
Carrying Value, January 1, 2023	**1,608**	**7,756**	**7,756**	**15,617**	**32,737**
Interest accrued	118	644	644	1,360	2,766
Interest Accretion	52	176	176	1,053	1,457
Effects of foreign exchange	(39)	(198)	(198)	-	(435)
Carrying Value, December 31, 2023, restated	**1,739**	**8,378**	**8,378**	**18,030**	**36,525**
Interest accrued	37	829	829	1,672	3,367
Interest Accretion	20	153	153	737	1,063
Extinguishment	(1,860)	-	-	-	(1,860)
Amendment	1,860	-	-	-	1,860
Interest accrued post-amendment	129	-	-	-	129
Effects of foreign exchange	158	783	783	-	1,724
Carrying Value, December 31, 2024	**2,083**	**10,143**	**10,143**	**20,439**	**42,808**
Short-term	-	10,143	10,143	20,439	40,725
Long-term	2,083	-	-	-	2,083

Derivative liabilities associated with related party convertible debentures for the year ended December 31, 2024, and restated 2023 is as follows:

	DICL Convertible Note	SDIL Convertible Note	Total
	$	$	$
Balance, January 1, 2023	(981)	(981)	(1,962)
Gain on FMV adjustments of derivative liability	647	647	1,294
Effects of Foreign exchange	(3)	(3)	(6)
Balance, December 31, 2023, restated	**(337)**	**(337)**	**(674)**
Gain on FMV adjustments of derivative liability	345	345	690
Effects of Foreign exchange	(8)	(8)	(16)
Balance, December 31, 2024	-	-	-

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

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of other financial instruments, which include accounts receivable, accounts payable and accrued liabilities, notes receivable, and notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

In determining the fair value of investments, Level 3 input includes subjective estimates in assessing indicators of impairment.

B. CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that are subject to such risk include cash and cash equivalents, accounts receivable and notes receivable. Accounts receivable are amounts due by customers purchasing through the Company's distribution channel, who have exhibited a strong credit standing and continued good payment history with the Company. Notes receivable are amounts due from third party debtors (note 10).

The Company limits its exposure to credit loss on cash and cash equivalents by placing its cash with reputable financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits.

As at December 31, 2024, the Company held an accounts receivable balance of $16,112 (restated 2023; $14,036). Included in this balance is a provision for expected credit losses ("ECL") in the amount of $9,186 (restated 2023; $7,328). The reader is referred to note 9 for details relating to the Company's accounts receivable and ECL provision for the year ended December 31, 2024, and restated 2023.

As at December 31, 2024, the Company held note receivable balances amounting to $11,397 (restated 2023: $24,705) (note 10).

C. LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at December 31, 2024, the Company had a cash and cash equivalents balance of $7,285 (restated 2023; $2,253) available to apply against short-term business requirements and current liabilities of $343,033 (restated 2023; $304,878), including short-term lease obligations (note 18), short term notes and convertible debentures (note 22), and income taxes payable (note 27) and other current liabilities noting that a total of $110,400 of the current liabilities reported as of December 31, 2024 are associated with short term notes payable ($207,419) short-term convertible debentures ($45,187), which have been subsequently renewed for terms qualifying them as non-current liabilities (refer to note 37). In addition, a total of $21,851 is included in Liabilities Held for Sale representing the RGR Credit Facility which was subsequently discharged by the Company (note 37).

The Company continues to avail itself of current financing resources, primarily issued and outstanding debt, given that, subsequent to the December 31, 2024 fiscal year end, it has successfully renegotiated extended terms with existing debt holders (note 37).

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

The Company also continues to pursue other means of debt or equity financing to further mitigate its liquidity risk in addition to seeking out opportunities to monetize captive or redundant tangible assets should they present themselves. The Company also continues to maintain a constant focus on executing initiatives with greater expected returns to improve its cash flow and targeting reductions in operating and administrative costs as feasible.

D. INTEREST RATE RISK

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates.

Interest earned on cash is at nominal interest rates, and therefore the Company does not consider the interest rate risk for cash to be significant.

As at December 31, 2024, and restated 2023, the interest rate on notes payable and convertible debentures are fixed based on the terms agreed to within the respective debt contracts. As such, the Company's interest rate risk exposure is limited to the aforementioned interest rate terms within the aforementioned contracts.

E. FOREIGN CURRENCY RISK

The Company is exposed to foreign currency risk arising from exchange rate fluctuations and their volatility, primarily affecting the timing and valuation of accounts payable settlements. Management mitigates this risk through prompt creditor payments and active monitoring of currency market movements.

Additional exposure stems from maintaining balances and conducting transactions in currencies different from the Company's functional currency. With operations in jurisdictions using the United States Dollar (USD) and US-based subsidiaries, the Company faces risks from:

- Translation exposure when consolidating US subsidiary financial statements
- Transaction exposure from intercompany loans, dividends, and cross-border transactions
- Economic exposure affecting competitive positioning in US markets

Currently, the Company does not utilize derivative financial instruments or hedging strategies to manage these foreign currency risks, which may impact reported earnings and cash flows.

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

	As at 31-Dec-24	As at 31-Dec-23 *Restated (note 36)*
	$	**$**
Financial assets denominated in foreign currencies (USD)	388,614	29,181
Financial liabilities denominated in foreign currencies (USD)	(205,616)	(166,752)
Net exposure	**182,998**	**(137,571)**

A three (3%) and ten (10%) percent increase in the US dollar exchange rate relative to the Canadian dollar would increase the Company's net loss for the year ended December 31, 2024, by $1,535 and $5,115, respectively (restated 2023; $169 and $559, respectively).

F. CAPITAL RISK MANAGEMENT

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

The Company's equity is comprised of share capital, contributed surplus, stock option reserves, and accumulated deficit. As at December 31, 2024, the Company has shareholders' deficit of $173,031 (restated 2023; $115,269). Included in the consolidated statements of financial position as of December 31, 2024, is an accumulated deficit of $511,135 (restated 2023; $484,920) including the impact of non-cash impairments totaling $94,786.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2024. The Company is not subject to any external capital requirements.

31. CONTINGENCIES AND COMMITMENTS

A. CLAIMS AND LITIGATION

On August 19, 2022, Greenlane Holdings, LLC filed a lawsuit against Red White & Bloom Brands, Inc.; RWB Platinum Vape, Inc.; Platinum Vape, LLC; and Vista Prime Management, LLC (collectively, the "RWB Entities") in the Superior Court of California, County of Orange (the "Greenlane Lawsuit"). The RWB entities answered the complaint, generally denying Greenlane's allegations and claims, on October 7, 2022. On November 16, 2022, the RWB Entities filed a motion to dismiss the Lawsuit on the grounds of inconvenient forum. Shortly thereafter, the parties agreed to voluntarily submit their dispute to binding arbitration before the American Arbitration Association in Florida (the "Arbitration"). The Greenlane Lawsuit is stayed pending the outcome of the Arbitration. An Arbitration hearing had been set for July 19-20, 2023; however, the hearing was continued to a later date pending resolution of a motion by Greenlane to join additional parties in the Arbitration. On November 11, 2023, the Greenlane Lawsuit was formally dismissed by the Superior Court of California, County of Orange, at the request of Greenlane Holdings, LLC, without recourse to RWB Entities, in consideration for a monetary settlement paid by the Company to Greenlane Holdings, LLC in the amount of US$600. The Company had not previously accrued for the settlement and recognized the associated expense in the net loss for the year ended December 31, 2023.

On April 1, 2025, RWB Michigan, LLC ("RWBM") was served a summons by Skybar Vapor, LLC ("Skybar"), an entity representing a former vendor of RWBM. The summons addresses a contractual dispute, raised by Skybar, between RWBM and Skybar relating to the supply of raw materials to RWBM by Skybar. The summons details damages in excess of $1,000 being sought by Skybar regarding the contractual dispute. The Company's position is that Skybar's claims are without merit, including the associated damages being sought, and has commenced a vigorous defense of the claim raised within the summons.

In the normal course of business, the Company is involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these consolidated financial statements. Management believes that the resolutions of these proceedings will not have a material unfavorable effect on the Company's consolidated financial statements.

B. CONTINGENCIES

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

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, sanctions, restrictions on its operations, or losses of licenses and permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management believes that the Company is in compliance with presiding municipal and state regulations, these regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to costs associated with a potential breach of the aforementioned regulations that could include but are not limited to fines, penalties, taxes, or operating restrictions.

32. SEGMENTED RESULTS

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

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

Comparative revenues, cost of goods before fair value adjustments, fair value adjustments, operating expenses and other expenses have been reclassified to confirm to the current period's financial statement presentation.

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

The following exhibits summarize the consolidated financial information of the Company's reportable segments for the year ended December 31, 2024, and restated 2023.

Year ended December 31, 2024	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	58,539	4,666	16,960	-	80,165
Cost of goods sold	-	45,014	1,236	13,606	-	59,856
Gross profit before fair value adjustments	-	13,525	3,430	3,354	-	20,309
Unrealized changes in fair value of biological assets	-	11,156	-	2,961	-	14,117
Realized fair value amounts included in inventory sold	-	(536)	-	(5,445)	-	(5,981)
Total Gross Profit (loss)	-	24,145	3,430	870	-	28,445
Total gross Profit (%)	0%	41%	74%	5%	0%	35%
Total operating expenses	6,905	17,049	864	15,299	283	40,400
Total other expenses (income)	7,256	(4,797)	(6,464)	17,783	257	14,035
Profit (loss) before Income Taxes	(14,161)	11,893	9,030	(32,212)	(540)	(25,990)
Income tax	-	(1,661)	431	1,181	(4)	(53)
Net profit (loss) from continuing operations	(14,161)	10,232	9,461	(31,031)	(544)	(26,043)
Loss from discontinued operations	-	-	-	-	(7,054)	(7,054)
Net loss for the year	(14,161)	10,232	9,461	(31,031)	(7,598)	(33,097)
Attributed to:						
Red White and Bloom	(14,161)	10,232	9,461	(24,148)	(544)	(19,160)
Non-controlling interests	-	-	-	(6,883)	-	(6,883)
As at 31-Dec-24						
Intercompany Balances	388,716	(229,177)	(38,396)	(65,349)	(55,794)	-
Total Assets	554,886	74,438	1,777	183,967	(520,677)	294,391
Total non-current assets	164,645	234,913	39,159	209,822	(465,510)	183,029
Total liabilities	251,306	36,993	(595)	157,175	22,541	467,420
Total non-current liabilities	-	1,298	(582)	108,271	15,400	124,387
% of sales revenue	0%	73%	6%	21%	0%	100%
% of loss for the period	27%	0%	0%	59%	14%	100%
% of income for the period	0%	52%	48%	0%	0%	100%

Year ended December 31, 2023 restated	Corporate	Distribution	Licensing	Retail	Other	Consolidated
Sales revenue	-	61,671	3,351	4,546	-	69,568
Cost of goods sold	-	39,141	841	5,310	-	45,292
Gross profit before fair value adjustments	-	22,530	2,510	(764)	-	24,276
Unrealized changes in fair value of biological assets	-	-	-	7,653	-	7,653
Realized fair value amounts included in inventory sold	-	-	-	(6,886)	-	(6,886)
Total Gross Profit (loss)	-	22,530	2,510	3	-	25,043
Total gross Profit (%)	0%	37%	75%	0%	0%	36%
Total operating expenses	6,459	14,452	3,336	6,787	-	31,034
Total other expenses (income)	8,118	889	1,704	11,793	-	22,504
Profit (loss) before Income Taxes	(14,577)	7,189	(2,530)	(18,577)	-	(28,495)
Income tax	-	(2,224)	103	850	(16,511)	(17,782)
Net profit (loss) from continuing operations	(14,577)	4,965	(2,427)	(17,727)	(16,511)	(46,277)
Loss from discontinued operations	-	-	-	-	(93,441)	(93,441)
Net loss for the year	(14,577)	4,965	(2,427)	(17,727)	(109,952)	(139,718)
Attributed to:						
Red White and Bloom	(14,577)	4,965	(2,427)	(13,674)	(16,511)	(42,224)
Non-controlling interests	-	-	-	(4,053)	-	(4,053)
As at 31-Dec-23 restated						
Intercompany Balances	299,554	(188,620)	(3,510)	(64,391)	(43,033)	-
Total Assets	491,437	34,610	(2,725)	155,618	(449,290)	229,650
Total non-current assets	-	2,772	-	102,654	34,123	139,549
Total liabilities	191,129	27,352	29	110,111	16,298	344,919
Total non-current liabilities	-	1,127	-	29,903	9,011	40,041
% of sales revenue	0%	89%	5%	7%	0%	100%
% of loss for the period	28%	0%	5%	35%	32%	100%
% of income for the period	0%	100%	0%	0%	0%	100%

For changes to opening balances as at January 1, 2023, please refer to note 36 – *Restatements*.

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

Revenues and total assets/liabilities by geographic region for the year ended December 31, 2024, and restated 2023:

	Canada	USA	Canada	USA
	Year ended 31-Dec-24		Year ended 31-Dec-23 restated	
	$'000	$'000	$'000	$'000
Total revenues	35,329	44,836	16,688	52,880
	Canada	USA	Canada	USA
	As at 31-Dec-24		As at 31-Dec-23 restated	
Total assets	105,474	188,917	191,880	37,770
Total liabilities	249,558	217,862	189,538	155,381

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 36 – *Restatements*.

33. DISCONTINUED OPERATIONS

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

Components of residual loss from discontinued operations for the year ended December 31, 2024, and restated 2023:

	Year ended 31-Dec-24	Year ended 31-Dec-23 *Restated (note 36)*
	$	**$**
Revenue	4,694	19,385
Cost of sales	3,786	12,230
Gross profit (loss)	908	7,155
Unrealized changes in fair value of biological assets	-	190
Realized fair value amounts included in inventory sold	-	(926)
Gross profit after fair market value adjustments	908	6,419
General and administration	4,930	12,659
Sales and marketing	151	314
Depreciation and amortization	376	1,149
Bad debt expense (recovery)	1,591	893
Loss from operations before other expenses	(6,140)	(8,596)
Other expenses (income)	(579)	253
Finance expense	2,571	62
Accreted interest: leases	121	-
(Gain) loss on disposal - capital assets	(71)	144
Gain on extinguishment of payables	-	(1,339)
(Gain) loss on debt settlement	-	269
Inventory write-downs	-	52
Impairment of intangible assets	141	36,344
Impairment of PPE	-	33,983
Impairment of goodwill	-	24,318
Unrealized/realized (gain) loss on foreign exchange	(752)	-
Net loss before taxes from discontinued operations	(7,571)	(102,682)
Current income tax (recovery) expense	(151)	1,514
Deferred income tax (recovery) expense	(366)	(10,755)
Net loss from discontinued operations	**(7,054)**	**(93,441)**
Net loss per share, basic and diluted on discontinued	(0.02)	(0.20)
Weighted average number of outstanding common shares, basic and diluted	470,221,901	469,940,379

For changes to opening balances as at January 1, 2023 related to the 2023 Restatement, please refer to note 35 – *Reclassifications and* note 36 – *Restatements*.

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

34. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Changes in non-cash working capital items during the year ended December 31, 2024, and restated 2023 are as follows:

	Notes	Year ended 31-Dec-24	Year ended 31-Dec-23 *Restated (note 36)*
		$	$
Items not involving cash:			
Accreted interest on leases	22	2,577	2,517
Depreciation of right-of-use assets	18	1,576	1,448
Addition to leases	18	(2,816)	1,730
Depreciation of property, plant and equipment	16	4,575	3,314
Disposal of property, plant and equipment	16	2,016	14
Disposal of right-of-use assets	18	2,121	(72)
Accrued interest on notes	22	25,266	16,500
Accreted interest on notes	22	248	302
Accrued interest on convertible debentures	22	7,649	6,885
Accreted interest on convertible debentures	22	2,641	4,492
Amendment fees on credit facility	22	(45)	137
Accrued interest on credit facility	22	2,466	2,187
Accrued interest on interest receivable	22	(1,123)	(2,068)
Finance fees	-	3,125	-
Amortized discount on note receivable	10	(59)	(971)
Change in goodwill	15	-	24,522
Loss on debt modification	22	(167)	(518)
Gain on investment	7,19	(7,556)	-
Stock based compensation	22	195	752
Realized (gain) loss in cost of sales	13	5,981	(6,886)
Fair value adjustment on biological assets	14	(14,117)	7,653
Revaluation of financial instruments	22	(691)	(2,539)
Total Items not involving cash		33,862	59,399

35. RECLASSIFICATIONS

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

- The Company's CODM's reassessed the classification of operating segments to better reflect how the Company services its customers and respective legal markets in the United States. For the year ending December 31, 2023, and onward, the Company has segregated it operations into four main operating segments (i) Retail, (ii) Distribution, (iii) Licensing and (iv) Corporate, with all other non-reportable operations to a fifth segment; Other.

- The Company has reclassified certain entities (as listed in Note 3) classified as discontinued operations in the current and comparative year. In accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the related assets and liabilities held by these discontinued operations have been reclassified to assets and liabilities held for sale in the comparative statement of financial position, and income and expenses related to such entities have been reported to discontinued operations on the statement of profit and loss.

These reclassifications had no material effect on the previously reported consolidated net loss and comprehensive loss presented in the consolidated statements.

36. RESTATEMENT OF FINANCIAL RESULTS

In connection with the audit of the consolidated financial statements for the year ended December 31, 2024, by Williams & Partners LLP ("Williams"), the Company has restated its audited consolidated financial statements for the year ended December 31, 2023 (the "2023 Restatement").

During the course of the 2023 audit, the Company, upon further review from Williams, revisited the methodology for translation to the reporting currency under IAS 21 – *The Effects of Changes in Foreign Exchange Rates* applied in its 2022 Restatement. As a result of revised interpretations of the standard, the Company determined that the previously adopted translation approach—applied in the 2022 Restatement—did not reflect the most common interpretation of IAS 21. Specifically, the 2022 restatement had adjusted the accounting treatment of foreign currency translation on certain non-monetary assets, including property, plant and equipment, right-of-use assets, intangible assets, and goodwill, using the exchange rate at the date of the transaction. The 2023 Financial Statements had been prepared using this same methodology.

Upon further review, it was determined that the translation of assets and liabilities of foreign operations that operate independently should be performed using the closing exchange rate at the date of the statement of financial position, consistent with the guidance in paragraph 39 of IAS 21. This revised interpretation was aligned with the Company's methodology applied prior to the 2022 Restatement. The Company has reverted to this original methodology for the fiscal year ended December 31, 2024, and has restated its 2023 financial results, accordingly, including reversal of the impacts from the 2022 Restatement.

In conjunction with the 2023 Restatement, the Company revised its inventory valuation methodology to ensure alignment with IAS 2 – *Inventories*. As part of this reassessment, the Company evaluated the application of realized and unrealized fair value adjustments to inventory. This resulted in adjustments to inventory values and, correspondingly, cost of goods sold.

In conjunction with the 2023 Restatement, the Company reassessed its expected credit loss ("ECL") methodology under IFRS 9 – *Financial Instruments*, specifically in relation to customer receivable balances where corresponding trade payables to those specific customers were also outstanding. These receivables had been excluded from the ECL calculation for the year ended December 31, 2023. Management concluded that this treatment did not fully comply with the most common interpretation of IFRS 9 despite its commercial practicality, and adjustments have been made to reflect the appropriate credit loss provisioning.

The following tables summarize the impacts of discontinued operations (note 33), reclassifications (note 35), and prior period adjustments resulting in the restatement of the Company's consolidated financial statements for the year ended December 31, 2023.

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

A. CHANGES IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	As previously reported	Held for sale form discontinued Operations	Reclassifications	Adjustments	As restated
	$	$	$	$	$
Assets					
Current assets					
Cash and cash equivalents (note 8)	2,251	-	-	2	2,253
Accounts receivable (note 9)	20,370	(1,845)	-	(4,489)	14,036
Notes receivable (note 10)	24,705		-	-	24,705
Prepaid expenses (note 11)	894	(417)	-	-	477
Deposits (note 12)	7,329	(95)	-	-	7,234
Inventory (note 13)	15,247	(1,604)	-	6,965	20,608
Biological assets (note 14)	4,215	(542)	-	(2,844)	829
Assets held for Sale (note 15)	-	18,988	-	-	18,988
Other current assets	869	-	-	102	971
Total current assets	**75,880**	**14,485**	**-**	**(264)**	**90,101**
Non-current assets					
Property, plant and equipment, net (note 15)	33,329	(12,916)	2,619	-	23,032
Intangible assets, net (note 16)	87,251	-	3,647	(4,175)	86,723
Right-of-use assets, net (note 18)	17,564	(1,569)	1,131	-	17,126
Goodwill (note 20)	11,880	-	788	-	12,668
Total non-current assets	**150,024**	**(14,485)**	**8,185**	**(4,175)**	**139,549**
Total assets	**225,904**	**-**	**8,185**	**(4,439)**	**229,650**
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities (note 21)	42,126	(21,976)	-	3	20,153
Short-term notes payable (note 22)	146,900	(1,807)	-	-	145,093
Short-term credit facility (note 22)	19,430	-	-	-	19,430
Short-term convertible notes (note 22)	73,724	-	-	-	73,724
Short-term derivative liabilities (note 22)	673	-	-	-	673
Short-term lease obligations (note 18)	655	(232)	-	-	423
Income taxes payable (note 27)	21,008	-	-	(4,626)	16,382
Liabilities held for sale (note 15)	-	27,793	-		27,793
Other current liabilities	3,646	(2,439)	-		1,207
Total current liabilities	**308,162**	**1,339**	**-**	**(4,623)**	**304,878**
Non-current liabilities					
Long-term lease obligations (note 18)	21,421	(1,339)	(1)	-	20,081
Deferred tax liability (note 27)	26,708	-	-	(6,748)	19,960
Total non-current liabilities	**48,129**	**(1,349)**	**(1)**	**(6,748)**	**40,041**
Total liabilities	**356,292**	**-**	**(1)**	**(11,371)**	**344,919**
Shareholders' equity					
Share capital (note 23)	342,111	-	-	-	342,111
Contributed surplus	17,120	-	-	-	17,120
Cumulative translation adjustment	(5,093)	-	8,186	(123)	2,970
Accumulated deficit	(491,547)	-	-	6,627	(484,920)
Non-controlling interest (note 28)	7,022	-	-	428	7,450
Total shareholders' equity (deficit)	**(130,387)**	**-**	**8,186**	**6,932**	**(115,269)**
Total liabilities and shareholders' equity	**225,904**	**-**	**8,185**	**(4,439)**	**229,650**

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

B. CHANGES IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JANUARY 1, 2023

	As previously restated	Adjustments	Reclassifications	Held for sale from discontinued Operations	As restated
	$	$	$	$	$
Assets					
Current assets					
Cash and cash equivalents (note 8)	2,747	-	-	-	2,747
Accounts receivable (note 9)	8,439	-	-	(1,496)	6,943
Prepaid expenses (note 11)	1,080	-	-	-	1,080
Deposits (note 12)	4,231	-	-	(840)	3,391
Inventory (note 13)	14,457	3,161	-	(3,565)	14,053
Biological assets (note 14)	4,291	-	-	(431)	3,860
Assets held for Sale (note 15)	-	-	-	118,269	118,269
Total current assets	**35,245**	**3,161**	**-**	**111,937**	**150,343**
Non-current assets					
Property, plant and equipment, net (note 15)	68,545	-	5,328	(49,007)	24,866
Intangible assets, net (note 16)	118,101	-	7,248	(36,541)	88,808
Right-of-use assets, net (note 18)	18,988	-	1,715	(1,868)	18,835
Goodwill (note 20)	34,852	-	2,643	(24,522)	12,973
Total non-current assets	**240,486**	**-**	**16,934**	**(111,938)**	**145,482**
Total assets	**275,731**	**3,161**	**16,934**	**(1)**	**295,825**
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities (note 21)	37,320	-	-	(19,548)	17,772
Short-term notes payable (note 22)	1,975	-	-	(692)	1,283
Short-term credit facility (note 22)	17,552	-	-	-	17,552
Short-term lease obligations (note 18)	602	-	-	(602)	-
Income taxes payable (note 27)	12,634	-	-		12,634
Liabilities held for Sale (note 15)	-	-	-	22,518	22,518
Other current liabilities	672	-	-		672
Total current liabilities	**70,755**	**-**	**-**	**1,676**	**72,431**
Non-current liabilities		**-**	**-**		
Long-term lease obligations (note 18)	22,285	-	-	(1,675)	20,610
Long-term convertible notes (note 22)	64,897	-	-	-	64,897
Long-term notes payable (note 22)	87,357	-	-	-	87,357
Long-term derivative liabilities (note 22)	3,230	-	-	-	3,230
Deferred tax liability (note 27)	15,941	-	-	-	15,941
Total non-current liabilities	**193,710**	**-**	**-**	**(1,675)**	**192,035**
Total liabilities	**264,465**	**-**	**-**	**1**	**264,466**
Shareholders' equity					
Share capital (note 23)	342,069	-	-	-	342,069
Contributed surplus	16,368	-	-	-	16,368
Cumulative translation adjustment	(6,228)	(31)	16,934	-	10,675
Accumulated deficit	(352,649)	3,394	-	(2)	(349,257)
Non-controlling interest (note 28)	11,706	(202)	-	-	11,504
Total shareholders' equity (deficit)	**11,266**	**3,161**	**16,934**	**(2)**	**31,359**
Total liabilities and shareholders' equity	**275,731**	**3,161**	**16,934**	**(1)**	**295,825**

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

C. CHANGES IN CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE PROFIT AND PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2023

	As previously reported	Discontinued Operations	Reclassifications	Adjustments	As restated
	$	$	$	$	$
Revenue					
Sales revenue (note 25)	88,333	18,765	-	-	69,568
Cost of goods sold, before fair value adjustments	57,134	11,904	-	62	45,292
Gross Profit before fair market value adjustments	**31,199**	**6,861**	**-**	**(62)**	**24,276**
Unrealized changes in fair value of biological assets (note 14)	495	190	-	7,348	7,653
Realized fair value amounts included in inventory sold (note 14)	(2,208)	(926)	-	(5,603)	(6,886)
Gross profit after fair market value adjustments	**29,486**	**6,125**	**-**	**1,683**	**25,044**
Operating Expenses					
General and administration (note 26)	28,022	10,441	-	674	18,255
Marketing expenses	1,783	208	-	-	1,575
Share-based compensation (note 23)	752	-	-	-	752
Depreciation and amortization (note 16, 17)	3,784	1,109	-	-	2,675
Bad debt expense (note 9)	3,419	200	-	4,559	7,777
Total Operating Expenses	**37,760**	**11,958**	**-**	**5,233**	**31,035**
Loss from operations before other expenses	**(8,274)**	**(5,833)**	**-**	**(3,550)**	**(5,991)**
Other expense (income)					
Interest earned on promissory notes (note 10)	(3,039)	-	-	-	(3,039)
Other income	(392)	35	-	-	(427)
Finance expense	30,801	7	(30,108)	-	686
Interest on credit facilities (note 22)	-	-	2,187	-	2,187
Interest on convertible notes (note 22)	-	-	6,887	-	6,887
Accreted interest on convertible notes (note 22)	-	-	4,495	-	4,495
Interest on promissory notes (note 22)	-	-	16,538	-	16,538
Acquisition costs (note 7)	492	-	-	-	492
Business transaction costs	641	42	-	-	599
Accreted interest, leases (note 18)	2,698	181	-	-	2,517
(Gain) loss on disposal of assets (note 16)	1	-	-	-	1
Gain (loss) on valuation of financial instruments (note 22)	(2,539)	-	-	-	(2,539)
(Gain) loss on settlement of debt (note 22)	139	269	-	-	(130)
Gain loss on debt modification (note 22)	(518)	-	-	-	(518)
Impairment of property, plant and equipment (note 16)	33,983	33,983	-	-	-
Impairment of intangible assets (note 17)	26,899	31,063	-	4,164	-
Impairment of goodwill (note 20)	24,318	24,318	-	-	-
Foreign exchange	(5,245)	-	-	-	(5,245)
Total other expenses (income)	**108,239**	**89,898**	**(1)**	**4,164**	**22,504**
Profit (loss) before income taxes	(116,513)	(95,731)	1	(7,714)	(28,495)
Current income tax (expense)/recovery	(8,815)	(1,513)	-	4,621	(2,681)
Deferred income tax recovery	(11,170)	6,244	-	2,313	(15,101)
Net loss from continuing operations	(136,498)	(91,000)	-	(780)	(46,277)
Profit (loss) from discontinued operations (note 33)	**(7,085)**	**91,000**	**-**	**4,643**	**(93,442)**
Net loss for the period	(143,583)	-	-	3,863	(139,719)
Translation adjustment	**1,136**	**-**	**-**	**(8,840)**	**(7,704)**
Net loss and Comprehensive profit (loss)	(142,447)	-	-	(4,977)	(147,423)
Net loss attributable to:					
Shareholders	(132,256)	-	-	-	(132,256)
Non-controlling interests (note 28)	(4,242)	-	-	-	(4,242)
Net loss and comprehensive loss attributable to:					
Shareholders	(138,205)	-	-	-	(138,205)
Non-controlling interests (note 28)	(4,242)	-	-	-	(4,242)
Net loss per share, basic and diluted (note 22)	(0.02)	-	-	-	(0.02)
Weighted average number of outstanding common shares, basic and diluted (note 22)	469,521,901	-	-	-	469,521,901

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

D. CHANGE IN CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY AS AT DECEMBER 31, 2023

	As previously reported	Adjustments	As restated
Common Shares (#) (note 23)	470,221,901	-	470,221,901
Common Shares ($) (note 23)	342,069	42	342,111
Non-controlling interest (note 28)	11,706	(4,256)	7,450
Contributed Surplus	16,368	752	17,120
Cumulative Translation Adjustment	(6,228)	9,198	2,970
Accumulated Deficit	(352,649)	(132,271)	(484,920)
Total	**11,266**	**(126,535)**	**(115,269)**

E. CHANGES IN CONSOLIDATED STATEMENT OF CHANGES IN STATEMENT CASHFLOW FOR THE YEAR ENDED DECEMBER 31, 2023

	As previously reported	Adjustments	As restated
Cash flow from operating activities:			
Net loss for the period	(143,582)	3,864	(139,718)
Items not involving cash:			
Accreted interest on leases	2,698	(181)	2,517
Depreciation of right-of-use assets	1,639	(191)	1,448
Addition to leases	79	1,651	1,730
Depreciation of property, plant and equipment	3,784	(470)	3,314
Disposal of property, plant and equipment	1	13	14
Disposal of right-of-use assets	-	(72)	(72)
Gain on valuation of financial instruments	(2,539)	2,539	-
Accrued interest on notes	16,500	-	16,500
Accreted interest on notes	302	-	302
Accrued interest on convertible debentures	6,885	-	6,885
Accreted interest on convertible debentures	4,492	-	4,492
Amendment fees on credit facility	2,187	(2,050)	137
Accrued interest on credit facility	137	2,050	2,187
Accrued interest on interest receivable	(2,068)	-	(2,068)
Amortized discount on note receivable	(971)	-	(971)
Loss on debt modification	-	(518)	(518)
Gain on investment	(518)	518	-
Stock based compensation	752	-	752
Realized gain in cost of sales	-	(6,886)	(6,886)
Fair value adjustment on biological assets	(2,209)	9,862	7,653
Revaluation of financial instruments	495	(3,034)	(2,539)
Impairment of property, plant and equipment	33,983	(33,983)	-
Impairment of goodwill	24,318	(24,318)	-
Impairment of intangible assets	32,180	(32,180)	-
Accounts receivable	(12,119)	4,490	(7,629)
Prepaid expenses	68	-	68
Deposits	(3,097)	-	(3,097)
Inventory	1,079	874	1,953
Biological Assets	(519)	(4,314)	(4,833)
Accounts payable and accrued liabilities	4,867	(2,967)	1,900
Current Income tax payable	8,761	(4,625)	4,136
Deferred income taxes	11,050	(6,748)	4,302
Other assets	(869)	(102)	(971)
Other liabilities	3,645	-	3,645
Net cash provided by (used in) operating activities	(8,589)	(96,778)	(80,847)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(2,029)	36,180	34,151
Acquisition of Intangible assets	(102)	36,643	36,541
Acquisition of right-of-use assets	(85)	304	219
Net cash provided by (used in) investing activities	(2,216)	73,127	70,911
Cash flow from financing activities:			
Issuance of promissory note	7,894	-	7,894
Amendment of short-term notes payable	19,257	-	19,257
Principal payments on short-term notes	(1,330)	-	(1,330)
Interest payments on short-term notes	(3,595)	-	(3,595)
Interest payments on credit facility	(354)	-	(354)
Amendment fee payments on credit facility	(91)	-	(91)
Interest payment on convertible debt	(1,247)	-	(1,247)
Principal payments on lease obligations	(306)	35	(271)
Interest payments on lease obligations	(2,698)	181	(2,517)
Net cash provided by (used in) financing activities	17,530	216	17,746
Foreign exchange affecting cash equivalents	(7,221)	(1,081)	(8,302)
Change in cash during the year	(494)	-	(494)
Cash equivalents, beginning of year	2,747	-	2,747
Cash, end of year	**2,253**	**-**	**2,253**

37. SUBSEQUENT EVENTS

A. PHARMACO RECEIVERSHIP & SALE OF ASSETS

Pharmaco Inc. "(Pharmaco"), previously acquired by the Company on February 7, 2022, and classified as a disposal group as of December 31, 2024, was placed under receivership on December 26, 2024, following uncured defaults under its senior secured loan agreement with Royal Group Resources Ltd. (RGR). On March 5, 2025, the Company's subsidiary, Red White & Bloom Michigan (2024), Inc., was confirmed by the presiding court authority as the successful bidder for the assets of Pharmaco. The purchase price for the assets was $8,850. On March 28, 2025, the court approval of the bid for the assets was formally confirmed with the expiry of a mandated appeal period for the benefit of all unsecured creditors of Pharmaco. A Release and Discharge Agreement was executed on March 29, 2025, which facilitated the settlement of debt obligations, being the RGR Credit Facility, between RGR and Pharmaco. In consideration of the receipt of the asset sale proceeds of $8,850, RGR agreed to terminate the RGR Credit Facility, release all borrowers from their repayment obligations, and discharge all security interests, with the understanding that Pharmaco's capacity to repay was limited to the $8,850 in sale proceeds.

On June 9, 2025, a motion to terminate the Pharmaco receivership was filed with the presiding court authority by the receiver-in-charge confirming that the receiver had, in its opinion, completed its mandate of liquidating substantially all of Pharmaco's assets with the proceeds distributed to RGR. In addition, as of the motion filing date, substantially all of Pharmaco's contracts and agreements had been terminated and the interests of unsecured creditors addressed to the fullest extent possible. On June 25, formal approval of the motion to terminate was issued by the presiding court. The financial impact of the termination of the receivership will be reflected in the Company's 2025-Q2 consolidated financial statements.

This Pharmaco receivership and the associated sale of its assets represents the completion of a strategic realignment and divestiture of the Company's Michigan retail operations which were deemed to be no longer be aligned with the Company's core business objectives. The Company remains focused on continuing to build and invest in its first mover distribution operations in the state of Michigan backstopped by the premium Platinum Vape branded product family.

B. DEBT RESTRUCTURING

The Company successfully concluded negotiations with various lenders, including related party lenders, to renew multiple previously issued notes payable and convertible debentures that had matured during the fiscal year ended December 31, 2024 (the "Matured Debt"). Originally scheduled to mature on September 12, 2024, the Matured Debt was formally amended on February 1, 2025, with the amendments effective as of September 15, 2024. The renewed debt includes revised terms that align with the Company's growth strategy, allowing management to maintain adequate cash flow while continuing to pursue strategic expansion initiatives in active markets in Canada and the United States.

The Matured Debt consisted of the following notes payable and convertible debentures:

- CAD$2,710,000 BJMDSD Note (renewed as the "BJSD Note")
- USD$25,885,000 RGR Note (renewed as the "RGR Note A")
- USD$6,349,000 SDIL Note (renewed as the "SDIL Note A")
- USD$269,000 SIL Note (renewed as the "SIL Note")
- USD$2,887,000 TAII Note (renewed as the "TAII Note")
- CAD$ RGR Grid Note (renewed as the "RGR CAD Grid Note")
- USD$ RGR Grid Note (renewed as the "RGR CAD Grid Note")
- CPIL Convertible Note (renewed as the "CPIL Note")
- DICL Convertible Note (renewed as the "DICL Note")
- SDIL Convertible Note (renewed as the "SDIL Note B")

Each of the above Matured Debt were amended to extend the maturity date to September 12, 2027, adjust the annual interest rate to 12%, defer principal and interest payments to the respective maturity dates, and remove convertible features where applicable. Original terms of the Matured Debt can be found in note 22 of these financial statements.

C. FINANCING ACTIVITIES

Advances on existing notes

Subsequent to year ended December 31, 2024, the Company was advanced USD $11,046 and CAD $2,500, under the RGR USD Grid Note and the RGR CAD Grid Note, respectively. Proceeds of the advances were used to fund the successful bid for the assets of Pharmaco as noted in section A above, with the remaining proceeds used to fund working capital requirements and general corporate costs.

D. STATUS AS AN US EXCHANGE ACT REGISTRANT AND US TRADING IN OUR COMMON STOCK

In September 2023, the U.S. Securities and Exchange Commission (SEC) initiated proceedings to de-register the Company's common stock under Section 12(j) of the Securities Exchange Act of 1934 due to past filing deficiencies by prior management. The Company does not currently trade on exchanges requiring SEC registration and does not intend to seek such listings in the near term. Given the SEC's stance against allowing a right to cure after de-registration proceedings have commenced, the Company chose to settle and agree to the de-registration rather than engage in costly and uncertain litigation. Following this decision, the Company intends to re-file a registration statement on Form 20-F to reinstate its securities registration.

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

On March 18, 2024, the Company and its former auditors finalized a settlement addressing key matters preventing the Company from resolving the aforementioned filing deficiencies. Subsequent to the settlement date and as of the date of this report, its former auditors have not complied with the terms of the settlement in the opinion of the Company. The Company is currently assessing its recourse options associated with non-performance under the terms of the documented settlement. Given the state of the matters with its former auditors, and for the benefit of the shareholders being impacted by this matter, the Company has proactively engaged another leading audit services provider to complete the aforementioned audit engagements.

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