



**BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd.**

**Unaudited Interim Condensed Consolidated Financial Statements**

**For the three and nine months ended September 30, 2023 and September 30, 2022**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The independent auditor of the Company, Company's external auditors, MNP LLP, have not performed a review of these unaudited interim condensed consolidated financial statements.

**BZAM Ltd.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Unaudited)*  
*(expressed in thousands of Canadian dollars, except common shares outstanding.)*

	Notes	As at September 30, 2023	As at December 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 4,982	\$ 4,650
Restricted cash	18	658	350
Trade receivables	18	9,698	10,256
Biological assets	9	5,082	4,575
Inventories	10	38,186	52,416
Prepaid expenses and deposits		5,469	3,427
Other current assets	11	1,753	1,760
Due from related parties		269	487
Assets held for sale	5	10,476	9,742
		<u>\$ 76,573</u>	<u>\$ 87,663</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	75,799	129,369
Intangible assets	8	19,308	28,325
Goodwill	8	-	28,692
Other assets	11, 17	387	395
		<u>172,067</u>	<u>274,444</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 33,086	\$ 29,511
Sales taxes payable		3,362	1,540
Current portion of loans	6	36,300	5,405
Current portion of lease liabilities	13	2,401	1,455
Liabilities held for sale		—	3,669
Current portion of contingent consideration	12	—	634
		<u>75,149</u>	<u>42,214</u>
<b>Non-current liabilities</b>			
Lease liabilities	13	11,464	10,611
Loans	6	—	27,213
Contingent consideration	12	—	16,095
		<u>11,464</u>	<u>53,919</u>
<b>Total liabilities</b>		<u>\$ 86,613</u>	<u>\$ 96,133</u>
<b>Shareholders' equity</b>			
Share capital	14	586,773	578,006
Contributed surplus	14, 15	109,632	109,487
Deficit		(611,361)	(514,201)
Reserve for foreign currency translations		(1,762)	(1,723)
<b>Total Shareholders' Equity attributed to BZAM Ltd.</b>		<u>\$ 83,282</u>	<u>\$ 171,569</u>
<b>Non-controlling interests</b>		<u>2,172</u>	<u>6,742</u>
<b>Total Shareholders' Equity</b>		<u>85,454</u>	<u>178,311</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>\$ 172,067</u>	<u>\$ 274,444</u>
<b>Total number of common shares outstanding</b>	14	<u>180,818,952</u>	<u>157,137,836</u>
Going concern	2		
Commitments and contingencies	17		
Events after the reporting period	21, 5, 2		

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

**BZAM Ltd.****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS***(Unaudited)**(expressed in thousands of Canadian Dollars, except per share amounts.)*

	Notes	For the three months ended		For the nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Continuing operations</b>					
Revenue		\$ 29,599	\$ 13,819	\$ 94,543	\$ 44,013
Excise duties		(8,554)	(3,897)	(30,117)	(11,889)
<b>Net revenue</b>		<b>21,045</b>	<b>9,922</b>	<b>64,426</b>	<b>32,124</b>
Cost of sales	10	(19,433)	(9,326)	(56,652)	(25,328)
<b>Gross profit before change in fair value of biological assets</b>		<b>1,612</b>	<b>596</b>	<b>7,774</b>	<b>6,796</b>
Realized fair value adjustment on sale of inventories		(8,400)	(8,597)	(20,885)	(14,877)
Unrealized gain on changes in fair value of biological assets	9	6,895	8,998	18,011	21,986
<b>Gross profit</b>		<b>\$ 107</b>	<b>\$ 997</b>	<b>\$ 4,900</b>	<b>\$ 13,905</b>
<b>Operating expenses</b>					
Sales and marketing expenses		\$ 3,971	\$ 1,824	\$ 11,850	\$ 5,416
Research and development expenses		198	121	272	422
General and administrative expenses		8,035	4,191	23,335	13,009
Share based compensation	15	(665)	370	313	1,207
Depreciation and amortization	7, 8	1,488	3,209	5,824	10,046
<b>Total operating expenses</b>		<b>\$ 13,027</b>	<b>\$ 9,715</b>	<b>\$ 41,594</b>	<b>\$ 30,100</b>
<b>Loss from operations</b>		<b>(12,920)</b>	<b>(8,718)</b>	<b>(36,694)</b>	<b>(16,195)</b>
Foreign exchange loss		(45)	(1,373)	(226)	(2,995)
Finance costs		(1,759)	(1,296)	(5,222)	(3,409)
Accretion expense	6	(261)	(384)	(924)	(1,186)
Finance income		16	6	30	13
Loss on lease modification		—	—	(389)	—
Revaluation gain of contingent consideration	12	—	1,716	15,870	2,601
Gain/(loss) on disposal of assets		(37)	—	(29)	8
Gain on debt settlement	6	—	—	65	—
Impairment charge for non-financial assets	7	—	—	(61,791)	(6,183)
Impairment loss on remeasurement of disposal group		—	—	—	(2,489)
Gain on disposal of subsidiary	4	—	3,187	16	3,187
Impairment on assets held for sale	5	(1,963)	—	(11,986)	—
Loss on debt modification	6	—	—	(404)	(48)
Change in fair value of investments		(12)	—	(86)	—
<b>Loss before income taxes</b>		<b>(16,981)</b>	<b>(6,862)</b>	<b>(101,770)</b>	<b>(26,696)</b>
<b>Net loss from continuing operations</b>		<b>\$ (16,981)</b>	<b>\$ (6,862)</b>	<b>\$ (101,770)</b>	<b>\$ (26,696)</b>
<b>Discontinued operations</b>					
Net loss from discontinued operations		—	21	—	(432)
<b>Net loss from operations</b>		<b>(16,981)</b>	<b>(6,841)</b>	<b>(101,770)</b>	<b>(27,128)</b>

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

**BZAM Ltd.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(CONTINUED)**  
*(Unaudited)*  
*(expressed in thousands of Canadian Dollars, except per share amounts.)*

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Other comprehensive loss</b>				
Foreign currency translation loss/(gain)	19	2,010	39	2,899
<b>Comprehensive loss</b>	<b>\$ (17,000)</b>	<b>\$ (8,851)</b>	<b>\$ (101,809)</b>	<b>\$ (30,027)</b>
<b>Net loss attributable to:</b>				
BZAM Ltd.	(15,657)	(6,841)	(97,160)	(27,128)
Non-controlling interests	(1,324)	—	(4,610)	—
<b>Comprehensive loss attributable to:</b>				
BZAM Ltd.	(15,676)	(8,851)	(97,199)	(30,027)
Non-controlling interests	(1,324)	—	(4,610)	—
Basic and diluted loss per share	\$ (0.09)	\$ (0.01)	\$ (0.61)	\$ (0.04)
Basic and diluted loss per share - Continuing operations	\$ (0.09)	\$ (0.01)	\$ (0.61)	\$ (0.04)
Weighted average number of outstanding common shares	<b>186,429,753</b>	<b>753,547,234</b>	<b>167,455,491</b>	<b>752,321,789</b>

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**BZAM Ltd.**
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
*(Unaudited)*
*(expressed in thousands of Canadian Dollars, except number of shares.)*

	Notes	Share Capital		Contributed Surplus			Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total	
		Common Shares <sup>(1)</sup>	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus					Total Contributed surplus
		#	\$	\$	\$	\$					\$
<b>Balance, December 31, 2022</b>		<b>157,137,836</b>	<b>578,006</b>	<b>21,243</b>	<b>8,010</b>	<b>80,234</b>	<b>109,487</b>	<b>(1,723)</b>	<b>(514,201)</b>	<b>6,742</b>	<b>178,311</b>
Share based compensation	15[a,c]	—	—	585	—	—	585	—	—	—	585
Restricted share units exercised during period	14[d]	5,000	7	(7)	—	—	(7)	—	—	—	—
Contingent Milestone Escrow Shares returned to treasury	14[a]	(7,428,571)	434	—	—	—	—	—	—	—	434
BZAM Milestone Shares issue	14[b]	1,120,226	426	—	—	—	—	—	—	—	426
Escrow shares returned to treasury	14[e]	(93,714)	—	—	—	—	—	—	—	—	—
Shares issued in connection with debt repayment	14[c]	6,500,000	2,535	—	—	—	—	—	—	—	2,535
Comprehensive loss		—	—	—	—	—	—	69	(18,276)	(1,046)	(19,253)
<b>Balance, March 31, 2023</b>		<b>157,240,777</b>	<b>581,408</b>	<b>21,821</b>	<b>8,010</b>	<b>80,234</b>	<b>110,065</b>	<b>(1,654)</b>	<b>(532,477)</b>	<b>5,696</b>	<b>163,038</b>
Share based compensation	15[a,c]	—	—	289	—	—	289	—	—	—	289
Restricted share units exercised during period	14[d]	504,029	228	(124)	—	—	(124)	—	—	—	104
Shares issued to settle accounts payable	14[f]	376,923	123	—	—	—	—	—	—	—	123
Shares issued in private placement	14[g]	22,222,223	4,933	—	67	—	67	—	—	—	5,000
Expiry of Warrants	15[b]	—	—	—	(1,174)	1,174	—	(89)	(63,227)	(2,240)	(65,556)
<b>Balance, June 30, 2023</b>		<b>180,343,952</b>	<b>586,692</b>	<b>21,986</b>	<b>6,903</b>	<b>81,408</b>	<b>110,297</b>	<b>(1,743)</b>	<b>(595,704)</b>	<b>3,456</b>	<b>102,998</b>
Share based compensation	15[a,c]	—	—	(665)	—	—	(665)	—	—	—	(665)
Issuance of common shares to minority shareholders of BZAM Cannabis Corp. to acquire additional share	14[f]	475,000	81	—	—	—	—	—	—	—	81
Comprehensive loss		—	—	—	—	—	—	(19)	(15,657)	(1,284)	(16,960)
<b>Balance, September 30, 2023</b>		<b>180,818,952</b>	<b>586,773</b>	<b>21,321</b>	<b>6,903</b>	<b>81,408</b>	<b>109,632</b>	<b>(1,762)</b>	<b>(611,361)</b>	<b>2,172</b>	<b>85,454</b>

<sup>(1)</sup> The Company completed a consolidation of its Common Shares on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

	Share Capital		Contributed Surplus					Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total
	Common Shares <sup>(1)</sup>	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Total Contributed surplus				
	#	\$	\$	\$	\$	\$	\$				
Balance, December 31, 2021	74,966,065	508,504	21,653	10,375	76,768	40	108,836	(969)	(478,697)	(863)	136,811
Issuance of common shares	90,400	102	—	—	—	—	—	—	—	—	102
Share based compensation	—	—	567	—	—	—	567	—	—	—	567
Restricted share units exercised during period - escrowed	984	40	—	—	—	(40)	(40)	—	—	—	-
Shares and warrants issued in connection with debt modification	50,000	50	—	—	—	—	—	—	—	—	50
Comprehensive loss	—	—	—	—	—	—	—	(509)	(13,506)	—	(14,015)
<b>Balance, March 31, 2022</b>	<b>75,107,449</b>	<b>508,696</b>	<b>22,220</b>	<b>10,375</b>	<b>76,768</b>	<b>—</b>	<b>109,363</b>	<b>(1,478)</b>	<b>(492,203)</b>	<b>(863)</b>	<b>123,515</b>
Share based compensation	—	—	270	—	—	—	270	—	—	—	270
Restricted share units exercised during period	216,704	607	(607)	—	—	—	(607)	—	—	—	(0)
Comprehensive loss	—	—	—	—	—	—	—	(380)	(6,781)	—	(7,161)
<b>Balance, June 30, 2022</b>	<b>75,324,153</b>	<b>509,303</b>	<b>21,883</b>	<b>10,375</b>	<b>76,768</b>	<b>—</b>	<b>109,026</b>	<b>(1,858)</b>	<b>(498,984)</b>	<b>(863)</b>	<b>116,624</b>
Share based compensation	—	—	370	—	—	—	370	—	—	—	370
Restricted share units exercised during period	93,750	75	—	—	—	—	—	—	—	—	75
Comprehensive loss	—	—	—	—	—	—	—	(2,010)	(6,841)	—	(8,851)
<b>Balance, September 30, 2022</b>	<b>75,417,903</b>	<b>509,378</b>	<b>22,253</b>	<b>10,375</b>	<b>76,768</b>	<b>—</b>	<b>109,396</b>	<b>(3,868)</b>	<b>(505,825)</b>	<b>(863)</b>	<b>108,218</b>

<sup>(1)</sup> The Company completed a consolidation of Common Shares on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

An unlimited number of Common Shares are authorized for issue.

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

**BZAM Ltd.****INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS***(Unaudited)**(expressed in thousands of Canadian dollars)*

Notes	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>OPERATING ACTIVITIES</b>				
Net loss from operations	\$ (16,981)	\$ (6,841)	\$ (101,770)	\$ (27,128)
Items not affecting cash:				
Impairment of property, plant and equipment	7	—	61,791	6,183
Impairment loss on remeasurement of disposal group	—	—	—	2,489
Impairment on assets held for sale	5	1,963	11,986	—
Share based compensation	15	(665)	313	1,207
Depreciation of property, plant and equipment	7	991	4,048	9,016
Amortization of intangible assets	8	497	1,776	1,030
Realized fair value adjustment on sale of inventories	—	8,822	18,190	10,541
Unrealized gain on change in fair value of biological assets	9	(6,895)	(18,011)	(21,986)
Foreign exchange loss	—	45	226	—
Accretion expense	6	261	924	1,186
Revaluation gain of contingent consideration	12	—	(15,870)	(2,601)
Loss (gain) on disposal of assets	—	37	29	(25)
Gain on disposal of subsidiary	4	—	(16)	(3,187)
Change in fair value of investments	—	12	86	—
Gain on debt settlement	—	—	(65)	—
Loss on lease modification	—	—	389	—
Provision recorded on inventory	10	(247)	5,969	6,026
Debt modification	6	—	404	48
Changes in non-cash operating working capital items	16	10,967	3,283	5,520
<b>Net cash provided/(used) in operating activities</b>	<b>\$ (1,193)</b>	<b>\$ (3,209)</b>	<b>\$ (10,271)</b>	<b>\$ (11,681)</b>
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment	—	(127)	(973)	(716)
Net cash inflow on deposits	14[b]	—	450	450
Proceeds on disposal of assets	—	7,121	7,409	1,970
Transfer to restricted cash	—	46	(308)	(1,008)
Proceeds on disposal of HemPoland, net	5	—	1,350	1,350
<b>Net cash provided/(used) in investing activities</b>	<b>\$ 7,040</b>	<b>\$ 2,025</b>	<b>\$ 6,128</b>	<b>\$ 2,046</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares, net of share issue costs	14	—	5,000	102
Proceeds from borrowings, net of costs	6	1,325	3,825	3,920
Interest received	—	16	30	13
Interest paid on lease liabilities	—	(335)	(1,104)	(816)
Interest paid on debt	—	(1,450)	(3,743)	(2,620)
Principal payments of lease liabilities	—	(197)	(691)	(494)
Principal payments of debt	6	(3,389)	(3,389)	—
Net proceeds/(repayments) of borrowings under the Revolver Loan	6	800	4,547	5,896
<b>Net cash provided/ (used) in financing activities</b>	<b>\$ (3,230)</b>	<b>\$ (1,509)</b>	<b>\$ 4,475</b>	<b>\$ 6,001</b>
<b>Net cash inflow (outflow)</b>	<b>\$ 2,617</b>	<b>\$ (2,693)</b>	<b>\$ 332</b>	<b>\$ (3,634)</b>
Net effects of foreign exchange	20	—	—	532
Cash, beginning of period	2,345	3,377	4,650	4,930
<b>Cash and cash equivalents, end of period</b>	<b>\$ 4,982</b>	<b>\$ 1,828</b>	<b>\$ 4,982</b>	<b>\$ 1,828</b>

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



**BZAM Ltd.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022***(Unaudited)**(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)***1. NATURE OF ACTIVITIES**

BZAM Ltd. (“BZAM” or the “Company”), formerly The Green Organic Dutchman Holdings Ltd., was incorporated on November 16, 2016, under the *Canada Business Corporations Act*. On January 25, 2023 the Company’s board of directors (the “Board”) authorized a change in the Company’s name from “The Green Organic Dutchman Holdings Ltd.” to “BZAM Ltd.” (the “Name Change”). The Name Change took effect at the open of the market on February 23, 2023. The Company is a reporting issuer domiciled in Canada whose common shares (the “Common Shares”) are publicly traded on the Canadian Securities Exchange (“CSE”) under the symbol “BZAM” and on the OTCQX under the symbol “BZAMF”. The Company also has three classes of warrants listed on the CSE under the symbols “BZAM.WR”, “BZAM.WA” and “BZAM.WB”. The Company’s registered and head office is located at 19100 Airport Way, Unit 518, Pitt Meadows, BC, V3Y 0E2. These unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 and September 30, 2022 (“Interim Consolidated Financial Statements”) include the financial statements of the Company and its subsidiaries from the date the Company gained control of each subsidiary through to the date of disposition (if applicable).

The Company’s wholly-owned Canadian subsidiaries, The Green Organic Dutchman Ltd. and BZAM Management Inc. are licensed producers under the *Cannabis Act* (Canada) and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company owns cannabis cultivation facilities near Hamilton, Ontario (the “Hamilton Facility”) and in Edmonton, Alberta (the “Edmonton Facility”). The Company also leases and has operating licences for facilities holding cultivation and processing licences in Saanichton, British Columbia and Pitt Meadows, British Columbia, and has Québec operations in a leased facility in Vaudreuil, Québec (the “Québec Facility”), which has a cultivation and processing licence.

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing a targeted international growth strategy, and has established strategic agreements for the distribution of cannabis derived medical products primarily focused in Germany, Australia and the United Kingdom.

On November 8, 2022, the Company filed articles of amendment to effect a consolidation (the “Consolidation”) of all of the issued and outstanding Common Shares. Pursuant to the Consolidation, shareholders of the Company received one post-Consolidation Common Share for every ten pre-Consolidation Common Shares they held (the “Consolidation Ratio”). The Consolidation Ratio also applied to the Common Share purchase warrants (the “Warrants”). Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants. The Consolidation also applied to the stock options and restricted share units outstanding, which were consolidated at the Consolidation Ratio with the exercise price being adjusted to reflect the Consolidation. The number of Common Share amounts discussed within these Interim Consolidated Financial Statements reflect this Consolidation.

**2. BASIS OF PRESENTATION****[i] Going concern**

These Interim Consolidated Financial Statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

As of September 30, 2023, the Company had net working capital of \$1,424 (inclusive of restricted cash of \$658) (December 31, 2022 - \$45,449) and an accumulated deficit of \$611,361 (December 31, 2022 - \$514,201). During the nine months ended September 30, 2023, the Company has incurred a net loss from continuing operations of \$101,770 (nine months ended September 30, 2022 – \$26,696), inclusive of a non-cash impairment charge of \$73,777 (nine months ended September 30, 2022 – impairment charges of \$6,183). During the nine months ended September 30, 2023, the Company used cash in operating activities of \$10,271 (nine months ended September 30, 2022 - \$11,681) resulting primarily from the loss from operations of \$101,770 (nine months ended September 30, 2022 - \$27,128) offset by non-cash items. The Company has insufficient cash on hand to fund its planned operations. The Company’s ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flows from its operating activities and/or obtain sufficient funding to meet its obligations, neither of which is guaranteed to occur. Achieving such revenues, positive cash flows from operating activities or funding may be influenced by matters that are not in the Company’s control, and as such, there is no certainty that such revenues, cash flows, or funding will be realized. In addition, the Company currently does not have any commitments in place that would provide the level of revenues, cash flows, or funding required to provide sufficient funding to meet its obligations.

**BZAM Ltd.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022***(Unaudited)**(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)*

The Company will need to obtain further funding in the form of asset sales, debt, equity or a combination thereof to continue operations for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If positive operating cash flows are not achieved, debt obligations are not repaid, or adequate funding is not available, the Company will be required to delay, reduce or cease the scope of any or all of its operations. In addition, the terms of the renewed secured revolving credit facility (the "Revolver Loan") require the Company to satisfy various affirmative and negative covenants and to meet certain future financial tests. A failure to comply with these covenants, including a failure to meet the financial tests, would result in an event of default under the Revolver Loan and if not cured would allow the lender to accelerate the repayment of the debt, which could materially and adversely affect the business, results of operations and financial condition of the Company. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. Subsequent to September 30, 2023, the Company entered into a waiver agreement with its lender, waiving the covenant requiring positive EBITDA from July 1, 2023 until January 31, 2024.

These Interim Consolidated Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from operating and/or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these Interim Consolidated Financial Statements should such events impair the Company's ability to continue as a going concern.

**[ii] Interim Financial Reporting**

These Interim Consolidated Financial Statements have been prepared by management in accordance with International Accounting Standards 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board. The same accounting policies and methods of computation were followed in the preparation of these Interim Consolidated Financial Statements as those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2022, (the "Annual Financial Statements").

These Interim Consolidated Financial Statements do not include all of the information required for full annual consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2022 which are made available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

These Interim Consolidated Financial Statements were approved and authorized for issue by the Board on November 28, 2023.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of these Interim Consolidated Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Interim Consolidated Financial Statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2022, except that a business combination did not occur during the nine months ended September 30, 2023 as well as a change in the CGU (as defined in Note 3 (a) below).

(a) For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). For the nine months ended September 30, 2023 the Company combined the previous CGU which incorporated the Hamilton Facility and the Québec Facility with the facilities that were acquired pursuant to the acquisition of all of the issued and outstanding common shares of BZAM Holdings Inc. ("BZAM CGU") in exchange for 49.5% of the issued and outstanding shares of the combined entity formed upon closing of the transaction ("BZAM Transaction") to form the BZAM CGU. The rationale for the combination of the CGUs was that the acquired assets are fully integrated into the operations of the Company and the co-dependencies amongst the facilities are increasing as the Company eliminates duplicated costs and processes.

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**4. GALAXIE ASSETS SALE**

*Galaxie Assets*

On June 30, 2023, the Company completed the sale of all of the issued and outstanding shares in the capital of Galaxie Brands Corporation (“Galaxie”) for net proceeds of \$557 (the “Galaxie Sale”). The Company had previously classified the assets and liabilities acquired by the Company as part of the acquisition of all of the issued and outstanding shares of Galaxie on November 17, 2021 (the “Galaxie Acquisition”) as held for sale.

As a result of the disposal, a gain on disposal arose as follows:

	<b>Galaxie</b>
Proceeds from Sale	557
Less: Net assets at disposal	(541)
<b>Gain on disposal</b>	<b>16</b>

**5. ASSETS HELD FOR SALE**

*Edmonton Facility*

As at September 30, 2023, management was committed to a plan to sell the Company’s cultivation facilities and equipment located at the Edmonton Facility that were acquired as part of the BZAM Transaction. Accordingly, the Company reclassified these assets as held for sale. Efforts to sell the Edmonton Facility have commenced and a sale is expected within the next twelve months of reclassifying the assets held for sale.

As at September 30, 2023, these assets were stated at fair value less costs to sell and comprised of the following:

	<b>As at September 30, 2023</b>
Land	2,300
Buildings	7,239
Production equipment	712
Furniture and fixtures	—
Computer equipment	225
<b>Assets held for sale</b>	<b>10,476</b>

**Measurement of fair values**

The fair value less costs to sell of the assets and liabilities was estimated to be \$10,476 (December 31, 2022 - \$Nil) using a market approach (level 2 on the fair value hierarchy), from the listing contract entered into on August 15, 2023, which provided reliable information to determine the fair value of the assets held for sale. The fair value is based on the expected cash proceeds of \$10,800 less expected selling costs of \$324.

**Impairment losses related to the assets held for sale**

Impairment losses of \$1,963 for write-downs of the assets held for sale to the lower of its carrying amount and its fair value less costs to sell have been recognized for the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - \$Nil).

*Midway Facility*

On August 4, 2023, the Company completed the sale of its outdoor cultivation facilities, equipment and accommodation building located at its cannabis cultivation facility in Midway, British Columbia (the “Midway Facility”), that was acquired as part of the BZAM Transaction, for total net proceeds of \$3,082 (the “Midway Sale”). Pursuant to the Fifth Amendment (as defined herein) of the Revolver Loan, fifty percent of the net cash proceeds received, being \$1,554, were remitted to the lender as payment for the term portion of the Revolver Loan.

As a result of the disposal, a loss on disposal arose as follows:

	<b>Midway Facility</b>
Proceeds from Sale	3,082
Less: Net assets at disposal	(3,112)
<b>Losses on disposal</b>	<b>(30)</b>

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*Maple Ridge Facility*

On September 28, 2023, the Company completed the sale of its facility located in Maple Ridge, British Columbia (the “Maple Ridge Facility”) for total net proceeds of \$3,679 (the “Maple Ridge Sale”). Pursuant to the Fifth Amendment of the Revolver Loan, fifty percent of the net cash proceeds, being \$1,846, were paid directly to the lender as payment for the term portion of the Revolver Loan.

As a result of the disposal, a loss on disposal arose as follows:

	<b>Maple Ridge Facility</b>
Proceeds from Sale	3,679
Less: Net assets at disposal	(3,686)
<b>Losses on disposal</b>	<b>(7)</b>

**6. LOANS**

The following tables illustrate the continuity schedule and presentation of the Company’s loans:

**Revolver Loan**

	<b>For the nine months ended September 30, 2023</b>	<b>For the year ended December 31, 2022</b>
Opening Balance	\$ 32,618	\$ 20,225
Additions	3,825	6,200
Addition through business combination	—	8,391
Deferred financing fee	(29)	(644)
Accretion	924	1,522
Debt modification	404	(352)
Principal payments	(5,989)	(4,307)
Net proceeds related to the borrowings from and repayments of the Revolver Loan	4,547	1,583
<b>Ending balance</b>	<b>\$ 36,300</b>	<b>\$ 32,618</b>

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Loans	\$ 36,300	\$ 32,618
Current portion	(36,300)	(5,405)
Long term portion	\$ —	\$ 27,213
Revolver Loan	\$ 27,475	\$ 25,018
Promissory Notes to related parties	3,825	2,600
Mortgage	5,000	5,000
	<b>\$ 36,300</b>	<b>\$ 32,618</b>

The Company entered into the Revolver Loan on April 22, 2020, which was amended and restated on September 29, 2021, and further amended on November 29, 2021 (the “Amended and Restated Agreement”) and was further amended on March 10, 2022, April 29, 2022 and November 3, 2022. The Revolver Loan now has a credit limit of \$34,000, bears interest at 12% or TD Prime plus 8.05% whichever is higher, with a due date of March 30, 2024. The Company must comply with certain financial covenants as set out in the Amended and Restated Agreement relating to the achievement of positive EBITDA (as defined in the Amended and Restated Agreement).

On June 30, 2023 the Company entered into a fifth amendment to the Amended and Restated Agreement (the “Fifth Amendment”) which amongst other things: (i) stated that any repayment made in respect of the Base Facility Amount (as defined in the Amended and Restated Agreement) prior to the Maturity Date (each such repayment, a “Base Facility Prepayment”) shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit (as defined in the Amended and Restated Agreement)) by an amount equal to such Base Facility Prepayment; (ii) requires the Company, on and after September 30, 2023, to make Base Facility Prepayments, on a monthly basis, in amounts to be determined by the Lender acting reasonably; (iii) amended the EBITDA financial covenant to take effect on July 31, 2023; and (iv) required the Company to remit to the lender no less than fifty percent of the proceeds from the Midway Sale and Maple Ridge Sale, for an aggregate amount that is greater than or equal to \$3,000.

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All amendments were accounted for as modifications, not extinguishments of debt. The Fifth Amendment resulted in a debt modification loss of \$404.

The Revolver Loan is secured by a first lien over the Hamilton Facility, and assets of the Company, including a lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables and a second lien over the Edmonton Facility. As the accounts receivable balance eligible for collateral increases, additional credit is available to the Company up to \$13,000.

As at September 30, 2023, the total principal balance outstanding related to the Revolver Loan was \$27,963 (December 31, 2022- \$26,805). All covenants within the Amended and Restated Agreement were met, excluding the EBITDA financial covenant.

Subsequent to September 30, 2023, the Company entered into a waiver agreement with the Lender, waiving the covenant requiring positive EBITDA from July 1, 2023 until January 31, 2024.

**Mortgage Loan**

In connection with the BZAM Transaction, the Company acquired a \$5,000 loan (the “BZAM Loan”) held by BZAM Cannabis Corp. (“BCC”) which commenced on May 31, 2021 and is secured against the Edmonton Facility. The BZAM Loan bears interest at 10.00% per annum and matures on May 31, 2026. Interest is calculated and compounded monthly and payable monthly on the last day of each month. The loan may be prepaid on 30 days’ notice and will include a prepayment fee. The prepayment fee is equal to the greater of (i) three months interest, and (ii) the aggregate amount of the agent’s and lenders’ cost of funds incurred as a result of the prepayment. The BZAM Loan may be renewed beyond the maturity date for a fee of 2.0% of the outstanding principal amount owing should the lender agree. Security for the loan includes: (i) a first mortgage over the Edmonton Facility, (ii) a general assignment of rents and leases in respect of the Edmonton Facility, (iii) a general security agreement over all Company’s present and after acquired personal property, and (iv) a corporate guarantee of BZAM Management Inc.

As at September 30, 2023, the Company reclassified the \$5,000 BZAM Loan to current liabilities, as the sale of the Edmonton Facility is expected to occur within the next twelve months, with the proceeds from sale allowing the Company to repay the loan in full.

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On January 3, 2023, a promissory note (the “Galaxie Promissory Note”) in the amount of \$400 that was assumed by the Company in connection with the Galaxie Acquisition was settled in full with 1,000,000 Common Shares of the Company. On the same date a demand promissory note (the “Stone Pine Promissory Note”) in the amount of \$2,200 was settled in full with the issuance of 5,500,000 Common Shares of the Company issued to Stone Pine Capital Ltd. (“Stone Pine”), a company controlled by the Company’s largest shareholder and current Chairman. On settlement of the Galaxie Promissory Note and the Stone Pine Promissory Note the Company recognized a gain on settlement of \$Nil and \$65 in the statement of loss and comprehensive loss for the three and six months ended June 30, 2023 respectively (three and six months ended June 30, 2022 - \$Nil).

On March 8, 2023, the Company received funds totalling \$2,500 under a demand promissory note with Stone Pine Capital Ltd. (“the Second Stone Pine Promissory Note”). It bears interest at a rate of 10.0% per annum.

On August 23, 2023, the Company received funds totalling \$1,325 under a demand promissory note with Stone Pine Capital Ltd. (“the Third Stone Pine Promissory Note”). It bears interest at a rate of 10.0% per annum.

The Second and Third Stone Pine Promissory Notes are subordinated to the Revolver Loan.

	<b>Principal note balance</b>	<b>Amortized Cost</b>	<b>Agreement Date</b>	<b>Maturity Date</b>	<b>Terms</b>
Second Stone Pine Promissory Note	2,500	2,500	3/8/2023	On demand, due no earlier than January 31, 2025	10.0% interest per annum
Third Stone Pine Promissory Note	1,325	1,325	8/23/2023	On demand, due no earlier than January 31, 2025	10.0% interest per annum
Total promissory notes to related parties	<b>\$ 3,825</b>	<b>3,825</b>			

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**7. PROPERTY, PLANT AND EQUIPMENT**

Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Leasehold improvements	Computer equipment	Automobiles	Construction in progress	Right-of-use assets	Total
Balance, December 31, 2022	\$ 8,065	\$ 76,516	\$ 465	\$ 72,403	\$ 9,308	\$ 5,305	\$ 1,298	\$ -	\$ 11,954	\$ 185,314
Additions	—	—	—	82	—	62	—	3	282	429
Disposals	—	—	—	(479)	—	—	—	—	—	(479)
Lease modification	—	—	—	—	—	—	—	—	(389)	(389)
<b>Balance, March 31, 2023</b>	<b>\$ 8,065</b>	<b>\$ 76,516</b>	<b>\$ 465</b>	<b>\$ 72,006</b>	<b>\$ 9,308</b>	<b>\$ 5,367</b>	<b>\$ 1,298</b>	<b>\$ 3</b>	<b>\$ 11,847</b>	<b>\$ 184,875</b>
Additions	—	—	—	192	44	62	—	70	2,382	2,750
Disposals	—	—	—	(105)	—	—	—	—	—	(105)
Reclassification to assets held for sale (Midway Facility)	(2,990)	(710)	(25)	(1,173)	(21)	(1,766)	(1,039)	—	—	(7,724)
<b>Balance, June 30, 2023</b>	<b>\$ 5,075</b>	<b>\$ 75,806</b>	<b>\$ 440</b>	<b>\$ 70,920</b>	<b>\$ 9,331</b>	<b>\$ 3,663</b>	<b>\$ 259</b>	<b>\$ 73</b>	<b>\$ 14,229</b>	<b>\$ 179,796</b>
Additions	—	—	—	159	—	—	—	(32)	—	127
Disposals	—	—	—	—	—	—	—	—	(176)	(176)
Reclassification to assets held for sale (Edmonton Facility)	(2,300)	(12,720)	—	(1,157)	—	(596)	—	—	—	(16,773)
Lease modification	—	—	—	—	—	—	—	—	(59)	(59)
<b>Balance, September 30, 2023</b>	<b>\$ 2,775</b>	<b>\$ 63,086</b>	<b>\$ 440</b>	<b>\$ 69,922</b>	<b>\$ 9,331</b>	<b>\$ 3,067</b>	<b>\$ 259</b>	<b>\$ 41</b>	<b>\$ 13,994</b>	<b>\$ 162,915</b>
<b>Accumulated depreciation and impairment:</b>										
Balance, December 31, 2022	\$ —	\$ 17,006	\$ 218	\$ 34,225	\$ 585	\$ 1,318	\$ 234	\$ —	\$ 2,359	\$ 55,945
Depreciation	—	745	11	1,728	231	415	18	—	340	3,488
Disposals	—	—	—	(302)	—	—	—	—	—	(302)
<b>Balance, March 31, 2023</b>	<b>\$ —</b>	<b>\$ 17,751</b>	<b>\$ 229</b>	<b>\$ 35,651</b>	<b>\$ 816</b>	<b>\$ 1,733</b>	<b>\$ 252</b>	<b>\$ —</b>	<b>\$ 2,699</b>	<b>\$ 59,131</b>
Depreciation	—	729	8	1,626	262	272	22	—	329	3,248
Disposals	—	—	—	(2)	—	—	—	—	—	(2)
Impairment	—	15,239	122	9,112	2,198	543	10	—	—	27,224
Reclassification to assets held for sale (Midway Facility)	—	(21)	(1)	(41)	—	(329)	(53)	—	—	(445)
<b>Balance, June 30, 2023</b>	<b>\$ —</b>	<b>\$ 33,698</b>	<b>\$ 358</b>	<b>\$ 46,346</b>	<b>\$ 3,276</b>	<b>\$ 2,219</b>	<b>\$ 231</b>	<b>\$ —</b>	<b>\$ 3,028</b>	<b>\$ 89,156</b>
Depreciation	—	556	3	1,106	87	122	1	—	448	2,323
Disposals	—	—	—	—	—	—	—	—	(29)	(29)
Reclassification to assets held for sale (Edmonton Facility)	—	(3,743)	—	(274)	—	(317)	—	—	—	(4,334)
<b>Balance, September 30, 2023</b>	<b>\$ —</b>	<b>\$ 30,511</b>	<b>\$ 361</b>	<b>\$ 47,178</b>	<b>\$ 3,363</b>	<b>\$ 2,024</b>	<b>\$ 232</b>	<b>\$ —</b>	<b>\$ 3,447</b>	<b>\$ 87,116</b>
<b>Net book value, September 30, 2023</b>	<b>\$ 2,775</b>	<b>\$ 32,575</b>	<b>\$ 79</b>	<b>\$ 22,744</b>	<b>\$ 5,968</b>	<b>\$ 1,043</b>	<b>\$ 27</b>	<b>\$ 41</b>	<b>\$ 10,547</b>	<b>\$ 75,799</b>

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The Company performs a quarterly test for impairment of its property, plant and equipment, a non-financial asset, and there was no impairment noted as at the quarter ending September 30, 2023.

The following table indicates the year-to-date non-cash impairment charges recognized by the Company for its BZAM CGU.

Period ending	Recoverable amount	Carrying amount	Impairment
September 30, 2023	\$ 131,141	192,594	61,453

The non-cash impairment charges were allocated pro rata on the basis of the carrying amount of each non-financial asset, excluding biological assets, inventories and certain other assets already recorded at approximate fair values in the CGU. The non-cash impairment charges specific to property, plant and equipment for the three and nine months ended September 30, 2023 was \$Nil and \$26,886, respectively (three and nine months ended September 30, 2022 - \$Nil and \$6,183). Refer to Note 8 for non-cash impairment charge for intangible assets.

## 8. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets is as follows:

	Health Canada Licences	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
<b>Cost:</b>								
Balance, December 31, 2022	\$ 11,418	\$ 2,613	\$ 400	\$ 13,400	\$ 5,913	\$ 2,667	\$ 32,631	\$69,042
Additions	—	—	—	—	—	—	—	—
<b>Balance, March 31, 2023</b>	<b>\$ 11,418</b>	<b>\$ 2,613</b>	<b>\$ 400</b>	<b>\$ 13,400</b>	<b>\$ 5,913</b>	<b>\$ 2,667</b>	<b>\$ 32,631</b>	<b>\$69,042</b>
Additions	—	—	—	—	—	—	—	—
Reclassification to assets held for sale (Midway Facility)	(1,409)	—	—	—	—	—	—	(1,409)
<b>Balance, June 30, 2023</b>	<b>\$ 10,009</b>	<b>\$ 2,613</b>	<b>\$ 400</b>	<b>\$ 13,400</b>	<b>\$ 5,913</b>	<b>\$ 2,667</b>	<b>\$ 32,631</b>	<b>\$67,633</b>
Additions	—	—	—	—	—	—	—	—
<b>Balance, September 30, 2023</b>	<b>\$ 10,009</b>	<b>\$ 2,613</b>	<b>\$ 400</b>	<b>\$ 13,400</b>	<b>\$ 5,913</b>	<b>\$ 2,667</b>	<b>\$ 32,631</b>	<b>\$67,633</b>
<b>Accumulated amortization and impairment:</b>								
Balance, December 31, 2022	\$ 2,563	\$ 1,712	\$ 260	\$ 160	\$ 3,078	\$ 313	\$ 3,939	\$12,025
Amortization for the period	204	92	14	238	116	—	—	664
<b>Balance, March 31, 2023</b>	<b>\$ 2,767</b>	<b>\$ 1,804</b>	<b>\$ 274</b>	<b>\$ 398</b>	<b>\$ 3,194</b>	<b>\$ 313</b>	<b>\$ 3,939</b>	<b>\$12,689</b>
Amortization for the period	189	92	14	239	81	—	—	615
Reclassification to assets held for sale (Midway Facility)	(43)	—	—	—	—	—	—	(43)
Impairment	1,623	164	26	2,920	603	539	28,692	34,567
<b>Balance, June 30, 2023</b>	<b>\$ 4,536</b>	<b>\$ 2,060</b>	<b>\$ 314</b>	<b>\$ 3,557</b>	<b>\$ 3,878</b>	<b>\$ 852</b>	<b>\$ 32,631</b>	<b>\$47,828</b>
Amortization for the period	141	71	11	185	89	—	—	497
<b>Balance, September 30, 2023</b>	<b>\$ 4,677</b>	<b>\$ 2,131</b>	<b>\$ 325</b>	<b>\$ 3,742</b>	<b>\$ 3,967</b>	<b>\$ 852</b>	<b>\$ 32,631</b>	<b>\$48,325</b>
<b>Net book value, September 30, 2023</b>	<b>\$ 5,332</b>	<b>\$ 482</b>	<b>\$ 75</b>	<b>\$ 9,658</b>	<b>\$ 1,946</b>	<b>\$ 1,815</b>	<b>\$ —</b>	<b>\$19,308</b>

During the three and nine months ended September 30, 2023, the Company recognized non-cash impairment charges within its BZAM CGU as described in Note 7, of which \$Nil and \$34,567, respectively were related to intangible assets (three and nine months ended September 30, 2022 - \$Nil and \$Nil).

## 9. BIOLOGICAL ASSETS

As at September 30, 2023, the Company's biological assets consisted of cannabis seeds and cannabis plants. The continuity of the Company's biological assets is as follows:

	Capitalized cost	Biological asset fair value adjustment	Amount
<b>Balance, December 31, 2022</b>	\$ 1,324	\$ 3,251	\$ 4,575
Unrealized gain on changes in fair value of biological assets	—	18,011	18,011
Production costs capitalized	5,671	—	5,671
Transfer to inventories upon harvest	(4,914)	(18,261)	(23,175)
<b>Balance, September 30, 2023</b>	<b>\$ 2,081</b>	<b>\$ 3,001</b>	<b>\$ 5,082</b>



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The Company measures its biological assets at their fair values less estimated costs to sell. This is determined using a model which estimates the expected harvest yields in grams for plants currently being cultivated, and then adjusts that amount for the estimated net selling price per gram, waste and any additional costs to be incurred, such as post-harvest cost.

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:

- Estimated net selling price per gram – calculated as the expected approximate future per gram selling prices of the Company’s cannabis products.
- Stage of growth – represents the weighted average number of weeks out of the estimated week growing cycle that biological assets have reached as of the measurement date based on historical experience. The Company accretes fair value on a straight-line basis according to the stage of growth and estimated costs to complete cultivation.
- Yield by plant – represents the expected number of grams of finished cannabis inventories which are expected to be obtained from each harvested cannabis plant based on historical experience.

The inter-relationship between these aforementioned unobservable inputs and the fair-value of the biological assets is such that the carrying value of the biological assets as at September 30, 2023 and December 31, 2022 would increase (decrease) if any of these inputs were to be higher (lower).

Other unobservable, level 3 inputs into the biological asset model include estimated post-harvest costs, costs to complete and wastage. These additional level 3 inputs are not considered to be significant.

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

	As at September 30, 2023	As at December 31, 2022	Impact of 10% change as at June 30, 2023	Impact of 10% change as at December 31, 2022
Estimated net selling price per gram (1)	\$1.82 to \$6.72	\$1.16 to \$5.33	\$ 782	\$ 738
Estimated stage of growth	9 to 10 weeks	8 to 9 weeks	\$ 485	\$ 411
Estimated yield of agricultural produce by plant (2)	104 to 215 grams	78 to 149 grams	\$ 547	\$ 492

(1) The estimated net selling price per gram is based on expected market price less excise duties.

(2) The estimated yield varies based on the Company’s historical experience adjusted for future changes, if any.

The Company’s estimates are, by their nature, subject to change. Changes in the significant assumptions described will be reflected in future changes in the gain or loss on biological assets. There were no changes between fair value hierarchy levels during the three and nine months ended September 30, 2023.

## 10. INVENTORIES

The Company’s inventories include the following as of September 30, 2023 and December 31, 2022:

	As at September 30, 2023	As at December 31, 2022
Raw materials and packaging	\$ 5,769	\$ 7,069
Work-in-progress	27,871	39,121
Finished goods	4,546	6,226
<b>Total inventories</b>	<b>\$ 38,186</b>	<b>\$ 52,416</b>

During the three and nine months ended September 30, 2023, inventories expensed directly to cost of sales were \$8,883 and \$35,100 respectively (three and nine months ended September 30, 2022 - \$5,762 and \$16,479, respectively).

During the three and nine months ended September 30, 2023, a write-down of inventory of (\$247) and \$5,969 respectively was recognized as an expense including (\$422) and \$2,695 respectively, relating to fair value adjustment and \$175 and \$3,274 respectively expensed directly in cost of sales (three and nine months ended September 30, 2022 - a write-down of inventory of \$6,026 was recognized as an expense including \$4,336 relating to fair value adjustment and \$1,690 expensed directly in cost of sales).

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A summary of the Company's other assets is presented as follows:

	Notes	As at September 30, 2023	As at December 31, 2022
Term deposits held as letter of credit collateral	17,18	133	133
Term deposits not held as letter of credit collateral		100	100
Other	11[a]	1,907	1,922
		<u>2,140</u>	<u>2,155</u>
Less: Current portion		<u>(1,753)</u>	<u>(1,760)</u>
Non-current portion		387	395

[a] Other

Other is comprised of deposits paid for goods and services of \$876 (December 31, 2022 - \$876), \$1,021 of other amounts receivable from various non-trade debtors (December 31, 2022 - \$950) and \$10 of other assets (December 31, 2022 - \$96).

**12. CONTINGENT CONSIDERATION***Galaxie Contingent Consideration*

As part of the purchase price paid in connection with the Galaxie Acquisition in November 2021, the Company issued up to 8,571,429 Common Shares valued at the date of closing of the Galaxie Acquisition at \$5,235 (the "Milestone Shares"). The Milestone Shares were subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). On January 23, 2023 in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 of the Milestone Shares to the vendors of the Galaxie shares (the "Vendors") and cancelled the remaining 7,428,571 Milestone Shares. The Common Shares issued had a fair value of \$434 on the date of original issue in November 2021. A revaluation loss on the contingent consideration of \$114 was recognized up to the date of final issuance of January 23, 2023.

*BZAM Contingent Consideration*

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognized contingent consideration payable valued at the date of closing of the BZAM Transaction at \$50,552 to be issued in Common Shares (the "BZAM Contingent Milestone Shares"). The BZAM Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at September 30, 2023, the BZAM Contingent Milestone Shares were revalued to \$Nil resulting in a gain on revaluation of \$- and \$16,096 for the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - \$Nil). The BZAM Contingent Milestone Shares are to be released no later than January 31, 2024, subject to the achievement of certain financial targets.

*BZAM Milestone Shares*

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognized contingent consideration payable of 1,120,226 Common Shares (the "BZAM Milestone Shares"), valued at the date of closing of the BZAM Transaction at \$771. The BZAM Milestone Shares were subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). On January 23, 2023, pursuant to the provisions of the definitive agreement relating to the BZAM Transaction, upon the release of the 1,142,857 Milestone Shares related to the Galaxie Acquisition, the BZAM Milestone Shares were issued to Stone Pine. The BZAM Milestone Shares issued had a fair value of \$426 on the date of original issue in November 2022. A revaluation loss on the contingent consideration of \$112 was recognized up to the date of final issuance of January 23, 2023.

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Below is a summary of the activity related to the Company's lease liabilities:

	For the nine months ended September 30, 2023		For the year ended December 31, 2022	
Opening Balance	\$	12,066	\$	7,566
Additions		2,615		2,212
Additions from business combination		—		8,598
Interest on lease liabilities		860		1,164
Interest payments on lease liabilities		(860)		(1,174)
Principal payments on lease liabilities		(691)		(149)
Extinguishment of lease liabilities		(125)		(2,482)
Reclassification to liabilities held for sale		—		(3,669)
<b>Closing Balance</b>	<b>\$</b>	<b>13,865</b>	<b>\$</b>	<b>12,066</b>
<b>Current portion lease liabilities</b>	<b>\$</b>	<b>2,401</b>	<b>\$</b>	<b>1,455</b>
<b>Long-term portion lease liabilities</b>	<b>\$</b>	<b>11,464</b>	<b>\$</b>	<b>10,611</b>

**14. SHARE CAPITAL**

	For the nine months ended September 30, 2023		For the year ended December 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Balance - beginning of period <sup>(1)</sup>	157,137,836	\$ 578,006	74,966,065	\$ 508,504
Issuance of Common Shares	—	—	12,797,900	4,209
Shares issued in connection with debt modification	—	—	50,000	50
Restricted share units exercised during period - escrowed	—	—	984	40
Issuance of common shares in relation to acquisition	—	—	65,522,781	62,247
Contingent Milestone Escrow shares returned to treasury [a]	(7,428,571)	434	—	—
BZAM Milestone Shares issued [b]	1,120,226	426	—	—
Shares issued to settle accounts payable	—	—	93,750	75
Shares issued in connection with debt repayment [c]	6,500,000	2,535	3,486,888	2,266
Restricted share units exercised during period [d]	509,029	235	219,579	615
Escrow shares returned to treasury [e]	(93,714)	—	(111)	—
Shares issued to settle accounts payable [f]	376,923	123	—	—
Shares issued in private placement [g]	22,222,223	4,933	—	—
Treasury Issuance - Shareholders of BCC [h]	475,000	81	—	—
<b>Balance - end of period</b>	<b>180,818,952</b>	<b>\$ 586,773</b>	<b>157,137,836</b>	<b>\$ 578,006</b>

<sup>(1)</sup> The Company completed the Consolidation on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio. The number of Common Shares in this table reflect that consolidation.

<sup>(2)</sup> Includes 8,571,429 shares that were issued contingent upon certain milestones being achieved in 2022 related to the Galaxie Acquisition.

**[i] Authorized**

An unlimited number of Common Shares.

**[ii] Issued capital**

- a) During the nine months ended September 30, 2023, in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 Common Shares (a portion of the Milestone Shares) to the Vendors. The Common Shares issued had a fair value of \$434 on the date of issue. The remaining 7,428,571 Milestone Shares were returned to treasury and cancelled.
- b) During the nine months ended September 30, 2023, pursuant to the terms of the definitive agreement for the BZAM Transaction, an aggregate of 1,120,226 Common Shares, being the BZAM Milestone Shares, were issued to Stone Pine. The BZAM Milestone Shares issued were determined to have a fair value of \$426 on the date of issue.
- c) During the nine months ended September 30, 2023, the Company issued an aggregate of 6,500,000 Common Shares to settle \$2,600 of indebtedness of the Company under the Galaxie Promissory Note and the Stone Pine Promissory Note, pursuant to loan settlement agreements with two of the Company's shareholders. At the date of settlement, the fair value of the shares issued was determined to be \$2,535.
- d) During the nine months ended September 30, 2023, 509,029 Common Shares of the Company, with a total value of \$235, were also issued to certain directors of the Company pursuant to the vesting of restricted share units ("RSUs"). There are no proceeds related to the conversion of such RSUs.
- e) During the nine months ended September 30, 2023, 93,714 Common Shares that were held in escrow as part of the Galaxie Acquisition, were returned to treasury and cancelled.

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- f) During the nine months ended September 30, 2023, 376,923 Common Shares were issued to settle \$123 in accounts payable balances.
- g) During the nine months ended September 30, 2023, 22,222,223 Common Shares were issued through a private placement for net proceeds of \$5,000 (with net proceeds of \$67 being allocated to 22,222,223 warrants that were issued together with each Common Share).
- h) During the nine months ended September 30, 2023, the Company closed the purchase of an aggregate of 270,000 Class A Shares in the capital of BCC from certain minority shareholders of BCC (the “BCC Shareholders”) pursuant to share purchase agreements entered into with each of the BCC Shareholders (the “Share Purchase”). As consideration for the Share Purchase, the Company: (i) issued an aggregate of 475,000 Common Shares to certain BCC Shareholders at a price of between \$0.18 and \$0.23 per Common Share; and (ii) paid an aggregate of \$15 to other BCC Shareholders who did not receive Common Shares. Closing of the Share Purchase has resulted in the Company owning 88.2% of BCC, which is a 30.5% increase of the Company’s prior ownership of BCC.

**15. CONTRIBUTED SURPLUS****[a] Share based payments**

For the three and nine months ended September 30, 2023, the Company recorded (\$684) and \$51 respectively, in non-cash share-based compensation expense/(recovery of expenses) pursuant to the grant of stock options (three and nine months ended September 30, 2022 \$362 and \$870 respectively).

The following is a summary of the changes in options issued pursuant to the Company’s employee stock option plan:

	For the nine months ended September 30, 2023		For the year ended December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Outstanding - beginning of period</b>	<b>8,508,199</b>	<b>\$ 2.75</b>	2,460,800	\$ 10.14
Granted	560,000	0.30	8,027,899	0.92
Cancelled/Expired	(2,828,200)	3.78	(1,980,500)	4.48
<b>Outstanding, end of period</b>	<b>6,240,000</b>	<b>\$ 2.07</b>	8,508,199	\$ 2.75
<b>Exercisable, end of period</b>	<b>976,354</b>	<b>8.94</b>	1,546,549	10.95

The Company completed the Consolidation on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio. The number of Common Share options were consolidated on the same ratio, and the numbers in the table above reflect this.

Grant date	Options outstanding #	Options exercisable #	Exercise price \$	Weighted average remaining contractual life of outstanding options in years
June 25, 2018 - December 14, 2018	70,000	70,000	\$30.80-\$69.10	0.21
January 8, 2019 - August 21, 2019	86,700	86,700	\$26.70-\$51.30	0.27-0.89
November 18, 2019	2,500	2,500	\$8.30	1.14
March 13, 2020 - December 21, 2020	273,933	236,220	\$2.60-\$5.10	1.45-2.23
March 12, 2021 - December 20, 2021	322,300	155,837	\$1.10-\$3.60	2.45-3.22
January 24, 2022 - November 25, 2022	4,934,567	425,097	\$0.69-\$1.30	3.32-4.16
May 2, 2023 - Aug 23, 2023	550,000	-	\$0.16-\$0.33	4.59-4.90
<b>Balance, September 30, 2023</b>	<b>6,240,000</b>	<b>976,354</b>		<b>3.82</b>

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In determining the amount of share-based compensation, the Company uses the Black-Scholes option pricing model to establish the fair value as at the grant date of options granted. Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

	Weighted average for the three months ended September 30, 2023	Weighted average for the year ended December 31, 2022
Risk-free interest rate	4.45%	3.20%
Expected dividend yield	Nil	Nil
Expected annualized volatility	103.52%	104.59%
Expected life of options (years)	3.50	3.50
Black-Scholes value of each option	\$ 0.11	\$ 0.61

Volatility was estimated by using the historical volatility of the Company. The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term nearest to the expected life of the options.

**[b] Reserve for warrants**

The following table reflects the continuity of warrants:

	Number of warrants #	Weighted Average Exercise Price \$	Amount, net of warrant issue costs \$
Balance, December 31, 2022	27,405,893	2.23	8,010
Warrants issued in the period	22,222,223	0.40	67
Warrants expired in the period	(1,531,305)	3.83	(1,174)
<b>Balance, September 30, 2023</b>	<b>48,096,811</b>	<b>1.33</b>	<b>6,903</b>

As at September 30, 2023, the following warrants were outstanding:

Expiry Date	Exercise Price \$	Number of Warrants #
May 27, 2024	5.00	50,000
June 12, 2024	5.00	4,571,250
October 23, 2025	3.00	2,487,335
November 2, 2025	3.00	850,000
December 10, 2025	3.50	4,208,503
November 29, 2026	1.40	300,000
November 3, 2027	0.95	700,000
December 22, 2027	0.50	12,707,500
June 9, 2026	0.40	22,222,223
		<b>48,096,811</b>

**[c] Restricted share units**

Under the Company's RSU plan (the "RSU Plan"), RSUs may be granted up to a fixed maximum of 10,000,000 Common Shares, which entitle the holder to receive one Common Share without payment of additional consideration at the end of the restricted period, as determined by the Board at the time of the grant. The RSUs vest in tranches based on certain performance conditions being met, with share-based compensation expense being recognized from grant date to the expected performance completion date.

As at September 30, 2023, 187,500 (December 31, 2022 – 350,375) shares of the Company were reserved for issuance under the RSU Plan. For the three and nine months ended September 30, 2023, the Company recorded \$19 and \$262 respectively, in non-cash share-based compensation related to RSU compensation (three and nine months ended September 30, 2022 – \$8 and \$337, respectively).

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	For the nine months ended September 30, 2023		For the year ended December 31, 2022	
	Number of units	Weighted fair value	Number of units	Weighted fair value
<b>Outstanding - beginning of period</b>	<b>350,375</b>	<b>0.77</b>	465,104	3.00
Granted	-	-	365,000	0.72
Exercised	(162,875)	0.78	(219,579)	2.80
Forfeited	-	-	(260,150)	3.00
<b>Outstanding, end of period</b>	<b>187,500</b>	<b>0.77</b>	350,375	0.77

The accounting fair value of the equity settled RSUs as at the grant date is calculated using the number of RSUs expected to be earned multiplied by the grant date fair market value of a Common Share. Each reporting period, the number of RSUs that are expected to be earned is re-determined and the fair value of these RSUs is amortized over the remaining requisite service period less amounts previously recognized.

**[d] Employee Stock Purchase Plan**

The Company has established an employee stock purchase plan (the “Stock Purchase Plan”) which created a reserve of 3,000,000 Common Shares that may be issued from treasury. As at September 30, 2023, no securities were issued under the Stock Purchase Plan.

**16. SUPPLEMENTARY CASH FLOW INFORMATION**

The changes in non-cash working capital items are as follows:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Prepaid expenses and deposits	\$ (2,164)	\$ 501	\$ (2,042)	\$ (524)
Refundable sales taxes receivable	—	11	—	17
Trade receivables	1,134	2,019	1,090	2,063
Capitalized cost of biological assets	6,706	3,398	9,168	6,318
Inventories	834	(4,131)	864	(7,410)
Due from related parties	(514)	(266)	218	(909)
Other current assets	(13)	(6)	(107)	244
Other assets	1	1	7	4
Accounts payable and accrued liabilities	4,687	1,844	8,310	5,435
Sales taxes payable	296	(88)	1,822	282
<b>Total</b>	<b>\$ 10,967</b>	<b>\$ 3,283</b>	<b>\$ 19,330</b>	<b>\$ 5,520</b>

**17. COMMITMENTS AND CONTINGENCIES**

The Company has the following gross contractual obligations as at September 30, 2023, which are expected to be payable in the following respective periods:

	Carrying amount	Contractual cash flows - 12 months ending <sup>(1)</sup>						Thereafter
		Total	September 2024	September 2025	September 2026	September 2027	September 2028	
Accounts payable and accrued liabilities	\$ 33,086	\$ 33,086	\$ 33,086	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes payable	3,362	3,362	3,362	-	-	-	-	-
Loans	36,300	39,945	34,070	500	5,375	-	-	-
Lease liabilities	13,865	20,621	2,400	2,410	2,406	2,398	2,424	8,583
<b>Total contractual obligations</b>	<b>86,613</b>	<b>97,014</b>	<b>72,918</b>	<b>2,910</b>	<b>7,781</b>	<b>2,398</b>	<b>2,424</b>	<b>8,583</b>

<sup>(1)</sup> Contractual cash flows include expected interest payable until the maturity date.

Please see Note 12 for contingent consideration obligations.

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**[a] Construction agreements**

In prior years, the Company entered into certain agreements with the City of Hamilton to facilitate the construction of the Hamilton Facility. Pursuant to these agreements, as at September 30, 2023, the Company had letters of credit in the amount of \$133 which may be drawn upon in the event of breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates (“GIC”) securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which have been recorded in other assets. As at September 30, 2023, there have been no material breaches as defined by the agreements and no amounts have been drawn on the letters of credit.

**[b] Claims and litigation**

From time to time, the Company and/or its subsidiaries may become defendants in legal actions. The Company is subject to an employment related claim by a former employee for which a provision in accounts payable and accrued liabilities has been recognized only to the extent that it is likely to result in future economic outflows.

Other than the claims previously described in the Company’s Annual Financial Statements, the Company is not aware of any other material or significant claims against the Company.

**18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT****[a] Fair values**

The Company’s financial instruments were comprised of the following as at September 30, 2023: cash and cash equivalents; restricted cash; trade receivables; due from related parties; certain other current assets; accounts payable and accrued liabilities; lease liabilities; sales taxes payable; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized cost that the instruments’ fair values approximate their carrying amounts is due to the largely short-term maturities of these instruments.

**[b] Fair value hierarchy**

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the three and nine months ended September 30, 2023, there were no transfers of amounts between levels (year ended December 31, 2022 – none).

**[c] Management of risks arising from financial instruments*****[i] Market risk******Foreign currency risk***

Foreign currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at September 30, 2023, a portion of the Company’s financial assets and liabilities were held in US dollars and European Euros. The Company has not used foreign exchange contracts to hedge its exposure to foreign currency cash flows for the three and nine months ended September 30, 2023 as management has determined that this risk is not significant at this time.

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*Interest rate risk*

The Company's exposure to interest rate risk relates to any investments of surplus cash as the Company's debt is fixed at a prescribed rate. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at September 30, 2023, the Company had term deposits of \$133 bearing interest of 3.4% (December 31, 2022 - \$133, bearing interest of 3.4%). The Company also has restricted cash of \$350 which is collateral for corporate credit cards and \$354 related to the Revolver Loan as part of the conditions for the Revolver Loan agreements.

**[ii] Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, trade receivables, prepaid expenses and deposits, and other assets represents the maximum exposure to credit risk as at September 30, 2023. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into sales contracts with stable, creditworthy parties and through frequent reviews of exposures to individual entities.

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date and credit worthiness. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of loss and comprehensive loss. The Company had two customers whose balances individually were greater than 10% of total trade receivables as at September 30, 2023 (December 31, 2022 – three customers). Customer A accounted for 38% and Customer B accounted for 13% of trade receivables as at September 30, 2023 (December 31, 2022 – Customer A accounted for 36%, Customer B accounted for 15% and Customer C accounted for 23%). Customer A and B are provincial government entities. The Company had four customers whose revenues individually were greater than 10% of total revenues for the three months ended September 30, 2023 (three months ended September 30, 2022 – three). Customer A accounted for 41%, Customer B accounted for 26%, Customer C accounted for 13% and Customer D accounted for 12% of the revenue for the three months ended September 30, 2023. (For the three months ended September 30, 2022 – Customer A accounted for 42%, Customer B accounted for 32%, Customer C accounted for 4% and Customer D accounted for 13% of revenue). The Company had four customers whose revenues individually were greater than 10% of total revenues for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – three). Customer A accounted for 37%, Customer B accounted for 25%, Customer C accounted for 15% and Customer D accounted for 13% of the revenue for the nine months ended September 30, 2023. (For the nine months ended September 30, 2022 – Customer A accounted for 40%, Customer B accounted for 34%, Customer C accounted for 3% and Customer D accounted for 15% of revenue). Customer A, B, C and D are provincial government entities.

The following tables set forth details of trade receivables, including aging of trade receivables that are not overdue, as well as an analysis of overdue amounts and related allowance for doubtful accounts:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	\$	\$
Total trade receivables	9,698	10,256
Less allowance for expected credit losses	—	—
Total trade receivables, net	<u>9,698</u>	<u>10,256</u>
Of which		
Current	9,054	8,349
31-90 days	307	1,447
Over 90 days	337	460
Total trade receivables, net	<u>9,698</u>	<u>10,256</u>

**[iii] Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due (see Note 2(i)). The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements in relation to its current cash balances, maturity schedules and internal budgets. Refer to Note 17 – Commitments and Contingencies.



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The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern (See Note 2[i] – Going Concern). Management defines capital as the Company's shareholders' equity (excluding deficit, contributed surplus and reserve for foreign currency translations) and loans (excluding loan from disposal group). The Board does not establish quantitative return on capital criteria for management but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders. As at September 30, 2023, total managed capital was comprised of share capital and loans of \$623,073 (December 31, 2022 - \$610,624), contributed surplus of \$109,632 (December 31, 2022 - \$109,487), and reserve for foreign currency translations of \$1,762 (December 31, 2022 – \$1,723). There were no changes in the Company's approach to capital management during the three months ended September 30, 2023 (year ended December 31, 2022 – no changes).

**20. OPERATING EXPENSES**

The following table presents share-based compensation, depreciation and amortization that have not been allocated by nature on the consolidated statements of loss and comprehensive loss:

	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
Cost of sales related to inventory production	\$ (106)	\$ 2,291	50	\$ 7,179
Sales and marketing expenses	44	232	394	730
Research and development expenses	(4)	94	150	296
General and administrative expenses	889	962	5,543	3,048

**21. EVENTS AFTER THE REPORTING PERIOD**

- On October 27, 2023, the Company entered into a waiver agreement with its lender, waiving the covenant requiring positive EBITDA from July 1, 2023 until January 31, 2024.
- On October 27, 2023, the Company entered into a \$1,190 demand promissory note with Stone Pine ("the Fourth Stone Pine Promissory Note"). The Fourth Stone Pine Promissory Note bears interest at a rate of prime plus 8.0% per annum, and matures no earlier than January 31, 2025. It is subordinate to the Revolver Loan.
- On November 8, 2023, the Company entered into a \$600 demand promissory note with Stone Pine ("the Fifth Stone Pine Promissory Note"). The Fifth Stone Pine Promissory Note bears interest at a rate of prime plus 8.0% per annum, and matures no earlier than January 31, 2025. It is subordinate to the Revolver Loan.