Unaudited Condensed Interim Consolidated Financial Statements of

GREEN RISE FOODS INC.

For the three and nine-months ended September 30, 2023

(Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Financial Statements

Under National Instrument 51-102, Continuous Disclosure Obligations, if an auditor has not performed a review of condensed interim financial statements, they must be accompanied by a notice indicating that such financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of Green Rise Foods Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

(thousands)	**September 30, 2023**	December 31, 2022
Assets		
Current Assets:		
Trade and other receivables	**2,062**	421
Inventory	**372**	491
Bearer plants (note 4)	**1,268**	1,691
Biological assets (note 4)	**2,400**	-
Prepaid expenses	**106**	360
	6,208	2,963
Property, plant and equipment (note 5)	**51,144**	52,818
Total Assets	**$ 57,352**	$ 55,781
Liabilities		
Current Liabilities		
Line of credit	**$ 3,880**	$ 438
Trade payables	**3,798**	5,758
Payable to 2073834 Ontario Ltd. (note 7)	**453**	453
Current portion of lease obligation (note 6)	**156**	208
Current portion of long-term debt (note 7)	**6,070**	18,964
	14,357	25,821
Lease obligation (note 6)	**133**	89
Long-term debt (note 7)	**36,160**	25,620
Deferred income tax liability	**1,379**	796
Total Liabilities	**52,029**	52,326
Equity		
Share Capital (note 8)	**4,693**	4,641
Contributed Surplus (note 9)	**1,805**	1,712
Deficit	**(1,175)**	(2,898)
Total Equity	**5,323**	3,455
Total Liabilities and Equity	**$ 57,352**	$ 55,781

Approved by the Board of Directors

(Signed) "Enrico (Rick) Paolone"	*(Signed) "Jerry Mancini*
Director	*Director*

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(unaudited)

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

(unaudited)

(thousands, except share and per share amounts)	**Three-months ended Sept 30, 2023**	Three-months ended Sept 30, 2022[1]	**Nine-months ended Sept 30, 2023**	Nine-months ended Sept 30, 2022[1]
Revenue (note 11)	**$ 10,938**	$ 10,073	**$ 22,146**	$ 18,565
Cost of sales (note 12)[1]	**(9,550)**	(8,608)	**(16,471)**	(15,582)
Gross income	**1,388**	1,465	**5,675**	2,983
Selling, general and administrative expenses (note 12)[1]	**(576)**	(751)	**(2,329)**	(2,395)
Income from operations	**812**	714	**3,346**	588
Other income -government assistance	**-**	33	**146**	76
Interest expense	**(364)**	(588)	**(1,186)**	(1,211)
Income (loss) before income taxes	**448**	159	**2,306**	(547)
Income tax (expense) recovery	**(104)**	119	**(583)**	213
Net earnings (loss) and comprehensive earnings (loss) for the period	**344**	278	**1,723**	(334)
Basic and diluted income (loss) per share	**$ 0.01**	$ 0.01	**$ 0.04**	$ (0.01)
Weighted average number of common shares outstanding	**46,418,233**	45,749,393	**46,398,895**	45,488,396

1. *Government grants that were previously reported under revenues have been reclassified to other income -government assistance, to conform with the current year's presentation.*

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)

For the nine-month periods ended September 30, 2023, and 2022

(thousands except share amounts)	Number of shares	Share Capital ($)	Contributed Surplus ($)	Deficit ($)	Total Equity ($)
Balance, December 31, 2022	**46,389,066**	**$ 4,641**	**$ 1,712**	**$ (2,898)**	**$ 3,455**
Stock options exercised (note 8)	116,666	52	**(24)**	**-**	**28**
Stock based compensation (note 9)	-	-	**117**	**-**	**117**
Comprehensive earnings for the period	-	-	-	**1,723**	**1,723**
Balance, September 30, 2023	**46,505,732**	**$ 4,693**	**$ 1,805**	**$ (1,175)**	**$ 5,323**

	Number of shares	Share Capital ($)	Contributed Surplus ($)	Deficit ($)	Total Equity ($)
Balance, December 31, 2021	45,355,734	$ 4,212	$ 1,784	$ (1,130)	$ 4,866
Stock options exercised (note 8)	1,033,332	429	(199)	-	230
Stock based compensation (note 9)	-	-	87	-	87
Comprehensive loss for the period	-	-	-	(334)	(334)
Balance, September 30, 2022	46,389,066	$ 4,641	$ 1,672	$ (1,464)	$ 4,849

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

For the nine-month periods ended September 30, 2023, and 2022

(thousands)	**Sept 30, 2023**	Sept 30, 2022[1]
Cash provided by (used in):		
Operating activities:		
Net earnings (loss) for the period	**$ 1,723**	$ (334)
Adjustments for:		
Depreciation and amortization of property, plant and equipment and amortization of bearer plants	**6,423**	5,670
Amortization of deferred financing fees	**14**	14
Biological asset gain (note 4)	**(2,400)**	(557)
Mark to market (gain) on interest rate swap (note 7)	**(523)**	76
Stock based compensation (note 9)	**117**	87
Deferred income tax expense (recovery)	**583**	(213)
Net changes in non-cash working capital		
Trade receivable	**(1,641)**	(1,333)
Inventory	**(38)**	(125)
Prepaid expenses	**254**	166
Trade payable	**(1,960)**	597
Net cash inflow from operating activities	**2,552**	4,048
Investing activities:		
Costs incurred on bearer plants (note 4)	**(3,689)**	(3,800)
Acquisition from a business combination (note 3)	**-**	(14,517)
Acquisition of property, plant and equipment (note 5)	**(375)**	(165)
Net cash outflow from investing activities	**(4,064)**	(18,482)
Financing activities:		
Drawn on operating line	**3,442**	458
Proceeds from long-term debt	**-**	15,350
Repayment of long-term debts with Bank (note 7)	**(1,845)**	(1,508)
Proceeds from exercise of stock options (note 8)	**28**	230
Payment of lease obligations (note 6)	**(113)**	(96)
Net cash inflow from financing activities	**1,512**	14,434
Change in cash during the period	**-**	-
Cash - Beginning of period	**-**	-
Cash - End of period	**$ -**	$ -

1. *During the fourth quarter of 2022, the 16-acre greenhouse purchase price allocation was finalized. The comparative balances reported for the nine-month period ended September 30, 2022, have been restated to reflect the final purchase price allocation (note 3).*

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

For the nine-month periods ended September 30, 2023 and 2022

(Tabular amounts in thousands)

1. Nature of operations

Green Rise Foods Inc. ("Green Rise" or "the Company") is a grower of fresh produce with 87.5 acres of greenhouse growing capacity including a 51-acre greenhouse ("Green Rise 1" or "GR1") located in Leamington, Ontario, and a 20.5-acre and a 16-acre greenhouse ("Green Rise 2" or "GR2" and "Green Rise 3" or "GR3") both located in Kingsville, Ontario. GR1 was acquired on June 15, 2018, GR2 was acquired on February 1, 2021, and GR3 was acquired on June 30, 2022. All greenhouses were acquired through the Company's wholly owned subsidiary and operating company, Bull Market Farms Inc. ("Bull Market"). On January 1, 2023, Bull Market, along with its subsidiary 2801511 Ontario Inc. ("280") were amalgamated into Green Rise. Pursuant to the amalgamation, all of the issued and outstanding shares of Bull Market and 280 were cancelled and the assets, obligations, and liabilities of Bull Market and 280 were assumed by Green Rise. No securities of Green Rise were issued in connection with the amalgamation and the share capital of Green Rise remained unchanged. All three companies are Ontario corporations governed by the Business Corporations Act (Ontario) ("the Act") and the amalgamation was pursuant to Section 177 of the Act.

For more details on the 2022 acquisition of GR3, refer to note 3.

The Company's common shares are listed on the Toronto Venture Stock Exchange (the "TSX-V") under the trading symbol "GRF.V".

The address of the Company's registered office is 47 Colborne Street, Suite 301, Toronto, Ontario, M5E 1P8, Canada.

The seasonal operation consists of the growing, packaging and the sale of produce to primarily one major customer.

Going concern

These interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its net assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Company had a working capital deficit, for the period ended September 30, 2023, of $8,149 ($22,858 on December 31, 2022). The improvement in the working capital deficit is primarily the result of the Company successfully renewing a mortgage held on its GR1 property. This accounted for $12,074 of the change from the period ended December 31, 2022. The other key contributor to the working capital deficit improvement includes a successful 2023 planting season which resulted in positive cash flows in the second and third quarters. The Company expects to continue a successful harvest in the fourth quarter, virus free, achieving its targeting yields and it fully expects to renew an additional mortgage on its GR1 property ("the additional mortgage"), which matures on December 31, 2023, and had a balance of $4,189 as at September 30, 2023. Excluding the impact of the GR1 mortgages there would remain a working capital deficit of $3,396 ($5,173 as at December 31, 2022). To manage this remaining working capital deficit, the Company continuously monitors the health of its crops and its forecasted fresh produce yields against actuals. To mitigate downside risk on its produce yields, the Company has selected seeds and planted crops in 2023 that are more resistant to rugose virus and set floor pricing on its crops that are based on market pricing. In addition, the Company's management has submitted its application for the 2022 AgriStability program. The Company was awarded $2.5 million on the 2021 AgriStability program. The maximum that can be awarded on this program is $3.0 million and amounts are only recognized in the Company's earnings upon receipt of the grant. However, despite past successes in refinancing mortgages, creating more predictability in revenue streams, managing viruses and the successful applications on Government funded programs, there can be no assurance that these initiatives will be successful in the future. Accordingly, these uncertainties may cast doubt as to the ability of the Company to meet its business plan.

2. Basis of preparation

Statement of Compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, “IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 31, 2023.

Basis of Consolidation

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases.

These condensed interim consolidated financial statements include the accounts of the Company and the wholly owned subsidiary, Mor Gro Sales Inc. All intercompany balances, transactions, unrealized gains, and losses resulting from intercompany transactions have been eliminated on consolidation.

Basis of Measurement

The condensed interim consolidated financial statements have been prepared on an historical cost basis, except for biological assets, which are measured at fair value, and inventory, which is measured at the lower of cost and net realizable value.

Balance sheet items are classified as current if receipt or payment is due within twelve months. Otherwise, they are presented as non-current.

These interim consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency. The Company’s operations consist of a single reporting segment, being growing and selling produce in Canada. This segment is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”). The CODM is responsible for allocating resources and assessing performance of the operating segment.

Cash

Cash consists of cash deposits held with banks. Cash balances are reported net against operating line balances providing the accounts are held with the same bank. Operating lines are paid down automatically overnight from cash deposits held in order to minimize interest expense.

Inventories

Inventories include supplies and packaging materials and are recorded at the lower of cost or net realizable value.

Inventories also include harvested agricultural produce that is held for resale, valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. Inventories of harvested tomatoes are transferred from biological assets into inventory at fair value less costs to sell upon harvest. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Cost of sales consists of direct costs attributable to sales including raw materials, consumables, labour, and costs transferred from biological assets at harvest.

Biological assets

Biological assets consist of the Company’s unharvested produce on bearer plants. The crop cycles begin with planting in the first quarter of each year and the cycle ends when the plants are removed after final harvest in December. The Company records all related direct and indirect costs of production to cost of sales as incurred. Such costs consist of raw materials, labour and directly attributable overhead costs.

The Company remeasures biological assets to fair value less costs to sell at each reporting period up to the point of harvest, which becomes the basis for the cost of inventory after that. Gains or losses arising from changes in fair value less cost to sell are included in cost of sales on the statement of loss and comprehensive loss and presented as “unrealized gain on changes in fair value of biological assets” in note 4. When inventory is sold, the fair value adjustment to biological assets included in inventory upon harvest is included in cost of sales on the statement of loss and comprehensive loss and presented as "realized fair value amounts included in inventory sold" in note 4.

To determine the fair value less costs to sell of biological assets, the expected yield is multiplied by the expected selling price and expected selling costs and remaining costs to be incurred in order to complete the harvest and bring the harvested product to finished inventory are deducted.

In determining the fair value less cost to sell of the biological assets, the Company estimates the following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy:

- Selling price and yield – determined using the actual selling price per pound and yield in the following period; and
- Post-harvest costs – calculated as the harvesting and overhead costs in the following period, consisting of the cost of direct and indirect materials and labour related to packaging.

Bearer plants

Bearer plants are measured at cost less depreciation and impairment. Bearer plant costs include expenditures that are directly attributable to the acquisition of the asset and any costs directly attributable to bringing the bearer plants to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs associated with site preparation, propagation, labour, supplies and overhead costs incurred before the plant is able to produce a commercial harvest. Bearer plants are depreciated based on the expected yield profile of the plants over their life.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are carried at cost, less any accumulated depreciation and any accumulated impairment charges.

Property, plant and equipment costs include expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bring the assets to a working condition for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is presented net within gain/loss on disposal of assets in the statement of loss and comprehensive loss.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Residual values and useful lives are reviewed annually.

Depreciation expense is recognized on a straight-line balance basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

	Buildings	Greenhouses	Machinery and equipment	Vehicle	Right of Use Assets
Years	25	5 - 25	10	10	3 – 7

Construction in process reflects the cost of assets under construction, which are not depreciated until they are available for use.

Impairment of long-lived assets

At each reporting period, the Company assesses whether there is an indication that an asset may be impaired. For the purposes of testing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or CGUs). The recoverable amount is the higher of fair value less cost of disposal and the asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss and comprehensive loss during the reporting period.

Provisions

Provisions, where applicable, are recognized in accrued liabilities when the Company has a present legal or constructive obligation as a result of 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.

Revenue

Revenue is recognized when a customer obtains control of the promised asset and the Company satisfies its performance obligation and collectability is reasonable assured. Revenue is allocated to each performance obligation. The Company considers the terms of the contract in determining the transaction price. The transaction price is based on the amount the entity expects to be entitled to in exchange for transferring promised goods. Revenue from the sale of produce is measured at the fair value of the consideration received or receivable.

The Company satisfies its performance obligations for its sale of produce per specified contract terms, which are generally on shipment. The Company typically receives payment within three weeks of delivery.

The Company leases greenhouse space and earns revenue from the lease. The Company accounts for the lease as an operating lease as the Company has retained substantially all of the risks and benefits of ownership of the greenhouse. Rent revenue earned directly from leasing the asset is recognized and measured in accordance with IFRS 16 -Leases; rental revenue is recognized on a straight-line basis over the lease term.

Leases

Leases are recognized as right-of-use assets with their corresponding liability at the date of which the leased asset is available for use by the Company. The right-of-use asset is measured initially at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The initial cost recognized includes the lease liability, any lease payments made, less any lease incentives, and any direct costs incurred by the lessee. Lease payments are allocated between the liability and finance cost. The finance cost is charged to the statement of income over the lease period.

The lease liability upon initial measurement includes the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Expected payments by the lessee under residual value guarantees;
- The exercise price of a purchase option of the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate.

Financial instruments

Financial instruments are recognized on the balance sheet on the trade date, the date on which the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories:

Financial assets and liabilities	**Classification**	**Measurement**
Cash	Amortized cost	Amortized cost
Trade receivables	Amortized cost	Amortized cost
Operating line	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Lease obligations	Amortized cost	Amortized cost
Payable to 2073834 Ontario Ltd.	Amortized cost	Amortized cost
Interest rate swap	Fair value	Fair value
Long- term debt	Amortized cost	Amortized cost

Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company's intent is to hold these receivables until cash flows are collected. Trade receivables are recognized initially at fair value, net of any transaction costs incurred and are subsequently measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial liabilities at amortized cost

Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at fair value through profit or loss (FVTPL), or the Company has opted to measure them at FVPTL. Long-term debt is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Interest Rate Swap

The fair value of interest rate swaps has been determined using a discounted cash flow model. The interest rate swap held with the Royal Bank of Canada is measured at FVTPL. The mark to market adjustment is recorded in interest expense on the statement of loss and comprehensive loss.

Current and deferred income taxes

Income tax expense represents the sum of current and deferred income taxes. Current income taxes payable are based on taxable earnings for the period. Taxable earnings may differ from earnings before income tax as reported in the statement of loss and comprehensive loss because it may exclude items of income or expense that are taxable or deductible in other years and it may further exclude items of income or expense that are never taxable or deductible. The Company's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted as at the reporting date.

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the interim financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred income tax liabilities are generally recognized for all taxable temporary differences and deferred income tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred income tax is calculated at the income tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on income tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is reflected in equity. Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority.

Earnings (loss) per share

Earnings (loss) per share ("EPS") is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

Diluted EPS reflects the potential dilution that could occur if additional common shares were issued as a result of holders of the Company's stock options and warrants exercising their rights to purchase common shares. The Company uses the treasury stock method to calculate diluted EPS. For both stock options and warrants whose exercise price is less than the average market price of the Company's common shares, the calculation assumes these in the money securities are exercised and the proceeds are used to repurchase common shares at the average market price for the period. For options and warrants granted during the fiscal year, average market price is defined as the average price of the Company's stock from the date of grant of the option or warrant issuance to the end of the reporting period. For options and warrants granted in prior years, the average market price used is the average market price for the fiscal year. The incremental number of common shares issued (stock options and warrants issued less the number of common stock repurchased from the proceeds from issuance) is added to the weighted average number of common shares outstanding over the period and used to calculate diluted EPS.

Share based compensation

The fair value of warrants and stock options awarded to directors, employees and consultants is measured at the date granted using the Black-Scholes option pricing model and charged to the statement of operations as the awards vest.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are measured at the amounts agreed upon by the parties.

Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received net of tax. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

Deferred financing fees

Cost incurred in connection with the financing of loans are capitalized and amortized over the term of the loan. Unamortized balances are reported net of the remaining loan balance payable.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination the non-controlling interest in the acquiree is measured at the fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be measured by the acquirer is recognized at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognized in the profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any noncontrolling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognized as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and recognizes additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (1) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

The Company determines whether a business is acquired when the integrated set of assets and activities includes at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs.

The Company also has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the concentration test is met, and the transaction is determined not to be a business combination. If the assets acquired are not a business, the transaction is accounted for as an asset acquisition.

Government assistance

Government assistance is recognized when there is reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Government assistance related to current expense is recorded as a reduction of the related expense on the statement of loss and comprehensive loss. Government assistance based on a prior period result is recognized in other income on the statement of loss and comprehensive loss.

Critical accounting judgments and estimation uncertainties

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ materially from the amount included in the financial statements.

Areas where critical accounting estimates and judgments have the most significant effect on the amounts recognized in the financial statements include:

ESTIMATES:

Estimated useful life of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recording expenses for depreciation of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future.

Leases

The Company uses judgement to determine the incremental borrowing rate used to calculate the initial liability and corresponding asset. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment.

Estimated fair value of biological assets

The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant estimates include those related to the valuation of biological assets (Note 4). Biological assets are measured at the fair value less costs to sell, which is calculated as expected sales of harvested biological produce, less costs to sell and costs to complete. Management estimates the sales price of the produce on the vine by utilizing actual sales prices in the following period, estimates the expected yield based on historical production and estimates the costs to sell and costs to complete, which includes packaging and transportation costs. Stage of growth and remaining costs to complete for in-progress produce are estimated by management based on historical production. The estimated inputs are subject to fluctuations based on the timing and prevailing growing conditions and market conditions.

JUDGMENTS:

Bearer plants

The classification of bearer assets is a significant judgment. Expenditures for bearer plants are recorded in investing activities on the statement of cash flows. Bearer plants are depreciated based on the estimated yield profile of the plants over their life. The amounts and timing of recorded expense for depreciation of bearer plants for any period are affected by the estimate of useful lives.

Business combination

The Company applies judgment in determining a business is acquired when the integrated set of assets and activities includes at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs.

In a business combination, a significant area of judgment and estimation relates to the determination of the fair value of assets and liabilities acquired including any intangible assets and goodwill identified.

New and amended accounting policies

The Company has adopted the following revised IFRS amendments, effective January 1, 2023. These changes were made in accordance with the applicable transitional provisions and had no impact on the financial statements of the Company.

IAS 8: Definition of Accountings Estimates

The IASB has issued an amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. The application of the amendment did not have an impact on the Company.

IAS 12: Income Taxes

The IASB has issued an amendment to IAS 12 – Income Taxes to narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The application of the amendment did not have an impact on the Company.

3. Business Combinations

Acquisition of 16-acre greenhouse property:

On June 30, 2022, the Company, through its wholly owned subsidiary Bull Market Farms Inc. (“Bull Market”), purchased the assets used in a 16-acre greenhouse property (“the property”) located in Kingsville, Ontario, (“GR3”) for consideration of $15,051. The purchase price was funded via a first charge mortgage on the property with an aggregate principal amount of $15,350, with collateral in the amount of $20,000 secured against the property. The mortgage has an open variable interest rate at prime plus 1.0% per annum. As part of the funding requirements of the mortgage with RBC, the Company postponed the payment of $483. Subject to RBC’s approval, the postponed payment is expected to be paid by July 31, 2024.

The property was acquired from 2073834 Ontario Limited, an entity principally owned and controlled by Mr. Adam Suder, the Chief Growth Officer of the Company. The acquisition was considered a “related party transaction” under Multilateral Instrument 61-101 – *Protection of Minority Holders in Special Transactions* (“MI 61-101”) and, as such, the acquisition was subject to the formal valuation and disinterested shareholder approval requirements of MI 61-101. The Company received formal shareholder approval at its annual general meeting held on June 29, 2022.

The transaction constitutes a business combination under IFRS 3 -Business Combinations. In accordance with the acquisition method of accounting, the purchase price has been allocated to the underlying assets acquired and liabilities assumed, based on their estimated fair values at the date of the acquisition. The Company used a combination of a direct comparison approach and a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the assets acquired. The purchase price allocation is summarized in the following table:

Purchase Price Consideration	***($000s)***
Cash consideration paid	14,517
Purchase price adjustment expected to be paid by July 31, 2024	51
Remaining consideration payable expected to be paid by July 31, 2024	483
Total Consideration	15,051

Net Identifiable Assets Acquired	
Receivables	42
Inventory	18
Bearer plants	1,316
Biological assets	743
Property, plant and equipment	13,423
Accounts payable	(491)
Total net assets acquired	15,051

The acquisition adds mini-pepper cultivation grow capacity, under annual fixed contract pricing. In addition to increasing price stability, the acquisition further diversifies the Company’s product lines as it can now offer mini peppers in addition to medley, piccolo and beefsteak tomatoes. The increased production also allows the Company to increase its buying power and with that the ability to improve the Company's gross margins.

The Company recorded $3,663 of revenue and a $964 net loss in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2022, as a result of the acquisition. If the acquisition occurred as of January 1, 2022, revenue for the year ended December 31, 2022, would have been $5,010 and earnings would have been $584.

4. Bearer plants & Biological assets

Bearer plants

A reconciliation of beginning and ending balance of bearer plant assets is as follows:

($000s)	**September 30, 2023**	December 31, 2022
Bearer plants – beginning of the period	**1,691**	1,411
Additions acquired through the acquisitions (note 3)	**-**	1,316
Reclassification from inventory	**157**	-
Additions	**3,689**	4,483
Depreciation of bearer plants	**(4,269)**	(5,519)
Bearer plants – end of the period	**1,268**	1,691

Bearer plant costs net of depreciation of $1,268 as at September 30, 2023, consist of costs directly attributable to bringing the bearer Plants to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs of site preparation incurred on or before December 31, 2022, pertaining to the 2023 crop.

Biological assets

The Company did not have any biological assets as at December 31, 2022; however, it did have biological assets as at September 30, 2023, consisting of tomatoes and mini peppers growing on the vines. The tomatoes and mini peppers continue to be harvested and sold in the fourth quarter. The growing cycle for each harvest ranges from five to seven weeks.

The change in carrying value of the Company's biological assets are as follows:

($000s)	September 30, 2023
Biological assets – beginning of the period	-
Net change in unrealized gains due to biological asset transformation	2,400
Biological assets – end of the period	2,400

In determining the carrying amount of biological assets, which are measured at fair value less costs to sell, the following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy, are used by management as part of this model:

- Selling price and yield – determined using the actual selling price per pound and yield in the following period; and
- Post-harvest costs -calculated as the harvesting and overhead costs for the five to six (mini-peppers) and the six to seven weeks (tomatoes) following the period ended, consisting of the cost of direct and indirect materials and labour related to packaging.

5. Property, plant and equipment:

($000s)	Land	Greenhouse	Buildings	Machinery and equipment	Vehicle	Right-of-use assets	Construction In Progress	Total
Cost:								
Balance – December 31, 2022	6,470	44,332	2,806	6,950	45	608	-	**61,211**
Additions	-	6	17	132	-	105	220	**480**
Balance – September 30, 2023	6,470	44,338	2,823	7,082	45	713	220	**61,691**
Accumulated depreciation:								
Balance – December 31, 2022	-	5,835	247	1,926	7	378	-	**8,393**
Additions	-	1,425	85	531	3	110	-	**2,154**
Balance – September 30, 2023	-	7,260	332	2,457	10	488	-	**10,547**
Net book value								
Balance – September 30, 2023	6,470	37,078	2,491	4,625	35	225	220	**51,144**
Net book value								
Balance – December 31, 2022	6,470	38,497	2,559	5,024	38	230	-	**52,818**

6. Lease obligations

Continuity schedule:

($000s)	**September 30, 2023**	December 31, 2022
Lease obligation – beginning of the period	**297**	438
Arising during the period	**105**	-
Lease payments, excluding interest	**(113)**	(141)
Less: Current potion	**(156)**	(208)
Long term lease obligation – end of the period	**133**	89

Balance sheet summary:

($000s)	**September 30, 2023**	December 31, 2022
Current lease obligation -end of period	**156**	208
Long term lease obligation -end of period	**133**	89
Total lease obligation – end of the period	**289**	297

The lease payments are discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate.

During the third quarter of 2023, the Company leased a truck for its GR1 greenhouse range with a value of $35, with an effective interest rate of 5.49%, with blended biweekly payments of $0.5 plus applicable taxes for 36 months ending August 21, 2026.

During 2021, the Company, through its acquisition of GR2 acquired the use of an equipment labeler with a value of $230 with an effective interest rate of 5.5% with annual payments of $38 plus applicable taxes with 12 months remaining on its 36-month term ending December 31, 2023. During the third quarter of 2023, the Company elected its option to extend the labeler lease, with a value of $70, to May 31, 2025.

During 2020, the Company leased office space for its head office with a value of $262 with an effective interest rate of 5.5% with blended monthly payments of $5 plus applicable taxes and common area expenses for 60 months ending December 31, 2025.

During 2020, the Company leased a truck for its Bull Market Farm greenhouse range with a value of $23, with an effective interest rate of 3.0% with blended biweekly payments of $0.3 plus applicable taxes for 36 months ending September 17, 2023.

During 2019 the Company leased equipment with a value of $93 at an effective annual interest rate of 5.5%, with blended monthly payments of $1.5 plus applicable taxes for 72 months ending in October 2025.

7. Long-term debt

Continuity schedule:

($000s)	**September 30, 2023**	December 31, 2022
Loans and mortgages, gross of deferred financing fees -beginning of the period	**44,584**	31,377
Arising during the period (note 3)	**-**	15,350
Unamortized deferred financing fees reclassified to current	**-**	18
Amortization of deferred financing fees reported in current liabilities	**14**	-
Repayments during the period	**(1,845)**	(2,150)
Mark to market valuation (gain) on interest rate swap	**(523)**	(11)
Less: Current portion	**(6,070)**	(18,964)
Long-term portion	**36,160**	25,620

Balance sheet summary:

($000s)	**September 31, 2023**	December 31, 2022
Current portion of long-term debt -end of period	**6,070**	18,964
Long term portion of long-term debt -end of period	**36,160**	25,620
Total long-term debt obligation – end of the period	**42,230**	44,584

On July 18, 2023, with an effective date of June 30, 2023, the Company renewed one of two mortgages held as collateral on its GR1 property. The total amount of this mortgage renewal was $12,773. The renewed mortgage has a term of three years, bears interest at 5.75% per annum and has monthly payments of $106 representing blended interest and principal.

On June 30, 2022, the Company entered into a first mortgage with the Royal Bank of Canada ("RBC") in the amount of $15,350. The mortgage has an open variable interest rate at the prime interest rate plus 1.0% per annum. Proceeds from this mortgage were used entirely to fund the GR3 acquisition (refer to note 3) and resulting closing transaction costs and taxes. On July 20, 2022, and in order to manage the volatility of interest rates, the Company entered into an interest rate swap agreement, with RBC for a notional amount of $15,350 and term of 5-years at an all-in interest rate fixed at 3.84% for five years and the credit spread currently fixed at 1.25%. The credit spread is set annually by RBC. The next annual review of the Company's credit spread will be finalized in Q2 of fiscal 2024. Effectively the Company swapped the interest rate and repayment obligations on the open mortgage with the interest and repayment obligations of the interest rate swap. The interest rate swap is paid out quarterly and has the same principal repayment amounts as the open mortgage. The interest rate swap is measured at fair value which resulted in an unrealized gain of $523 for the period ended September 30, 2023 ($76 unrealized loss for the nine-month period ended September 30, 2022). The gain (loss in the comparative period in 2022) has been recorded in the statement of earnings (loss) as a reduction in interest expense.

On January 19, 2021, the Company entered into a first mortgage with the RBC in the amount of $13,000 for a term of seven years. The mortgage bears interest at 2.85% per annum with monthly payments of $89 representing blended payments of interest and principal. Proceeds from this mortgage were used entirely to fund the GR2 acquisition which closed on February 1, 2021.

In December 2020, Bull Market entered into a mortgage agreement with RBC in the amount of $5,000 for a term of three years. The mortgage bears interest of 1.95% per annum with monthly payments of $32 representing blended payments of interest and principal and is secured against the GR1 property. The remaining balance of this loan as at September 30, 2023, was $4,189 ($4,414 as at December 31, 2022). The term of this mortgage is set to expire in December 2023 and accordingly the entire balance as at September 30, 2023 and December 31, 2022 has been classified as current in the statement of financial position.

In 2018, Bull Market entered into a mortgage with the RBC in the amount of $17,500 for a term of five years. The mortgage beared interest of 3.99% per annum with monthly payments of $129 representing blended payments of interest and principal. This mortgage matured on June 30, 2023, and was refinanced effective June 30, 2023, as mentioned above.

RBC has collateral mortgage in the amount of $36,000 constituting a first fixed charge on the land and improvements located at 2633 Albuna Townline Road, Leamington, Ontario, a collateral mortgage in the amount of $18,153 constituting a first fixed charge on the land and improvements located at 1921 Road 3 East, Kingsville, Ontario and a first collateral mortgage in the amount of $20,000 constituting a first fixed charge on the land and improvements located at 795 Road 4 East, Kingsville, Ontario.

Credit Facilities

On July 18, 2023, with an effective date of June 30, 2023, the Company made the following amendments to its Credit Facilities. (1) The Company's RBC credit facility was increased to $7.3 million on its three operating lines ($6.6 million as at December 31, 2022). (2) A new revolver facility with a maximum drawing amount of $0.8 million was established with an annual interest of prime plus 1% on drawn balances. The purpose of this revolver facility is primarily to fund capital expenditures and requires approval from RBC before an amount can be drawn. (3) The annual certification on a fixed coverage ratio was changed to 1.1 to 1 from 1.25 to 1.

As at September 30, 2023, $3,880 had been drawn on the credit facility which is consistent with the seasonality in the Company's business ($438 as at December 31, 2022) leaving an undrawn balance of $3,420 ($6,162 as at December 31, 2022). All the operating lines bear an interest rate of prime plus 1% per annum.

On April 28, 2022, and effective June 30, 2022, RBC increased the Company's operating line by $1,600 to $7,850 (previously $6,250). This increase was made available to support the Company's newly acquired GR3 greenhouse range.

On March 1, 2022, RBC temporarily increased the Company's operating line by $1,250 to $6,250 (previously at $5,000). This temporary line extension ended on July 15, 2022, in line with the Company credit agreement dated April 28, 2022.

Borrowings under the RBC credit facilities are expected to resolve with operating requirements and have a zero balance at least 1 Business Day in each fiscal year. The credit facility also requires an annual certification on a fixed coverage ratio of 1.1 to 1.

8. Share capital

	Number of Shares	**Amount *($000s)***
Common shares:		
Common Shares, December 31, 2022	46,389,066	4,641
Stock options exercised during the year (i)	116,666	52
Common Shares, September 30, 2023	**46,505,732**	**4,693**

i) During the quarter, 116,666 options with a strike price of $0.24, resulting in the net issuance of 116,666 common shares and net proceeds of $28. In addition, a total of $24, representing the stock-based compensation in these options that had previously been credited to contributed surplus was reclassified into share capital.

9. Contributed surplus

Stock Option Plan

The Company has implemented a rolling stock option plan as it reserves a maximum of 10% of the issued and outstanding common shares of the Company for issuance under the Stock Option Plan. Options granted shall vest one third on each anniversary date (unless otherwise determined by the Company's Board) and are exercisable for a period of up to ten years.

Shared Based Compensation

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2022	1,533,336	$0.35
Options exercised during the year (note 8)	(116,666)	0.24
Balance as at September 30, 2023	**1,416,670**	**$0.24**

The Company recorded stock-based compensation expense of $117 for the nine-months ended September 30, 2023 ($87 for the nine-months ended September 30, 2022) and $35 for the three-months ended September 30, 2023 ($25 for the three-months ended September 30, 2022).

10. Related party transactions

Key management personnel are those persons having authority for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors. For the nine-month period ended September 30, 2023, the Company paid $442 in management salaries ($378 for the nine-month period ended September 30, 2022) and had $69 in stock-based compensation ($63 for the nine-month period ended September 30, 2022). For the three-month period ended September 30, 2023, the Company paid $155 in management salaries and incurred $21 in stock-based compensation ($153 and $18 respectively for the three-month period September 30, 2022). The Company also incurred $2 in professional fees to one of its Directors in the nine-month period ended September 30, 2023, and nil for the three-month period ended September 30, 2023 (nil for the three and nine-month periods ended September 30, 2022). The transaction was at fair value and related to legal services. As at September 30, 2023, the Company also held a non-interest-bearing note receivable for $82 from one of its officers. The non-interest-bearing note receivable is expected to be settled in the next 12 months ($82 as at December 31, 2022).

On June 30, 2022, the Company, as described in note 3, acquired its third greenhouse range from 2073834 Ontario Ltd., ("207") a company principally controlled by Adam Suder the Company's Chief Growth Officer. Total consideration for this acquisition was $15,051. Of this amount $14,634 has been paid in cash and $417 is expected to be paid by July 31, 2024. In addition, a total of $35 in finance related costs are also expected to be paid to 207 by July 31, 2024. The amounts due to 207 have been included as a note payable in current liabilities in the Consolidated Statement of Financial Position.

11. Revenue

($000s)	**For the three-month period ended Sept 30, 2023**	For the three-month period ended Sept 30, 2022	**For the nine-month period ended Sept 30, 2023**	For the nine-month period ended Sept 30, 2022
Sales of fresh produce	**$10,655**	$9,849	**$21,548**	$18,047
Rent[1]	**283**	224	**598**	518
Total	**$10,938**	$10,073	**$22,146**	$18,565

1. The Company leases a portion of its greenhouse space at GR1 to its principal customer. The current lease commenced on June 16, 2023, with a term to December 31, 2026, and has 2, two-year option renewals. These renewals are at the option of the principal customer with the same terms and conditions excluding basic rent which will be set at fair market value at the time of renewal.

12. Expenses by Nature

The following table outlines the Company's significant expenses by nature:

(000s)	**For the three-month period ended Sept 30, 2023**	For the three-month period ended Sept 30, 2022	**For the nine-month period ended Sept 30, 2023**	For the nine-month period ended Sept 30, 2022
Cost of sales				
Raw materials and consumables used	**$2,431**	$2,182	**$5,916**	$5,165
Labor	**2,984**	2,640	**6,432**	5,349
Depreciation	**2,777**	2,801	**6,143**	5,392
Unrealized loss (gain) on change in fair value of biological assets (note 4)	**1,213**	921	**(2,400)**	(557)
Repairs and maintenance	**71**	63	**258**	197
Other	**74**	1	**122**	36
Total	**$9,550**	$8,608	$16,471	$15,582

(000s)	**For the three-month period ended Sept 30, 2023**	For the three-month period ended Sept 30, 2022	**For the nine-month period ended Sept 30, 2023**	For the nine-month period ended Sept 30, 2022
Selling, general and administrative expenses[1]				
Salaries	**$159**	$187	**$452**	$497
Marketing board fees	**26**	32	**51**	54
Insurance	**73**	81	**271**	225
Depreciation	**93**	94	**280**	280
Office rent	**12**	13	**40**	31
Professional services	**41**	126	**708**	419
Stock based compensation	**36**	25	**117**	87
Land transfer taxes	**-**	-	**-**	273
Other	**136**	193	**410**	529
Total	**$576**	$751	**$2,329**	$2,395

13. Financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. These amounts are initially recognized at fair value and subsequently are measured at amortized cost. The fair value of these amounts approximates their carrying values. All other assets and liabilities are determined using Level 3 of the fair value hierarchy.

Fair values of financial instruments are determined by valuation methods depending on the hierarchy levels as defined below:

- Level 1 – quoted market price in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the assets or liabilities that are not based on observable market data.

Assets/Liabilities	Category	Measurement	September 30, 2023	December 31, 2022
Trade receivables	Financial asset	Amortized cost	1,796	68
Other receivables	Financial asset	Amortized cost	266	353
Interest rate swap	Financial asset / (liability)[1]	Fair value	523	11
Operating line	Financial liabilities	Amortized cost	3,880	438
Trade payables	Financial liabilities	Amortized cost	3,798	5,758
Payable to 2073834 Ontario Ltd.	Financial liabilities	Amortized cost	453	453
Lease obligations	Financial liabilities	Amortized cost	289	297
Long-term debt	Financial liabilities	Amortized cost	42,230	44,584

1. Interest rate swap asset is presented on the consolidated statements of financial position in long-term debt. The interest rate swap is classified as level 2 in the fair value hierarchy as the fair value has been determined based on inputs which can be substantially observed or corroborated in the marketplace.

Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest rate risk.

Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. The Company believes its maximum exposure to credit risk is the carrying value of its trade and other receivables. As at September 30, 2023, a total of $1,796 was owed by customers (December 31, 2022: $68l), $nil in rent payable on the leased 15-acre organic farm at GR1 (December 31, 2022: $52), $184 related to HST (December 31, 2022: $142) and $82 relating to a non-interest bearing loan ($82 as at December 31, 2022) made to an officer of the Company (refer to note 10). This related party loan is expected to be settled in the next 12-months. Lastly there was a receivable of $77 as at December 31, 2022, relating to the 2022 refundable fuel tax credit which was fully collected in the quarter-ended June 30, 2023.

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. The Company believes its maximum exposure to credit risk as at September 30, 2023, is the carrying value of its cash, trade and other receivables. All trade receivables, as at October 31, 2023, and owed as at September 30, 2023, have been collected in full. Other receivables consist primarily consisting of HST and other related party loans are expected to be fully collected/realized or will be settled in the next 12 months.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its obligations as they fall due. It is the Company's intention to meet its obligations through the collection of accounts receivable and cash from sales. The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company is exposed to risks related to seasonality as there is limited revenue from January through to mid April. If the current resources and cash generated from operations is insufficient to satisfy its obligations, the Company can draw on its credit facility. The Company has also entered into agreements with certain large Vendors to extend credit terms to Q2 or Q3 of 2023, when the Company's greenhouses are at full production and cash flow generation is highest in the year. The table below summarizes the timing of the due dates of the Company's financial obligations.

As at September 30, 2023, the following obligations are due:

($000s)	Total	Less than 1 year	1 to 5 years	Over 5 years
Operating line	3,880	3,880		
Trade, tax and other payables	3,798	3,798		
Payable to 2073834 Ontario Ltd.	453	453		
Lease obligations	289	156	133	
Mortgage loans	42,230	6,063	36,167	-
Total	50.650	14,350	36,300	-

As at September 30, 2023, the Company's operating line is $7,300 of which $3,880 was drawn ($6,600 and $438 drawn as December 31, 2022). The Company's availability to draw on its operating line, as at September 30, 2023, was $3,420 ($6,162 at December 31, 2022).

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans, with exception to its GR3 mortgage which has an open rate interest rate, have fixed rates of interest and are therefore subject to the risk of changes in fair value if the prevailing interest rate were to increase or decrease. To mitigate the interest rate risk on open variable loans, the Company uses derivative financial instruments (interest rate swaps) to exchange the variable rate inherent in the long-term debt for a fixed rate (see note 7).

Management of capital risk

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at September 30, 2023, totaled $5,323 (December 31, 2022: $3,455).

The Company's objectives when managing capital are to safeguard its assets and maintain a competitive cost structure, continue as a going concern, and provide returns to its shareholders. In addition, the Company works with all relevant stakeholders to ensure the safety of its operations and employees and to remain in compliance with all environmental regulations.

The Company manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company's management holds strict financial metrics when evaluating returns on greenhouses and in deciding the composition (debt vs equity) in funding deals or addressing any shortfalls in capital. The Company continued to pay down its mortgage debt. Total payments for the nine-months of the fiscal year totalled $1,845 ($1,508 for the first nine-months of the prior year period) and utilizes its equity position in its real properties to refinance and fund deals. The Company also assesses government programs such as AgriStability, to help address any years where gross margins fall below the Company's 5-year historic gross margin average.

14. Commitments and Contingencies

As at September 30, 2023, the payments due by period are set out in the following table:

($000s)	**Total**	**Less than 1 Year**	**1 – 5 Years**	**After 5 Years**
Purchase commitments	615	587	28	-

Purchase commitments consist primarily of commitments to acquire gas through to November 1, 2024.

The Company has entered into an agreement with a customer for a 10-year period to supply all available produce at its GR1 greenhouse range. The Company had also assumed an agreement, as part of its GR3 acquisition (see note 3). The initial agreement, dated January 1, 2021, was for a term of 2 years. The Agreement automatically renews each year unless otherwise terminated by either party not later than 90 days prior to the end of the applicable term.

Contingencies

The Company may be involved in legal proceedings from time to time arising in the ordinary course of business. Contingencies will be accrued when the outcome if probable, and the amount can be reasonably estimated.

Based on the Company's knowledge of events at September 30, 2023, no such matters were identified.