Unaudited Condensed Interim Consolidated Financial Statements of

GREEN RISE FOODS INC.

For the three-months ended March 31, 2024

(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.

Green Rise Foods Inc.
Condensed Interim Consolidated Statements of Financial Position
(unaudited)

(thousands)	**March 31, 2024**	December 31, 2023
Assets		
Current Assets:		
Trade and other receivables	**129**	543
Inventory	**324**	990
Bearer plants (note 3)	**5,375**	1,731
Biological assets (note 3)	**3,247**	-
Prepaid expenses	**87**	167
	9,162	3,431
Non-current assets		
Due from related party (note 10)	**82**	82
Property, plant, and equipment (note 4)	**49,972**	50,569
Total Assets	**$ 59,216**	$ 54,082
Liabilities		
Current Liabilities		
Line of credit and revolver (note 6)	**$ 6,983**	$ 4,221
Trade payables	**4,610**	5,279
Deferred rent revenue (note 7)	**1,009**	-
Payable to 2073834 Ontario Ltd. (note 10)	**453**	453
Current portion of lease obligation (note 5)	**119**	133
Long-term debt (note 6)	**41,619**	42,315
	54,793	52,401
Non-current liabilities		
Lease obligation (note 5)	**112**	118
Promissory note (note 7)	**1,987**	-
Total Liabilities	**56,892**	52,519
Shareholder's Equity		
Share Capital (note 8)	**4,693**	4,693
Contributed Surplus (note 9)	**1,838**	1,821
Deficit	**(4,207)**	(4,951)
Total Shareholder's Equity	**2,324**	1,563
Total Liabilities and Shareholder's Equity	**$ 59,216**	$ 54,082

Approved by the Board of Directors

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

Going concern Note 1

Commitments Note 15

Subsequent events Note 16

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

Green Rise Foods Inc.
Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Amounts are in thousands of Canadian Dollars, except per share amounts)
(unaudited)

For the three-month periods ended March 31, 2024, and 2023

(thousands, except per share amounts)		March 31, 2024		March 31, 2023
Revenue (note 11)	**$**	**308**	$	158
Cost of sales (note 12)		**1,435**		498
Gross profit		**1,743**		656
Selling, general and administrative expenses (note 12)		**(658)**		(865)
Income (loss) from operations		**1,085**		(209)
Interest expense		**(341)**		(686)
Other income -government assistance (note 13)		**-**		121
Income (loss) before income taxes		**744**		(774)
Deferred income tax recovery		**-**		205
Net income (loss) and comprehensive income (loss) for the period		**744**		(569)
Basic and diluted income (loss) per share	$	**0.02**	$	(0.01)
Weighted average number of common shares outstanding				
Basic		**46,505,732**		46,389,066
Diluted		**47,044,184**		46,389,066

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

Green Rise Foods Inc.
Condensed Interim Consolidated Statement of Changes in Equity
(unaudited)

For the three-month periods ended March 31, 2024, and 2023

(thousands except share amounts)	Number of shares	Share Capital ($)	Contributed Surplus ($)	Deficit ($)	Total Equity ($)
Balance, December 31, 2023	**46,505,732**	**$ 4,693**	**$ 1,821**	**$ (4,951)**	**$ 1,563**
Stock based compensation (note 9)	-	-	**17**	**-**	**17**
Comprehensive loss for the period	-	-	-	**744**	**744**
Balance, March 31, 2024	**46,505,732**	**$ 4,693**	**$ 1,838**	**$ (4,207)**	**$ 2,324**

	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 based compensation (note 9)	-	-	40	-	40
Comprehensive loss for the period	-	-	-	(569)	(569)
Balance, March 31, 2023	46,389,066	$ 4,641	$ 1,752	$ (3,467)	$ 2,926

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

Green Rise Foods Inc.
Condensed Interim Consolidated Statements of Cash Flows
(unaudited)

For the three-month periods ended March 31, 2024, and 2023

(thousands)	**March 31, 2024**	**March 31, 2023**
Cash provided by (used in):		
Operating activities:		
Net income (loss) for the period	**$ 744**	$ (569)
Adjustments for:		
Depreciation and amortization of property, plant and equipment and amortization of bearer plants	**730**	715
Amortization of deferred financing fees	**-**	5
Biological asset gain (note 3)	**(3,247)**	(2,474)
Change in unrealized (gain) loss on mark to market adjustment on interest rate swaps (note 6)	**(227)**	160
Stock based compensation (note 9)	**17**	40
Deferred income tax recovery	**-**	(205)
Net changes in non-cash working capital		
Trade receivables	**414**	(4)
Inventory	**(77)**	(295)
Prepaid expenses	**80**	185
Trade payable	**1,318**	1,800
Net cash outflow from operating activities	**(248)**	(642)
Investing activities:		
Costs incurred on bearer plants (note 3)	**(2,906)**	(3,689)
Acquisition of property, plant and equipment (note 4)	**(128)**	(46)
Net cash outflow from investing activities	**(3,034)**	(3,735)
Financing activities:		
Drawn on operating line	**2,762**	5,063
Advance of prepaid rent (note 7)	**1,009**	-
Repayment of long-term debts with Bank (note 6)	**(469)**	(648)
Payment of lease obligations (note 5)	**(20)**	(38)
Net cash inflow from financing activities	**3,282**	4,377
Change in cash during the period	**-**	-
Cash - Beginning of period	**-**	-
Cash - End of period	**$ -**	$ -

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

Green Rise Foods Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Amounts are in thousands of Canadian Dollars, unless otherwise stated)
(unaudited)

For the three-month periods ended March 31, 2024, and March 31, 2023

(Tabular amounts in thousands)

1. Nature of operations

Green Rise Foods Inc. (“Green Rise” or “the Company”) is a grower of fresh produce using controlled environment agriculture technologies. The Company has 89 acres of greenhouse ranges (“ranges”) including 51-acres of ranges (“Green Rise 1” or “GR1”) located in Leamington, Ontario, and 22-acres and 16-acres of ranges (“Green Rise 2” or “GR2” and “Green Rise 3” or “GR3”) located in Kingsville, Ontario. The total growing capacity of the Company’s ranges, factoring in walkways and machinery and equipment is 86.5 acres, of which 15 acres of its GR1 ranges are leased to the Company’s one major customer. The Company began its operations in 2018 by acquiring its GR1 ranges, via its wholly owned subsidiary Bull Market Farms Inc.

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 is pursuant to Section 177 of the Act.

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

The Company had a working capital deficit of $45,631 on March 31, 2024 (December 31, 2023, a working capital deficit of $48,970). The Company’s ability to continue as a going concern is dependent on its ability to generate sufficient cash flows from its operations to meet its obligations as they come due, to remediate its breach of its 2023 annual fixed charge coverage ratio as described below and to have adequate cash resources at the end of the year to fund the investment required to set-up the following year’s bearer plants.

Actions executed and events occurring during the first quarter, to improve immediate cash flows of the Company include the advancement of prepaid rent (note 7) and the conversion of $1,987 in payables into a 3-year promissory note (note 7). In addition, subsequent to the quarter-ended March 31, 2024, the Company was in receipt of $619 on the 2022 AgriStability grant (note 16). The Company also depends on certain levels of sunlight to help achieve its targeted annual production yields. The application of the going concern assumption is dependent upon the Company’s ability to generate future profitable operations that are in line with its annual plan.

The Company was in breach to comply with its annual fixed charge coverage covenant ratio, for the year ended December 31, 2023. This covenant requires the Company to maintain a ratio of 1.1:1, however the Company did obtain, subsequent to the quarter-ended March 31, 2024, a tolerance letter which allows the Company to remediate this covenant breach by August 1, 2024. The remediation requires the Company to raise $3,022, which is the amount of capital that when factored into the ratio, for the year-ended December 31, 2023, would allow the Company to comply with the required ratio of 1.1:1. The Company is in the process of making efforts to raise this additional capital in a timely manner. While the Company has been successful in the past in raising capital, there is no assurance that it will be successful in closing further financings in the future or obtaining waivers of covenant breaches if required in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These interim condensed 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. These interim condensed consolidated financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenue, and expenses and the statement of financial position classification used if the Company was unable to continue operations in accordance with this assumption. Such adjustments could be material.

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 May 29, 2024.

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.

Statement of Financial Position 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 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 3. 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 3.

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 - 18	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 and 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 through profit or loss	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 Swaps

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

Income (Loss) per share

Basic income (loss) per share (“EPS”) is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the period.

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 period. 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 income (loss) and comprehensive income (loss). Government assistance based on a prior period result is recognized in other income on the statement of income (loss) and comprehensive income (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 3). 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.

3. Bearer plants & Biological assets

Bearer plants

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

($000s)	**March 31, 2024**	December 31, 2023
Bearer plants – beginning of the year	**1,731**	1,691
Reclassification from inventory	**743**	157
Additions	**2,906**	5,494
Depreciation of bearer plants	**(5)**	(5,611)
Bearer plants – end of the period	**5,375**	1,731

Bearer plant costs net of depreciation of $5,375 as at March 31, 2024, 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, 2023, pertaining to the 2024 crop.

Biological assets

The Company did not have any biological assets as at December 31, 2023; however, it did have biological assets as at March 31, 2024, consisting of tomatoes and mini-peppers growing on the vines. Sales of tomatoes started at the end of the first quarter and the sale of mini-peppers started after the quarter-ended March 31, 2024. The growing cycle for each harvest ranges from five to nine weeks.

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

($000s)	March 31, 2024
Biological assets – beginning of the year	-
Net change in unrealized gains due to biological asset transformation	(3,247)
Biological assets – end of the period	(3,247)

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 seven to nine weeks (tomatoes) following the period ended, consisting of the cost of direct and indirect materials and labour related to packaging.

4. Property, plant, and equipment:

($000s)	**Land**	**Greenhouse**	**Buildings**	**Machinery and equipment**	**Vehicle**	**Right-of-use assets**	**Total**
Cost:							
Balance – December 31, 2023	6,470	44,338	2,833	7,444	45	713	**61,843**
Additions	-	-	64	64	-	-	**128**
Balance – March 31, 2024	6,470	44,338	2,897	7,508	45	713	**61,971**
Accumulated depreciation:							
Balance – December 31, 2023	**-**	7,735	360	2,637	12	530	**11,274**
Additions	-	461	28	189	1	46	**725**
Balance – March 31, 2024	-	8,196	388	2,826	13	576	**11,999**
Net book value							
Balance – March 31, 2024	6,470	36,142	2,509	4,682	32	137	**49,972**
Net book value							
Balance – December 31, 2023	6,470	36,603	2,473	4,807	33	183	**50,569**

5. Lease obligations

Continuity schedule:

($000s)	March 31, 2024	December 31, 2023
Lease obligation – beginning of the year	**251**	297
Additions during the period	**-**	105
Lease payments, excluding interest	**(20)**	(151)
Less: Current potion	**(119)**	(133)
Long term lease obligation – end of the period	**112**	118

Balance sheet summary:

($000s)	March 31, 2024	December 31, 2023
Current lease obligation -end of period	**119**	133
Long term lease obligation -end of period	**112**	118
Total lease obligation – end of the period	**231**	251

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 2023, the Company leased a truck for its GR1 greenhouse range with a value of $35 with an effective interest rate of 5.5% with blended biweekly payments of $0.5 plus applicable taxes for 36 months ending in August 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. In 2023, the Company exercised its right to extend the lease for the use of the equipment labeler for an additional two years, with a value of $70 with an effective interest rate of 7.95% with annual payments of $38 plus applicable taxes.

6. Long-term debt

Continuity schedule:

($000s)	March 31, 2024	December 31, 2023
Loans and mortgages, gross of deferred financing fees -beginning of the period	**42,315**	44,584
Amortization of deferred financing fees reported in current liabilities	**-**	19
Repayments during the period	**(469)**	(2,377)
Change to mark to market valuation (gain) loss on interest rate swap	**(227)**	89
Less: Current portion	**(41,619)**	(42,315)
Long-term portion	**-**	-

Balance sheet summary:

($000s)	March 31, 2024	December 31, 2023
Current portion of long-term debt -end of period	**41,619**	42,315
Long term portion of long-term debt -end of period	**-**	-
Total long-term debt obligation – end of the period	**41,619**	42,315

On December 27, 2023, the Company refinanced a mortgage on its GR1 property ("the open mortgage"), with a principal balance of $4,113, with the Royal Bank of Canada ("RBC"). Immediately following the approval, the Company entered into an interest rate swap agreement with RBC for the same notional amount of $4,113 and term of 3-years at an all-in-interest rate fixed at 3.98% for three years and the credit spread is currently fixed at 1.55%. The credit spread is set annually by RBC. The next annual review of the credit spread is in Q2 of 2024.

Effectively the Company swapped the interest rate and repayment obligations of the open mortgage with the interest and repayment obligations of the interest rate swap. The interest rate is paid quarterly and has the same principal repayments amounts as the open mortgage. The interest rate swap is measured at fair value which resulted in an unrealized gain of $7 for the period ended March 31, 2024 (unrealized loss of $50 for the period ended December 31, 2023). The unrealized gain has been recorded in the statement of income (loss) and comprehensive income (loss) as a decrease to interest expense (increase to interest expense for the period ended December 31, 2023). The interest rate swap quarterly blended payments including interest and principal range from $116 to $123 over the 3-year term. The open mortgage replaced the prior mortgage, which was entered into on December 31, 2020, for a 3-year term at a fixed rate of 1.95% and was also held with RBC and had interest and principal monthly payments of $32.

On July 18, 2023, with an effective date of June 30, 2023, the Company refinanced another mortgage on its GR1 property, with a principal balance of $12,773, with RBC. The new mortgage has a term of 3-years, bears interest at a rate of 5.75% per annum and has monthly payments of $106 representing blended interest and principal. This new mortgage replaced a prior mortgage, which was entered into on June 30, 2018, for a 5-year term at a fixed rate of 3.99% and was also held with RBC and had interest and principal monthly payments of $129.

On June 30, 2022, the Company entered a first mortgage with 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 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 $142 for the period ended March 31, 2024 (unrealized loss of $28 for the period ended December 31, 2023). The unrealized gain (loss for the period ended December 31, 2023) has been recorded in the statement of income (loss) and comprehensive income (loss) as a decrease to interest expense (Increase to interest expense for the period ended December 31, 2023).

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 (previously $6.6 million). (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. The RBC credit facilities are secured via a general security agreement against all the assets of the Company, including receivables, inventory and machinery and equipment.

As at March 31, 2024, $6,435 had been drawn on the credit facility ($3,755 as at December 31, 2023) leaving an undrawn balance of $865 ($3,545 as at December 31, 2023). All the operating lines bear an interest rate of prime plus 1% per annum.

As at March 31, 2024, $548 had been drawn on the revolver ($466 as at December 31, 2023) leaving an undrawn balance of $252 ($334 as at December 31, 2023). The revolver bears interest rate of prime plus 1% per annum.

Financial covenants

Borrowings under the RBC credit facilities are expected to resolve with operating requirements and have a zero balance of at least 1 Business Day in each fiscal year. The credit facility also requires an annual certification on a fixed charge coverage ratio of 1.1 to 1. The Company was in breach to comply with its annual fixed charge coverage covenant ratio for the year ended December 31, 2023, and as a result the entire mortgage balance has been classified as current on the statement of financial position. The Company has however obtained subsequently a tolerance letter (note 16) which allows the Company to remediate the covenant breach by August 1, 2024. The remediation requires the Company to raise an amount of capital that when factored into the ratio, for the year ended December 31, 2023, would allow the Company to comply with the required ratio of 1.1:1.

7. Deferred rent revenue and promissory note

On March 27, 2024, the Company received $1,009, from its principal customer to cover the basic monthly rent due, covering the period April 1, 2024, to March 31, 2025, on the portion of the GR1 greenhouse leased to this principal customer. The amount received was discounted at an annual rate of 8.31%. The total undiscounted basic rent over this period is $1,050.

On March 27, 2024, the Company converted $1,987, from its trade accounts payable to a three-year, interest-bearing promissory note. The Company's principal customer is the counterparty for both the trade accounts payable balance and interest only promissory note. The promissory note bears annual interest at 8.31%, on the principal outstanding balance with interest payable at the end of each month. The promissory note also has two early payment triggers for principal which include (1) proceeds from the AgriStability Program and (2) proceeds from insurance claims.

8. Share capital

	Number of Shares	Amount *($000s)*
Common shares:		
Common Shares, March 31, 2024, and December 31, 2023	46,505,732	4,693

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 at March 31, 2024, and December 31, 2023	**1,416,670**	$0.36

The Company recorded stock-based compensation expense of $17 for the three-months ended March 31, 2024 ($40 for the three-months ended March 31, 2023).

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 quarter ended March 31, 2024, the Company paid $160 in management salaries ($155 for the quarter ended March 31, 2023) and had $17 in stock-based compensation ($24 for the quarter ended March 31, 2023). The Company also incurred $2 in professional fees to one of its Directors for the period ended March 31, 2023. The transaction was at fair value and related to legal services. As at March 31, 2024, the Company also held a non-interest-bearing note receivable for $82 from one of its officers ($82 for the period ended March 31, 2023). The note is expected to be settled in Q2 of Fiscal 2025.

On June 30, 2022, the Company, 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. Payment for the remaining $417 plus $36 in finance related costs are payable as at March 31, 2024 but are expected to be paid in Q2 of Fiscal 2025, subject to the approval by the Royal Bank of Canada.

11. Revenue

($000s)	For the three-month period ended March 31, 2024	For the three-month period ended March 31, 2023
Sales of produce	**29**	10
Rent[1]	**279**	148
Total	**308**	158

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 March 31, 2024**	For the three-month period ended March 31, 2023[1]
Production Costs		
Raw materials and consumables used[1]	**631**	721
Labor[1]	**483**	536
Depreciation (note 4)	**636**	620
Unrealized gain on change in fair value of biological assets (note 3)	**(3,247)**	(2,474)
Repairs and maintenance	**62**	99
Total	**(1,435)**	(498)

1. Certain amounts have been reclassified in the prior period to conform to the current year’s presentation.

($000s)	**For the three-month period ended March 31, 2024**	For the three-month period ended March 31, 2023
Selling, general and administrative expenses		
Salaries	**171**	148
Marketing board fees	**10**	10
Insurance	**109**	101
Depreciation (note 4)	**94**	94
Office Rent	**14**	14
Professional services	**120**	320
Stock based compensation	**17**	40
Other	**123**	138
Total	**658**	865

13. Other income -government assistance

($000s)	**For the three-month period ended March 31, 2024**	For the three-month period ended March 31, 2023
Government Programs		
SDRM	-	121
Total	-	121

During the prior year period, the Company was awarded $121 on the self-directed risk management program ("SDRM"). The SDRM program helps growers manage risks beyond their control to help mitigate risk associated with farm businesses. The Company also plans to participate in the SDRM program in 2024. The Company's participation in the SDRM program was delayed in the current fiscal year, because of the finalization of the 2022 AgriStability application (note 16). Both programs are administered by AgriCorp, an Ontario Government agency.

14. 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**	**March 31, 2024**	**December 31, 2023**
Trade receivables	Financial asset	Amortized cost	26	172
Other receivables	Financial asset	Amortized cost	103	371
Other long-term receivables	Financial asset	Amortized cost	82	82
Interest rate swaps	Financial assets / (liabilities)[1]	Fair value	149	(78)
Operating and Revolver lines	Financial liabilities	Amortized cost	6,983	4,221
Trade payables	Financial liabilities	Amortized cost	4,610	5,279
Deferred rent revenue	Financial liabilities	Amortized cost	1,009	-
Payable to 2073834 Ontario Ltd.	Financial liabilities	Amortized cost	453	453
Lease obligations	Financial liabilities	Amortized cost	231	251
Promissory note	Financial liabilities	Amortized cost	1,987	-
Long-term debt	Financial liabilities	Amortized cost	41,619	42,315

1. Interest rate swap assets / (liabilities) are presented on the interim condensed 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 March 31, 2024, a total of $26 was owed by customers (December 31, 2023: $172), $52 related to HST (December 31, 2023: $269) and $51 related to amounts owed on the Return of Fuel Charge Credit Program (“RFCC”) (December 31, 2023: $51). In addition, there was $51 owed from one of the Company’s gas suppliers for the period ended December 31, 2023, relating to gas consumption in 2023 which exceeded the allowable allotment per the Company’s gas contract with Enbridge. The gas surplus was sold in December 2023 and collected in full in January 2024. All amounts have been collected subsequent to year-end with exception to the non-interest-bearing loan for $82 to an officer of the Company (refer to note 10) and the RFCC which will be processed as part of the filing of the Company’s 2023 tax returns due by June 30, 2024. This non-interest-bearing note is expected to be settled in Q2 of Fiscal 2025.

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 agreed with certain large Vendors to extend credit terms to Q2 or Q3 of 2024, 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 March 31, 2024, the following obligations are due:

($000s)	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Operating line	6,983	6,983	-	-
Trade payables	4,610	4,610	-	-
Deferred rent revenue	1,009	1,009	-	-
Payable to 2073834 Ontario Ltd.	453	453	-	-
Lease obligations	231	119	112	-
Promissory note	1,987	-	1,987	-
Mortgage loans	41,619	41,619	-	-
Total	56,892	54,793	2,099	-

As at March 31, 2024, the Company’s operating line is $7,300 of which $6,435 had been drawn leaving an undrawn balance of $865 ($7,300 of which $3,755 was drawn and $3,545 was undrawn as at December 31, 2023). During the quarter, the Company received a $1,009 prepayment of rent on its 15-acre organic farm (note 7), covering the basic rent for rental periods from April 1, 2024, to March 31, 2025. In addition, the Company’s main distribution partner, converted $1,987 of current payables due to an interest only 36-month note payable (note 7). Principal repayments on the note payable are accelerated and triggered on the receipt of AgriStability grants and settlements on the Company’s insurance claim on its GR2 2021 crop loss. With these measures, the Company’s short term liquidity needs have been covered. As of the date of this report, all three farms are virus free and the Company is generating meaningful cash flows from its produce production with production yields and operating costs aligned with its annual forecast.

The Company had a working capital deficit of $45,631 as at December 31, 2023 ($48,970 deficit as at December 31, 2023). The Company did not meet its annual fixed charge coverage ratio for the year ended December 31, 2023, which required the Company to maintain a fixed charge coverage ratio of 1.1:1 and as a result, the entire mortgage balance, including $39,442 which would normally be classified as long-term, has been classified as current on the statement of financial position. The Company expects to manage this risk exposure by increasing produce yields, minimizing waste, and improving labor efficiencies. The Company has also obtained subsequently a tolerance letter (note 16) which allows the Company to remediate this covenant breach by August 1, 2024. With these measures and the remediation of the covenant breach, the Company expects to have enough cash resources to meet its obligations in 2024 and have sufficient cash resources as at December 31, 2024, to fully fund its 2025 bearer plants investments.

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 one mortgage on its GR1 property and the GR3 mortgage which have 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 6).

Management of capital risk

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at March 31, 2024, totaled $2,324 (December 31, 2023 -$1,563).

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 (Paid $0.5 million in the first quarter of 2024 ($0.6 million for the first quarter ended March 31, 2023)) 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.

15. Commitments and Contingencies

As at March 31, 2024, 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	1,803	680	1,123	-

Purchase commitments consist of commitments to acquire gas through to February 2027.

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 also has an agreement on its GR3 property which 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 March 31, 2024, no such matters were identified.

16. Subsequent Events

On April 5, 2024, the Company received $619 in proceeds from the 2022 AgriStability Program. The Program is administered by AgriCorp, an Ontario Government agency created in 1997. The grant was received as a result of the Company's farming income in 2022 dropping below 70% of the Company's historical average farming income.

On April 16, 2024, the Company obtained a tolerance letter, from the Royal Bank of Canada, which allows the Company to remediate its breach of its annual fixed charge coverage ratio ("the ratio"), for the year ended December 31, 2023, by August 1, 2024. The remediation requires the Company to raise an amount of capital that when factored into the ratio, for the year ended December 31, 2023, would allow the Company to comply with the required ratio of 1.1:1. The Company is in the process of raising this additional capital.