HERBAL DISPATCH INC.

Consolidated Financial Statements

Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

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April 24, 2025
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Herbal Dispatch Inc.

Opinion

We have audited the consolidated financial statements of Herbal Dispatch Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of operations, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw your attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2024. As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addresses the matter is provided in that context.

In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section, we have determined that matters described below to be the key audit matters to be communicated in our auditor's report.

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Completeness and existence of inventory
We refer to the consolidated financial statement summary of material accounting policy information in Note 2 and related disclosure in Note 4.

At December 31, 2024, the Company reported inventory of $1,598,470. The company holds a wide range of inventory items, including packaging, ingredients and cannabinoids and finished goods. The company carries out an annual physical inventory count, which is essential for ensuring the existence, completeness, and accuracy of the inventory reported in the financial statements. The risk of material misstatement in inventory could be due to errors or inconsistencies in the physical count process, or discrepancies between the physical count and inventory records.

To address the risk of material misstatement on inventory, our audit procedures included, amongst other procedures:

- Attending the physical inventory count at the company's principal location to observe the count procedures and ensure that the process was conducted in accordance with the company's internal policies.
- Evaluating the impact of any discrepancies noted between the physical count and the recorded inventory balances, including performing additional reconciliations and adjustments.
- Reviewing inventory cutoff procedures to ensure that items sold before year-end were properly excluded from the year-end inventory balance, and that items received before the count were properly included.
- Performing substantive procedures by selecting a sample of inventory items, performing physical test counts to verify their existence and completeness and comparing the results to the inventory records.

We assessed the adequacy of the Company’s disclosures.

Evaluation of Impairment of Intangible Assets and Goodwill
We refer to the consolidated financial statement summary of material accounting policy information in Note 2 and related disclosures in Notes 6 and 8.

At December 31, 2024, the Company reported intangible assets of $2,849,380 and goodwill of $1,748,458. For the purpose of impairment testing, intangible assets and goodwill are allocated to the group of cash generating units (CGUs), which represent the lowest level within the Company at which these assets are monitored for internal management purposes. The recoverable amount is based on the greater of the CGU group’s fair value less cost to sell (FVLCS) and its value-in-use (VIU). The Company’s significant estimates used in determining the FVLCS include projected future sales, profit margins and earnings and discount rate.

Evaluation of impairment was considered as a key audit matter, due to the size of the balance and significant management judgment is required for the assessment. This matter represented an area of significant risk of material misstatement given the magnitude of the balance and high degree of estimation uncertainty in determining the recoverable amount. Significant auditor judgment and the involvement of professionals with specialized skills and knowledge was required to evaluate the evidence supporting the Company’s significant estimates due top the sensitivity of the recoverable amount to minor changes in these estimates.

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To address the risk for material misstatement of goodwill and intangibles, our audit procedures included, amongst other procedures:

- Evaluating the analyses and calculations made by management with respect to the impairment at year end and evaluate the possibility of impairment.
- Performing sensitivity analysis over the input variables in managements analysis to determine the impact of fluctuations in the estimates.
- Performing a look back analysis over management's forecasting history and abilities to project future growth and profitability.
- Assessing the compliance of Company's accounting policies with applicable accounting standards.

We assessed the adequacy of the Company's disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, which includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Kingston Ross Pasnak LLP

Kingston Ross Pasnak LLP
Chartered Professional Accountants

Herbal Dispatch Inc.

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(expressed in Canadian dollars, unless otherwise noted)

	2024	2023
Assets		
Current assets:		
Cash	$ 274,786	$ 222,392
Trade and other receivables *(Note 3)*	526,584	704,318
Prepaid expenses and deposits	200,635	139,131
Inventory *(Note 4)*	1,598,470	1,242,439
Total current assets	2,600,475	2,308,280
Long-term assets		
Property and equipment *(Note 5)*	55,636	58,533
Intangible assets *(Note 6)*	2,849,380	3,102,828
Right of use asset *(Note 5)*	389,236	515,474
Royalty receivable *(Note 7)*	272,340	453,357
Goodwill (*Note 8*)	1,748,458	1,748,458
Total assets	**$ 7,915,525**	**$ 8,186,930**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,363,902	$ 2,197,075
Deferred revenue	125,245	90,900
Income taxes payable	-	38,598
Current portion of right of use lease *(Note 9)*	123,073	107,114
Loans payable *(Note 10)*	250,000	140,000
Total current liabilities	3,862,220	2,573,687
Long-term liabilities		
Right of use lease *(Note 9)*	315,284	438,357
Loans payable *(Note 10)*	961,319	933,645
Total liabilities	5,138,823	3,945,689
Shareholders' equity		
Share capital *(Note 11)*	77,167,778	76,760,128
Contributed surplus	3,715,993	3,635,443
Accumulated other comprehensive loss *(Note 2d)*	-	(820,310)
Deficit	(78,107,069)	(75,334,020)
Total shareholders' equity	2,776,702	4,241,241
Total liabilities and shareholders' equity	**$ 7,915,525**	**$ 8,186,930**

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

On behalf of the Board:

"Philip Campbell"
CEO and Director

"Herb Dhaliwal"
Director

Herbal Dispatch Inc.

Consolidated Statements of Operations

For the years ended December 31, 2024 and 2023

(expressed in Canadian dollars, unless otherwise noted)

	2024	2023
Revenue:		
Sales	$ 12,048,203	$ 5,735,700
Excise duties	(2,124,729)	(991,904)
Net revenue *(Note 15)*	9,923,474	4,743,796
Cost of sales	7,928,677	3,449,540
Gross profit	1,994,797	1,294,256
Expenses:		
General and administration *(Note 18)*	2,244,412	1,926,589
Selling and marketing *(Note 18)*	797,127	662,074
Share based compensation *(Note 13)*	42,591	-
Depreciation & amortization *(Note 5, 6)*	404,466	390,525
	3,488,596	2,979,188
Loss from operations	(1,493,799)	(1,684,932)
Other expenses (income)		
Interest and other *(Note 19)*	288,675	140,486
Loss on disposal of assets	-	74,574
Impairment of investments *(Note 7)*	195,510	199,012
Gain on settlement of debt	(19,912)	(78,688)
Realization of currency translation *(Note 2d)*	820,310	-
(Gain) loss on foreign exchange	(10,966)	13,634
Accretion expense	5,633	37,360
	1,279,250	386,378
Net loss	**(2,773,049)**	**(2,071,310)**
Other comprehensive loss		
Currency translation adjustment (*Note 2d*)	820,310	(880)
Comprehensive loss	$ (1,952,739)	$ (2,072,190)
Basic and diluted loss per share	$ (0.04)	$ (0.03)
Weighted average number of common shares outstanding	78,943,902	70,312,692

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

Herbal Dispatch Inc.
Consolidated Statements of Shareholders' Equity
As at December 31, 2024 and 2023
(expressed in Canadian Dollars, unless otherwise noted)

	Common Shares		Contributed Surplus	Accumulated other comprehensive loss	Deficit	Shareholders' Equity
	Number	$	$	$	$	$
Balance, December 31, 2022	**73,354,562**	**76,744,245**	**3,614,977**	**(819,430)**	**(73,262,710)**	**6,277,082**
Shares issued – acquisitions *(Note 11)*	273,137	15,883	-	-	-	15,883
Issuance of convertible debenture *(Note 10)*	-	-	20,466	-	-	20,466
Currency translation adjustment	-	-	-	(880)	-	(880)
Net loss for the year	-	-	-	-	(2,071,310)	(2,071,310)
Balance, December 31, 2023	**73,627,699**	**76,760,128**	**3,635,443**	**(820,310)**	**(75,334,020)**	**4,241,241**
Shares issued *(Note 11)*	8,153,000	407,650	-	-	-	407,650
Share based compensation *(Note 13)*	-	-	42,591	-	-	42,591
Convertible debenture – equity *(Note 10)*	-	-	37,959	-	-	37,959
Currency translation adjustment *(Note 2d)*	-	-	-	820,310	-	820,310
Net loss for the year	-	-	-	-	(2,773,049)	(2,773,049)
Balance, December 31, 2024	**81,780,699**	**77,167,778**	**3,715,993**	**-**	**(78,107,069)**	**2,776,702**

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

Herbal Dispatch Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(expressed in Canadian Dollars, unless otherwise noted)

	2024	2023
Cash provided by (used for):		
Operating activities:		
Net loss	$ (2,773,049)	$ (2,071,310)
Items not affecting cash:		
Share based compensation	42,591	-
Depreciation & amortization	404,466	390,524
Loss on disposal of assets	-	74,574
Loss on investments	195,510	199,014
Gain on settlement of debt	(19,912)	(78,688)
Realization of currency translation	820,310	-
(Gain) loss on foreign exchange	(10,966)	13,633
Accretion expense	5,633	37,360
Changes in non-cash working capital balances:		
Trade and other receivables	177,734	(322,666)
Prepaid expenses and deposits	(61,505)	(73,196)
Inventory	(356,031)	(854,156)
Accounts payable and accrued liabilities	1,166,827	1,643,621
Deferred revenue	34,345	90,900
Cash used in operating activities	**(374,047)**	**(950,390)**
Investing activities:		
Purchase of property and equipment	(21,883)	(6,337)
Cash used in investing activities	**(21,883)**	**(6,337)**
Financing activities:		
Advances of loans payable	930,468	600,000
Repayment of loans payable	(780,468)	(500,000)
Issuance of common shares	407,650	-
Repayment of acquisition consideration payable	-	(35,920)
Repayment of right of use lease liability	(107,114)	(85,722)
Cash provided by (used in) financing activities	**450,536**	**(21,642)**
Increase (decrease) in cash	54,606	(978,369)
Effect of exchange rate changes on cash	(2,212)	(2,833)
Cash, beginning of period	222,392	1,203,594
Cash, end of period	**$ 274,786**	**$ 222,392**

Supplemental cash flow information (*Note 14*)

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

Note 1 – Nature of operations and going concern

Herbal Dispatch Inc. ("Herbal Dispatch" or the "Company") owns and operates leading cannabis e-commerce platforms and is dedicated to providing top quality cannabis to informed consumers at affordable pricing. The Company's flagship cannabis marketplace, Herbal Dispatch, is a trusted source for exclusive access to small-batch craft cannabis flower and a wide-array of other product formats.

The Company was incorporated under the Business Corporations Act (British Columbia) on May 30, 2013 under the name Ascent Industries Corp. ("Ascent"). On May 15, 2020 the Company changed its name to Luff Enterprises Ltd. and on January 20, 2023, the Company changed its name to Herbal Dispatch Inc. The Company's head office and principal address is located at Suite 1750 – 1055 West Georgia Street, Vancouver, BC V6E 3P3.

The common shares of the Company trade on the Canadian Securities Exchange (the "Exchange") under the trading symbol "***HERB***"***.***

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. In the year ended December 31, 2024, the Company incurred a net loss of $2,773,049 (net loss of $2,071,310 for the year ended December 31, 2023). The continuation of the Company as a going concern will be dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing. Subsequent to December 31, 2024, the Company completed a debt financing for gross proceeds of $600,000, which provided the Company with additional working capital. The ability of the Company to be successful in obtaining additional future financing cannot be predicted at this present time.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 2 – Summary of material accounting policy information

a) Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance with International Reporting Standards (IFRS), as issued by the International Accounting Standards Board on a going concern basis. These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 24, 2025.

On February 23, 2024, the Company consolidated the common shares issued in the capital of the Company on the basis of 10 pre-consolidated common shares for 1 post-consolidated common share. As a result, the number of shares outstanding have been adjusted and restated for all periods presented to reflect the effect of the share consolidation. The Company's outstanding warrants, options, and other convertible securities have also been adjusted on the same basis with respect to the underlying common shares exercisable pursuant to the warrants, options, and other convertible securities, with proportionate adjustments being made to applicable exercise or conversion prices, as applicable.

b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company's current active subsidiaries include Rosebud Productions Inc. and Coco Pure Beverage Corp. All inter-company balances and transactions have been eliminated on consolidation.

Note 2 – Summary of material accounting policy information, continued

c) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for assets classified as held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell, and investment and derivatives, which are measured at fair value through profit or loss.

d) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of operations. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated into Canadian dollars at period end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations are recognized in other comprehensive income and accumulated in equity.

As at December 31, 2024, the Company no longer had any foreign operations and all currency translation amounts previously accumulated in other comprehensive loss were fully recognized in the consolidation statement of operations during the year ended December 31, 2024.

e) Cash

Cash includes cash deposits in financial institutions and other deposits that are readily convertible into cash.

f) Inventory

Inventories of ingredients, purchased cannabis products, finished goods and packaging materials are initially measured at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis.

The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

Note 2 – Summary of material accounting policy information, continued

g) Property and equipment and right of use asset

Property and equipment are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

For the periods ending December 31, 2024 and 2023, depreciation is calculated on a straight-line basis over the estimated useful life of the assets on a pooled basis, as is consistent with industry practice. Management estimates those useful lives to be:

- Computer equipment - 3 years
- Production equipment - 4 to 5 years

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of operations when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment acquired, but not available for use are not amortized until they are available for use.

Right of use asset are recorded on a present value basis at inception of the lease and amortized on a straight-line basis over the life of the lease. The cost of asset is adjusted for any re-measurement of the lease liability and is less any accumulated depreciation and accumulated impairment losses, if any.

h) Assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, intangible assets and property and equipment are no longer amortized or depreciated.

i) Intangible assets and goodwill

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

Note 2 – Summary of material accounting policy information, continued

i) Intangible assets and goodwill, continued

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but tested for impairment at least annually or more frequently if events and circumstances exists that indicate that a goodwill impairment test should be performed. The Company has selected December 31 as the date to perform the annual impairment test.

For the periods ended December 31, 2024 and 2023, amortization was calculated on a straight-line basis over the following estimated useful lives:

- Cannabis licenses - 20 years
- Customer platforms - 10 years
- Trademark – 10 years

j) Right of use lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for considerations. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

    - The Company has the right to operate the asset; or
    - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

Note 2 – Summary of material accounting policy information, continued

j) Right of use lease, continued

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Right of use leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of operations. A leased asset is amortized over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is amortized over the shorter of the estimated useful life of the asset and the lease term.

The Company has elected to recognize the lease payments associated with short term leases and leases for which the underlying asset is of low value as an expense on a straight-line basis over the lease term.

k) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset or CGU is the greater of its fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment.

Note 2 – Summary of material accounting policy information, continued

l) Share capital

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in contributed surplus over the vesting periods are recorded as share capital. Share capital issued for nonmonetary consideration is recorded at an amount based on the fair market value of the shares on the date of issue.

m) Share-based compensation

The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

n) Comprehensive loss

Comprehensive loss consists of loss and other comprehensive income (loss) (OCI). OCI represents changes in shareholder's equity during a period arising from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as available for sale and foreign currency translation.

o) Loss per share

The Company calculates basic loss per share using the weighted average number of common shares outstanding during the year. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti- dilutive.

p) Business acquisitions

Business acquisitions are accounted for using the acquisition method. The cost of a business acquisition is measured at the fair value of the aggregate consideration transferred, measured at the acquisition date. All acquisition costs are expensed as incurred in general and administration expenses. Any acquisition consideration payable is measured at fair value at the acquisition date. Any subsequent changes to acquisition consideration payable are recognized in profit or loss.

Note 2 – Summary of material accounting policy information, continued

q) Revenue recognition

The Company generates revenue primarily from the sale of cannabis and cannabis related products. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identifying the contract with a customer
2. Identifying the performance obligation(s) in the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligation(s) in the contract
5. Recognizing revenue when or as the Company satisfies the performance obligation(s)

Revenue from the sale of cannabis and cannabis related products are generally recognized when control over the goods has been transferred to the customer. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. Payment for consumer transactions are typically made at the time the product is ordered. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery to the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

When the Company receives payment from customers for products that have not yet been received by the customer, these payments are reported as deferred revenue until such time as the related revenue is recognized.

r) Income taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity.

Current income taxes

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Note 2 – Summary of material accounting policy information, continued

Changes in deferred tax assets or liabilities are recognized as a component of income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

s) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified at amortized cost, at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The determinant of the classification of the financial asset is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date.

The Company's financial assets include cash, trade and other receivables, and royalty receivable.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets unless it is measured at amortized cost or at fair value through other comprehensive income. The Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Company has designated royalty receivable at fair value through profit or loss upon initial recognition.

Note 2 – Summary of material accounting policy information, continued

t) Financial instruments, continued

Amortized cost
Financial assets are measured at amortized cost if the two following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has designated cash and trade and other receivables at amortized cost.

Fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income is permitted if the two following conditions are met:

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

The Company has not designated any financial assets at fair value through other comprehensive income upon initial recognition.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when one of the following conditions is met:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Company's continuing involvement in it. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Note 2 – Summary of material accounting policy information, continued

t) Financial instruments, continued

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on all financial assets. The expected credit loss model requires a loss allowance to be recognized on the financial asset regardless of whether an actual loss event has occurred.

The expected credit loss model presents three stages of credit loss allowances that must be assessed on all financial assets acquired by the Company. At the reporting date, if the credit risk of a financial asset has not significantly changed from initial recognition, an allowance for that financial instrument at an amount equal to a 12-month expected credit losses is recognized (Stage 1). Once the financial assets credit risk significantly increases from initial recognition, a lifetime expected credit loss will be recognized (Stage 2). At Stage 2 the interest revenue from the asset will continue to be calculated on the carrying value of the asset before impairments. If the credit quality of the financial asset deteriorates, the lifetime expected loss will continue to be recognized, however the interest revenue will now be calculated on the net amortized carrying value after deducting the loss allowance (Stage 3).

The assessment of significant increases in credit loss is completed at the reporting date and considers historical events, current market conditions and supportable information about future economic conditions that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in general and administrative expenses in the consolidated statements of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If in a subsequent year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in profit or loss.

Note 2 – Summary of material accounting policy information, continued

t) Financial instruments, continued

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities, and loans payable.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as measured at fair market value if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities at fair value are recognized in profit or loss.

The Company has not designated any financial liabilities as fair value through profit or loss.

Amortized cost
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method (EIR). The EIR amortization is included in finance costs in profit or loss.

The Company's financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and loans payable.

Derecognition

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Note 2 – Summary of material accounting policy information, continued

t) Financial instruments, continued

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, or a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 21.

u) Material accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgements estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

Significant judgements

a. Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably convertible debt and loans, are determined using valuation techniques. The Company uses judgement to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgement and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. The assumptions regarding the fair value of financial instruments are disclosed in Note 21.

Note 2 – Summary of material accounting policy information, continued

u) Material accounting judgements, estimates and assumptions, continued

Significant judgements, continued

b. Business acquisitions

In a business acquisition, judgment is exercised in determining whether the transaction meets the definition of a business combination or is an acquisition of assets. The Company evaluates whether the acquired set of activities and assets includes an input, a process and an output as required under IFRS 3.

c. Going concern assumption

The Company exercises judgement in determining its ability to continue to operate for the foreseeable future and to be able to discharge its liabilities in its normal course of business. The Company assesses its current and forecasted cash and working capital balances to make this determination.

Significant estimates

a. Convertible instruments

Convertible loans are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. The identification of convertible notes components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

b. Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Note 2 – Summary of material accounting policy information, continued

u) Material accounting judgements, estimates and assumptions, continued

Significant estimates, continuation

c. Share based payments and warrants

All equity-settled, share based awards and share purchase warrants issued by the Company are fair valued using the Black-Scholes option-pricing model or other fair value techniques. In assessing fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

d. Leased assets

Leases require assumptions and estimates in order to determine the value of the right of use asset and lease liabilities. Judgement must be applied when determining the implicit and incremental rates of borrowing, as applicable. Judgement must also be applied as to whether renewal options are reasonably certain of being exercised and whether periods covered by an option to terminate are reasonably certain of not being exercised.

e. Inventory valuation

Management has applied judgement in the determination of the net realizable value of its inventory. Management estimates net realizable value by estimating selling prices in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

f. Estimated useful lives and depreciation of property and equipment, intangible assets and impairment of non-financial assets

Depreciation of property and equipment and intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

g. Business acquisitions

In a business acquisition, the Company may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property and equipment and intangible assets acquired, the Company may rely on independent third-party valuators. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, discount rates, and earnings multiples.

Note 2 – Summary of material accounting policy information, continued

u) Material accounting judgements, estimates and assumptions, continued

h. Impairment of goodwill and intangible assets

Management believes that the methodology used to identify CGU(s) and test impairment of goodwill and intangible assets, involves a significant number of judgments and estimates. Many of the factors used in determining whether goodwill and intangible assets is impaired are outside of management's control and inherently uncertain. Therefore, actual results could differ from those estimated. As well, it is reasonably likely that assumptions and estimates will change in future periods that could have a significant impact on the recoverable amount of a CGU, which could result in an impairment loss.

The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. To arrive at cash flow projections, the Company uses estimates of economic and market information over the projection periods, including growth rates in revenue, estimates of changes in gross margins, cash expenditures, and future changes in working capital requirements. For further information on the Company's assessment of goodwill at December 31, 2024, refer to Note 8.

v) Measurement uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

w) Recent adoptions

The following amendments became effective on January 1, 2024 and did not have a material impact on the Company's financial statements:

- In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) that provides guidance on how covenants may affect an entity's right to defer settlement of a liability for at least twelve months after the reporting period, which may determine whether a liability should be presented as current or non-current.

x) Future Adoptions

- In June 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures which set out requirements for an entity to disclose information about its sustainability and climate related risks and opportunities. Both Standards are effective for the fiscal years beginning January 1, 2024, but certain transitional reliefs are available.

  The ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board Standards to identify sustainability-related risks, opportunities and appropriate metrics. The Company is currently evaluating the impact of these reporting requirements.

Note 2 – Summary of material accounting policy information, continued

x) Future Adoptions, continued

- In March 2024, the Canadian Sustainability Standards Board proposed two exposure drafts on Canadian Sustainability Disclosure Standards ("CSDS") 1, General Requirements for Disclosure of sustainability related Financial Information and CSDS 2, Climate-related Disclosures. Both exposure drafts align with IFRS S1 and S2 with modifications to align with Canadian-specific needs which includes: extending voluntary adoption dates for CSDS 1 and 2 from January 1, 2024 to January 1, 2025; extending the proposed transition relief for disclosures beyond climate-related risks and opportunities to two years; and extending the proposed transition relief for disclosure of Scope 3 Greenhouse gas emissions from one year granted by the ISSB to two years.

  Entities that voluntarily adopt the CSSB on January 1, 2025, will be required to disclose all sustainability-related risks and opportunities as well as Scope 3 Greenhouse gas emissions from the reporting period beginning on or after January 1, 2027.

- In August 2023, the IASB issued Lack of Exchangeability (amendments to IAS 21), which clarifies that entities must estimate the spot exchange rate when it is determined that a currency lacks exchangeability. The amendments apply for annual reporting periods beginning on or after January 1, 2025, with early adoption permitted.

- In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1 Presentation of Financial Statements. IFRS 18 will introduce a standardized structure for the statement of profit or loss including disclosures on management-defined performance measures and new principles for the aggregation and disaggregation of information. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted.

(Expressed in Canadian Dollars, unless otherwise noted)

Note 3 – Trade and other receivables

	December 31 2024 $	December 31 2023 $
Trade receivables, net (1)	**471,037**	704,318
Other receivables	**55,547**	-
Total receivables	**526,584**	704,318

(1) Net of expected credit losses of $14,000 (2023 - $18,444).

The aging analysis of trade receivables is as follows:

	Total $	1-30 $	31-60 $	61-90 $	91+ $
December 31, 2024	**471,037**	**258,035**	**115,858**	**54,969**	**42,175**
December 31, 2023	704,318	631,147	32,845	16,067	24,259

Information about the Company's exposure to credit risks for trade and other receivables is included in Note 21.

Note 4 – Inventory

	December 31 2024 $	December 31 2023 $
Packaging	**436,860**	91,023
Ingredients and cannabinoids	**745,392**	492,513
Finished goods	**416,218**	658,903
Total inventory	**1,598,470**	1,242,439

Inventory expensed in direct costs for the year ended December 31, 2024 was $7,140,572 (year ended December 31, 2023 - $3,042,266).

(Expressed in Canadian Dollars, unless otherwise noted)

Note 5 – Property and equipment and right of use asset

	Computer equipment $	Production equipment $	Right of use asset $	Total $
Cost				
December 31, 2022	7,606	73,242	-	80,848
Additions	2,242	4,095	631,193	637,530
December 31, 2023	9,848	77,337	631,193	718,378
Additions	-	21,883	-	21,883
December 31, 2024	**9,848**	**99,220**	**631,193**	**740,261**
Accumulated depreciation				
December 31, 2022	798	6,159	-	6,957
Depreciation	2,627	19,068	115,719	137,414
December 31, 2023	3,425	25,227	115,719	144,371
Depreciation	2,837	21,943	126,238	151,018
December 31, 2024	**6,262**	**47,170**	**241,957**	**295,389**
Net book value				
December 31, 2023	6,423	52,110	515,474	574,007
December 31, 2024	**3,586**	**52,050**	**389,236**	**444,872**

(Expressed in Canadian Dollars, unless otherwise noted)

Note 6 – Intangible assets

	Licenses $	Customer Platform $	Trademark $	Total $
Cost				
December 31, 2022	1,832,000	1,605,000	-	3,437,000
Additions	-	-	13,476	13,476
December 31, 2023	1,832,000	1,605,000	13,476	3,450,476
Additions	-	-	-	-
December 31, 2024	**1,832,000**	**1,605,000**	**13,476**	**3,450,476**
Accumulated depreciation				
December 31, 2022	34,350	60,187	-	94,537
Depreciation	91,600	160,500	1,011	253,111
December 31, 2023	125,950	220,687	1,011	347,648
Depreciation	91,600	160,500	1,348	253,448
December 31, 2024	**217,550**	**381,187**	**2,359**	**601,096**
Net book value				
December 31, 2023	1,706,050	1,384,313	12,465	3,102,828
December 31, 2024	**1,614,450**	**1,223,813**	**11,117**	**2,849,380**

Acquisition of Golden Spruce

In April 2023, the Company completed the acquisition of certain assets related to the Golden Spruce cannabis brand. The Company issued 225,000 common shares in consideration for the acquisition. An additional 75,000 common shares are contingently issuable should certain future revenue targets be achieved from the sale of Golden Spruce branded cannabis products. The value of the share consideration issued was $13,476.

(Expressed in Canadian Dollars, unless otherwise noted)

Note 7 – Royalty receivable

	December 31 2024 $	December 31 2023 $
Opening balance	**453,357**	464,237
Gain (loss) on foreign exchange	**14,493**	(10,880)
Impairment	**(195,510)**	-
Ending balance	**272,340**	453,357

The Company previously had a loan receivable owing from Enhanced Pet Sciences Corporation ("EPS"), which consisted of a principal balance of USD $536,995 plus accrued interest, incurred at a rate of 8% per annum. The loan receivable had been past due and in default since December 31, 2022. In the first quarter of 2024, the Company commenced litigation against EPS and the guarantors of the loan. As part of EPS's defence strategy, EPS then filed a counter suit against the Company in the State of Kentucky for unspecified damages pertaining to an unfulfilled lease agreement and failed negotiations related to a potential plan of arrangement between the two companies in early 2020. EPS has also alleged that the loan should be considered an advance of funds for transition steps in the plan of arrangement and not be enforceable against EPS or its guarantors.

In the third quarter of 2024, the Company settled all litigation claims between the Company and EPS regarding its outstanding loan receivable owing from EPS as well as all other matters of dispute between the parties. As part of the settlement, the Company's loan receivable was replaced by a royalty agreement receivable whereas the Company will receive royalty payments in an amount equal to five percent of all of EPS's gross sales until the Company has received total payments equal to CAD $850,000 (the Target Amount"). The royalty payments shall be made on a quarterly basis within 30 days of the end of each calendar quarter.

In conjunction with the settlement agreement, EPS also granted to the Company the right (the "Call Option") to convert any portion of the remaining royalty payments owing into up to a maximum of 1,700,000 common shares (the "Target Shares") of EPS at a deemed price of $0.50 per share (the "Strike Price"). The number of Target Shares shall be reduced by one share of stock for every Strike Price EPS has paid to the Company in royalty payments. The Strike Price may be adjusted downwards in certain circumstances, including if EPS issues new common shares at a price lower than the Strike Price that exceeds 5% of its outstanding common shares at the time. The Call Option shall expire upon full repayment of the Target Amount by EPS.

Any remaining unpaid balance of the Target Amount shall be paid by EPS on or before July 19, 2027, unless extended, at the option of EPS, for an additional three years. If EPS exercises its option to extend the payment deadline, the outstanding balance owing at the time the deadline is extended shall be increased by 10% and an additional 250,000 common shares of EPS shall be added to the original amount of the Target Shares. EPS may prepay the Target Amount at any time.

In the year ended December 31, 2024, the company recognized the royalty receivable at its estimated fair value of $272,340 (*Note 21)* and reported a loss on revaluation of this investment of $195,510. The updated fair value estimate represents a substantial discount against the full balance owing, given the significant credit risk associated with the royalty receivable and the expected time it will take to successfully collect the royalty receivable from EPS. The full undiscounted royalty receivable outstanding at December 31, 2024 was $850,000.

Note 7 – Royalty receivable, continued

In addition, the Company holds common shares in EPS. This investment is currently valued at nil due to the significant uncertainty that any value will be realized from this investment in the future. During the prior year ended December 31, 2023, a loss of $199,012 was recognized related to the company's investment in EPS.

Note 8 – Goodwill

In accordance with its accounting policies, the Company conducts a goodwill impairment test in the fourth quarter of each fiscal year, or more frequently if circumstances indicate that impairment may have occurred. The Company allocates goodwill to its CGU(s). The CGU(s) are defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Other factors are also considered, including how management monitors the Company's operations. The Company has determined that it currently operates in one CGU.

At December 31, 2024 and 2023, the Company performed its annual impairment tests for goodwill and concluded that there was no impairment of goodwill as the recoverable amounts of its CGU(s) were higher than the carrying amounts. Herbal Dispatch determines the recoverable amount for its CGU(s) on the basis of fair value less costs to sell (FVLCS). The FVLCS was determined by discounting the expected future cash flows generated from the Company's continuing use of its CGU(s). The discounted cash flow model calculates the present value of the estimated future cash flows of the CGU(s).

Estimating future cash flows requires judgment, considering past and actual performance as well as expected developments in the Company's market and in the overall macro-economic environment. The calculation of FVLCS was based on the following key assumptions:

- Cash flows were projected based on experience, actual operating results and the business plan forecasts for the next three years;
- The terminal growth rate was estimated to be 2.0% and was based on management's best estimate of the long-term growth rate of its CGU after the forecast period, considering future economic forecasts;
- The discount rate of 23.1% reflects the size, risk profile and circumstances of the Company and is based on experience and the industry-weighted average cost of capital; and
- The tax rates used in determining the future cash flows are those substantively enacted at the valuation date.

Management believes that the methodology used to identify CGU(s) and test impairment of goodwill, which involves a significant number of judgments and estimates, provides a reasonable basis for determining whether an impairment loss has occurred. Many of the factors used in determining whether or not goodwill is impaired are outside of management's control and inherently uncertain. Therefore, actual results could differ from those estimated. As well, it is reasonably likely that assumptions and estimates will change in future periods that could have a significant impact on the recoverable amount of a CGU, which could result in an impairment loss.

(Expressed in Canadian Dollars, unless otherwise noted)

Note 9 – Obligations under right-of-use lease

Effective February 1, 2023, the Company entered into a five-year lease agreement for a property, which resulted in a right of use asset and liability of $631,193 being recognized. The Company recognizes its obligations under the right of use lease at the present value of future lease payments due. The obligations under the right of use lease at December 31, 2024 incurs interest at a discount rate of 8.7% per annum and is repayable in current monthly blended principal and interest payments of $12,091, and matures in January 2028. This lease liability corresponds with right of use asset with a net book value of $389,236 (December 31, 2023 – 515,474).

Future minimum lease payments required over the five years for obligations under right of use lease were as follows:

	December 31 2024 $	December 31 2023 $
Within one year	**156,400**	150,385
Thereafter	**346,216**	502,616
Total minimum lease payments	**502,616**	653,001
Less: amount representing interest	**(64,259)**	(107,530)
Present value of minimum lease payments	**438,357**	545,471
Less: current portion	**(123,073)**	(107,114)
	315,284	438,357

During the year ended December 31, 2024, the Company recognized $126,238 of depreciation related to right of use asset (year ended December 31, 2023 - $115,719).

Note 10 – Loans payable

	December 31 2024 $	December 31 2023 $
Debenture A	**420,872**	433,645
Debenture C	**480,447**	500,000
Other loans	**250,000**	100,000
CEBA loan	**60,000**	40,000
	1,211,319	1,073,645
Less: current portion	**(250,000)**	(140,000)
	961,319	933,645

Note 10 – Loans payable, continued

Debenture A

The Company has an outstanding unsecured convertible debenture in the principal amount of $438,000 (the "Debenture A") owing to a company controlled by a director and shareholder of the Company. The Debenture A was originally due to mature on May 23, 2024 but was subsequently amended to extend the maturity date to January 31, 2025. In December 2024, the Debenture A was again amended and the maturity date further extended to January 31, 2026.

Subject to the approval of the Exchange, the Debenture A is also convertible, at the holder's option into common shares of the Company at $0.06 per share, and at the Company's election, during any period where the trading price of the Company's common shares is $0.12 or greater for a period of 20 consecutive trading days. These amendments remain subject to the approval of the Exchange and ratification by disinterested shareholders at the Company's next annual general and special meeting of shareholders.

The amended Debenture A was discounted to its net present value using a yield rate of 18%. The debt discount balance of $17,725 is being amortized over the term of the debenture using the effective interest rate.

Debenture C

In December 2024, the Company issued new unsecured convertible debentures (the "Debenture C") with a principal amount of $500,000 owing to a director and shareholder of the Company. The Debenture C has an annual coupon rate of 14% per annum, payable monthly, and was originally due to mature on January 31, 2025. In December 2024, the Debenture C was amended and the maturity date extended to January 31, 2026. Subject to the approval of the Exchange, the Debenture C is also convertible, at the holder's option into common shares of the Company at $0.06 per share, and at the Company's election, during any period where the trading price of the Company's common shares is $0.12 or greater for a period of 20 consecutive trading days. These amendments remain subject to the approval of the Exchange and ratification by disinterested shareholders at the Company's next annual general and special meeting of shareholders.

The amended Debenture C was discounted to its net present value using a yield rate of 18%. The debt discount balance of $20,234 is being amortized over the term of the debenture using the effective interest rate.

Other loans

Other loans at December 31, 2024 consisted of short-term loans in the amount of $250,000, which consisted of $75,000 from an arm's length party and $175,000 from two separate directors of the Company. Each loan incurs interest at a rate of 0.075% per day plus an initial discount of 0.65% at the time of issuance. The loans are secured by specific accounts receivable. The short-term loan from the arm's length party was repaid in January 2025. The short-term loans payable to the directors of the Company is due upon demand.

(Expressed in Canadian Dollars, unless otherwise noted)

Note 10 – Loans payable, continued

CEBA loan

In conjunction with a business acquisition, the Company assumed a loan received from the Canada Emergency Business Account ("CEBA"). The CEBA loan bears interest at 5.0% per annum beginning January 18, 2024. The Company had originally recorded the CEBA loan at $40,000, representing its original issue amount of $60,000 less the expected loan forgiveness amount of $20,000. However, in March 2024, the Company decided not to repay the loan by the March 28, 2024 deadline, thereby extending the maturity date until December 31, 2026. As the Company no longer qualifies for partial loan forgiveness, a loss on settlement of debt in the amount of $20,000 was recognized during year ended December 31, 2024.

Note 11 – Share capital

Authorized – Unlimited common shares with no par value	Number of shares	Amount $
Issued and outstanding at December 31, 2022	73,354,562	76,744,245
Activity during the year ended December 31, 2023:		
Shares issued – Golden Spruce assets	225,000	13,476
Shares issued – right of recission	48,137	2,407
Issued and outstanding at December 31, 2023	73,627,699	76,760,128
Activity during the year ended December 31, 2024:		
Shares issued – private placement	8,153,000	407,650
Issued and outstanding at December 31, 2024	**81,780,699**	**77,167,778**

Share consolidation

On February 23, 2024, the Company consolidated the common shares issued in the capital of the Company on the basis of 10 pre-consolidated common shares for 1 post-consolidated common share. As a result, the number of shares outstanding have been adjusted and restated for all periods presented to reflect the effect of the share consolidation.

The Company's outstanding warrants, options, and other convertible securities have also been adjusted on the same basis with respect to the underlying common shares exercisable pursuant to the warrants, options, and other convertible securities, with proportionate adjustments being made to applicable exercise or conversion prices, as applicable.

(Expressed in Canadian Dollars, unless otherwise noted)

Note 11 – Share capital, continued

Equity private placement

On May 8, 2024, the Company completed a non-brokered equity private placement ("Private Placement") of 8,153,000 units (each a "Unit") for gross proceeds of $407,650. Each Unit consisted of one common share and one common share warrant (a "Warrant") with each Warrant entitling the holder thereof to acquire one common share for a period of two years at an exercise price of $0.06 per common share. Directors and officers of the Company subscribed for an aggregate of 4,453,000 Units as part of the Private Placement.

The gross proceeds were fully allocated to share capital based on the market value of the company's common share of $0.05 at the closing of the Private Placement. As the residual method was applied, a value of $nil was assigned to the warrants. Proceeds from the Private Placement are being used for working capital purposes.

Other share issuances

In April 2023, the Company issued 225,000 common shares in consideration for the acquisition of certain assets related to the Golden Spruce brand. An additional 75,000 common shares are contingently issuable should certain future revenue targets be achieved from the sale of Golden Spruce branded cannabis products.

In conjunction with the acquisition of NG Biomed in August 2022, the Company agreed to pay cash consideration of up to $224,370 to certain shareholders of NG Biomed that had a right of recission related to their investment in NG Biomed. This recission right expired on March 31, 2023. On May 2, 2023, the Company issued 48,137 common shares as consideration for the amount of $105,950 owing to certain shareholders of NG Biomed that had not exercised their right of recission. The shares issued were measured at their fair value with the difference between the value of the extinguished liability and the common shares issued recognized as a gain on settlement of debt.

Note 12 – Share purchase warrants

	Amount	Weighted Average Exercise Price per Share $
Balance as at December 31, 2022	3,382,800	0.68
Warrants expired	(617,200)	(1.50)
Balance as at December 31, 2023	2,765,600	0.50
Private placement *(Note 11)*	8,153,000	0.06
Warrants expired	(2,765,600)	0.50
Balance as at December 31, 2024	**8,153,000**	**0.06**

The following table summarizes the warrants that were outstanding as at December 31, 2024:

Exercise Price	Number of Warrants	Expiry Date
$0.06	8,153,000	May 8, 2026

Note 13 – Share-based compensation

(Expressed in Canadian Dollars, unless otherwise noted)

The Company has adopted a stock option plan and a restricted share unit (“RSU”) plan for the benefit of its directors, officers, employees and other key personnel. The stock option plan provides that the option terms and price shall be fixed by the directors subject to the price restrictions and other requirements of the Exchange. Common shares reserved for issuance pursuant to the RSU plan and the stock option plan, on a combined basis, shall not exceed 10% of the Company’s issued and outstanding common shares, from time to time.

Stock options

The Company recorded the following activity related to stock options during the year ended December 31, 2024:

	Amount	Weighted Average Exercise Price per Share $
Balance, December 31, 2022 and 2023	40,000	0.20
Stock options issued	6,100,000	0.05
Stock options forfeited	(100,000)	0.05
Balance, December 31, 2024	**6,040,000**	**0.05**

The following table summarizes the options that were outstanding as at December 31, 2024:

Exercise Price	Number of Options	Expiry Date
$0.20	40,000	July 28, 2025
$0.05	6,000,000	August 21, 2029

(Expressed in Canadian Dollars, unless otherwise noted)

Note 13 – Share-based compensation, continued

Stock Option Grant

On August 21, 2024, the Company granted a total of 6,100,000 stock options of the Company to certain directors, officers, employees and consultants of the Company in accordance with the Company's stock option plan. Each option is exercisable to acquire one common share of the Company at an exercise price of $0.05 per share. The options shall vest in equal annual tranches over a period of 3 years from the date of grant and will expire on August 21, 2029. Of the stock options granted, 1,200,000 options were granted to independent directors and 1,300,000 options were granted to executive officers of the Company.

The remaining outstanding 40,000 stock options expire on July 28, 2025 and were fully vested at December 31, 2024.

During the year ended December 31, 2024, the Company recorded share based compensation expense of $42,591 (2023 - $nil). The compensation expense was calculated based on the fair value of each stock option on the date of the grant using the Black-Scholes option pricing model. The valuation assumptions used in valuing the stock options granted were as follows:

Stock options granted August 21, 2024	
Expected life (years)	5.0
Expected volatility	77%
Dividend rate	-
Risk-free interest rate	2.92%
Fair value per option granted ($)	0.03

Note 14 – Supplemental cash flow information

Year ended	December 31 2024 $	December 31 2023 $
Interest paid	**174,623**	110,808

(Expressed in Canadian Dollars, unless otherwise noted)

Note 15 – Segmented information

The Company generates revenue in one reportable segment: cannabis and cannabis related products. All of the Company's business activities, property and equipment, intangible assets and goodwill are located in Canada. Disaggregated revenue information by sales channel is disclosed as follows:

Year ended	December 2024 $	December 2023 $
Net revenue		
Canada		
Direct to consumer medical sales	1,490,887	1,184,349
Recreational cannabis sales	4,694,547	2,149,108
Export sales	2,903,968	1,069,950
Other revenue	834,072	338,586
	9,923,474	4,741,993
United States	-	1,803
Total net revenue	**9,923,474**	4,743,796

The Company discontinued sales in the United States in early fiscal 2023.

Note 16 – Related party transactions

Balances and transactions between the Company and its wholly owned and controlled subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below:

	December 31 2024 $	December 31 2023 $
Salaries, benefits and management fees	**225,314**	272,823
Directors' fees	**111,258**	120,000
Share based compensation	**17,746**	-
Total compensation to key management	**354,318**	392,823

The amounts disclosed in the table are the amounts recognized as an expense related to key management personnel and directors during the respective reporting periods. During the year ended December 31, 2024, the Company also incurred interest expense of $142,447 (year ended December 31, 2023 - $58,212) related to convertible debentures and other loans from directors of the Company.

As at December 31, 2024, amounts owing to key management personnel and directors included in trade and other payables was $334,502 (2023 - $156,576).

(Expressed in Canadian Dollars, unless otherwise noted)

Note 17 – Income taxes

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences were as follows:

	December 31 2024 $	December 31 2023 $
Property and equipment and intangible assets	**(517,793)**	(430,657)
Right of use asset and other	**5,121**	9,978
Losses and other tax credits carried forward	**20,064,336**	18,125,440
	19,551,664	17,704,761
Unrecognized deferred tax asset	**(19,551,664)**	(17,704,761)
Deferred tax asset	**-**	-

The Company had non-capital loss carry-forwards of approximately $73.6 million at December 31, 2024 ($71.6 million at December 31, 2023), which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to final determination by taxation authorities, expiring between 2036 and 2044. The Company did not recognize any net deferred tax assets related to its non-capital losses due to the uncertainty that sufficient taxable income will be generated in the future to utilize these losses.

The following table reconciles the expected income tax expense (recovery) at the estimated effective tax rate to the amounts recognized in the consolidated statements of operations for the years ended December 31, 2024 and 2023.

	December 31 2024 $	December 31 2023 **$**
Loss before income taxes	**(2,773,049)**	(2,071,310)
Statutory tax rate	**27.00%**	25.00%
Expected income tax expense (recovery)	**(748,723)**	(517,828)
Increase (decrease) related to:		
Non-deductible items	**12,012**	767
Deferred income tax assets not recognized	**736,711**	517,061
Total income tax expense	**-**	-

(Expressed in Canadian Dollars, unless otherwise noted)

Note 18 – Operating Expenses

	December 31 2024 $	December 31 2023 $
General and Administrative	**2,244,412**	1,926,589
Personnel	**1,420,177**	1,203,096
Professional service fees	**463,836**	429,661
Other operating expenses	**360,399**	293,832
Sales and Marketing	**797,127**	662,074
Advertising, promotions and selling costs	**583,896**	464,125
Personnel	**213,231**	197,949

Note 19 – Interest and Other

	December 31 2024 $	December 31 2023 $
Interest expense	**288,675**	154,320
Other	**-**	(13,834)
Total interest and other	**288,675**	140,486

Note 20 – Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maintain adequate levels of funding to support its ongoing operations and development. The Company's capital consists of items included in shareholders' equity and debt, which was as follows:

	December 31 2024 $	December 31 2023 $
Current portion of loans payable	**250,000**	140,000
Loans payable	**961,319**	933,645
Funded debt	**1,211,319**	1,073,645
Shareholders' equity	**2,776,702**	4,241,241
Total capital	**3,988,021**	5,314,886

(Expressed in Canadian Dollars, unless otherwise noted)

Note 20 – Capital Management, continued

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or seek additional debt financing to ensure that it has sufficient working capital to meet its short-term business requirements.

Note 21 – Financial Instruments

The financial instruments recognized on the consolidated statement of financial position are comprised of cash, trade and other receivables, royalty receivable, accounts payable and accrued liabilities and loans payable.

Fair value

The carrying values of cash, trade and other receivables, accounts payable and accrued liabilities, approximate their fair values due to the short-term nature of these instruments.

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

Fair value measurements of the royalty receivable, and loans payable are as follows:

		Fair Value Measurements		
	Carrying Amount	Level 1	Level 2	Level 3
	$	$	$	$
December 31, 2024				
Royalty receivable	272,340	-	-	272,340
Loans payable	1,211,319	-	1,211,319	-
December 31, 2023				
Loan receivable	453,357	-	-	453,357
Loans payable	1,073,645	-	1,073,645	-

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

As at December 31, 2024 and December 31, 2023, the Company measured its loans payable at Level 2 fair value as there is no active market for these items.

Note 21 – Financial Instruments, continued

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of the royalty receivable from EPS was measured utilizing Level 3 inputs, which included several assumptions related to the uncertainty of collection and the time it will take to eventually collect the royalty receivable from EPS. The royalty receivable, net of collection costs, was discounted to its fair value utilizing an estimated discount rate of 15.0% (prior year – 18.0%) per annum.

The fair value of the investment in EPS was estimated to be nil due to the significant uncertainty that any value will be realized from this investment in the future.

Risk Management
The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below.

Credit Risk
Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk from its cash is very limited as it holds its cash with highly rated financial institutions.

The Company has moderate exposure to credit risk related to its trade and other receivables. The risk exposure is limited to its carrying amount at the balance sheet date. The Company provides credit to its business customers in the normal course and has established credit evaluation and monitoring processes to mitigate this credit risk. Credit risk is assessed on a case-by-case basis and a provision is recorded where required. The Company's exposure to credit risk related to direct-to-consumer sales is limited as the majority of these sales are transacted with credit cards at the time the sale is completed.

At December 31, 2024, one customers balance made up 51% of total trade receivables.

The Company has significant credit risk associated with its royalty receivable from EPS. This receivable is discussed further in Note 7.

Interest Rate Risk
Interest rate risk is the risk that the value of a financial instrument and associated cash flows might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company has obtained primarily fixed rate debt which limits its exposure to interest rate fluctuations.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Note 21 – Financial Instruments, continued

At December 31, 2024 the undiscounted contractual obligations related to financial liabilities were as follows:

	Less than 1 year $	1-5 Years $	Total $
Accounts payable and accrued liabilities	3,363,902	-	**3,363,902**
Loans payable	250,000	998,000	**1,248,000**

Foreign Currency Risk

The Company was exposed to foreign currency risk in relation to its loan receivable with EPS and a portion of its cash, which were denominated in USD. However, in fiscal 2024, the loan receivable with EPS was restructured as a royalty receivable denominated in CAD. The Company also currently holds minimal amounts of cash denominated USD. As a result, the Company is currently not subject to significant foreign currency risks associated with its financial instruments.

Note 22 – Subsequent event

In March 2025, the Company completed a debt financing for gross proceeds of $600,000 to support the Company's growth initiatives. The debt financing carries a two-year term, incurs interest at a rate of 18.0% per annum and is repayable in equal monthly instalments of $29,955. In conjunction with the loan agreement, the lenders were also issued 3,000,000 warrants, each entitling the holder to acquire one common share of the Company at an exercise price of $0.0650 per share. The warrants will expire on March 19, 2029. Additionally, a closing fee of $12,000 was incurred in connection with the transaction.