



Greenway  
Greenhouse  
Cannabis  
Corporation

# **GREENWAY GREENHOUSE CANNABIS CORPORATION**

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended December 31, 2024 and 2023

(Unaudited - In Canadian Dollars)

## **NOTICE TO READER**

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

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor

# Greenway Greenhouse Cannabis Corporation

## Condensed Interim Statements of Financial Position

(Unaudited - in Canadian dollars)

	Notes	December 31, 2024 \$	March 31, 2024 \$
<b>Assets</b>			
Current assets			
Cash		2,157,676	1,530,810
Accounts receivable		423,755	920,575
Inventory	4	1,252,436	1,652,725
Biological assets	5	481,086	366,026
Prepaid expenses and deposits		275,120	204,015
		<b>4,590,073</b>	4,674,151
Property, plant and equipment	6	27,027,841	28,414,974
		<b>31,617,914</b>	33,089,125
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		1,427,482	1,390,240
Accounts payable to related parties	11	4,483,852	3,763,519
Customer deposits		99,581	-
Current portion of lease liabilities	7	389,109	372,997
		<b>6,400,024</b>	5,526,756
Lease liabilities	7	7,981,623	8,275,502
Long-term debt	8	4,900,000	4,900,000
Convertible debentures	9	2,576,396	2,471,818
		<b>21,858,043</b>	21,174,076
<b>Shareholders' Equity</b>			
Share capital	10	24,148,978	24,043,978
Warrants reserve	14	295,201	295,201
Share-based payments reserve	13	4,865,889	4,865,889
Equity component of convertible debentures	9	462,644	462,644
Deficit		(20,012,841)	(17,752,663)
		<b>9,759,871</b>	11,915,049
		<b>31,617,914</b>	33,089,125

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

**Greenway Greenhouse Cannabis Corporation**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
(Unaudited - in Canadian dollars)

	Notes	For the three months ended		For the nine months ended	
		December 31,		December 31,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Gross revenue</b>		<b>1,687,006</b>	1,388,200	<b>5,924,828</b>	3,748,000
Excise taxes		<b>(10,285)</b>	-	<b>(46,991)</b>	-
<b>Net revenue</b>		<b>1,676,721</b>	1,388,200	<b>5,877,837</b>	3,748,000
<b>Cost of sales</b>					
Cost of goods sold	4,11	<b>1,092,047</b>	1,192,135	<b>4,142,137</b>	2,766,141
Amortization	4,6	<b>335,476</b>	386,909	<b>1,232,535</b>	830,847
<b>Gross profit before fair value adjustments</b>		<b>249,198</b>	(190,844)	<b>503,165</b>	151,012
Fair value adjustment on sale of inventory	4	-	-	-	(48,226)
Fair value adjustment on growth of biological assets	5	-	83,837	-	132,063
<b>Gross profit</b>		<b>249,198</b>	(107,007)	<b>503,165</b>	234,849
<b>Operating expenses</b>					
General and administration	11,15	<b>334,526</b>	323,092	<b>1,042,013</b>	1,001,273
Amortization	6	<b>104,079</b>	84,191	<b>313,217</b>	244,215
Share-based compensation	11,13	-	585,244	-	751,594
Professional fees		<b>76,043</b>	78,898	<b>279,072</b>	178,606
Marketing and sales		<b>66,323</b>	46,470	<b>221,921</b>	150,188
Research and development		<b>22,024</b>	-	<b>43,515</b>	-
Investor relations	9,10	-	120,000	-	390,000
Bad debt		<b>13,666</b>	-	<b>13,666</b>	268,237
Impairment of intangible asset	18	<b>35,913</b>	-	<b>35,913</b>	-
		<b>652,574</b>	1,237,895	<b>1,949,317</b>	2,984,113
<b>Operating loss</b>		<b>(403,376)</b>	(1,344,902)	<b>(1,446,152)</b>	(2,749,264)
Interest expense	7,8,9,11	<b>(271,700)</b>	(272,417)	<b>(814,026)</b>	(640,049)
<b>Loss and comprehensive loss</b>		<b>(675,076)</b>	(1,617,319)	<b>(2,260,178)</b>	(3,389,313)
Weighted average number of common shares - basic		<b>131,530,438</b>	131,584,092	<b>131,458,708</b>	131,393,004
Weighted average number of common shares - diluted		<b>131,530,438</b>	131,584,092	<b>131,458,708</b>	131,393,004
<b>Basic and diluted loss per share</b>	16	<b>(0.01)</b>	(0.01)	<b>(0.02)</b>	(0.03)

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

**Greenway Greenhouse Cannabis Corporation**  
**Condensed Interim Statements of Changes in Equity**  
(Unaudited - in Canadian dollars)

For the nine months ended December 31, 2023	Notes	Number of common shares	Share capital amount \$	Warrants reserve \$	Share-based payments reserve \$	Equity component of convertible debentures \$	Deficit \$	Total \$
Balance, March 31, 2023		130,924,747	23,697,389	165,690	5,537,504	-	(14,947,374)	14,947,374
Shares cancelled	10	(1,000,000)	-	-	-	-	-	-
Share-based payments	15	-	-	-	751,594	-	-	751,594
Shares issued for services rendered	10	1,389,777	346,589	-	-	-	-	346,589
Issuance of convertible debentures	9	-	-	129,511	-	462,644	-	592,155
Net loss		-	-	-	-	-	(3,389,313)	(3,389,313)
Balance, December 31, 2023		131,314,524	24,043,978	295,201	6,289,098	462,644	(17,842,522)	13,248,399

For the nine months ended December 31, 2024	Notes	Number of common shares	Share capital amount \$	Warrants reserve \$	Share-based payments reserve \$	Equity component of convertible debentures \$	Deficit \$	Total \$
Balance, March 31, 2024		131,314,524	24,043,978	295,201	4,865,889	462,644	(17,752,663)	11,915,049
Shares issued for interest payment	10	364,284	105,000	-	-	-	-	105,000
Net loss		-	-	-	-	-	(2,260,178)	(2,260,178)
Balance, December 31, 2024		131,528,808	24,148,978	295,201	4,865,889	462,644	(20,012,841)	9,759,871

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

**Greenway Greenhouse Cannabis Corporation**  
**Condensed Interim Statements of Cash Flows**  
(Unaudited - in Canadian dollars)

		For the three months ended		For the nine months ended	
		December 31,		December 31,	
Notes		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Cash provided by (used in) operating activities:</b>					
	Net loss for the period	(675,076)	(1,617,319)	(2,260,178)	(3,389,313)
	Items not affecting cash				
	Amortization	6 464,205	438,135	1,393,534	1,268,744
	Share-based compensation	13 -	585,244	-	751,594
	Interest expense accrued to related party	11 67,375	67,375	202,125	202,125
	Accretion on lease liabilities, net of sub-lease to related party	7 68,602	93,626	209,733	314,276
	Accretion on convertible debentures	9 36,843	19,785	104,578	19,785
	Convertible debentures issued for services rendered	-	120,000	-	120,000
	Shares issued for services rendered	10 52,500	76,589	105,000	346,589
	Fair value adjustment on sale of inventory	4 -	-	-	48,226
	Fair value adjustment on growth of biological assets	5 -	(83,837)	-	(132,063)
	<b>Cash provided by (used in) operating activities before net non-cash working capital adjustments</b>	<b>14,449</b>	<b>(300,402)</b>	<b>(245,208)</b>	<b>(450,037)</b>
	Decrease (increase) in:				
	Accounts receivable	201,772	(307,817)	496,820	(64,024)
	Government remittances receivable	-	6,120	-	(24,046)
	Inventory and biological assets	(350,261)	122,892	285,229	(603,470)
	Prepaid expenses and deposits	14,864	(19,427)	(71,105)	(23,600)
	Increase (decrease) in:				
	Customer deposits	99,581	-	99,581	-
	Accounts payable and accrued liabilities	(90,521)	154,721	152,242	(391,224)
	Accounts payable to related parties	11 59,234	46,622	30,708	(247,805)
	<b>Net cash provided by (used in) operating activities</b>	<b>(50,882)</b>	<b>(297,291)</b>	<b>748,267</b>	<b>(1,804,206)</b>
	<b>Cash used in investing activity</b>				
	Purchase of property, plant and equipment	(47,232)	(1,823,939)	(121,401)	(2,337,888)
	<b>Net cash used in investing activities</b>	<b>(47,232)</b>	<b>(1,823,939)</b>	<b>(121,401)</b>	<b>(2,337,888)</b>
	<b>Financing activities</b>				
	Proceeds from (repayments of) long-term debt	-	(40,000)	-	(40,000)
	Convertible debentures, net of issuance costs	-	2,893,081	-	2,893,081
	<b>Net cash used in financing activities</b>	<b>-</b>	<b>2,893,081</b>	<b>-</b>	<b>2,853,081</b>
	Net increase (decrease) in cash	(98,114)	731,851	626,866	(1,289,013)
	Cash, beginning of period	2,255,790	1,621,245	1,530,810	3,642,109
	<b>Cash, end of period</b>	<b>2,157,676</b>	<b>2,353,096</b>	<b>2,157,676</b>	<b>2,353,096</b>

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

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

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**1. Nature of operations**

Greenway Greenhouse Cannabis Corporation (the "Company") is licensed to cultivate, process and sell under the Cannabis Act, having obtained both Standard Cultivation and Processing licences. The Company's nursery facility is located in Kingsville, Ontario, and its flowering and processing facility is located in Leamington, Ontario. The business model is to supply bulk packaged, high quality cannabis to the Canadian cannabis industry at prices that ultimately provide a value proposition to the consumers. The Company is a majority-owned subsidiary of Sunrite Greenhouses Ltd. (the "Parent Company")

The address of the Company's registered office is 1478 Seacliff Drive, Kingsville, Ontario N9Y 2M2. The Company is a reporting issuer in the Province of Ontario and its common shares (the "Common Shares") are currently listed on the Canadian Securities Exchange ("CSE") under the symbol "GWAY" and, beginning December 1, 2022, on the OTCQB Venture Market ("OTCQB") under the symbol "GWAYF".

These financial statements were approved and authorized for use by the Board of Directors on February 25, 2025.

**2. Basis of presentation and going concern**

*a) Statement of compliance*

The Company's condensed interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed interim financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended March 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

*b) Basis of presentation and measurement*

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments and biological assets, which are measured at fair value less costs to sell, and inventory which is recorded at the lower of cost and net realizable value, as detailed in the Company's accounting policies.

*c) Functional currency*

All figures presented in the financial statements are reflected in Canadian dollars, which is the Company's functional currency.

Foreign currency transactions are translated to the functional currency of the Company at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

*d) Going concern*

These financial statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of its operations. As of December 31, 2024, the Company had a working capital deficiency of \$1,809,951 (March 31, 2024 - working capital deficiency of \$852,605) and an accumulated deficit of \$20,012,841 (March 31, 2024 - accumulated deficit of \$17,752,663). For the nine months ended December 31, 2024, the Company generated cash from operating activities of \$748,267 (2023 - used \$1,804,206), resulting primarily from items such as amortization, and decreases in accounts receivable and inventory. The Company has insufficient cash to pay creditors for the current working capital obligations and operations for the next twelve months. The Company's ability to continue as a going concern is dependent upon its ability to obtain sufficient additional funding and to generate sufficient revenues and positive cash flows from its operating activities to meet its obligations and fund its planned investments and operations. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern.

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**2. Basis of presentation and going concern (continued)**

d) *Going concern (continued)*

The Company will require revenue from its products and new financing to continue as a going concern in its present form. However, there can be no assurance that the Company will achieve such results. These condensed interim financial statements do not include any adjustments related to recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that discharge its liabilities is dependent on its ability to obtain additional financing.

In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. If the going concern assumption was not appropriate for these financial statements, then adjustments would likely be necessary in the carrying amounts of assets and liabilities, expenses, the accumulated deficit and the classification used in the statement of financial position. These adjustments could be material.

**3. Material accounting policies**

These condensed interim financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended March 31, 2024. For comparative purposes, the Company has reclassified certain immaterial items on the condensed interim statements of financial position and the condensed interim statements of income (loss) and comprehensive income (loss) to conform with the current period's presentation.

The company has also reclassified certain items on the comparative condensed interim statements of cash flows to improve clarity. Interest expense accrued to related party has been added to operating activities and deducted from accounts payable to related parties and lease payments accrued have been removed from financing activities and netted against accounts payable to related parties.

**4. Inventory**

The following is a summary of inventory activity for the nine months ended December 31, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ 1,652,725	\$ 1,493,123
Transferred from biological assets on harvest	1,967,252	1,925,654
Processing costs capitalized	3,007,131	2,279,492
Inventory sold – cash and amortization costs	(5,374,672)	(3,596,988)
Biological transformation adjustment relieved from inventory	-	(48,226)
<b>Balance, end of period</b>	<b>\$ 1,252,436</b>	<b>\$ 2,053,005</b>

As at December 31, 2024, and March 31, 2024, inventory consisted of:

	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Inventory finished goods	\$ 1,026,651	\$ 1,189,975
Inventory-in-process, dried flower	225,785	462,750
<b>Balance</b>	<b>\$ 1,252,436</b>	<b>\$ 1,652,725</b>

During the nine months ended December 31, 2024 and 2023, the Company incurred cost of sales before fair value adjustments consisting of:

	<b>2024</b>	<b>2023</b>
Cash inputs for cultivation and processing	\$ 3,963,778	\$ 2,657,783
Shipping	74,065	76,300
Repairs and maintenance	104,294	32,058
	4,142,137	2,766,141
Amortization	1,232,535	830,847
<b>Cost of sales before fair value adjustments</b>	<b>\$ 5,374,672</b>	<b>\$ 3,596,988</b>



Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**5. Biological assets**

Biological assets are comprised of cannabis plants undergoing biological transformation. The changes in the carrying value of biological assets for the nine months ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance, beginning of period	\$ 366,026	\$ 269,310
Capitalized costs	2,082,312	1,921,016
Increase in fair value due to biological transformation	-	132,063
Less: transformation into inventory	(1,967,252)	(1,925,654)
<b>Balance, end of period</b>	<b>\$ 481,086</b>	<b>\$ 396,735</b>

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price less costs to sell per gram.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from the vegetation stage to the point of harvest and assumes the value of clones is nominal.

As at December 31, 2024, the Company's biological assets were comprised of 14,720 plants (March 31, 2024 - 12,024 plants) which were, on average, 64% (March 31, 2024 - 43%) complete and it was expected that they would yield approximately 1,626 kg (March 31, 2024 - 1,488 kg) of dry flower.

Biological assets as at December 31, 2024 include \$107,902 (March 31, 2024 - \$99,598) of amortization expense.

The following table quantifies each significant unobservable input for the nine months ended December 31, 2024, and December 31, 2023:

	2024	2023
Weighted average expected loss of plants until harvest	1%	1%
Expected dry-bud yield (average grams per plant)	113 grams	160 grams
Expected average number of growing weeks	12 weeks	14 weeks
Estimated selling price of dry bud (per gram)	\$1.10	\$1.10
Post-harvest cost to complete and sell (per gram)	\$0.60	\$0.45

These estimates, by their nature, are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

The following table presents the effect of a 10% change in each respective input on the fair valuation of biological assets which would be reported on the statements of loss and comprehensive loss for the nine months ended December 31, 2024 and December 31, 2023:

	2024	2023
Impact of 10% change in:	\$	\$
Weighted average expected loss of plants until harvest	538	401
Expected dry-bud yield (average grams per plant)	52,267	39,674
Expected number of growing weeks	48,424	36,067
Estimated selling price of dry bud per gram	58,593	41,563
Post-harvest cost to complete and sell per gram	31,960	17,003

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**6. Property, plant and equipment**

	Leasehold improvements	Production equipment	Office furniture and computer equipment	Right-of-use assets	Total
Cost	\$	\$	\$	\$	\$
March 31, 2023	20,969,156	269,708	167,876	9,719,434	31,126,174
Additions	1,192,368	93,150	—	—	1,285,518
March 31, 2024	22,161,524	362,858	167,876	9,719,434	32,411,692
Additions	—	6,401	—	—	6,401
<b>December 31, 2024</b>	<b>22,161,524</b>	<b>369,259</b>	<b>167,876</b>	<b>9,719,434</b>	<b>32,418,093</b>
<b>Accumulated amortization</b>					
March 31, 2023	1,205,712	35,235	25,179	926,268	2,192,394
Amortization	1,209,719	25,302	3,315	565,988	1,804,324
March 31, 2024	2,415,431	60,537	28,494	1,492,256	3,996,718
Amortization	932,906	21,900	52,882	385,846	1,393,534
<b>December 31, 2024</b>	<b>3,348,337</b>	<b>82,437</b>	<b>81,376</b>	<b>1,878,102</b>	<b>5,390,252</b>
<b>Net book value</b>					
March 31, 2023	19,763,444	234,473	142,697	8,793,166	28,933,780
March 31, 2024	19,746,093	302,321	139,382	8,227,178	28,414,974
<b>December 31, 2024</b>	<b>18,813,187</b>	<b>286,822</b>	<b>86,500</b>	<b>7,841,332</b>	<b>27,027,841</b>

Of the amortization incurred in the three and nine months ended December 31, 2024, \$335,476 and \$1,232,535 (2023 - \$386,909 and \$830,847) has been charged to cost of sales, \$104,079 and \$313,217 (2023 - \$84,191 and \$244,215) has been expensed in operating expenses and the remainder has been recorded through the Company's inventory and biological assets costing in accordance with IAS 2 Inventories.

As at December 31, 2024, \$250,740 and \$107,902 (March 31, 2024 - \$411,262 and \$99,598) of amortization was capitalized to inventory and biological assets, respectively.

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**7. Lease liabilities**

The Company leases a greenhouse facility from Via Verde Hydroponics Ltd., a company related by way of common ownership with the majority shareholders of the Company. The initial lease term for the greenhouse was 20 years, maturing on April 30, 2039. In April 2022, the Company exercised its right to expand the leased space to an aggregate of approximately 167,000 square feet. The Company also leases a nursery facility from Sunrite Greenhouses Ltd., the majority shareholders of the Company. The initial lease term for the greenhouse was 18 years, maturing on April 30, 2039.

<b>March 31, 2023</b>	<b>\$ 9,016,374</b>
Sub-lease to related party (note 11)	(150,000)
Lease payments accrued	(700,000)
Interest expense	482,125
<b>March 31, 2024</b>	<b>\$ 8,648,499</b>
Sub-lease to related party (note 11)	(150,000)
Lease payments accrued	(487,500)
Interest expense	359,733
<b>December 31, 2024</b>	<b>\$ 8,370,732</b>

For the three and nine months ended December 31, 2024, the Company recognized an interest expense on lease liabilities in the amount of \$118,602 and \$359,733 (2023 - \$93,627 and \$314,277) in the statements of loss and comprehensive loss.

The Company used an incremental borrowing rate of 5.50% at the date of the initial application, for both the greenhouse and nursery leases. For the new square footage leased as of April 2022, the Company used an incremental borrowing rate of 5.95%. The square footage expansion was complete and operational as of May 2023. As the new square footage was not complete or operational for the month of April 2023, \$35,653 of interest expenses were capitalized to leasehold assets in the three months ended June 30, 2023. Commencing July 1, 2023, the Company has sub-leased a portion of the unutilized square footage expansion to Via Verde Hydroponics at a rate of \$200,000 per year until March 31, 2025 (note 11).

A maturity analysis of lease liabilities as at December 31, 2024 is as follows:

For the years ending	
March 31, 2025	\$ 212,500
March 31, 2026	850,000
March 31, 2027	850,000
March 31, 2028	850,000
March 31, 2029	850,000
Thereafter	8,595,833
	12,208,333
Interest due over the term of the lease	(3,837,601)
	8,370,732
Less: Current portion	389,109
	<b>\$ 7,981,623</b>

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**8. Long-term debt**

	December 31, 2024	March 31, 2024
	\$	\$
Subordinated Credit Facility - \$4,900,000 – 5.50%, interest accrues and no current terms for repayment	<b>4,900,000</b>	4,900,000
Deduct	<b>4,900,000</b>	4,900,000
Principal portion included in current liabilities	-	-
	<b>4,900,000</b>	4,900,000

Total long-term debt repayments are outlined in note 17.

The subordinated credit facility of \$4,900,000 is owed to the majority shareholder, Sunrite Greenhouses Ltd. and is secured by a charge on all assets of the Company. Interest accrues on the subordinated facility and there are no current terms for repayment.

During the three and nine months ended December 31, 2024, interest expense on long-term debt of \$67,375 and \$202,125 (2023 – \$67,375 and \$202,125) was recognized on the statements of loss and comprehensive loss.

**9. Convertible debentures**

	Debt component	Equity conversion feature
<b>Balance, March 31, 2023</b>	-	-
Issued at fair value	2,420,926	462,644
Accretion during the year	50,892	-
<b>Balance, March 31, 2024</b>	2,471,818	462,644
Accretion during the nine months	104,578	-
<b>Balance, December 31, 2024</b>	2,576,396	462,644

On October 27, 2023, the Company issued 3,500 13% secured convertible debentures (the “Debentures”), with each Debenture being in the principal amount of \$1,000 for gross proceeds of \$3,500,000, maturing 5 years from the issuance date. The principal amount of each Debenture is convertible into Common Shares at the option of the holder at any time prior to the close of business on the last business day immediately preceding the Maturity Date at a conversion price of \$0.20 per Common Share. Following the date that is 36 months from the date of issue, the Company shall have the right, but not the obligation, upon prior written notice to the holders of the Debenture of not less than 30 days, to accelerate the Maturity Date of the Debentures. Issuance costs related to the transaction total \$486,919, as well as 1,183,000 Finders’ warrants of \$129,511 as described in note 14. In connection with the above transaction, \$120,000 of investor relation services were rendered in exchange for 120 of the secured convertible debentures.

Semi-annual interest payments will be comprised of a cash payment at a rate of 10% per annum and a payment-in-kind at a rate of 3% per annum, which shall be fulfilled by delivering Common Shares at an issuance price per Common Share equal to the five-day volume-weighted average price of the Common Shares on the CSE immediately preceding the date which is two trading days prior to the date that the interest payment is due, subject to such deemed issuance price being no less than the maximum allowable discount permitted by the CSE.

At issuance, the fair value of the liability component of the Debentures was calculated using a discount rate of 18%, estimating the rate for the Debentures without the equity conversion feature attached.

As at December 31, 2024, \$nil (March 31, 2024 - \$113,750) of interest has been accrued and included in accounts payable and accrued liabilities.

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**10. Share capital**

*Authorized*

An unlimited number of common shares.

*Issued*

There are 131,678,808 common shares issued and outstanding at December 31, 2024 (March 31, 2024 – 131,314,524).

*Escrow*

As at December 31, 2024, there are no shares held in escrow.

*Activity*

During the nine months ended December 31, 2024, the Company issued 364,284 common shares for interest of \$105,000 (214,284 common shares at \$0.245 per share, and 150,000 common shares at \$0.35 per share) related to the convertible debenture offering in note 9.

During the nine months ended December 31, 2023, the Company issued 964,285 common shares at \$0.28 per share for investor relations services rendered of \$270,000, 320,000 common shares at \$0.25 per share for construction services of \$57,600 (valued at \$0.18 per share at issuance) regarding the recently completed facility expansion, resulting in a gain on issuance of \$22,400 that was netted against costs in property, plant, and equipment, and 105,492 common shares at \$0.18 for interest of \$18,989 related to the convertible debenture offering as disclosed in note 9.

On December 5, 2023, 1,000,000 common shares were returned to the Company for cancellation for no consideration by the Company's largest shareholder, Sunrite Greenhouses Ltd.

**11. Related party transactions**

Key management personnel are the officers and directors of the Company. Management and directors' fees and share-based compensation for the three and nine months ended December 31, 2024 and 2023, are summarized as follows:

	For the three months ended December 31		For the nine months ended December 31	
	2024	2023	2024	2023
Management and directors' fees	\$ 99,250	\$ 103,750	\$ 297,750	\$ 311,250
Share-based compensation	-	312,500	-	\$ 414,500
	\$ 99,250	\$ 416,250	\$ 297,750	\$ 725,750

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**11. Related party transactions (continued)**

The Company identifies the following as related parties:

Related party	Description	Relationship
Sunrite Greenhouses Ltd.	Hydroponic Cultivation	Majority Shareholder of the Company
Via Verde Hydroponics Ltd.	Hydroponic Cultivation	Common Ownership with Majority Shareholder
Del Fresco Produce Ltd.	Produce Marketer	Common Ownership with Majority Shareholder
Delfresco Express Ltd.	Produce Distribution	Common Ownership with Majority Shareholder
CFO Advantage Inc.	Management Fees	Corporation owned by the Chief Financial Officer

The Company shares certain economic resources with related parties resulting in the following expenses billed (sub-lease income charged) in the three and nine months ended December 31, 2024 and 2023, from related parties:

Description	Related Party		Three months ended December 31,		Nine months ended December 31,	
			2024	2023	2024	2023
			\$	\$	\$	\$
General Labour	Via Verde Hydroponics Ltd.	Cost of sales	<b>17,446</b>	110,468	<b>39,452</b>	394,976
General Labour	Sunrite Greenhouses Ltd.	Cost of sales	<b>45,678</b>	49,291	<b>146,556</b>	128,577
Utilities	Via Verde Hydroponics Ltd.	Cost of sales	<b>126,855</b>	79,742	<b>340,354</b>	226,900
Administrative Wages	Del Fresco Produce Ltd.	General and admin	<b>31,125</b>	18,600	<b>96,025</b>	56,480
Insurance	Via Verde Hydroponics Ltd.	General and admin	-	4,600	<b>3,680</b>	6,440
Executive Wages	Del Fresco Produce Ltd.	General and admin	-	15,000	-	44,231
Executive Wages	CFO Advantage Inc.	General and admin	<b>10,500</b>	-	<b>31,500</b>	-
Sub-lease Income	Via Verde Hydroponics Ltd.	Interest expense, net	<b>(50,000)</b>	-	<b>(150,000)</b>	-
Interest	Sunrite Greenhouses Ltd.	Interest expense	<b>67,375</b>	67,375	<b>202,125</b>	202,125

The Company has entered into a lease for approximately 57,000 square feet of greenhouse and warehouse space with Via Verde Hydroponics Ltd. The lease agreement commenced May 1, 2019 and the annual rent is \$250,000. As of April 1, 2022, the Company expanded the leased greenhouse space to an additional 125,000 square feet for an incremental annual rent of \$300,000. The Company has also entered into a lease for approximately 10,000 square feet of warehouse space with Sunrite Greenhouses Ltd. for an indoor nursery. The lease agreement commenced May 1, 2021 and the annual rent is \$300,000. The corresponding leased assets have been recorded as right-of-use assets as described in Note 6.

As at December 31, 2024, there was a balance owing to related parties noted above of \$4,483,852 (March 31, 2024 – \$3,763,519) included in current liabilities on the statement of financial position.

Related party transactions were made in the normal course of business and have been recorded at the exchange amounts.

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

## 12. Capital management

The Company's objective is to maintain sufficient capital base so as to maintain investor and creditor confidence and to sustain future development of the business and safeguard the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. Since inception, the Company has primarily been financed through long-term debt and the issuance of share capital.

The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable growth. The Company is not subject to externally imposed capital requirements.

The Company currently has not paid any dividends to its shareholders.

## 13. Stock options

During the three and nine months ended December 31, 2024 and the year ended March 31, 2024, the Company granted options subject to certain performance and time-based vesting conditions to directors, officers, employees, and consultants as follows:

	Number of Options	Weighted average exercise price \$
<b>March 31, 2023</b>	<b>10,293,000</b>	<b>0.54</b>
Granted during the year	5,325,000	0.46
Forfeited during the year	(7,725,000)	0.60
Exercised during the year	—	—
Expired during the year	(500,000)	0.31
<b>Outstanding at March 31, 2024</b>	<b>7,393,000</b>	<b>0.44</b>
<b>Exercisable at March 31, 2024</b>	<b>7,393,000</b>	<b>0.44</b>
<b>March 31, 2024</b>	<b>7,393,000</b>	<b>0.44</b>
Granted during the period	—	—
Forfeited during the period	—	—
Exercised during the period	—	—
Expired during the period	(2,518,000)	0.32
<b>Outstanding at December 31, 2024</b>	<b>4,875,000</b>	<b>0.49</b>
<b>Exercisable at December 31, 2024</b>	<b>4,875,000</b>	<b>0.49</b>

The following lists the options outstanding and exercisable at December 31, 2024:

Expiry Date	Options Outstanding	Remaining Life (Years)	Options Exercisable	Exercise Price
<b>Options</b>				\$
April 14, 2025	50,000	0.29	50,000	1.65
November 30, 2028	375,000	3.92	375,000	0.26
November 30, 2028	4,450,000	3.92	4,450,000	0.50
<b>Balance December 31, 2024</b>	<b>4,875,000</b>		<b>4,875,000</b>	

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**13. Stock options (continued)**

The fair value of options was determined using the following Black-Scholes Option Pricing Model assumptions:

	December 31, 2024	December 31, 2023
Share price (\$)	N/A	0.25 - 0.26
Exercise price (\$)	N/A	0.26 - 1.65
Expected life	N/A	1 - 5 years
Volatility	N/A	98%
Dividend yield	N/A	0%
Risk-free interest rate	N/A	3.64% - 4.68%

N/A – not applicable as no options were granted during the three and nine months ended December 31, 2024. Volatility at December 31, 2023 was determined by reference to the volatilities of several comparable entities.

During the three and nine months ended December 31, 2024, the Company recognized \$nil (2023 - \$585,244 and \$751,594, respectively) in share-based compensation in connection with the options granted.

**14. Warrants**

The Company's warrants as at December 31, 2024 are as follows:

	Number of Warrants	Exercise Price \$
<b>March 31, 2023</b>	<b>502,090</b>	<b>1.65</b>
Issued during the year	1,183,000	0.20
Expired during the year	(502,090)	1.65
<b>March 31, 2024</b>	<b>1,183,000</b>	<b>0.20</b>
Issued during the period	-	-
Expired during the period	-	-
<b>Outstanding at December 31, 2024</b>	<b>1,183,000</b>	<b>0.20</b>

The 1,183,000 warrants issued at an exercise price of \$0.20 expire on October 27, 2026.

The fair value of finders' warrants related to the convertible debenture offering was determined using the following Black-Scholes Warrant Pricing Model assumptions:

Share price	\$	0.18
Exercise price	\$	0.20
Expected life		3 years
Volatility		98%
Dividend yield		0%
Risk-free interest rate		4.45%



Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**15. General and administrative expenses**

	For the three months ended December 31,		For the nine months ended December 31,	
	2024	2023	2024	2023
Management and directors' fees	\$ 99,250	\$ 103,750	\$ 297,750	\$ 311,250
Office and general	114,398	105,468	383,550	345,793
Salaries and wages	100,446	85,221	301,204	261,039
Insurance	20,432	28,653	59,509	83,191
	\$ 334,526	\$ 323,092	\$ 1,042,013	\$ 1,001,273

**16. Loss per share**

Loss per share for the three and nine months ended December 31, 2024 and 2023 is calculated as follows:

	For the three months ended December 31,		For the nine months ended December 31,	
	2024	2023	2024	2023
<b>Basic loss per share:</b>				
Net loss for the period	\$(675,076)	\$(1,617,319)	\$(2,260,178)	\$(3,389,313)
Average number of common shares outstanding during the period	131,530,438	131,584,092	131,458,708	131,393,004
<b>Loss per share - basic</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.03)</b>
<b>Diluted loss per share:</b>				
Net loss for the period	\$(675,076)	\$(1,617,319)	\$(2,260,178)	\$(3,389,313)
Average number of common shares outstanding during the period	131,530,438	131,584,092	131,458,708	131,393,004
"In the money" options outstanding during the period (i), (ii), and (iii)	-	-	-	-
	131,530,438	131,584,092	131,458,708	131,393,004
<b>Loss per share - diluted</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.03)</b>

- (i) 375,000 in-the-money stock options (2023 – 4,550,000) have not been included in the calculation of diluted loss per share as their impact would be anti-dilutive
- (ii) 1,183,000 warrants (2023 – 1,183,000) have not been included in the calculation of diluted loss per share as their impact would be anti-dilutive
- (iii) 17,500,000 options to convert debentures into common stock (2023 – 17,500,000) have not been included in the calculation of diluted loss per share as their impact would be anti-dilutive

**17. Risk Management**

**17.1 Financial Risk Management**

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) *Interest rate risk*

The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2024, the Company had invested no such funds in liquid investments.

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**17. Risk Management (continued)**

**17.2 Financial Risk Management (continued)**

b) *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties. The Company holds its cash with AAA rated financial institutions and considers the credit risk on its cash to be remote. The Company assesses the credit risk of each individual customer and adjusts payment terms as appropriate.

During the nine months ended December 31, 2024, 32% (2023 - 47%) of revenue resulted from product sold to the top 3 customers, of which these customers represented an aggregate of \$141,534 (2023 - \$255,111) of the accounts receivable balance at December 31, 2024.

c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its cash requirements. As at December 31, 2024, the most significant financial liabilities are accounts payable and accrued liabilities, long-term debt, and convertible debentures.

As at December 31, 2024 and March 31, 2024, the Company's financial instruments have contractual maturities as summarized below:

<b>December 31, 2024</b>	<b>Due within &lt;1 year</b>	<b>Due within 1-2 years</b>	<b>Due Within 2-3 years</b>	<b>Due Within 3-4 years</b>	<b>Due Within &gt;4 Years</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,427,482	-	-	-	-	1,427,482
Accounts payable to related parties	4,483,852	-	-	-	-	4,483,852
Long-term debt	-	-	-	-	4,900,000	4,900,000
Convertible debentures	-	-	-	-	3,500,000	3,500,000
<b>Total</b>	<b>5,911,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,400,000</b>	<b>14,311,334</b>

<b>March 31, 2024</b>	<b>Due within &lt;1 year</b>	<b>Due within 1-2 years</b>	<b>Due Within 2-3 years</b>	<b>Due Within 3-4 years</b>	<b>Due Within &gt;4 Years</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,390,240	-	-	-	-	1,390,240
Accounts payable to related parties	3,763,519	-	-	-	-	3,763,519
Long-term debt	-	-	-	-	4,900,000	4,900,000
Convertible debentures	-	-	-	-	3,500,000	3,500,000
<b>Total</b>	<b>5,153,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,400,000</b>	<b>13,553,759</b>

d) *Market risk*

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

**17.3 Fair Values**

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term maturity. For long-term liabilities, fair value approximates their carrying value at the fiscal year end as the interest rates used to discount these contracts approximate market rates.

Assets and liabilities are classified in their entirety based on the lowest level in input that is significant to the fair value measurement. The Company has classified cash as level 1.

**Level 1** - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**Level 2** - Quoted prices in markets that are not active, or inputs that not observable, either directly or indirectly, for substantially the full term of the asset or liability.

**Level 3** - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

Greenway Greenhouse Cannabis Corporation  
Notes to the Condensed Interim Financial Statements  
For the three and nine months ended December 31, 2024 and 2023  
(Unaudited - in Canadian Dollars)

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**18. Brand acquisition and impairment of intangible assets**

In December 2024, the Company acquired various cannabis product brands and all related intellectual property ("IP") from Choice Growers Cannabis Inc. ("Choice Growers"). Prior to this transaction, Choice Growers was a customer of Greenway and had an amount owing to the Company in the amount of \$35,913. The Company determined that the outstanding the amount owed was deemed at risk of becoming uncollectible, and, to mitigate this potential loss, entered into an agreement with Choice Growers to acquire some of its brands in exchange for extinguishing the outstanding receivable. The transaction also includes a future royalty component based on sales of the acquired brands. The acquired intangible assets primarily consist of brand names, and IP related to the brands, but do not include operational processes, employees, customer relationships, or other key elements required to function as an independent business.

As at December 31, 2024, the Company assessed the value of the intangible assets and estimated royalty, and determined to fully impair its value.