Unaudited Condensed Interim Consolidated Financial Statements of

GREEN RISE FOODS INC.

For the three-months ended March 31, 2025, and 2024

(Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Financial Statements

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

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

(thousands)	**March 31, 2025**	December 31, 2024
Assets		
Current Assets:		
Trade and other receivables	**433**	492
Inventory	**377**	430
Bearer plants (note 3)	**5,753**	1,995
Biological assets (note 3)	**3,589**	-
Prepaid expenses	**73**	72
	10,225	2,989
Non-current assets		
Due from related party (note 11)	**82**	82
Property, plant, and equipment (note 4)	**47,523**	47,943
Total Assets	**$ 57,830**	$ 51,014
Liabilities		
Current Liabilities		
Line of credit and revolver (note 6)	**$ 5,760**	$ 969
Trade payables	**6,343**	4,004
Deferred rent revenue (note 7)	**-**	260
Payable to 2073834 Ontario Ltd. (note 11)	**453**	453
Current portion of lease obligation (note 5)	**71**	81
Current portion of long-term debt (note 6)	**2,276**	2,252
	14,903	8,019
Non-current liabilities		
Lease obligation (note 5)	**5**	8
Promissory note (note 8)	**2,543**	2,538
Long-term debt (note 6)	**37,795**	38,247
Total Liabilities	**55,246**	48,812
Shareholder's Equity		
Share Capital (note 9)	**5,244**	5,244
Contributed Surplus (note 10)	**1,973**	1,854
Deficit	**(4,633)**	(4,896)
Total Shareholder's Equity	**2,584**	2,202
Total Liabilities and Shareholder's Equity	**$ 57,830**	$ 51,014

Approved by the Board of Directors

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

Going concern Note 1

Commitments Note 15

Subsequent events Note 16

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

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

For the three-month periods ended March 31, 2025, and 2024

(thousands, except per share amounts)	March 31, 2025	March 31, 2024
Revenue (note 12)	**$ 511**	$ 308
Cost of sales (note 13)	**1,662**	1,435
Gross profit	**2,173**	1,743
Selling, general and administrative expenses (note 13)	**(1,209)**	(658)
Income from operations	**964**	1,085
Interest expense	**(706)**	(341)
Other income -government assistance	**10**	-
Income before income taxes	**268**	744
Current and deferred income tax expense	**5**	-
Net income and comprehensive income for the period	**263**	744
Basic and diluted income per share	$ **0.01**	$ 0.02
Weighted average number of common shares outstanding		
Basic	**47,589,066**	46,505,732
Diluted	**47,736,291**	47,044,184

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

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

For the three-month periods ended March 31, 2025, and 2024

(thousands except share amounts)	Number of shares	Share Capital ($)	Contributed Surplus ($)	Deficit ($)	Total Equity ($)
Balance, December 31, 2024	**47,589,066**	**$ 5,244**	**$ 1,854**	**$ (4,896)**	**$ 2,202**
Stock based compensation (note 10)	-	-	**119**	**-**	**119**
Comprehensive income for the period	-	-	-	**263**	**263**
Balance, March 31, 2025	**47,589,066**	**$ 5,244**	**$ 1,973**	**$ (4,633)**	**$ 2,584**

	Number of shares	Share Capital ($)	Contributed Surplus ($)	Deficit ($)	Total Equity ($)
Balance, December 31, 2023	46,505,732	$ 4,693	$ 1,821	$ (4,951)	$ 1,563
Stock based compensation (note 10)	-	-	17	-	17
Comprehensive income for the period	-	-	-	744	744
Balance, March 31, 2024	46,505,732	$ 4,693	$ 1,838	$ (4,207)	$ 2,324

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

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

For the three-month periods ended March 31, 2025, and 2024

(thousands)	**March 31, 2025**	**March 31, 2024**
Cash provided by (used in):		
Operating activities:		
Net income for the period	**$ 263**	$ 744
Adjustments for:		
Depreciation and amortization of property, plant and equipment and amortization of bearer plants	**724**	730
Amortization of deferred financing fees	**5**	-
Biological asset gain (note 3)	**(3,589)**	(3,247)
Change in unrealized (gain) loss on mark to market adjustment on interest rate swaps (note 6)	**126**	(227)
Stock based compensation (note 10)	**119**	17
Current and deferred income tax expense	**5**	-
Net changes in non-cash working capital		
Trade receivables	**59**	414
Inventory	**(173)**	(77)
Prepaid expenses	**(1)**	80
Trade payable	**2,074**	1,318
Net cash outflow from operating activities	**(388)**	(248)
Investing activities:		
Costs incurred on bearer plants (note 3)	**(3,571)**	(2,906)
Acquisition of property, plant and equipment (note 4)	**(265)**	(128)
Net cash outflow from investing activities	**(3,836)**	(3,034)
Financing activities:		
Drawn on operating line	**4,791**	2,762
Advance of prepaid rent (note 7)	**-**	1,009
Repayment of long-term debts with Bank (note 6)	**(554)**	(469)
Payment of lease obligations (note 5)	**(13)**	(20)
Net cash inflow from financing activities	**4,224**	3,282
Change in cash during the period	**-**	-
Cash - Beginning of period	**-**	-
Cash - End of period	**$ -**	$ -

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

For the three-month periods ended March 31, 2025, and March 31, 2024

(Tabular amounts in thousands)

1. Nature of operations and going concern

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

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

The address of the Company's registered office is 199 Bay Street, Commerce Court West, Suite 4000, Toronto, Ontario, M5L 1A9.

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

Going concern

The Company had a working capital deficit of $4,679 as of March 31, 2025 (working capital deficit of $5,030 as of Dec 31, 2024). The Company's ability to continue as a going concern is dependent on its ability to generate sufficient cash flows from its operations to meet its obligations as they come due and to have adequate cash resources at the end of the year to fund the investment required to set-up the following year's bearer plants.

Managing crop health, operational processes and costs (and particularly labor efficiencies), are critical to the Company's cash flow generation capabilities. The Company also depends on certain levels of sunlight to help achieve its annual production yields. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations that are in line with its annual financial plan.

Key actions to maximize yield and maintain optimal plant health occur daily. The brightest days have historically occurred in Q2 and Q3, where the days are longest. The success of an annual crop accordingly is not truly known until mid to late Q3. These conditions accordingly indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its net assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. These condensed interim consolidated financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenue, and expenses and the statement of financial position classification used if the Company was unable to continue operations in accordance with this assumption. Such adjustments could be material.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, under IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2024, except as disclosed herein.

The condensed interim financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2024. These condensed interim consolidated financial statements were approved by the Audit Committee of the Company for issue on May 28, 2025.

The condensed interim financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in Canadian dollars, rounded to the nearest thousand except when otherwise indicated.

Basis of Consolidation

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

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

New accounting standards issued but not effective

IFRS 18 – Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

3. Bearer plants & Biological assets

Bearer plants

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

($000s)	**March 31, 2025**	December 31, 2024
Bearer plants – beginning of the year	**1,995**	1,731
Reclassification from inventory	**226**	743
Additions	**3,571**	4,900
Depreciation of bearer plants	**(39)**	(5,379)
Bearer plants – end of the period	**5,753**	1,995

Bearer plant costs net of depreciation of $5,753 as at March 31, 2025, consist of costs directly attributable to bringing the bearer plants to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs of site preparation incurred on or before December 31, 2024, pertaining to the 2025 crop.

Biological assets

The Company did not have any biological assets as at December 31, 2024; however, it did have biological assets as at March 31, 2025, consisting of tomatoes and mini peppers growing on the vines. Sales of tomatoes started at the end of the first quarter and the sale of mini-peppers started after the quarter-ended March 31, 2025. The growing cycle for each harvest ranges from five weeks for mini peppers to nine weeks for tomotoes.

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

($000s)	March 31, 2025
Biological assets – beginning of the year	-
Net change in unrealized gains due to biological asset transformation recorded on the statement of income and comprehensive income	3,589
Biological assets – end of the period	3,589

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

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

4. Property, plant, and equipment:

($000s)	Land	Greenhouse	Buildings	Machinery and equipment	Vehicle	Right-of-use assets	Total
Cost:							
Balance – December 31, 2024	6,470	44,378	2,899	7,513	45	713	**62,018**
Additions	-	177	25	61	2	-	**265**
Balance – March 31, 2025	6,470	44,555	2,924	7,574	47	713	**62,283**
Accumulated depreciation:							
Balance – December 31, 2024	-	9,531	475	3,390	17	662	**14,075**
Additions	-	445	29	190	1	20	**685**
Balance – March 31, 2025	-	9,976	504	3,580	18	682	**14,760**
Net book value							
Balance – March 31, 2025	6,470	34,402	2,420	3,994	29	31	**47,523**
Net book value							
Balance – December 31, 2024	6,470	34,847	2,424	4,123	28	51	**47,943**

5. Lease obligations

Continuity schedule:

($000s)	March 31, 2025	December 31, 2024
Lease obligation – beginning of the year	**89**	251
Additions during the period	**-**	-
Lease payments, excluding interest	**(13)**	(162)
Less: Current potion	**(71)**	(81)
Long term lease obligation – end of the period	**5**	8

Balance sheet summary:

($000s)	March 31, 2025	December 31, 2024
Current lease obligation -end of period	**71**	81
Long term lease obligation -end of period	**5**	8
Total lease obligation – end of the period	**76**	89

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

6. Long-term debt

Continuity schedule:

($000s)	March 31, 2025	December 31, 2024
Loans and mortgages -beginning of the year	**40,499**	42,315
Repayments during the period	**(554)**	(2,092)
Change to mark to market valuation loss on interest rate swap	**126**	276
Less: Current portion	**(2,276)**	(2,252)
Long-term portion	**37,795**	38,247

Balance sheet summary:

($000s)	**March 31, 2025**	December 31, 2024
Current portion of long-term debt -end of period	**2,276**	2,252
Long term portion of long-term debt -end of period	**37,795**	38,247
Total long-term debt obligation – end of the period	**40,071**	40,499

On December 27, 2023, the Company refinanced a mortgage on its GR1 property ("the open mortgage"), with a principal balance of $4,113, with the Royal Bank of Canada ("RBC"). Immediately following the approval, the Company entered into an interest rate swap agreement with RBC for the same notional amount of $4,113 and term of 3-years at an all-in-interest rate fixed at 3.98% for three years and the credit spread is currently fixed at 1.55%. The credit spread is set annually by RBC. The next annual review of the credit spread is in Q2 of 2025.

Effectively the Company swapped the interest rate and repayment obligations of the open mortgage with the interest and repayment obligations of the interest rate swap. The interest rate is paid quarterly and has the same principal repayments amounts as the open mortgage. The interest rate swap is measured at fair value which resulted in an increase in the mark to market loss on this swap of $21. The loss has been recorded in the statement of income and comprehensive income as an increase to interest expense. In the prior year quarter ended March 31, 2024, the GR1 interest rate swap resulted in a gain of $57 as a result in the change in the fair value of the swap. This was recorded as a reduction in interest expense in the statement of income and comprehensive income. The interest rate swap quarterly blended payments including interest and principal range from $116 to $123 over the 3-year term.

On July 18, 2023, with an effective date of June 30, 2023, the Company refinanced another mortgage on its GR1 property, with a principal balance of $12,773, with RBC. The mortgage has a term of 3-years, bears interest at a rate of 5.75% per annum and has monthly payments of $106 representing blended interest and principal.

On June 30, 2022, the Company entered into a first mortgage with RBC in the amount of $15,350. The mortgage has an open variable interest rate at the prime interest rate plus 1.0% per annum. Proceeds from this mortgage were used entirely to fund the GR3 acquisition and resulting closing transaction costs and taxes. On July 20, 2022, and in order to manage the volatility of interest rates, the Company entered into an interest rate swap agreement with RBC for a notional amount of $15,350 and term of 5-years at an all-in interest rate fixed at 3.84% for five years and the credit spread currently fixed at 1.25%. The credit spread is set annually by RBC. The next annual review of the Company's credit spread will be finalized in Q2 of fiscal 2025. Effectively the Company swapped the interest rate and repayment obligations on the open mortgage with the interest and repayment obligations of the interest rate swap. The interest rate swap is paid out quarterly and has the same principal repayment amounts as the open mortgage. The interest rate swap is measured at fair value which resulted in a mark to market loss on this swap of $105. The loss has been recorded in the statement of income and comprehensive income as an increase to interest expense. In the prior year quarter ended March 31, 2024, the GR3 interest rate swap resulted in a gain of $170 as a result in the change in the fair value of the swap. This was recorded as a reduction in interest expense in the statement of income and comprehensive income. The interest rate swap quarterly blended payments including interest and principal range from $324 to $332 over the 5-year term.

Credit Facilities

On November 22, 2024, as part of waiving the 2023 fixed charge coverage ratio covenant, RBC reduced the Company's operating line credit facilities from $7.3 million to $5.8 million. Availability under the Company's revolver and credit card facilities remained unchanged at $0.8 million and $0.2 million respectively. The RBC credit facilities are secured via a general security agreement against all the assets of the Company, including receivables, inventory and machinery and equipment.

As at March 31, 2025, $5,027 had been drawn on the Company's operating line credit facilities ($216 as at December 31, 2024) leaving an undrawn balance of $773 ($5,584 as at December 31, 2024). All the operating lines bear an interest rate of prime plus 1% per annum.

As of March 31, 2025, $733 had been drawn on the Company's revolver facility ($753 as at December 31, 2024) leaving an undrawn balance of $67 ($47 as at December 31, 2024).

Financial Covenants

Borrowings under the RBC credit facilities are expected to be resolved with operating requirements and have a zero balance of at least 1 Business Day in each fiscal year. The credit facility also requires an annual certification on a fixed charge coverage ratio of 1.1 to 1. The Company complied with these requirements for the year ended December 31, 2024.

7. Deferred rent revenue

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

Continuity schedule:

($000s)	**March 31, 2025**	December 31, 2024
Deferred rent revenue -beginning of the year	**260**	-
Net advancement of prepaid rent during the year	**-**	1,009
Add interest accrued on balance during the period	**2**	39
Prepaid rent earned during the year	**(262)**	(788)
Deferred rent revenue -end of period	-	260

8. Promissory notes

On August 29, 2024, the Company issued to three directors of the Company, or family corporations controlled by them or with which they have a relationship ("the Lenders"), an aggregate of $1.2 million of non-convertible promissory notes ("the Notes"), evidencing three separate loans to the Lenders in the principal amount of $400 each (note 11). The Notes were advanced on August 1, 2024, bear interest at 8.31% per annum, with interest paid monthly and the principal to be paid at maturity on June 30, 2026, provided that such payment of principal is no longer subject to postponement in favor of RBC or the latter has consented to such payment. The Company, if and when authorized by RBC, has the option to repay any principal amount owing under the Notes and any unpaid interest thereon on or before maturity. The Company has provided a general security agreement for the Notes and interest is payable from the earliest of August 1, 2024, and the day the loans were advanced.

On March 27, 2024, the Company converted $1,987, from its trade accounts payable to a three-year, interest-bearing promissory note. The Company's principal customer is the counterparty for both the trade accounts payable balance and interest only promissory note. Interest on the promissory note is computed monthly based on the principal outstanding on the last business day of the month, at a rate per annum based on the secured overnight financing rate ("SOFR"), as published by the Federal Reserve Bank of New York, plus three percent (3%), calculated monthly in advance from the effective date until the maturity date. The promissory note also has two early payment triggers for the principal which include (1) proceeds from the AgriStability Program and (2) proceeds from insurance claims. A mortgage and general security agreement, second only to that of the Royal Bank of Canada mortgage and general security agreements, has also been provided on this promissory note.

Continuity schedule:

($000s)	**March 31, 2025**	December 31, 2024
Promissory notes -beginning of the year	**2,538**	-
Reclassified from accounts payable during the period	**-**	1,987
Promissory notes issued during the period (note 11)	**-**	1,200
Less: Deferred financing fees on notes issuance	-	(38)
- Add: Amortization of deferred financing fees during the period	**5**	8
Payments made during the period	**-**	(619)
Promissory notes long term portion -end of period	**2,543**	2,538

9. Share capital

	Number of Shares	Amount *($000s)*
Common shares:		
Common Shares, March 31, 2025, and December 31, 2024	47,589,066	5,244

10. Contributed surplus

Stock Option Continuity

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2024	**1,833,336**	$0.53
Options issued during the period (i – v)	**1,090,001**	$0.53
Balance at March 31, 2025	**2,923,337**	$0.53

Stock Option Plan

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

i). On January 31, 2025, the Company issued 350,000 options to officers, directors and a corporation controlled by a director of the Company. The estimated fair value of the stock options was based on a Black Scholes valuation model and amounted to $147. The following assumptions were used -stock exercise price of $0.53, expected dividend yield of 0%, expected volatility of 109%, risk free rate of 2.74% and the expected life of 5-years. The options will vest if the Board determines at its discretion that prior to the release of the Company's audited financial statements for the fiscal year ended December 31, 2025, certain financial targets have been achieved for the 2025 fiscal year. Volatility was estimated based upon historical price observations over a 5-year period.

ii). On January 31, 2025, the Company issued 450,000 options to officers of the Company. The estimated fair value of the stock options was based on a Black Scholes valuation model and amounted to $189. The following assumptions were used -stock exercise price of $0.53, expected dividend yield of 0%, expected volatility of 109%, risk free rate of 2.74% and the expected life of 5-years. The options will vest if the Board determines at its discretion that prior to the release of the Company's audited financial statements for the fiscal year ended December 31, 2027, certain financial targets have been achieved for the 2025, 2026 and 2027 fiscal years. Volatility was estimated based upon historical price observations over a 5-year period.

iii). On January 31, 2025, the Company issued 200,001 options to an officer, a director and a corporation controlled by a director of the Company. The estimated fair value of the stock options was based on a Black-Scholes valuation model and amounted to $84. The following assumptions were used -stock exercise price of $0.53, expected dividend yield of 0%, expected volatility of 109%, risk free rate of 2.74%, vesting period 1 year and expected life of 5 years. Volatility was estimated based upon historical price observations over a 5-year period.

iv). On January 31, 2025, the Company issued 60,000 options to certain employees of the Company. The estimated fair value of the stock options was based on a Black-Scholes valuation model and amounted to $25. The following assumptions were used -stock exercise price of $0.53, expected dividend yield of 0%, expected volatility of 109%, risk free rate of 2.74%, vesting period 3 years and expected life of 5 years. Volatility was estimated based upon historical price observations over a 5-year period.

v). On March 1, 2025, the Company issued 30,000 options to certain employees of the Company. The estimated fair value of the stock options was based on a Black-Scholes valuation model and amounted to $12. The following assumptions were used -stock exercise price of $0.53, expected dividend yield of 0%, expected volatility of 107%, risk free rate of 2.60%, vesting period 3 years and expected life of 5 years. Volatility was estimated based upon historical price observations over a 5-year period.

The stock option compensation expense and charge to contributed surplus relating to the stock options vested during the three-month period ended March 31, 2025, was $73 (March 31, 2024, $17).

11. Related party transactions

Key management personnel are those persons having authority for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors. For the three-month period ended March 31, 2025, the Company paid $230 in management salaries (March 31, 2024: $160) and had $111 in stock-based compensation (March 31, 2024: $17). The Company also paid $16 in mileage reimbursements to certain officers for the use of their personal vehicles used for business purposes. The mileage reimbursement was in accordance with prescribed Canada Revenue Agency mileage rates. Finally, $2 was paid to certain officers for gym memberships and fees.

As of March 31, 2025, the Company also held two non-interest-bearing note receivables for $87 (December 31, 2024, $95) from two of its officers. $5 is expected to be settled in Q2 of 2025 and the remaining $82 in Q2 of fiscal 2026.

On June 30, 2022, the Company acquired its third greenhouse range from 2073834 Ontario Ltd., ("207") a company principally controlled by Adam Suder the Company's Chief Growth Officer. Total consideration for this acquisition was $15,051. Of this amount $14,634 has been paid in cash and $417 is expected to be paid in Q4 of 2025. In addition, a total of $36 in finance related costs are also expected to be paid to 207 in Q4 of Fiscal 2025. The amounts due to 207 have been included as a note payable in current liabilities in the Consolidated Statement of Financial Position. However, the Company must obtain the Royal Bank of Canada's approval for the payment of this liability and this approval is not expected to take place until Q2 of 2026.

On August 29, 2024, the Company issued to three directors of the Company, or family corporations controlled by them or with which they have a relationship ("the Lenders"), an aggregate of $1.2 million of non-convertible promissory notes ("the Notes"), evidencing three separate loans to the Lenders in the principal amount of $400 each (note 8). A total of $25 was paid in interest on the Notes in the three months ended, March 31, 2025 ($Nil for the three months ended, March 31, 2024).

12. Revenue

($000s)	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Sales of fresh produce	**233**	29
Rent[1]	**278**	279
Total	**511**	308

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

13. Expenses by Nature

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

($000s)	**For the three-month period ended March 31, 2025**	For the three-month period ended March 31, 2024
Production Costs		
Raw materials and consumables used	**691**	631
Labor	**505**	483
Depreciation (note 4)	**647**	636
Unrealized gain on change in fair value of biological assets (note 3)	**(3,589)**	(3,247)
Repairs and maintenance	**84**	62
Total	**(1,662)**	(1,435)

($000s)	**For the three-month period ended March 31, 2025**	For the three-month period ended March 31, 2024
Selling, general and administrative expenses		
Salaries	**271**	171
Marketing board fees	**11**	10
Insurance	**117**	109
Depreciation (note 4)	**82**	94
Office Rent	**44**	14
Professional services	**246**	120
Employee severances	**118**	-
Stock based compensation	**119**	17
Other	**201**	123
Total	**1,209**	658

14. Financial instruments

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

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

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

Assets/Liabilities	Category	Measurement	March 31, 2025	December 31, 2024
Trade receivables	Financial asset	Amortized cost	224	94
Other receivables	Financial asset	Amortized cost	209	398
Other long-term receivables	Financial asset	Amortized cost	82	82
Operating and Revolver lines	Financial liabilities	Amortized cost	5,760	969
Trade payables	Financial liabilities	Amortized cost	6,343	4,004
Payable to 2073834 Ontario Ltd.	Financial liabilities	Amortized cost	453	453
Deferred rent	Financial liabilities	Amortized cost	-	260
Lease obligations	Financial liabilities	Amortized cost	76	89
Promissory note	Financial liabilities	Amortized cost	2,543	2,538
Interest rate swaps	Financial assets / (liabilities)[1]	Fair value	(480)	(354)
Long-term debt	Financial liabilities	Amortized cost	39,591	40,145

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

Management of financial risk

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

Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. The Company believes its maximum exposure to credit risk is the carrying value of its trade and other receivables. As at March 31, 2025, a total of $224 was owed by customers (December 31, 2024: $81), $141 related to HST (December 31, 2024: $335), $63 related to amounts owed on the Return of Fuel Charge Credit Program ("RFCC") (December 31, 2024: $63) and $87 related to amounts owed from officers of the Company (December 31, 2024: $95). All amounts have been collected subsequent to March 31, 2025, with exception to the non-interest-bearing loans for $87 to officers of the Company (refer to note 11) and the RFCC which will be processed as part of the filing of the Company's 2024 tax returns due by June 30, 2025. This non-interest-bearing notes are expected to be settled by Q2 of Fiscal 2026.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its obligations as they fall due. It is the Company's intention to meet its obligations through the collection of accounts receivable and cash from sales. The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company is exposed to risks related to seasonality as there is limited revenue from January through to mid April. If the current resources and cash generated from operations is insufficient to satisfy its obligations, the Company can draw on its credit facility. The Company has also agreed with certain large Vendors to extend credit terms to Q2 or Q3 of 2024, when the Company's greenhouses are at full production and cash flow generation is highest in the year. The table below summarizes the timing of the due dates of the Company's financial obligations.

As at March 31, 2025, the following obligations are due:

($000s)	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Operating line	5,760	5,760	-	-
Trade payables	6,343	6,343	-	-
Payable to 2073834 Ontario Ltd.	453	453	-	-
Lease obligations	76	71	5	-
Promissory notes	2,543	-	2,543	-
Mortgage loans	40,071	2,276	37,795	-
Total	55,246	14,903	40,343	-

As at March 31, 2025, the Company's operating line is $5,800 of which $5,027 had been drawn leaving an undrawn balance of $773 ($5,800 of which $216 was drawn and $5,584 was undrawn as at December 31, 2024). As of the date of this report, all three farms are generating meaningful cash flows from its produce production with production yields and operating costs are aligned with the Company's annual forecast.

The Company intends to manage these risk exposures by increasing produce yields, minimizing waste, and improving labor and production cost efficiencies. With these measures, the Company expects to have enough cash resources to meet its obligations in 2025, further improve its working capital ratio and maintain its annual compliance requirements of 1.1:1 on its fixed charge coverage ratio.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans, with exception to its one mortgage on its GR1 property and the GR3 mortgage which have open rate interest rates, have fixed rates of interest and are therefore subject to the risk of changes in fair value if the prevailing interest rate were to increase or decrease. To mitigate the interest rate risk on open variable loans, the Company uses derivative financial instruments (interest rate swaps) to exchange the variable rate inherent in the long-term debt for a fixed rate (see note 6).

Management of capital risk

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at March 31, 2025, totaled $2,584 (December 31, 2024 -$2,202).

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

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

The Company's management holds strict financial metrics when evaluating returns on greenhouses and in deciding the composition (debt vs equity) in funding deals or addressing any shortfalls in capital. The Company continued to pay down its mortgage debt (Paid $0.6 million in the first quarter of 2025 ($2.1 million for Fiscal 2024) and utilizes its equity position in its real properties to refinance and fund deals. The Company also assesses government programs such as AgriStability, to help address any years where gross margins fall below the Company's 5-year historic gross margin average.

15. Commitments and Contingencies

As at March 31, 2025, the payments due by period are set out in the following table:

($000s)	**Total**	**Less than 1 Year**	**1 – 5 Years**	**After 5 Years**
Purchase commitments	1,122	696	427	-

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

The Company has entered into an agreement with a customer for a 10-year period to supply all available produce at its GR1 greenhouse range. The Company also has an agreement on its GR3 property which automatically renews each year unless otherwise terminated by either party not later than 90 days prior to the end of the applicable term.

Contingencies

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

Based on the Company's knowledge of events at March 31, 2025, no such matters were identified.

16. Subsequent Events

Starting in March 2025, the United States Government has imposed tariffs on a variety of goods imported into Canada from the United States and other countries. In response to these actions, the Government of Canada has responded with counter tariffs on goods imported from the United States into Canada. At this time, the impact of these actions on the Company are unknown. The ultimate impact of any government-imposed tariff actions will therefore depend on future developments that are highly uncertain and that cannot be predicted with confidence.

On April 21, 2025, the Company issued 50,000 options to an employee of the Company. The options vest over a 3-year period. The options were issued at an exercise price of $0.53 per share and are exercisable over a period of 5-years.