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ORGANTO FOODS INC.

CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the Three Months Ended
March 31, 2025

(Stated in Canadian Dollars)

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 Continuous Disclosure Obligations of The Canadian Securities Administrators we hereby give notice that our condensed interim consolidated financial statements for the three months ended March 31, 2025, which follow this notice, have not been reviewed by an auditor.

Organto Foods Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	March 31, 2025 ($)	December 31, 2024 ($)
Assets		
Current assets		
Cash	862,791	291,174
Restricted cash (note 3)	285,274	66,425
Receivables (note 4)	4,507,316	2,029,419
Inventory (note 5)	2,897,165	2,019,168
Prepaid expenses	305,406	148,316
Derivative assets (note 6)	-	82,875
	8,857,952	4,637,377
Non-current assets		
Intangible assets (note 8)	454,301	495,601
Goodwill (note 8)	898,828	898,828
	10,211,081	**6,031,806**
Liabilities and shareholders' deficit		
Current liabilities		
Accounts payable and accrued liabilities (notes 9, 10 and 17)	8,532,920	6,707,112
Short-term loans payable (note 9)	1,872,719	1,873,745
Derivative liabilities (note 6)	152,772	-
Convertible debentures (note 10)	10,622,350	10,641,350
	21,180,761	19,222,207
Non-current liabilities		
Other liabilities (note 11)	606,959	560,593
Deferred income taxes	163,400	163,400
Total liabilities	**21,951,120**	**19,946,200**
Shareholders' deficit		
Share capital (note 12(a))	35,826,632	35,826,632
Shares to be issued (note 12(b))	4,420,840	2,120,905
Reserves (note 12(f))	9,081,353	8,931,527
Deficit	(61,068,864)	(60,793,458)
Total shareholders' deficit	**(11,740,039)**	**(13,914,394)**
	10,211,081	**6,031,806**

Nature of operations and going concern (note 1)
Commitments (note 20)
Subsequent events (note 21)

Approved on behalf of the Board of Directors on May 27, 2025

"Steve Bromley"	*"Joe Riz"*
Director	Director

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31 2025 ($)	Three months ended March 31 2024[1] ($)
Sales (note 19)	13,622,185	4,640,901
Cost of sales (notes 5 and 13)	(12,508,496)	(4,361,171)
Gross profit	1,113,689	279,730
Selling, general and administration expenses (notes 14 and 17)	(449,905)	(236,165)
Management fees (note 17)	(73,097)	(93,914)
Labour costs and benefits (note 17)	(397,690)	(158,027)
Stock-based compensation (notes 12(b), (c), (d), (f) and 17)	(54,929)	(79,002)
	138,068	(287,377)
Interest expense and accretion, net (notes 9 and 10)	(303,703)	(355,006)
Other income (note 15)	20,605	-
Realized gains (losses) on investment securities (note 7)	-	7,855
Unrealized gains (losses) on investment securities (note 7)	-	2,719
Realized gains (losses) on derivative assets and liabilities (note 6)	16,241	(62,471)
Unrealized gains (losses) on revaluation of derivative assets and liabilities (note 6)	(234,095)	242,592
Foreign exchange gains (losses)	87,478	3,340
Loss from continuing operations	(275,406)	(448,348)
Loss from discontinued operations (note 16)	-	(1,043,606)
Net loss for the period	(275,406)	(1,494,608)
Other comprehensive income (loss) for the year:		
Items that may be reclassified subsequently to net earnings:		
Foreign currency translation related to continuing operations	94,897	(5,663)
Realized foreign currency translation on discontinued operations (note 16)	-	(2,654)
Comprehensive loss for the year	**(180,509)**	**(1,500,271)**

[1] The comparative figures have been restated to conform with the current period's presentation (note 16)

	2025	2024
Basic and diluted loss per share:		
Continuing operations	(0.01)	(0.02)
Net loss for the period	(0.01)	(0.05)
Shares used in computing loss per share:		
Basic and diluted	34,318,382	28,568,382

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31	
	2025	**2024[1]**
	($)	**($)**
Operating activities		
Net loss from continuing operations for the period	(275,406)	(448,348)
Add back:		
Items not involving cash (note 18)	730,090	228,614
	454,684	(219,734)
Changes in non-cash working capital (note 18)	(1,949,714)	216,098
Change in restricted cash	(212,366)	-
Cash used by continuing operations	(1,707,396)	(3,636)
Cash used by discontinued operations	-	(644,223)
Cash used in operating activities	(1,707,396)	(647,859)
Investing activities		
Proceeds from sale of investment securities	-	13,255
Interest received	125	304
Cash used in investing activities	125	13,559
Financing activities		
Share subscriptions received in advance	2,299,935	-
Repayments of convertible debentures	(19,000)	-
Proceeds from short-term loans	-	831,058
Interest paid	(11,065)	-
Cash used by discontinued operations	-	(116,264)
Cash from (used in) financing activities	2,269,870	714,794
Effect of foreign exchange on cash	9,018	5,639
Decrease in cash	571,617	86,133
Cash, beginning of year	291,174	186,295
Cash, end of year	**862,791**	**272,428**

[1] The comparative figures have been restated to conform with the current period's presentation (note 16)

Supplemental cash flow information (note 18)

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
For the Three Months Ended March 31, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital ($)	Shares to be issued ($)	Reserves ($)	Deficit ($)	Total ($)
Balance at January 1, 2024	28,568,382	35,251,632	-	8,032,465	(58,820,266)	(15,536,169)
Share subscriptions received in advance	-	-	134,120	-	-	134,120
Stock-based compensation	-	-	-	79,002	-	79,002
Comprehensive loss for the period:						
Continuing operations				(5,663)	(448,348)	(454,011)
Discontinued operations	-	-	-	(2,654)	(1,043,606)	(1,046,260)
Balance at March 31, 2024	**28,568,382**	**35,251,632**	**134,120**	**8,103,150**	**(60,312,220)**	**(16,823,318)**
Balance at January 1, 2025	34,318,382	35,826,632	2,120,905	8,931,527	(60,793,458)	(13,914,394)
Share subscriptions received in advance	-	-	2,299,935	-	-	2,299,935
Stock-based compensation	-	-	-	54,929	-	54,929
Comprehensive income (loss) for the year:						
Continuing operations	-	-	-	94,897	(275,406)	(180,509)
Balance at March 31, 2025	**34,318,382**	**35,826,632**	**4,420,840**	**9,081,353**	**(61,068,864)**	**(11,740,039)**

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

(Unaudited - Expressed in Canadian Dollars)

1. Nature of operations and going concern

Organto Foods Inc. ("Organto" or "the Company") is engaged in the sourcing, logistics, packaging, distribution and marketing of fresh healthy and organic fruit and vegetable products. The Company employs an integrated business model to provide a year-round supply of a number of organic and specialty fruit and vegetable products sourced from a global supply base and currently marketed to customers primarily in a variety of European countries. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the stock symbol "OGO", on the OTCQB under the stock symbol "OGOFF" and on the Frankfurt Stock Exchange under the stock symbol "OGF". The Company's head office and principal address is located at 410 – 1111 Melville St., Vancouver, BC, V6E 3V6, Canada.

These condensed interim consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business for the foreseeable future. For the three months ended March 31, 2025 the Company incurred a loss of $275,406 (2024 - $1,494,608). The operations of the Company have historically been funded by the issuance of share capital, bank loans, short-term loans and convertible debentures. At March 31, 2025, the Company had working capital deficiency of $12,322,809 (December 31, 2024 –$14,584,830) and had an accumulated deficit of $61,068,864 (December 31, 2024 - $60,793,458). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing as needed, continued financial support from related parties, and ultimately on generating future profitable operations. The factors described indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ending December 31, 2024.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on May 27, 2025.

3. Restricted cash

Restricted cash consists of deposits held by the European providers of the Company's hedging facilities as collateral to maintain margin requirements if the market value of the Company's forward currency contracts exceeds a certain negative value.

4. Receivables

	March 31, 2025 ($)	December 31, 2024 ($)
Trade accounts receivables	4,473,796	1,965,233
VAT recoverable	12,500	64,186
Other	21,020	-
	4,507,316	**2,029,419**

(Unaudited - Expressed in Canadian Dollars)

5. Inventory

	Fruit and vegetables ($)
Balance, January 1, 2024	1,204,468
Purchases:	
Continuing operations	20,091,297
Discontinued operations	3,393,893
Expensed as cost of sales:	
Continuing operations (note 13)	(18,942,999)
Discontinued operations (note 16)	(3,582,107)
Inventory disposed of in sale of subsidiaries	(145,384)
Balance, December 31, 2024	**2,019,168**
Purchases	13,357,843
Expensed as cost of sales (note 13)	(12,479,846)
Balance, March 31, 2025	**2,897,165**

6. Derivative assets and liabilities

One of the Company's European subsidiaries has established hedging facilities with a European financial services company in order to hedge its exposure to fluctuations in the US dollar vs Euro exchange rate. The facility is for forward currency exchange contracts for US$24.7 million at March 31, 2025 (US$2 million at December 31, 2024).

If exercised at March 31, 2025 the net forward currency exchange contracts would have required the Company to purchase US dollars for more than by acquiring them on the spot market, and a derivative liability was recognized. The carrying value of the derivative liabilities of $152,772 at March 31, 2025 represents the difference between the cost to acquire US dollars on the spot market versus through the forward currency exchange contracts. The gains and losses on the valuation of these derivative liabilities at each period end in 2025 have been recorded as a net unrealized loss of $234,095 and is included in the condensed interim consolidated statement of comprehensive loss.

If exercised at December 31, 2024 the net forward currency exchange contracts would have allowed the Company to purchase US dollars for less than by acquiring them on the spot market, and a derivative asset was recognized. The carrying value of the derivative assets of $82,875 represents the difference between the cost to acquire US dollars on the spot market versus through the forward currency exchange contracts.

During the first three months of 2025 the Company's European subsidiaries purchased US dollars utilizing their forward currency exchange facilities. The difference between the cost to acquire the US dollars through the forward currency exchange contracts and the spot market at the time of purchase has been recorded as a realized gain of $16,241 (2024 – loss of $62,471) in the condensed interim consolidated statement of comprehensive income and loss.

7. Investment securities

The Company previously owned shares of Xebra Brands Inc. During the first quarter of 2024, the Company sold 540,000 of these shares and realized a gain of $7,855. At March 31, 2024 the Company revalued the carrying value of the remaining shares it owned to reflect their market value and in the first quarter of 2024 recognized an unrealized revaluation gain of $2,719. The Company sold its remaining shares and since December 31, 2024 the Company no longer owned any shares of Xebra Brands Inc.

(Unaudited - Expressed in Canadian Dollars)

8. Intangible assets

Intangible assets at March 31, 2025 and December 31, 2024 consists of the customer and supplier relationships acquired when the Company purchased 100% of the outstanding shares of NFG New Fruit Group GmbH ("New Fruit Group") in 2023. The amortization of customer and supplier relationships is included in selling, general and administrative expenses on the condensed interim consolidated statements of comprehensive loss.

	Customer and supplier lists ($)	Goodwill ($)
Cost		
Balance, January 1, 2024	826,001	898,828
At December 31, 2024	**826,001**	**898,828**
Accumulated amortization		
Balance, January 1, 2024	(165,200)	-
Amortization	(165,200)	-
At December 31, 2024	**(330,400)**	**-**
Net carrying value at December 31, 2024	**495,601**	**898,828**
Cost		
Balance, January 1, 2024	826,001	898,828
At March 31, 2025	**826,001**	**898,828**
Accumulated amortization		
Balance, January 1, 2024	(330,400)	-
Amortization	(41,300)	-
At March 31, 2025	**(371,700)**	**-**
Net carrying value at March 31, 2025	**454,301**	**898,828**

9. Short-term loans payable

During the year ended December 31, 2023 the Company received US$325,000 and an additional US$30,000 during the year ended December 31, 2024 from a director. These loans and were unsecured and bore interest at 12% per annum and were repaid in April 2024.

During the year ended December 31, 2023 the Company received $33,000 from an officer in an interest-bearing loan. During the year ended December 31, 2024 other shareholders provided US$289,143 and $1,494,800 in interest bearing loans of which $292,336 was repaid. These loans are unsecured and bear interest at 12% per annum and have an initial term of one year, at which time principal and interest becomes payable. Accrued interest on these loans is included in accounts payable and accrued liabilities.

Part of the consideration paid to acquire New Fruit Group was the issuance of a promissory note by the Company to the former shareholders of New Fruit Group. The promissory note bears interest at 2% and is for €158,956 with payments due in 2024 and 2025. The fair value of the promissory note was calculated by discounting the future payments and will be accreted to its face value over its three-year term. The current portion of the promissory note is included in short-term loans.

(Unaudited - Expressed in Canadian Dollars)

The Company received proceeds of $40,000 in September 2020 and an additional $20,000 in December 2020 under the Canada Emergency Business Account ("CEBA") program. The loan was a 0% interest bearing loan with no principal payments required. The loan could be repaid at any time and $20,000 of the loan would be forgiven if repaid in full before December 31, 2023. The Company did not repay the loan and the loan began bearing interest at 5% per annum beginning January 19, 2024 and was reclassified as a short-term loan payable.

A summary of the short-term loans is as follows:

	($)
Balance, January 1, 2024	**463,105**
Proceeds	2,064,085
Repayments	(774,710)
Conversion of government grant to short-term loan	60,000
Short-term portion of New Fruit Group promissory note (note 8)	19,043
Foreign exchange	42,222
Balance, December 31, 2024	**1,873,745**
Foreign exchange	(1,026)
Balance, March 31, 2025	**1,872,719**

Accrued interest on the interest bearing loans of $202,509 is included in accounts payable and accrued liabilities.

See note 21.

10. Convertible debentures

<u>December 2024 series A</u>

In December 2022 the Company issued convertible debentures with a total face value of $1,655,850. The December 2024 debentures are unsecured and had a term of two years and bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $3.00 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after April 29, 2023, the closing price of the Company's shares exceeds $4.50 or more for ten consecutive trading days, the Company has the right to force conversion of the debentures.

The issuance of this series of debentures was considered an extinguishment of the December 2022 series of debentures. As such, the fair value of both the debt component and the equity component of the debentures was calculated and the excess over face value, together with transaction costs of $66,894 was recorded as a loss on extinguishment of the December 2022 debentures of $96,467 for the year ended December 31, 2022.

The Company initially recorded $1,483,600 as the fair value of the debt component of the debentures, and $201,823 as the fair value of the equity component of the debentures. The debt component of the debentures was being accreted to the face value of the loan over the two-year term.

The Company did not pay the interest due in December 2023 or December 2024 and has entered into discussions with the holders of these debentures to partially convert the debentures into common shares and restructure the maturity and future interest payment dates (note 21). As a result, this series of debentures is classified as short-term and have been accreted to their face value with the increase reported in interest expense and accretion.

In May 2024, $97,500 of these debentures were settled against grower advances receivable with a related party.

In February 2025 the Company reached an agreement with the holder of a $40,000 debenture to repay the debenture in cash over a period of four months. By March 31, 2025 a total of $19,000 had been repaid.

December 2024 series B

In March 2023 the Company completed an offering of convertible debentures with a total face value of $500,000. The debentures are unsecured and have a term expiring on December 29, 2024, the same expiry date as the December 2024 series A of debentures. The series B debentures bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $3.00 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after July 29, 2023, the closing price of the Company's shares exceeds $4.50 or more for ten consecutive trading days, the Company has the right to force conversion of the debentures.

The Company initially recorded $465,000 as the fair value of the debt component of the debentures, with the residual amount of $35,000 allocated to the equity component of the debentures. The debt component of the debentures was being accreted to the face value of the loan over the twenty-one month term. A total of $30,000 in transaction costs was allocated to the liability and the equity components of the debentures.

The Company did not pay the interest due in March 2024 and has entered into discussions with the holders of these debentures to partially convert the debentures into common shares and restructure the maturity and future interest payment dates (note 21). As a result, this series of debentures is classified as short-term and have been accreted to their face value with the increase reported in interest expense and accretion.

February 2025 series

In February 2023 the Company completed an offering of convertible debentures with a total face value of $295,000. The debentures are unsecured and have a term of two years and bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $3.00 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after June 28, 2023, the closing price of the Company's shares exceeds $4.50 or more for ten consecutive trading days, the Company has the right to force conversion of the debentures.

The Company recorded $271,105 as the fair value of the debt component of the debentures, with the residual amount of $23,895 allocated to the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the two-year term.

Transaction costs totaled $21,417 and included $17,700 in cash and 5,900 warrants with each warrant entitling the holder to purchase one common share at a price of $3.00 for a period of two years. These finder warrants had a total fair value of $3,717 determined using the Black-Scholes Option Pricing Model (note 12(e)). These transaction costs were allocated to the liability and the equity components of the debentures.

The Company did not pay the interest due in February 2024 and has entered discussions with the holders of these debentures to partially convert the debentures into common shares and restructure the maturity and future interest payment dates (note 21). As a result, this series of debentures is classified as short-term and have been accreted to their face value with the increase reported in interest expense and accretion.

March 2025 series

In March 2023 the Company completed an offering of convertible debentures with a total face value of $238,000. The debentures are unsecured and have a term of two years and bear interest at 10% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $3.00 per share and interest is not convertible. The holder may convert all or part of the debentures at any time. If, at any time after July 28, 2023, the closing price of the Company's shares exceeds $4.50 or more for ten consecutive trading days, the Company has the right to force conversion of the debentures.

The Company recorded $218,960 as the fair value of the debt component of the debentures, with the residual amount of $19,040 allocated to the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the two-year term.

Transaction costs totaled $16,708 and included $14,280 in cash and 4,760 warrants with each warrant entitling the holder to purchase one common share at a price of $3.00 for a period of two years. These finder warrants had a total fair value of $2,428 determined using the Black-Scholes Option Pricing Model (note 12(e)). These transaction costs were allocated to the liability and the equity components of the debentures.

The Company did not pay the interest due in March 2024 and has entered into discussions with the holders of these debentures to partially convert the debentures into common shares and restructure the maturity and future interest payment dates (note 21). As a result, this series of debentures is classified as short-term and have been accreted to their face value with the increase reported in interest expense and accretion.

<u>November 2026 series</u>

In November 2021 the Company completed an offering of convertible debentures with a total face value of $8,050,000. The debentures are unsecured and have a term of five years and bear interest at 8% annually, payable in arrears beginning one year after their date of issuance.

The debentures are convertible into shares of Organto at $5.00 per share and interest is not convertible. The holder may convert all or part of the debentures at any time after November 30, 2023. If, at any time after November 30, 2023, the 20-day volume weighted average trading price of the Company's shares on the TSXV exceeds $6.25, the Company has the right to force conversion of the debentures. The Company may repay all or a portion of the convertible debentures by issuing common shares worth $1,053 based on their current market price for each $1,000 face value of convertible debentures. The Company may also pay all or a portion of the interest payable by issuing common shares to the debenture trustee who shall sell the common shares and use the proceeds to pay the interest due to debenture holders.

The Company initially recorded $6,278,676 as the fair value of the debt component of the debentures, with the residual amount of $1,771,324 allocated to the equity component of the debentures. The debt component of the debentures was being accreted to the face value of the loan over the five-year term.

Transaction costs of $956,627 were paid in cash including $126,084 in finder's fees. Finder's fees totaled $483,000 and included 96,600 warrants with each warrant entitling the holder to purchase one common share at a price of $5.00 for a period of two years. A total of $1,215,515 in transaction costs was allocated to the liability and the equity components of the debentures.

The Company did not pay the interest due in November 2023 or November 2024 and has entered into discussions with the holders of these debentures to partially convert the debentures into common shares and restructure the maturity and future interest payment dates (note 21). As a result, this series of debentures is classified as short-term and were accreted to their face value in 2023 with the increase reported in interest expense and accretion.

(Unaudited - Expressed in Canadian Dollars)

A summary of the convertible debentures is as follows:

	($)
Balance at January 1, 2024	10,650,564
Settled against grower advances	(97,500)
Accretion	88,286
Balance at December 31, 2024	**10,641,350**
Repaid	(19,000)
Balance at March 31, 2025	**10,622,350**

Accrued interest on all outstanding debentures totals $2,068,323 and is recorded in accounts payable and accrued liabilities at March 31, 2025 (December 31, 2024 - $1,851,628).

See note 21.

11. Other liabilities

Other liabilities is comprised of:

	March 31, 2025 ($)	December 31, 2024 ($)
Earnouts payable – long-term portion (notes 8 and 21)	423,144	388,088
Promissory note – long-term portion (notes 8 and 21)	183,815	172,505
	606,959	**560,593**

As part of the consideration paid for the acquisition of New Fruit Group, the Company entered into an agreement with the former managers who continue to manage New Fruit Group whereby if certain growth targets are achieved in the three years after acquisition, up to €650,000 could be payable. The fair value of the earnout liability was calculated by discounting the expected future payments and will be accreted to their face value over their term or until fully paid. The earnout earned in 2023 totalled €39,179 and was paid in 2024. The estimated 2024 earnout is $30,096 and is recorded in accounts payable and accrued liabilities. The balance of the earnout expected to be paid is recorded as a long-term liability. The long-term portion of the earnout liability will be accreted to the amounts expected to be paid over the next year.

Part of the consideration paid to acquire New Fruit Group was the issuance of a promissory note by the Company to the former shareholders of New Fruit Group. The promissory note bears interest at 2% and is for €146,447 with payments due in 2025 and 2026. The fair value of the promissory note was calculated by discounting the future payments at 28.3% per annum and is being accreted to its face value over its three-year term.

See note 21.

12. Share capital

(a) Common shares

The Company is authorized to issue an unlimited number of common shares without par value. At both March 31, 2025 and December 31, 2024 the Company had 34,318,382 common shares issued and outstanding.

(Unaudited - Expressed in Canadian Dollars)

In April 2024 the Company completed a private placement of 5,750,000 common shares at a price of $0.10 per share for proceeds of $575,000 with one director of the Company having purchased 5,150,000 common shares. No finder's fees were paid and the common shares were subject to a four month hold period that expired in August 2024. The proceeds were used to repay several of the short-term loans and for working capital.

See note 21.

(b) Shares to be issued

The Company received $2,299,935 during three months ended March 31, 2025 and $1,545,505 during year ended December 31, 2024 in advance of a private placement planned for early 2025. See note 21.

The Company has also granted share bonuses to senior management issuable upon certain milestones being met in 2025. If all milestones are met, common shares worth $575,400 will be issued. The full amount of $575,400 was accrued and expensed as stock based compensation in 2024's consolidated statement of comprehensive loss. Any shares issued will be subject to a four month hold period.

(c) Share options

The Company has adopted a rolling stock option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or non-employee service providers to a maximum of 10% of the outstanding common shares of the Company at any point in time, less any stock options already reserved for issuance under the stock option plans of the Company or granted under any other employee incentive purchase plan that the Company may adopt. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors.

1,900,000 options with a fair value of $120,300 were granted in the first quarter of 2025. The Company recorded a stock-based compensation expense relating to options that vested in the first quarter of 2025 of $52,533 (2024 - $55,877). No options were granted in 2024.

A summary of the Company's stock options is as follows:

	Total options		**Exercisable options**	
	Total options	**Weighted average exercise price ($)**	**Exercisable options**	**Weighted average exercise price ($)**
Balance, January 1, 2024	1,687,000	2.15	1,250,400	2.03
Vested	-	-	189,100	2.44
Forfeited	(269,000)	2.01	(181,500)	1.65
Expired	(353,000)	1.61	(353,000)	1.61
Balance at December 31, 2024	**1,065,000**	**2.35**	**905,000**	**2.36**
Granted	1,900,000	0.11	410,000	0.11
Vested	-	-	6,000	1.90
Balance at March 31, 2025	**2,965,000**	**0.92**	**1,321,000**	**1.66**

(Unaudited - Expressed in Canadian Dollars)

A summary of the Company's share options outstanding and exercisable at March 31, 2025 is as follows:

Exercise price ($)	Average years to expiry	Number of options outstanding	Number of options exercisable
0.10	4.95	600,000	120,000
0.12	5.00	1,300,000	290,000
0.50	3.58	25,000	10,000
0.70	0.06	40,000	40,000
1.00	0.45	215,000	215,000
1.35	3.17	100,000	40,000
1.80	0.68	30,000	30,000
1.90	2.98	30,000	18,000
2.10	2.73	130,000	130,000
2.65	0.73	70,000	70,000
2.85	0.83	30,000	30,000
3.00	1.71	35,000	28,000
3.70	1.65	330,000	270,000
4.20	0.91	30,000	30,000
	3.76	**2,965,000**	**1,321,000**

The Company recognizes stock-based compensation over the vesting period of the underlying options using the Black-Scholes Option Pricing Model for those options with set vesting dates and the Binomial Method for those options which vest based on market conditions. Option pricing methods require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and/or vested during the period. The fair value of the options granted in 2025 was calculated using the Black-Scholes Option Pricing Model with the following inputs: expected price volatilities of 100%, risk free interest rates of 2.68-2.72%, expected lives of 5 years and no dividend yield.

(d) Restricted share units

The Company has adopted a restricted share unit ("RSU") plan to issue RSUs whereby the total aggregate RSUs and stock options outstanding may be up to 10% of its issued capital at the time of an applicable option grant. Under the RSU plan, the Company's Board of Directors may from time to time, grant RSUs to directors, officers, employees or consultants. The vesting terms of an RSU are at the discretion of the Board of Directors. The option to settle the RSUs in cash or in shares is also at the option of the Board of Directors.

(Unaudited - Expressed in Canadian Dollars)

150,000 RSUs with a fair value of $15,000 were granted in the first quarter of 2025. The Company recorded a stock-based compensation expense relating to RSUs that vested in the first quarter of 2025 of $2,396 (2024 - $23,125). No RSUs were granted in 2024.

A summary of the Company's RSUs is as follows:

	Total RSUs		Exercisable RSUs	
	Total RSUs	**Market price on grant ($)**	**Exercisable RSUs**	**Market price on grant ($)**
Balance, January 1, 2024	407,500	2.15	292,500	2.31
Vested	-	-	102,500	1.50
Expired	(227,500)	2.55	(227,500)	2.55
Balance at December 31, 2024	**180,000**	**1.33**	**167,500**	**1.37**
Granted	150,000	0.10	-	-
Balance at March 31, 2025	**330,000**	**0.77**	**167,500**	**1.37**

No RSUs were granted and 227,500 RSUs expired unexercised in 2024. In June 2023 the Company granted 50,000 RSUs which will vest 50% in one year and 25% each six months thereafter. The fair value of each RSU is determined using the closing price of the common shares of the Company on the date of grant.

(e) Warrants

In December 2022 the Company issued 18,428 warrants in connection with the convertible debentures issued in December 2022. These warrants are exercisable for a period of two years at an exercise price of $3.00 per share. The fair value of these warrants of $11,610 was calculated using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 109%, risk free interest rate of 4.03%, expected life of 2 years and no dividend yield. The value of these warrants was classified as a transaction cost for the debentures and is recorded in the current period's loss on extinguishment of debentures (note 10).

The Company issued 10,660 warrants in connection with the convertible debentures issued in February and March 2023. These warrants are exercisable for a period of two years at an exercise price of $3.00 per share. The fair value of these warrants of $6,145 was calculated using the Black-Scholes Option Pricing Model with the following inputs: expected price volatility of 109%, risk free interest rate of 4.03%, expected life of 2 years and no dividend yield. The value of these warrants was classified as a transaction cost for the debentures and is recorded as an offset to the convertible debentures balance and will be amortized over the expected terms of the debentures (note 10). These warrants expired in the first quarter of 2025.

There were no warrants outstanding and exercisable at March 31, 2025.

(Unaudited - Expressed in Canadian Dollars)

A summary of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price ($)
Balance at January 1, 2024	29,088	3.00
Expired	(18,428)	3.00
Balance at December 31, 2024	**10,660**	**3.00**
Expired	(10,660)	3.00
Balance at March 31, 2025	**-**	**-**

(f) Reserves

	Options and RSUs ($)	Warrants ($)	Other reserves ($)	Cumulative translation ($)	Total ($)
Balance, January 1, 2024	4,191,708	752,880	2,673,859	414,018	8,032,465
Stock-based compensation	256,249	-	-	-	256,249
Accumulated comprehensive loss	-	-	-	642,813	642,813
Balance at December 31, 2024	**4,447,957**	**752,880**	**2,673,859**	**1,056,831**	**8,931,527**
Stock-based compensation	54,929	-	-	-	54,929
Accumulated comprehensive income	-	-	-	94,897	94,897
Balance at March 31, 2025	**4,502,886**	**752,880**	**2,673,859**	**1,151,728**	**9,081,353**

13. Cost of sales

	Three months ended March 31	
	2025 ($)	**2024 ($)**
Produce purchases (note 5)	12,479,846	4,312,358
Freight out	15,354	3,760
Packaging and other	13,296	45,053
	12,508,496	**4,361,171**

14. Selling, general and administration expenses

	Three months ended March 31	
	2025 ($)	**2024 ($)**
Administration and office	303,698	79,347
Professional fees	104,907	103,289
Amortization (note 8)	41,300	41,301
Bad debt expense	-	12,228
	449,905	**236,165**

(Unaudited - Expressed in Canadian Dollars)

15. Other income (loss)

	Three months ended March 31 2025 ($)	Three months ended March 31 2024 ($)
Proceeds from VAT reassessment	8,747	-
Proceeds from return of deposit	11,377	-
Other	481	-
	20,605	**-**

16. Income (loss) from discontinued operations

In June 2024 the Company completed the sale of 100% of the outstanding shares of three of its wholly owned Dutch operating subsidiaries: Organto Europe BV; Fresh Organic Choice BV; and BeeOrganic BV to an independent third-party purchaser.

As a result of the sale of the Dutch operating subsidiaries, all revenue and expenses, as well as any gains and losses relating to the operations of the sold subsidiaries have been eliminated from the Company's continuing operations and are instead shown as a single line item in the condensed interim consolidated statements of comprehensive loss. Comparative prior year amounts have been restated to conform with this presentation. Cash flows relating to the operations of the sold subsidiaries have also been separated from cash flows relating to the Company's current operations and comparative prior year amounts have been restated to conform with the current presentation in the condensed interim consolidated statement of cash flows.

	Three months ended March 31 2025 ($)	Three months ended March 31 2024 ($)
Sales	-	2,026,257
Cost of sales (note 5)	-	(2,165,829)
Gross profit	-	(139,572)
Selling, general and administration expenses	-	(340,096)
Management fees	-	(55,793)
Labour costs and benefits	-	(537,235)
	-	1,072,696
Interest expense	-	(61,934)
Realized loss on derivative assets	-	(30,765)
Unrealized gain (loss) on revaluation of derivative liabilities	-	79,573
Foreign exchange gain (loss)	-	42,216
Loss from discontinued operations	**-**	**(1,043,606)**

(Unaudited - Expressed in Canadian Dollars)

17. Related party transactions

(a) Directors and key management personnel compensation:

	Three months ended March 31 2025 ($)	Three months ended March 31 2024 ($)
Salaries, consulting and management fees		
- continuing operations	73,097	71,977
- discontinued operations	-	77,729
Stock based compensation		
- continuing operations	39,627	59,417
- discontinued operations	-	7,056
	112,724	**216,179**

Bonuses to members of the senior management team were accrued in 2024 and are proposed to be paid upon the completion of certain milestones in 2025. The bonuses will be paid partly in cash and partly in shares with the cash portion only to be paid once adequate cash balances have been achieved. None of these bonuses have been paid and the amounts payable are recorded in accounts payable and accrued liabilities at both March 31, 2025 and December 31, 2024.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the periods ended March 31, 2025 and 2024.

(b) Transactions with related parties:

	Three months ended March 31 2025 ($)	Three months ended March 31 2024 ($)
Administrative services		
- discontinued operations	-	124,743
Office lease payments		
- discontinued operations	-	47,353

(c) Outstanding balances payable (receivable):

	March 31, 2025 ($)	December 31, 2024 ($)
Salaries, consulting and management fees	322,728	337,076
Short-term loans	33,000	33,000
Interest on short term loans and convertible debentures	15,414	74,632
Expense reimbursements	37,290	41,739
Convertible debentures	101,950	351,950

(Unaudited - Expressed in Canadian Dollars)

18. Supplemental cash flow information

	Three months ended March 31 2025 ($)	Three months ended March 31 2024 ($)
Items not involving cash:		
Amortization	41,300	41,300
Bad debt expense	-	12,228
Stock-based compensation	54,929	79,002
Interest expense and accretion	303,703	355,006
Foreign currency translation	104,824	(5,756)
Other loss	(8,761)	-
Realized gain on sale of investment securities	-	(7,855)
Unrealized gain on revaluation of investment securities	-	(2,719)
Unrealized loss (gain) on revaluation of derivatives	234,095	(242,592)
	730,090	**228,614**

	2025 ($)	2024 ($)
Changes in non-cash working capital:		
Receivables	(2,469,136)	(48,142)
Inventories	(877,997)	97,145
Prepaid expenses	(157,090)	(7,367)
Accounts payable and accrued liabilities	1,554,509	174,462
	(1,949,714)	**216,098**

19. Segmented information

The Company has one reportable business segment, being the sourcing, logistics, packaging, distribution and marketing of organic and specialty food products in Europe.

In the three months ended March 31, 2025, 83% of the Company's sales were to 7 customers with each customer accounting for at least 5% of total sales. In the three months ended March 31, 2024, 78% of the Company's sales were to 5 customers with each customer accounting for at least 5% of total sales. In both periods, these customers act as intermediaries who then sell to retailers who have contracted with the Company.

In the three months ended March 31, 2025, 55% of the Company's purchases were from 6 suppliers with each supplier accounting for at least 5% of total purchases. In the three months ended March 31, 2024, 78% of the Company's purchases were from 4 suppliers with each supplier accounting for at least 5% of total purchases.

Information by geographical areas is as follows:

	March 31, 2025 ($)	December 31, 2024 ($)
Non-current assets		
Germany	1,353,129	1,394,429

(Unaudited - Expressed in Canadian Dollars)

20. Commitments

At March 31, 2025 the Company had entered into agreements which call for minimum payments as follows:

	Within 1 year ($)	Between 1 and 5 years ($)	After 5 years ($)	Total ($)
Management fees	154,750	-	-	154,750
Labour and benefits	88,988	-	-	88,988
Property lease	29,997	-	-	29,997
Forward currency exchange contracts	31,231,721	-	-	31,231,721
	31,505,457	**-**	**-**	**31,505,457**

The Company has a hedging facility with a European financial services company in order to hedge its exposure to fluctuations in the US dollar vs Euro exchange rate. The facility is for forward exchange contractsfor US$24.7 million at March 31, 2025.

21. Subsequent events

Private placement

In April 2025 the Company completed a private placement of 53,099,910 common shares at a price of $0.10 per share for proceeds of $5,309,991 which includes the share subscriptions of $4,420,840 already received by March 31, 2025. 2,369,680 common shares were also issued to settle finder's fees of $255,568 and $18,600 was paid in cash to finders. The common shares are subject to a four month hold period that expires in August 2025. The proceeds were used for working capital.

Short-term loans

In April 2025 the Company settled $1,966,906 short-term loans and accrued interest by issuing 19,669,050 common shares. The common shares are subject to a four month hold period that expires in August 2025.

Shares for debt settlements

In April 2025 the Company settled $56,394 of accounts payable by issuing 563,940 common shares. The common shares are subject to a four month hold period that expires in August 2025.

Convertible debentures

In March 2025 the Company was approached by an arms-length private corporation who had purchased over 67% of the $8,050,000 November 2026 series of convertible debentures. An agreement in principle was reached whereby the outstanding principal and interest amount under the debentures will be settled through the issuance of common shares at an issue price of $0.20 per share resulting in up to 40.25 million shares being issued. These shares will be subject to a contractual restriction on transfer whereby they will be restricted from trading for a period of 18 months from their date of issue, following which they would be released as to 25% per quarter, such that all these shares will be freely tradable after 30 months from their issuance. Formal corporate, regulatory and securityholder approvals are currently being sought.

In April 2025 the Company reached an agreement with the holders of $2,543,350 of the December 2024 series A, December 2024 series B, February 2025 and March 2025 series of convertible debentures under which the holders received 1,695,568 common shares as full payment of the interest due but not paid one the first and second anniversaries of the debentures of $508,670. The common shares are subject to a four month hold period that expires in August 2025. The maturity dates have been extended by one year in respect of 50% of the principal amount and by two years in respect of the remaining 50% of the principal amount and the conversion and acceleration prices have been changed from $3.00 and $4.50 to $0.60 and $0.90 respectively. As per an April 2025 agreement with the holder of a $40,000 debenture, this debenture and its accrued interest was repaid by May 2025. The interest and principal amounts on the remaining $8,000 of March 2025 series of convertible debentures are expected to be repaid in cash in 2025.

Hedging facility

In the April 2025 the Company's European subsidiary entered into a US$1 million forward exchange contract which expires in March 2026.

NFG Promissory Note Settlement

In March 2025 the Company reached an agreement with the holders of a promissory note related to the purchase of the New Fruit Group under which the holders converted outstanding principal and interest in the amount of €149,971 into 2,200,000 common shares at a deemed conversion price of $0.10 per share (notes 8 and 11).

NFG Earn-Out Settlement

In March 2025 the Company reached an agreement with the former shareholders of the New Fruit Group to settle projected future earn-out payments (notes 8 and 11) in exchange for a cash payment of $350,000.

Stock Options and Restricted Share Units

In April 2025 the Company issued 4,550,000 stock options to directors, officers, consultants and employees with a term of five years. These options have exercise prices of $0.10 - $0.20 per share and have vesting periods of 18 months to 4 years.

Investor Relations Agreement

In April 2025 the Company entered into an investor relations agreement with a private company controlled by a director of the Company to provide strategic communication services to the Company, in consideration for a fee of $7,500 per month during the term of the agreement and the grant of 700,000 stock options at a price of $0.20 for a period of five years. The options will vest as to 25% three months from the date of grant and 25% every three months thereafter. The agreement is for a period of 12 months expiring March 31, 2026, and may be terminated by either party upon 90 days of notice.