SIMPLY BETTER BRANDS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Simply Better Brands Corp.

Opinion

We have audited the accompanying consolidated financial statements of Simply Better Brands Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Key Audit Matters

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

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Impairment of Goodwill

As described in Note 9 of the consolidated financial statements, the carrying amount of goodwill was $3.9 million as at December 31, 2024. Management performs an impairment assessment on goodwill annually, or more frequently when there is an indication of impairment. An impairment loss is recognized if the carrying amount of a cash generating unit ("CGU") or grouped CGUs to which the goodwill relate, exceeds its recoverable amount. In determining the estimated recoverable amount, the Company uses a discounted cash flow model which includes significant assumptions such as future cashflows, growth rates, and discount rates.

The principal considerations for our determination that the impairment assessment of goodwill at the CGU level is a key audit matter is the significant judgement and subjectivity required by management when developing the recoverable amount of the CGUs. This in turn leads to a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Our approach to addressing the key audit matter included the following, among others:

- Understanding management's processes and controls regarding management's impairment assessment, including controls over the determination of the CGUs.
- Evaluating the appropriateness of management's use of the discounted cash flow model and tested the mathematical accuracy thereof.
- Assessing the reasonableness of management's forecasted cash flows, revenue levels and growth rates, and operating margins by comparing them to current and historical performance, current industry, market and economic trends.
- Utilizing professionals with specialized skill and knowledge in the field of valuation to assist in evaluating the appropriateness of management's discounted cash flow model and in testing the reasonableness of certain significant assumptions**.**
- Performing sensitivity analysis on significant assumptions to evaluate changes in the recoverable amount of the CGU that would result from changes in the assumptions.
- Assessing the appropriateness of the disclosures relating to goodwill and definite life intangible assets in the notes to the consolidated financial statements**.**

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 22, 2025

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Simply Better Brands Corp.
Consolidated Statements of Financial Position
(Expressed in United States Dollars)

As at	Note(s)	December 31, 2024 $	December 31, 2023 $
ASSETS			
Current assets			
Cash	4	7,063,073	2,330,382
Restricted cash		-	325,000
Accounts receivable	5	10,254,649	2,367,447
Other receivable		233,481	129,468
Prepaid expenses and others	6	398,776	2,781,904
Inventory	7	3,842,293	6,166,311
		21,792,272	**14,100,512**
Non-current assets			
Deposits		-	1,534
Equipment		-	914
Intangible assets	8	20,000	1,533,408
Goodwill	9	3,902,398	3,902,398
		3,922,398	**5,438,254**
TOTAL ASSETS		**25,714,670**	**19,538,766**
LIABILITIES			
Current liabilities			
Bank overdraft	4	4,102,551	-
Accounts payable and accrued liabilities	10	10,435,993	6,790,477
Deferred revenue		87,458	591,998
Derivative liability	16	-	8,862
Amount due to the revolving credit facilities	11	-	7,047,616
Loan payable	12	-	10,404,928
Current portion of promissory note	14	3,075,173	906,337
Current portion of convertible notes	15	-	529,510
Warrant liabilities	13	6,399,511	347,456
		24,100,686	**26,627,184**
Non-current liabilities			
Promissory note	14	333,054	552,391
		333,054	**552,391**
TOTAL LIABILITIES		**24,433,740**	**27,179,575**

(Expressed in United States Dollars)

	As at Note(s)	December 31, 2024 $	December 31, 2023 $
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	17	61,046,402	51,289,400
Additional paid-in capital	17	3,629,099	3,179,510
Reserves	17	2,155,722	3,146,535
Accumulated deficit		(65,284,289)	(61,263,220)
Accumulated other comprehensive income		104,040	21,066
Equity attributable to owners of the Company		**1,650,974**	**(3,626,709)**
Non-controlling interest	17	(370,044)	(4,014,100)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**1,280,930**	**(7,640,809)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**25,714,670**	**19,538,766**

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These audited consolidated financial statements were approved for issue on April 22, 2025 by the Board of Directors and signed on its behalf by:

/s/ J.R. Kingsley Ward Director **/s/ Brock Bundy Director**

Simply Better Brands Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)

	Note(s)	December 31, 2024 $	December 31, 2023 $
Revenue	18	**45,289,157**	**26,772,362**
Cost of goods sold		**(32,023,541)**	**(19,289,136)**
Gross profit		**13,265,616**	**7,483,226**
Expenses			
Amortization	8	1,533,408	2,818,632
Consulting fees		148,957	-
General and administrative expenses		3,467,540	1,241,157
Impairment (recovery) of accounts receivable	5	14,858	33,487
Marketing expenses		4,101,823	3,188,069
Professional fees		2,266,745	1,127,782
Regulatory and filing fees		62,249	67,251
Salaries and wages	21	3,291,731	2,507,089
Share-based payments	17, 21	1,292,033	1,989,519
Travel and entertainment		27,201	30,499
Total expenses		**(16,206,545)**	**(13,003,485)**
Loss before other income (expenses)		**(2,940,929)**	**(5,520,259)**
Other income (expenses)			
Fair value adjustment of derivative liability	16	(711,280)	166,260
Finance costs	19	(1,062,447)	(1,353,395)
Foreign exchange gain (loss)		88,520	(234,876)
Gain on disposition of subsidiary	3	171,953	10,591
Gain on modification of promissory notes	14	26,026	-
Gain (loss) on remeasurement of warrant liabilities	13	(7,101,701)	967,968
Impairment of goodwill	9	-	(1,334,763)
Impairment of intangible assets	8	-	(246,328)
Write-off of advance payments		-	1,918
Total other income (expenses)		**(8,588,929)**	**(2,022,625)**
Loss from continuing operations		**(11,529,858)**	**(7,542,884)**
Discontinued operations			
Profit (loss) from discontinued operations	3	11,152,845	(16,711,665)
Net profit (loss)		**(377,013)**	**(24,254,549)**

Simply Better Brands Corp.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)

	Note(s)	December 31, 2024 $	December 31, 2023 $
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		82,974	9,317
Total comprehensive loss		**(294,039)**	**(24,245,232)**
Total comprehensive income(loss) attributable to:			
Equity holders of the parent	17	(5,635,891)	(21,683,817)
Non-controlling interests	17	5,341,852	(2,561,415)
Total		**(294,039)**	**(24,245,232)**
Basic and diluted loss per share for the year attributable to common shareholders ($ per common share)			
- Continuing operations		**(0.14)**	**(0.11)**
- Total		**(0.07)**	**(0.32)**
Weighted average number of common shares outstanding - basic and diluted		**85,123,907**	**68,140,105**

Simply Better Brands Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in United States Dollars)

	Note(s)	Share #	capital $	Additional paid-in capital $	Reserves $	Accumulated deficit $	Accumulated other comprehensive income $	TOTAL $	Non-controlling interest $	TOTAL $
Balance as of December 31, 2023		**72,391,957**	**51,289,400**	**3,179,510**	**3,146,535**	**(61,263,220)**	**21,066**	**(3,626,709)**	**(4,014,100)**	**(7,640,809)**
Shares issued for cash - private placement	17	11,428,568	2,918,288	-	-	-	-	**2,918,288**	-	**2,918,288**
Shares issued for cash - exercise of warrants	17	8,950,021	2,757,848	-	-	-	-	**2,757,848**	-	**2,757,848**
Shares issued for cash - exercise of stock options	17	301,665	59,706	-	-	-	-	**59,706**	-	**59,706**
Shares issued for restricted share units	17	2,191,625	1,427,843	-	(1,427,843)	-	-	-	-	-
Share issue costs	17	-	(200,026)	-	-	-	-	**(200,026)**	-	**(200,026)**
Fair value of finders' warrants		-	(30,914)	-	30,914	-	-	-	-	-
Shares issued for earn out payments	17, 22	306,841	119,249	-	-	-	-	**119,249**	-	**119,249**
Shares issued for conversion of convertible notes	15, 17	2,179,488	1,319,953	-	-	-	-	**1,319,953**	-	**1,319,953**
Warrants issued for services	17	-	-	-	18,330	-	-	**18,330**	-	**18,330**
Reclassification of grant-date fair value on exercise of warrants	17	-	2,444,713	-	(446,581)	-	-	**1,998,132**	-	**1,998,132**
Reclassification of grant-date fair value on exercise of stock options	17	-	43,477	-	(43,477)	-	-	-	-	-
Reclassification of grant-date fair value on expired stock options	17	-	-	449,589	(449,589)	-	-	-	-	-
Reclassification of the grant-date fair value of warrants	17	-	(154,649)	-	154,649	-	-	-	-	-
Reclassification of the grant-date fair value of warrant liabilities	13, 17	-	(948,486)	-	-	-	-	**(948,486)**	-	**(948,486)**
Derecognition of non-controlling interest	17	-	-	-	-	1,697,796	-	**1,697,796**	(1,697,796)	-
Share-based payments	17	-	-	-	1,172,784	-	-	**1,172,784**	-	**1,172,784**
Income (loss) and comprehensive income										
- From continuing operations		-	-	-	-	(11,372,703)	82,974	**(11,289,729)**	(157,155)	**(11,446,884)**
- From discontinued operations		-	-	-	-	5,653,838	-	**5,653,838**	5,499,007	**11,152,845**
Balance as of December 31, 2024		**97,750,165**	**61,046,402**	**3,629,099**	**2,155,722**	**(65,284,289)**	**104,040**	**1,650,974**	**(370,044)**	**1,280,930**

Simply Better Brands Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

(Expressed in United States Dollars)

	Note(s)	Share capital		Share subscription received	Additional paid-in capital	Reserves	Accumulated deficit	Accumulated other comprehensive income	TOTAL	Non-controlling interest	TOTAL
		#	$	$	$	$	$	$	$	$	$
Balance as of December 31, 2022		**42,488,379**	**45,411,501**	**235,357**	**3,068,551**	**3,436,447**	**(39,570,086)**	**11,749**	**12,593,519**	**(1,452,685)**	**11,140,834**
Shares issued for cash - private placement	17	28,000,000	5,226,496	-	-	-	-	-	**5,226,496**	-	**5,226,496**
Shares issued for restricted share units	17	1,001,043	2,331,866	-	-	(2,331,866)	-	-	**-**	-	**-**
Share issue costs	17	-	(566,725)	-	-	335,700	-	-	**(231,025)**	-	**(231,025)**
Shares issued for debt settlement	17	148,925	29,380	-	-	-	-	-	**29,380**	-	**29,380**
Shares issued for earn out payments	17	663,374	154,973	-	-	-	-	-	**154,973**	-	**154,973**
Shares issued for services	17	90,236	17,333	-	-	-	-	-	**17,333**	-	**17,333**
Reclassification of grant-date fair value on expired stock options	17	-	-	-	110,959	(110,959)	-	-	**-**	-	**-**
Reclassification of the grant-date fair value of warrant liabilities	13, 17	-	(1,315,424)	-	-	-	-	-	**(1,315,424)**	-	**(1,315,424)**
Reclassified the share subscription received to accounts payable and accrued liabilities		-	-	(235,357)	-	-	-	-	**(235,357)**	-	**(235,357)**
Share-based payments	17	-	-	-	-	1,817,213	-	-	**1,817,213**	-	**1,817,213**
Loss and comprehensive loss		-	-	-	-	-	(21,693,134)	9,317	**(21,683,817)**	(2,561,415)	**(24,245,232)**
Balance as of December 31, 2023		**72,391,957**	**51,289,400**	**-**	**3,179,510**	**3,146,535**	**(61,263,220)**	**21,066**	**(3,626,709)**	**(4,014,100)**	**(7,640,809)**

Simply Better Brands Corp.

Consolidated Statements of Cash Flows
(Expressed in United States Dollars)

	Note(s)	December 31, 2024 $	December 31, 2023 $
Cash flow from (used in)			
OPERATING ACTIVITIES			
Net loss from continuing operations		(11,529,858)	(7,542,884)
Non-cash finance costs		926,597	1,108,624
Amortization	8	1,533,408	2,818,632
Fair value adjustment of derivative liability	16	711,280	(166,260)
Impairment of goodwill	9	-	1,334,763
Impairment of intangible assets	8	-	246,328
Impairment (recovery) of receivable	5	14,858	33,487
Gain on disposition of subsidiary	3	(171,953)	(10,591)
Gain on modification of promissory notes	14	(26,026)	-
Loss on remeasurement of warrant liabilities	13	7,101,701	(967,968)
Share-based payments	17	1,292,033	1,989,519
Warrants issued for services	17	18,330	-
Write-off of advance payments	6	-	(1,918)
Effects of currency exchange rate changes		(96,917)	11,156
Net changes in non-cash working capital items:			
Accounts receivable		(8,732,749)	352,173
Other receivable		38,566	(49,383)
Prepaid expenses		1,625,003	1,569,727
Deposits		-	2,249
Inventory		1,863,842	(3,187,081)
Accounts payable and accrued liabilities		6,812,613	40,017
Deferred revenue		87,458	-
Cash flow provided by continuing operations		**1,468,186**	**(2,419,410)**
Cash flow used in discontinued operations	3	(311,986)	(936,025)
Cash flow provided by (used in) operating activities		**1,156,200**	**(3,355,435)**
INVESTING ACTIVITIES			
Disposal of a subsidiary, net of cash disposed of	3	(83,352)	(3,909)
Purchase of intangible assets	8	(20,000)	-
Cash flow used in investing activities		**(103,352)**	**(3,909)**

(Expressed in United States Dollars)

	Note(s)	For the years ended December 31, 2024 $	December 31, 2023 $
FINANCING ACTIVITIES			
Bank overdraft	4	4,102,551	-
Proceeds from exercise of options	17	59,706	-
Proceeds from exercise of warrants	17	2,757,848	-
Proceeds from issuance of common shares, net of cash share issue costs	17	2,718,262	4,995,471
Proceeds from issuance of promissory notes	14	2,563,847	550,000
Advances from revolving credit facilities	11	14,855,357	18,143,123
Repayment of convertible notes	15	-	(1,725,650)
Repayment to the revolving credit facilities	11	(22,266,059)	(16,107,970)
Repayment of loan payable	12	(570,527)	(807,663)
Repayment of promissory notes	14	(813,992)	(1,720,450)
Cash flow provided by financing activities		**3,406,993**	**3,326,861**
Effects of exchange rate changes on cash		272,850	19,687
Increase (decrease) in cash		**4,732,691**	**(12,796)**
Opening cash		**2,330,382**	**2,343,178**
Closing cash		**7,063,073**	**2,330,382**

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1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Simply Better Brands Corp. (the "Company" or "SBBC") was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 19, 2018, and changed its name from AF1 Capital Corp. to PureK Holdings Corp. on December 8, 2020, and from PureK Holdings Corp. to Simply Better Brands Corp. on May 3, 2021.

The Company is listed on the TSX Venture Exchange (the "Exchange").

The Company is an international omni-channel platform with diversified assets in the plant-based and holistic wellness consumer product categories. The Company focuses on innovation in the plant-based, natural, and clean ingredient space. The Company also focuses on expansion into consumer product categories including plant-based food and beverage, and skin care industries. The head office and the registered address of the Company are 95 Wellington St W, 14th floor, Toronto, Ontario M5J 2N7.

These financial statements have been prepared on the assumption that the Company will continue as a going concern. Management believes that its current working capital and planned operating results will provide sufficient working capital for its present obligations and planned activities for at least twelve months commencing December 31, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION

Statement of compliance with IFRS Accounting Standards("IFRS")

These consolidated financial statements of the Company have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board.

The policies set out below were consistently applied to all periods presented unless otherwise noted below.

Basis of preparation

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS that are published at the time of preparation and that are effective on December 31, 2024.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(Expressed in United States Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and the following subsidiaries of the Company:

			Percentage owned		
	Note(s)	Country of incorporation	December 31, 2024	December 31, 2023	Reporting date
Tru Brands US Corp ("Tru Brands")		USA	100.00%	100.00%	December 31
Tru Brands Snack Company ("TBS")		Canada	100.00%	100.00%	December 31
Purekana, LLC ("PureKana")*		USA	nil	50.10%	December 31
No B.S. Skincare ("No B.S. Skincare")		USA	65.00%	82.54%	December 31
Crisp Management Group Inc. ("CMG")[#]		USA	nil	60%	December 31
Hervé Edibles Limited ("Hervé")[˜]	3	Canada	nil	100.00%	December 31
Delysees Luxury Desserts ("Delysees")[˜]	3	USA	nil	100.00%	December 31
The French Dessert Company ("TFDC")[˜]	3	USA	nil	100.00%	December 31
The BRN Group Inc. ("BRN")	3	USA	100.00%	100.00%	December 31
BRN Brands Group Inc.	3	USA	100.00%	100.00%	December 31
Redemption Group LLC ("RG")[^]	3	USA	100.00%	100.00%	December 31

* PureKana filed a bankruptcy proceeding under Chapter 7 of the Bankruptcy Code of the United States on April 3, 2024.
[#] CMG was voluntarily dissolved on February 7, 2024 (Note 3).
[˜] Hervé, Delysees and TFDC were voluntarily dissolved on July 26, 2024 (Note 3).
[^] RG was sold on December 31, 2024 (Note 3).

- **Subsidiaries**
  A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

- **Acquisitions and disposals**
  The results of businesses acquired during the reporting period are brought into the consolidated financial statements from the date the control is transferred; the results of businesses sold during the reporting period are included in the consolidated financial statements for the period up to the date the control is ceased.

  Gains or losses on disposal are calculated as the difference between the sale proceeds (net of expenses) and the carrying value of net assets attributable to the interest which has been sold. Where a disposal represents a separate major line of business or geographical area of operations, the net results attributable to the disposed entity are shown separately in the statement of loss and comprehensive loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) are discussed below.

- **Determination of functional currency**
  In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currencies of the Company and its subsidiaries, except for TBS and Hervé, are the United States dollar ("$", "US$" or "US dollar") as this is the currency of the primary economic environment in which the Company operates. The functional currency of TBS and Hervé is determined as the Canadian dollar ("CA$").

- **Share-based payment transactions**
  The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

- **Determination of variable consideration**
  Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the Company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

- **Provision for impairment of inventories**
  The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

- **Impairment**
  Goodwill and indefinite life intangible asset impairment testing requires management to make estimates in the impairment testing model. On an annual basis, the Company tests whether goodwill and indefinite life intangible assets are impaired. The recoverable value is determined using discounted future cash flow models, which incorporate estimates regarding future events, specifically future cash flows, growth rates and discount rates (Note 9). The Company uses judgment in determining the grouping of assets to identify its cash-generating units ("CGUs") for purposes of testing for impairment. Management has determined that the Company's operations represent five CGUs. In testing for impairment, goodwill acquired in a business combination is allocated to the group of CGUs that are expected to benefit from the synergies of the business combination, which involves judgment.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Critical accounting judgements, estimates and assumptions (continued)

- **Allowance for impairment of receivables**
  The Company makes judgements as to its ability to collect outstanding receivables and where necessary make allowances for impairment. Such impairments are made based upon a specific review of all significant outstanding receivables. In determining the allowance, the Company analyses its historical collection experience and current economic trends. If the historical data does not reflect the future ability to collect outstanding receivables, additional allowances for impairment of receivables may be needed and the future results of operations could be materially affected.

- **Income tax**
  The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

- **Recovery of deferred tax assets**
  Deferred tax assets are recognized for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

- **Going concern**
  Management makes an assessment about the Company’s ability to continue as a going concern by taking into the account the consideration of the various factors such as availability of capital and future operating results. Judgment is applied by management in determining whether or not these factors cause doubt about the ability of the Company to continue as a going concern.

Material Accounting Policy Information

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Material Accounting Policy Information (continued)

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of finished goods, raw materials, and supplies is based on the weighted-average cost method. The cost of finished goods and work in progress includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition, as well as production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Any change in fair value is recognized through profit or loss.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognized at cost. Indefinite life intangible assets are not amortized and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. The gains or losses recognized in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortization method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer base

Customer contracts acquired in a business combination are amortized on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortized on a straight-line basis over the period of their expected benefit, being their finite life of 3 to 5 years.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Material Accounting Policy Information (continued)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit or loss from continuing operations attributable to ordinary equity holders of parent entity by using the weighted-average number of shares outstanding during the year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Share-based payments

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payments reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share based compensation is transferred to deficit.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Material Accounting Policy Information (continued)

Financial instruments

Financial assets

- Classification and measurement

  The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

  The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

  Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

  Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

  Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

  Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

- Impairment of financial assets at amortized cost

  The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Material Accounting Policy Information (continued)

Financial instruments (continued)

Financial assets (continued)

- Impairment of financial assets at amortized cost (continued)
  Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

- Derecognition of financial assets
  Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

- Classification and measurement
  The Company classifies its financial liabilities into one of two categories as follows:

  Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

  Other financial liabilities – This category consists of liabilities carried at amortized cost using the effective interest method. The Company derecognizes financial liability when its contractual obligations are discharged, cancelled or expire.

- Derecognition of financial liabilities
  The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognized in profit or loss as the modification gain or loss.

  Refer to Note 26 for further disclosures.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Material Accounting Policy Information (continued)

Compound instruments

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to reserves. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency (US$) using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into the presentation currency (US$) using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognized in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognized in profit or loss when the foreign operation or net investment is disposed of.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Material Accounting Policy Information (continued)

Revenue recognition

The Company recognizes revenue as follows:

Revenue from contracts with customers

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognized as a refund liability.

Taxation

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

Material Accounting Policy Information (continued)

Assets held for sale and discontinued operations

The Company classifies assets and liabilities as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. Management is required to use judgement in assessing whether certain criteria under IFRS 5 are met, including whether a sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. The assets or disposal groups are measured at the lower of their carrying amount and estimated fair value less costs of disposal, which Management determines based on market factors.

The Company considers its disposal groups as discontinued operations if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
- Is a subsidiary acquired exclusively with a view to re-sell

Profit (loss) from discontinued operations is excluded from net profit (loss) from continuing operations and are presented as a single amount under “Profit (loss) from discontinued operations” account in the consolidated statement of profit (loss) and comprehensive income (loss).

Refer to Note 3 for further disclosures

New accounting standards

The following amendments have been effective for annual reporting periods beginning on or after January 1, 2024:

Classification of Liabilities as Current or Non-Current – The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Non-current Liabilities with Covenants issued in October 2022. The amendments require that an entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period. Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity’s right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of ‘settlement’ for the purpose of classifying a liability as current or non-current.

The Company concludes that the effect of such amendments did not have a material impact and therefore did not record any adjustments to the financial statements.

(Expressed in United States Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PRESENTATION (CONTINUED)

New accounting standards issued and not yet effective

The IASB has issued IFRS 18, Presentation and Disclosure in Financial Statements, replacing IAS 1, Presentation of Financial Statements. IFRS 18 introduces revised requirements for presenting and disclosing financial information, with the objective of improving consistency and comparability across entities. The updates include the definition of subtotals in the statement of profit or loss, such as operating profit and profit before financing and income taxes. Furthermore, it requires the disclosure of management-defined performance measures (MPMs), which are subtotals not specified by IFRS but represent management's view of performance. In addition, IFRS 18 enhances the principles of aggregation and disaggregation to ensure that material information is not obscured. This new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently evaluating the potential effects of IFRS 18 on its financial statements. Although the adoption of IFRS 18 is expected to improve the presentation and disclosure of financial information, it is not anticipated to have a material impact on the Company's financial position or performance.

3. DISPOSITION OF SUBSIDIARIES

During the year ended December 31, 2024, the Company filed a notice with the State of Florida to voluntarily dissolve CMG, with the dissolution taking effect on February 7, 2024. As a result of the dissolution, no gain or loss was recognized.

During the year ended December 31, 2024, the Company has classified Hervé Edibles Limited and its related subsidiaries (collectively referred to as "Hervé"), RG, and PureKana as disposal groups in accordance with IFRS 5 *"Non-current Assets Held for Sale and Discontinued Operations"*. This classification arises from the management's committed plan to dissolve Hervé and the bankruptcy proceeding filed by PureKana under Chapter 7 of the Bankruptcy Code of the United States on April 3, 2024.

As a consequence of the PK Liquidation, the Company derecognized the carrying value of the following assets and liabilities associated with PureKana as of April 3, 2024. This adjustment was duly reflected in the consolidated statements of profit (loss) and comprehensive income (loss), effectively offsetting the profit (loss) arising from discontinued operations.

	Carrying value as of April 3, 2024 **$**
Cash	56,992
Accounts receivable	731,169
Other receivable	30,794
Prepaid expenses	209,657
Inventory	371,312
Deposits	1,534
Accounts payable and accrued liabilities	(3,186,877)
Loan payable	(10,063,126)
Gain on deconsolidation of discontinued operations	**(11,848,545)**

On December 31, 2024, the Company entered into an agreement to sell all the assets of RG to a related party for proceeds of $200,000 (the "RG Proceeds"), which will be paid in three installments:

- $100,000 to be paid on December 31, 2024 (paid subsequent to December 31, 2024);
- $50,000 to be paid on December 31, 2025; and
- $50,000 to be paid on December 31, 2026.

(Expressed in United States Dollars)

3. DISPOSITION OF SUBSIDIARIES (CONTINUED)

The Company discounted the RG Proceeds using a discount rate of 15%. The discounted amount was offset against the carrying value of the net assets of RG sold as of December 31, 2024, resulting in a gain on disposal of $171,953.

	Carrying value as of December 31, 2024 $
Cash	26,360
Accounts receivable	8,804
Prepaid expenses	18,008
Inventory	49,795
Accounts payable and accrued liabilities	(77,814)
Deferred revenue	(15,821)
	9,332

Following is the breakdown of the loss from discontinued operations:

	For the year ended December 31, 2024			
	PureKana $	**Hervé $**	**RG $**	**TOTAL $**
Revenue	**7,849,284**	-	**1,103,197**	**8,952,481**
Cost of goods sold	**(1,969,582)**	-	**(360,381)**	**(2,329,963)**
Gross profit	**5,879,702**	-	**742,816**	**6,622,518**
Expenses				
Customer service support	**(814,018)**	-	**(15,037)**	**(829,055)**
Depreciation	-	-	**(914)**	**(914)**
General and administrative expenses	**(154,648)**	**(2,647)**	**(195,884)**	**(353,179)**
Impairment of accounts receivable	-	-	**(180)**	**(180)**
Marketing expenses	**(5,152,539)**	-	**(177,061)**	**(5,329,600)**
Professional fees	**(75,087)**	**(1,155)**	**(37,214)**	**(113,456)**
Salaries and wages	**(281,878)**	-	**(178,862)**	**(460,740)**
Travel and entertainment	**(1,297)**	**(289)**	-	**(1,586)**
Total expenses	**(6,479,467)**	**(4,091)**	**(605,152)**	**(7,088,710)**
Other income (expenses)				
Finance costs	**(228,725)**	-	**(39)**	**(228,764)**
Foreign exchange loss	-	-	**(744)**	**(744)**
Total other income (expenses)	**(228,725)**	-	**(783)**	**(229,508)**
Loss from discontinued operation	**(828,490)**	**(4,091)**	**136,881**	**(695,700)**

(Expressed in United States Dollars)

3. DISPOSITION OF SUBSIDIARIES (CONTINUED)

	For the year ended December 31, 2023			
	PureKana	Hervé	RG	TOTAL
	$	$	$	$
Revenue	48,107,743	96,268	4,879,169	53,083,180
Cost of goods sold	(12,478,581)	(64,501)	(1,159,089)	(13,702,171)
Gross profit	35,629,162	31,767	3,720,080	39,381,009
Expenses				
Amortization	(161,700)	(409,998)	(373,332)	(945,030)
Customer service support	(4,310,559)	-	(268,363)	(4,578,922)
Depreciation	-	-	(10,961)	(10,961)
General and administrative expenses	(691,092)	(42,756)	(272,313)	(1,006,161)
Impairment of accounts receivable	(61,774)	(55,272)	-	(117,046)
Impairment of inventories	-	(67,341)	-	(67,341)
Marketing expenses	(33,008,696)	(9,335)	(2,806,868)	(35,824,899)
Professional fees	(314,483)	9,154	10,819	(294,510)
Salaries and wages	(1,187,031)	(80,284)	(429,368)	(1,696,683)
Travel and entertainment	(11,936)	-	-	(11,936)
Total expenses	(39,747,271)	(655,832)	(4,150,386)	(44,553,489)
Other income (expenses)				
Finance income	5,929	-	-	5,929
Finance costs	(897,751)	-	-	(897,751)
Foreign exchange loss	-	-	(5,564)	(5,564)
Impairment of goodwill	-	(4,184,139)	(5,409,527)	(9,593,666)
Impairment of intangible assets	(121,275)	(190,002)	(466,669)	(777,946)
Write-off of advance payments	(270,187)	-	-	(270,187)
Total other income (expenses)	(1,283,284)	(4,374,141)	(5,881,760)	(11,539,185)
Loss from discontinued operation	(5,401,393)	(4,998,206)	(6,312,066)	(16,711,665)

(Expressed in United States Dollars)

3. DISPOSITION OF SUBSIDIARIES (CONTINUED)

The following is the breakdown of cash flows from discontinued operations:

	For the year ended December 31, 2024			
	PureKana	Hervé	RG	TOTAL
	$	$	$	$
Cash flow from (used in)				
OPERATING ACTIVITIES				
Net loss from discontinued operations	(828,490)	(4,091)	(26,799)	**(859,380)**
Accretion of interest of loan payable	228,725	-	-	**228,725**
Depreciation	-	-	914	**914**
Impairment of receivable	-	-	180	**180**
Net changes in non-cash working capital items:				
Restricted cash	325,000	-	-	**325,000**
Accounts receivable	70,613	-	7,611	**78,224**
Other receivable	7,871	-	-	**7,871**
Prepaid expenses	539,910	430	(13,517)	**526,823**
Inventory	10,855	-	1,841	**12,696**
Accounts payable and accrued liabilities	(76,119)	-	19,257	**(56,862)**
Deferred revenue	(580,716)	-	4,539	**(576,177)**
Cash flow used by discontinued operation	**(302,351)**	**(3,661)**	**(5,974)**	**(311,986)**

	For the year ended December 31, 2023			
	PureKana	Hervé	RG	TOTAL
	$	$	$	$
Cash flow from (used in)				
OPERATING ACTIVITIES				
Net loss from discontinued operations	(6,312,065)	(4,998,207)	(5,401,393)	**(16,711,665)**
Accretion of interest of loan payable	-	-	897,751	**897,751**
Amortization	373,332	409,998	161,700	**945,030**
Depreciation	10,961	-	-	**10,961**
Impairment of goodwill	5,409,527	4,184,139	-	**9,593,666**
Impairment of intangible assets	466,669	190,002	121,275	**777,946**
Impairment of inventories	-	67,341	-	**67,341**
Impairment of receivable	-	55,272	61,774	**117,046**
Write-off of advance payments	-	-	270,187	**270,187**
Net changes in non-cash working capital items:				
Restricted cash	-	-	-	**-**
Accounts receivable	20,670	(21,125)	1,748,417	**1,747,962**
Other receivable	-	-	54,426	**54,426**
Prepaid expenses	(4,491)	10,147	(133,878)	**(128,222)**
Inventory	168,172	18,448	323,989	**510,609**
Accounts payable and accrued liabilities	(364,269)	(35,105)	755,327	**355,953**
Deferred revenue	3,155	-	551,829	**554,984**
Cash flow used by discontinued operation	**(228,339)**	**(119,090)**	**(588,596)**	**(936,025)**

(Expressed in United States Dollars)

4. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
	$	$
Cash	7,063,073	2,330,382
Bank overdraft	(4,102,551)	-
	2,960,522	**2,330,382**

On November 8, 2024, the Company, through its subsidiary TBS, entered into a credit facility (the "TBS Overdraft Facility") with a bank. The TBS Overdraft Facility provides $10,000,000 in overdraft protection to the Company for operating purposes and is repayable on demand. The TBS Overdraft Facility bears an interest rate of the prime rate of the bank plus 3.5% or the US base rate plus 3.5% per annum. Interest is calculated monthly in arrears and is payable monthly on the last day of each month. The TBS Overdraft Facility is secured with all the present and after-acquired assets of TBS.

The TBS Overdraft Facility contains financial covenants stating that the quotient of total debts of TBS divided by the earnings before interest, taxes, depreciation, and amortization (EBITDA) for each reporting period is required to be less than or equal to 3.75 (3 from the fiscal year ending 2025 onwards). Additionally, the interest coverage ratio of TBS for each reporting period is required to be greater than or equal to 2.

As of December 31, 2024, the Company withdrew $4,102,551 (CA$(5,903,160) from the TBS Overdraft Facility (2023 – $nil (CA$ nil)) and incurred interest of $17,151 (CA$23,490) during the year ended December 31, 2024 (2023 – $nil (CA$ nil)).

5. ACCOUNTS RECEIVABLE

The following is the aging of the Company's account receivable as of December 31, 2024, and 2023:

	Total	Neither past due nor impaired	< 90 days	91 - 180 days	>180 days
	$	$	$	$	$
December 31, 2024	10,254,649	9,563,984	537,681	152,984	-
December 31, 2023	2,367,447	1,662,889	654,396	50,162	-

As at December 31, 2024, and 2023, accounts receivable were comprised of amounts from credit card processors for online sales and amounts due from retailers. The majority of the balances as of December 31, 2024, and 2023 were collected subsequent to December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024, and 2023, the Company recognized an impairment of receivable of $14,858 and $33,487, respectively.

6. PREPAID EXPENSES AND OTHERS

	December 31, 2024	December 31, 2023
	$	$
Prepayment to suppliers	278,887	1,746,821
Others	119,889	1,035,083
	398,776	**2,781,904**

(Expressed in United States Dollars)

7. INVENTORY

	December 31, 2024	December 31, 2023
	$	$
Raw materials	1,276,220	1,753,753
Finished goods	2,566,073	4,412,558
	3,842,293	**6,166,311**

Cost of goods sold is comprised of the cost of inventory sold and any adjustments to reduce the inventory to net realizable value.

8. INTANGIBLE ASSETS

	Customer Base	Trademark	Website development costs	Total
	$	$	$	$
COST				
As of December 31, 2022	1,902,000	8,380,858	323,400	**10,606,258**
Impairment	-	(5,151,797)	(323,400)	**(5,475,197)**
As of December 31, 2023	**1,902,000**	**3,229,061**	**-**	**5,131,061**
ACCUMULATED AMORTIZATION				
As of December 31, 2022	(633,996)	(3,610,493)	(40,425)	**(4,284,914)**
Amortization	(633,996)	(2,967,966)	(161,700)	**(3,763,662)**
Impairment	-	4,248,798	202,125	**4,450,923**
As of December 31, 2023	**(1,267,992)**	**(2,329,661)**	**-**	**(3,597,653)**
Net book value as of December 31, 2023	**634,008**	**899,400**	**-**	**1,533,408**

COST				
As of December 31, 2023	1,902,000	3,229,061	-	**5,131,061**
Addition	-	20,000	-	**20,000**
As of December 31, 2024	**1,902,000**	**3,249,061**	**-**	**5,151,061**
ACCUMULATED AMORTIZATION				
As of December 31, 2023	(1,267,992)	(2,329,661)	-	**(3,597,653)**
Amortization	(634,008)	(899,400)	-	**(1,533,408)**
As of December 31, 2024	**(1,902,000)**	**(3,229,061)**	**-**	**(5,131,061)**
Net book value as of December 31, 2024	**-**	**20,000**	**-**	**20,000**

(Expressed in United States Dollars)

9. GOODWILL

	December 31, 2024 $	December 31, 2023 $
Opening	**3,902,398**	**14,830,827**
Impairment	-	(10,928,429)
Closing	**3,902,398**	**3,902,398**

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Impairment is determined by assessing the recoverable amount of the Company's CGUs to which goodwill is allocated and comparing it to the CGUs' carrying amount. For the purpose of impairment testing, this represents the lowest level within the Company at which the goodwill is monitored for internal management purposes.

As of December 31, 2024, the Company identified the following CGUs to which goodwill and/or indefinite life intangible assets have been allocated, each of which has been tested for impairment:

- **Protein Bar** includes its subsidiary Tru Brands and TBS that provides protein bars in the North America markets through both online and through retailers.

As of December 31, 2023, the Company identified the following CGUs to which goodwill and/or indefinite life intangible assets have been allocated, each of which has been tested for impairment:

- **Cannabis Candy** includes the Company's subsidiary Hervé Edibles Ltd. and it provides confectionery food products to the Hemp and Cannabis industries.
- **Hemp** includes two of its subsidiaries - Purekana and RG which provide hemp derived products to the consumer market in the United States primarily through ecommerce.
- **Protein Bar** includes its subsidiary Tru Brands and TBS that provides protein bars in the North America markets through both online and through retailers.
- **Skincare** includes the Company's subsidiary No BS Skincare which provides skin care products primarily in the United States through retailers as well as through ecommerce.

For impairment tests performed as of December 31, 2024 and 2023, the recoverable amount of each CGU was determined based on its value-in-use using a discounted cash flow approach. Discounted cash flows were based on five-year cash flow projections derived from financial budgets or forecasts approved by management using the following key assumptions:

- ***Average annual revenue growth rate***: The average annual revenue growth rate for each CGU was estimated based on historical growth and management's expectations of market development.

- ***Discount rate***: The discount rate for each CGU was determined by estimating a weighted average cost of capital reflecting the time value of money and risks associated with the business.

- ***Terminal growth rate:*** The terminal growth rate is based on management's current assessment of the long-term growth outlook for each CGU and expected economic conditions in the jurisdiction in which it operates.

(Expressed in United States Dollars)

9. GOODWILL (CONTINUED)

The assumptions used by the Company in the cash flow forecast discounting model are classified as Level 3 in the fair value hierarchy, signifying that they are not based on observable market data. The model is particularly sensitive to the future expected cash flows in the upcoming periods, should these not be realized, an impairment loss may be needed in future periods.

Impairment tests as at December 31, 2024

The carrying values of goodwill and indefinite life intangible assets as well as key assumptions used for each CGU for the impairment tests performed as of December 31, 2024, were as follows:

	Recoverable amount	Carrying value of CGU	Carrying value of goodwill in CGU	Carrying value of intangible assets in CGU	Average annual revenue growth rate	Discount rate	Terminal growth rate
	$	$	$	$	%	%	%
Protein Bar	45,085,000	13,760,757	3,902,398	-	11.58%	13.20%	3.00%

- **Protein Bar**
  The estimated recoverable amount exceeded the carrying amount by $31,324,243; as a result, no impairment was recognized during the year ended December 31, 2024.

  For the impairment tests performed as at December 31, 2024, the Company determined a reasonably possible change in key assumptions, terminal value and discount rate, including possible consequential changes between key assumptions, would not result in impairment loss.

The carrying values of goodwill and indefinite life intangible assets as well as key assumptions used for each CGU for the impairment tests performed as at December 31, 2023 were as follows:

	Recoverable amount	Carrying value of CGU	Carrying value of goodwill in CGU	Carrying value of intangible assets in CGU	Average annual revenue growth rate	Discount rate	Terminal growth rate
	$	$	$	$	%	%	%
Cannabis Candy	-	4,313,655	4,184,139	190,002	N/A	N/A	N/A
Hemp	-	6,048,249	5,409,527	466,669	(8.57%)	18.50%	3.00%
Protein Bar	21,100,000	11,546,724	3,902,398	1,533,408	33.10%	21.50%	3.00%
Skincare	-	3,054,452	1,334,763	246,328	10.93%	20.00%	3.00%

(Expressed in United States Dollars)

9. GOODWILL (CONTINUED)

- **Cannabis Candy**
  The carrying amount exceeded the estimated recoverable amount. As a result, an impairment of intangible assets and goodwill of $190,002 and $4,184,139 was recorded in the statement of loss and comprehensive loss for the year ended December 31, 2023. The impairment is mainly due to the loss of a major customer and the bankruptcy of a major distributor.

- **Hemp**
  The carrying amount exceeded the estimated recoverable amount. As a result, an impairment of intangible assets and goodwill of $466,669 and $5,409,527 was recorded in the statement of loss and comprehensive loss for the year ended December 31, 2023. The impairment is mainly due to the material losses incurred during the year ended December 31, 2023, and the bankruptcy proceeding filed for PureKana on April 3, 202 (Note 2).

- **Protein Bar**
  The estimated recoverable amount exceeded the carrying amount by $9,653,276; as a result, no impairment was recognized during the year ended December 31, 2023.

  For the impairment tests performed as of December 31, 2023, the Company determined a reasonably possible change in key assumptions, terminal value and discount rate, including possible consequential changes between key assumptions, would not result in impairment loss.

- **Skincare**
  The carrying amount exceeded the estimated recoverable amount. As a result, an impairment of intangible assets and goodwill of $246,328 and $1,334,763 was recorded in the statement of loss and comprehensive loss for the year ended December 31, 2023. The impairment is mainly due to materially lower sales than forecasted.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
	$	$
Accounts payable	10,379,725	6,040,360
Direct deposit payable and credit card	4,270	509,684
Sales tax payable	51,998	240,433
	10,435,993	**6,790,477**

(Expressed in United States Dollars)

11. AMOUNT DUE TO THE REVOLVING CREDIT FACILITIES

- **No B.S. Life, LLC ("No B.S.")**

The No B.S. Credit Facility #1

	December 31, 2024 $	December 31, 2023 $
As of December 31, 2023	287,742	-
Addition	300,000	680,000
Finance costs	40,600	28,252
Repayment	(628,342)	(420,510)
As of December 31, 2024	**-**	**287,742**

The Company, through its subsidiary No B.S., entered into a line of credit agreement (the "No B.S. Credit Facility") with a credit facility of $655,000. The No B.S. Credit Facility bears an interest of 16% per annum calculated daily with no fixed repayment term.

The No B.S. Credit Facility #2
During the year ended December 31, 2023, the Company, through its subsidiary No B.S., entered into a receivable purchase agreement (the "No B.S. Factoring Facility") with a credit facility of $500,000 for one year. The No B.S. Factoring Facility offered to factor 80% of the payable amount (the "Factored Amount") with a fee of 0.15% of the Factored Amount and a daily discount rate of 0.05% (collectively the "Facility Fees"). The Factored Amount is required to be repaid within 150 days from the date of factoring.

During the year ended December 31, 2024, the Company made a payment of $497,820.

As of December 31, 2024, the balance of the No B.S. Factoring Facility was $nil (December 31, 2023 – $497,820).

- **Tru Brands Inc. ("Tru Brands")**

During the year ended December 31, 2021, the Company, through its subsidiary Tru Brands, entered into a line of credit agreement (the "TB Credit Facility #1") with a credit facility of $2,500,000 which was initially amended to $5,000,000 during the year ended December 31, 2022, then further amended to $6,000,000 on February 22, 2023. The TB Credit Facility #1 bears an interest of 8% per annum, which was subsequently changed to 15%, calculated daily, with no fixed repayment term.

The TB Credit Facility #1 is secured against all assets of Tru Brands.

The movement of TB Credit Facility #1 during the years ended December 31, 2024, and 2023, is as follows:

	December 31, 2024 $	December 31, 2023 $
As of December 31, 2023	6,262,054	3,909,772
Advanced	5,375,000	17,000,000
Interest	277,932	627,282
Repayment	(11,914,986)	(15,275,000)
As of December 31, 2024	**-**	**6,262,054**

11. AMOUNT DUE TO THE REVOLVING CREDIT FACILITIES (CONTINUED)

- **Tru Brands Inc. ("Tru Brands") (continued)**

During the year ended December 31, 2022, Tru Brands entered into another line of credit agreement (the "TB Credit Facility #2") with a credit facility of $700,000. The TB Credit Facility #2 bears an interest of 14% per annum and calculated daily with no fixed payment term.

	$
As of December 31, 2022	409,568
Addition	-
Interest	2,892
Repayment	(412,460)
As of December 31, 2023, and 2024	-

On June 7, 2024, the Company, through its subsidiary Tru Brands, entered into a revolving demand facility agreement (the "RDF Agreement #1") for Tru Brands and Tru Brands Snack Company ("TBS"). Under the terms of the RDF Agreement #1, the lender (the "RDF Lender") provided a credit facility with an amount equal to 75% of the eligible receivables, up to a maximum of $6,819,000 (the "Financed Receivable"), with an interest rate of:

- Letters of Guarantee US currency (LGs) – 1.5% per annum. Fees and drawings to be charged to borrower's account. Minimum fee of $300 per issuance in the currency of issue.

- Letters of Credit in US currency (LC) – 2% per annum. Fees and drawings to be charged to borrower's account. Minimum fee of $300 per issuance in the currency of issue.

The movement of the credit facility under the RDF Agreement #1 for Tru Brands and TBS during the year ended December 31, 2024, is as follows:

	$
As of December 31, 2023	-
Advanced	9,180,357
Interest	46,363
Repayment	(9,224,911)
Effect of movements on exchange rates	(1,809)
As of December 31, 2024	-

On October 10, 2024, the Company, through its subsidiary Tru Brands, entered into a revolving demand facility agreement (the "RDF Agreement #2") for Tru Brands and TBS. Under the terms of the RDF Agreement #2, the lender (the "RDF Lender") provided two credit facilities with the following terms:

- ***Revolving Demand Facility #1 (the "RDF2 #1"):***
  A credit facility with an amount equal to 50% of the lesser of cost or net realizable value of finished goods of Tru Brands and TBS, with a maximum amount of CA$2,500,000, and an interest rate of:

  - Prime rate of the RDF Lender plus 1.25% on the amount advanced in CA$
  - US base rate of the RDF Lender plus 1.25% on the amount advanced in United States dollars ("US$")

11. AMOUNT DUE TO THE REVOLVING CREDIT FACILITIES (CONTINUED)

- **Tru Brands Inc. (“Tru Brands”) (continued)**

  - ***Revolving Demand Facility #1 (the “RDF2 #2”):***
    CA$6,650,000 revolving demand facility by way of:

    - Letters of Credit in CA$ or US$ (“LCs”)
      - 2.00% per annum. Fees to be advised on a transaction-by-transaction basis.

    - Letters of Guarantee in CA$ or US$ (“LGs”)
      - 1.5% per annum in respect of LGs in the nature of performance guarantees and 2.00% per annum in respect of LGs in the nature of financial guarantees. The classification of an LG as a performance guarantee or a financial guarantee shall be in the sole determination of the RDF Lender.

  The RDF Agreement #2 includes a financial covenant requiring that the current ratio of the combined Tru Brands and TBS for each fiscal quarter exceed 1.15 during the period from January 1, 2024, to December 31, 2024, and increase to 1.2 effective from January 1, 2025, and thereafter. Additionally, the total liabilities of the combined Tru Brands and TBS for each fiscal quarter must be less than three times Tangible Net Worth. Tangible Net Worth is defined as total equity excluding intangibles, deferred charges, leasehold improvements, deferred tax credits, and unsecured advances to related parties.

  No amounts were withdrawn from the RDF Agreement #2 during the year ended December 31, 2024.

  On December 3, 2024, the Company terminated the RDF Agreement #1 and repaid all the remaining outstanding balances under the RDF Agreement #1.

Subsequent to December 31, 2024
On April 22, 2025, the Company entered into a $10 million revolving loan agreement with a related party. The facility is payable upon demand and bears interest at prime +5% per annum on any drawn amounts.

12. LOAN PAYABLE

On December 11, 2020 (the “PKL Funding Date”), the Company’s subsidiary PureKana, LLC (“PureKana”) entered into a loan agreement (the “PK Loan”) with a financial institution with an amount of $10,000,000 (the “PK Loan Amount”). The PK Loan is secured with all the assets of Purekana and guaranteed by the former founding members of Purekana. The PK Loan matures on December 11, 2025 (the “PKL Maturity Date”).

From and after the PKL Funding Date until and including the PKL Maturity Date, the PK Loan bears an interest rate of 3-month Secured Overnight Financing Rate (the “SOFR”) determined as of the PKL Funding Date and will adjust at each calendar quarter thereafter, plus 3.00% (the “FF Interest Rate”).

Pursuant to the PK Loan, Purekana is required to set aside $325,000 as interest reserve. The amount is classified as restricted cash.

From the PKL Funding Date to December 11, 2021, interest on the outstanding PK Loan Amount will be capitalized to the PK Loan Amount (the “PKL Capitalized Interest”). Subsequently, any outstanding interest will be payable on the fifth day of each calendar quarter commencing January 5, 2022 (the “PKL Quarterly Payment”), and on the PKL Maturity Date.

(Expressed in United States Dollars)

12. LOAN PAYABLE (CONTINUED)

The PK Loan Amount and PKL Capitalized Interest should be paid as follows:

- On December 11, 2023 – 15% of the PK Loan Amount [1]
- On December 11, 2024 – 15% of the PK Loan Amount
- On December 11, 2025 – the remaining PK Loan Amount and the PKL Capitalized Interest

1) During the year ended December 31, 2024, $325,000 of restricted cash held in conjunction with the loan was applied against the PK Loan of $1,547,490 due on December 11, 2023.

The PK Loan contains financial covenants stating that the debt service coverage ratio (the "Debt Service Coverage Ratio") of Purekana at the end of each calendar year from December 31, 2020, to the PKL Maturity Date should not be less than 1.20. As of December 31, 2023, Purekana was not in compliance with the Debt service coverage ratio; as a result, Purekana reclassified the PK Loan as current.

Pursuant to the PK Loan, the Debt Service Coverage Ratio is defined as the quotient of PureKana's adjusted earnings before interest, taxes, depreciation, and amortization (the "Adjusted EBITDA") for each reporting period divided by a ten-year amortization of the Loan which is the sum of the interest expense for the reporting period and the scheduled principal payments made with respect to the PK Loan Amount for the reporting period. The Adjusted EBITDA is defined as the unadjusted EBITDA adjusted for any non-recurring, one-time, or irregular items.

The changes of the PK Loan during the years ended December 31, 2024 and 2023, are as follows:

	December 31, 2023 $	December 31, 2023 $
Opening	10,404,928	10,314,840
Interest	228,725	897,751
Repayment	(570,527)	(807,663)
Derecognition	(10,063,126)	-
Ending	**-**	**10,404,928**

On April 3, 2024, PureKana initiated a bankruptcy proceeding under Chapter 7 of the United States Bankruptcy Code (the "PK Liquidation"). Consequently, the Company derecognized the carrying amount of the loan payable as of April 3, 2024. This adjustment was reflected in the consolidated statements of profit (loss) and comprehensive income (loss), offsetting the profit (loss) from discontinued operations (Note 3).

13. WARRANT LIABILITIES

A reconciliation of the change in fair value of the warrant derivative is as follows:

	December 31, 2024		December 31, 2023	
	Number outstanding	Fair value of warrant derivative ($)	Number outstanding	Fair value of warrant derivative ($)
As of December 31, 2023	14,000,000	347,456	-	-
Issued	6,804,025	948,486	14,000,000	1,315,424
Exercised	(6,632,421)	(1,998,132)	-	-
Expired	(294,872)	-	-	-
Change in fair value	-	7,101,701	-	(967,968)
As of December 31, 2024	**13,876,732**	**6,399,511**	**14,000,000**	**347,456**

13. WARRANT LIABILITIES (CONTINUED)

Under IFRS 9 Financial Instruments and IAS 32 Financial Instruments: Presentation, warrants with an exercise price denominated in a currency that differs from an entity's functional currency are treated as a derivative measured at fair value with subsequent changes in fair value accounted for through profit and loss. As these warrants are exercised, the fair value at the date of exercise and the associated non-cash liability will be included in the share capital along with the proceeds from the exercise. If these warrants expire, the non-cash warrant liability is reversed through the profit and loss. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised.

During the year ended December 31, 2024

- As discussed in Note 17, in connection with the private placement completed on May 9, 2024, the Company issued 5,714,281 warrants with an exercise price of CA$0.45, exercisable over a period of two years. These warrants are classified as derivative liability. Consequently, the Company assessed the fair value of these warrants at the issuance date to be $759,432. This valuation was performed using the Black-Scholes option pricing model, incorporating the following assumptions:

  - Stock price CA$0.39
  - Risk free interest rate 4.28%
  - Expected volatility 150%
  - Expected life (in years) 2.00
  - Forfeiture rate nil
  - Expected dividend nil
  - Exchange rate (CA$ to US$) 0.73

- As discussed in Note 17, the conversion of the convertible notes resulted in the issuance of 1,089,744 warrants with an exercise price of CA$0.59. These warrants expire on August 10, 2024. The Company determined the fair value of the warrants at the date of issuance to be $189,054, using the Black-Scholes option pricing model with the following weighted-average assumptions:

  - Stock price CA$0.85
  - Risk free interest rate 4.00%
  - Expected volatility 59%
  - Expected life (in years) 0.12
  - Forfeiture rate nil
  - Expected dividend nil
  - Exchange rate (CA$ to US$) 0.73

- 6,632,421 warrants were exercised for proceeds of $2,224,851. Upon exercise, the Company remeasured the fair value of the warrant liability at $1,998,132 using the Black-Scholes option pricing model, based on the following weighted average assumptions at the exercise date. The fair value was then reclassified from warrant liabilities to share capital.

  - Stock price CA$0.86
  - Risk free interest rate 3.00%
  - Expected volatility 72%
  - Expected life (in years) 0.31
  - Forfeiture rate nil
  - Expected dividend nil
  - Exchange rate (CA$ to US$) 0.72

13. WARRANT LIABILITIES (CONTINUED)

During the year ended December 31, 2024 (continued)

As of December 31, 2024, the Company remeasured the fair value ($6,399,511) of the remaining 13,876,732 warrants using the Black-Scholes option pricing model, based on the following weighted average assumptions:

- Stock price CA$1.09
- Risk free interest rate 3.00%
- Expected volatility 60%
- Expected life (in years) 0.63
- Forfeiture rate nil
- Expected dividend nil
- Exchange rate (CA$ to US$) 0.69

As a result of the revaluation, the Company recognized a loss on remeasurement of warrant liability of $7,101,701 in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2024.

During the year ended December 31, 2023

In connection with the private placement completed during the year ended December 31, 2024, the Company issued 14,000,000 share purchase warrants (the "2023 Warrants") (Note 17). Each whole warrant entitles its holder to purchase one additional common share at an exercise price of CA$0.45 for a period of two years following the closing of the private placement.

The 2023 Warrants are considered a derivative liability, as the currency denomination of the exercise price is different from the functional currency of the Company. The Company determined the fair value of the 2023 Warrants at the date of issuance ($1,315,424) using the Black-Scholes option pricing model with the following assumptions:

- Stock price CA$0.40
- Risk free interest rate 4.27%
- Expected volatility 140%
- Expected life (in years) 2
- Forfeiture rate nil
- Expected dividend nil
- Exchange rate (CA$ to US$) 0.74

The fair value of the 2023 Warrants was revalued as of December 31, 2023 using the Black-Scholes option pricing model with the following assumptions:

- Stock price CA$0.22
- Risk free interest rate 3.91%
- Expected volatility 83%
- Expected life (in years) 1.1
- Forfeiture rate nil
- Expected dividend nil
- Exchange rate (CA$ to US$) 0.75

As a result of the revaluation, the Company recognized a gain on remeasurement of warrant liability of $967,968 in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2023.

(Expressed in United States Dollars)

13. WARRANT LIABILITIES (CONTINUED)

The following summarizes information about warrant derivative outstanding as of December 31, 2024:

Expiry date	Exercise price (CA$)	Warrants outstanding	Fair Value of Warrant Derivative ($)	Weighted average remaining contractual life (in years)
February 14, 2025	0.45	5,290,000	2,358,811	0.12
February 21, 2025	0.45	2,922,451	1,304,226	0.14
May 9, 2026	0.45	5,664,281	2,736,474	1.35
		13,876,732	**6,399,511**	**0.63**
Weighted average exercise price (CA$)		**0.45**		

Subsequent to December 31, 2024, 8,255,308 warrants were exercised.

14. PROMISSORY NOTES

	December 31, 2024 $	December 31, 2023 $
As of December 31, 2023	1,458,728	2,420,316
Addition	2,563,847	550,000
Interest	445,584	208,862
Repayment	(813,992)	(1,720,450)
Interest payable transferred to accounts payable and accrued liabilities	(138,149)	-
Gain on modification	(26,026)	-
Effect of movements on exchange rates	(81,765)	-
As of December 31, 2024	**3,408,227**	**1,458,728**
Current	3,075,173	906,337
Long-term	333,054	552,391
As of December 31, 2024	**3,408,227**	**1,458,728**

During the year ended December 31, 2024

- The Company has consolidated the two loan agreements entered into during the year ended December 31, 2023, into a single comprehensive agreement. As a result of this amendment, the Company is required to make 11 equal installments of the restructuring fees, totaling $114,587. Additionally, the Company recognized a gain of $26,026 related to the modification of promissory notes.

  Under the amended agreement, the Company is obligated to make monthly interest payments.

  The remaining principal balance of $1,444,128 will be repaid as follows:

  - $100,000 payable in August 2024, November 2024, February 2025, and May 2025.
  - $100,000 payable each month from August 2025 to April 2026.
  - The remaining balance of $144,128 will be paid in May 2026.

14. PROMISSORY NOTES (CONTINUED)

<u>During the year ended December 31, 2024 (continued)</u>

- The Company issued four promissory notes totaling $2,313,847 (CA$3,200,000). Of this amount, $1,591,617 (CA$2,200,000) was issued to the Company's directors, while the remaining note was issued to a shareholder. These promissory notes bear an interest rate of 15% per annum, compounded and payable monthly, with a one-year term from the date of issuance. Additionally, the Company has made a repayment of the principal amount of $147,156 (CA$200,000). The notes are secured by a general securities agreement, backed by the Company's assets.

- The Company has entered into an amendment of one of its promissory notes with an outstanding balance of $180,164, bearing an interest rate of 6%. In accordance with the amended payment terms, the Company will make monthly payments of $15,000 starting October 1, 2024, until the balance is fully repaid.

<u>During the year ended December 31, 2023</u>

- During the year ended December 31, 2022, the Company entered into a loan agreement (the "PN#1") with an amount of $1,000,000 of which $100,000 was received during the year ended December 31, 2023. The term of PN#1 was amended on November 17, 2023. Under the amended term, the Company is required to make monthly interest payments. The remaining principal of $744,128 will be paid by three installments as follows:

  - $300,000 in November 2024;
  - $333,096 in November 2025; and
  - $111,032 in April 2026.

  In connection with the amendment, the Company is required to pay $75,000 restructuring fees, which were capitalized as promissory notes at the date of the amendment. The restructuring fees will be paid evenly throughout the 12 months from the date of the amendment.

- On November 17, 2023, the Company entered into a loan agreement with an amount of $700,000 of which $250,000 was received during the year ended December 31, 2024 (the "PN#2"). The loan bears 15% interest per annum and will be repaid over 24-months. The Company is required to make monthly interest payments. The principal payment of $500,000 as of December 31, 2023 will be paid by two installments as follows:

  - $350,000 payable on November 17, 2024; and
  - $350,000 payable on November 17, 2025.

  In connection with this financing, the Company is required to pay a $50,000 origination fee, which were capitalized as promissory notes. The restructuring fees will be paid evenly throughout the 12 months from the date of the financing.

- The Company repaid the promissory notes of $1,720,450.

(Expressed in United States Dollars)

15. CONVERTIBLE NOTES

	December 31, 2024 $	December 31, 2023 $
As of December 31, 2023	529,510	2,100,303
Interest	116,118	206,639
Repayment	-	(1,725,650)
Conversion	(599,811)	-
Interest payable transferred to accounts payable and accrued liabilities	(30,665)	(62,938)
Effect of movements on exchange rates	(15,152)	11,156
As of December 31, 2024	**-**	**529,510**

<u>During the year ended December 31, 2024</u>

- Convertible notes with a principal value of CA$850,000 were converted into 2,179,488 units (Note 17); as a result of conversion, the Company reclassified the carrying value of the converted convertible notes of $599,811 (CA$817,400) to share capital (Note 17) and warrant liabilities (Note 13).

<u>During the year ended December 31, 2023</u>

- The Company repaid the convertible notes with a principal value of $1,620,000 plus outstanding interest of $105,650.

16. DERIVATIVE LIABILITY

During the year ended December 31, 2022, the Company issued CA$850,000 ($661,950) 2-year 10% unsecured convertible notes. Interest is payable on each calendar-quarter-end date until maturity (the "Interest Due Date"). The Company determined that it had an obligation to the convertible notes' holders, that met the definition of derivative liability, such that the number of common shares of the Company issued upon the conversion would depend on the market price of the common shares of the Company and the foreign exchange rate between US$ and CA$ at the date of conversion. As a derivative liability, it should be re-measured at each reporting period.

As discussed in Note 15, convertible notes with a principal value of CA$850,000 were converted into 2,179,488 units (Note 17). Upon conversion, the Company remeasured the fair value of the derivative liability at $720,142 using the Black-Scholes option pricing model, based on the weighted average assumptions at the conversion date.

- Stock price CA$0.85
- Risk free interest rate 4.00%
- Expected volatility 59%
- Expected life (in years) 0.12
- Forfeiture rate nil
- Expected dividend 10%
- Exchange rate (CA$ to US$) 0.73

Consequently, the fair value of the derivative liability was reclassified to share capital (Note 17) and warrant liabilities (Note 13).

As a result of the revaluation, the Company recognized a loss on remeasurement of derivative liability of $711,280 in the consolidated statements of profit (loss) and comprehensive income (loss) during the year ended December 31, 2024.

(Expressed in United States Dollars)

16. DERIVATIVE LIABILITY (CONTINUED)

As of December 31, 2023, the Company remeasured the fair value of the derivative liability ($8,862) using the Black-Scholes option pricing model with the following assumptions:

-	Stock price	CA$0.22
-	Risk free interest rate	3.91%
-	Expected volatility	59%
-	Expected life (in years)	0.61
-	Forfeiture rate	nil
-	Expected dividend	10%
-	Exchange rate (CA$ to US$)	0.75

As a result of the revaluation, the Company recognized a gain on remeasurement of derivative liability of $166,260 in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2023.

As of December 31, 2024, and 2023, the fair value of the derivative liability was $nil and $8,862, respectively.

17. SHARE CAPITAL

Authorized share capital
Unlimited number of series 1 preferred shares without par value.
Unlimited number of common shares without par value.

Issued share capital
As of December 31, 2024, the Company had 97,750,165 common shares (2023 – 72,391,957) common shares issued and outstanding.

During the year ended December 31, 2024

- On May 9, 2024, the Company completed a private placement (the "2024 Financings") of 11,428,568 units ("2024 Units") at a price of CA$0.35 for gross proceeds of $2,918,288 (CA$4,000,000). Each 2024 Unit consists of one common share with an allocated fair value of $0.19 and one-half of one common share purchase warrant with an allocated fair value of $0.13 per whole warrant. Each whole warrant ("2024 Warrants") entitles its holder to purchase one additional common share at an exercise price of CA$0.45 for a period of two years following the closing of the private placement. The 2024 Warrants were classified as a financial liability (Note 13).

  In connection with the private placement, the Company paid a finders' fee of $37,536 (CA$51,450), an advisor fee of $131,262 (CA$178,571) of which $18,330 (CA$25,000) was paid by issuing warrants and incurred other shares issuance costs of $101,492.

  In addition, the Company has granted 147,000 finders' warrants in connection with the private placement. Each warrant entitles the holder to purchase one additional common share at an exercise price of CA$0.35, exercisable for a period of two years following the closing date of the private placement. For accounting purposes, the Company estimated the fair value of the finders' warrants at the grant date to be $30,914, utilizing the Black-Scholes option pricing model. The assumptions used in the model included a risk-free interest rate of 4.28%, an expected life of 2 years, an expected volatility of 150%, and an expected dividend yield of 0%.

  The total share issuance costs of $301,304 were allocated, with $230,940 designated as share issue costs and $70,364 assigned to 2024 Warrants. These amounts were recognized as finance costs in the consolidated statements of profit (loss) and comprehensive income (loss), based on the relative fair values of the common shares and the 2024 Warrants.

17. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the year ended December 31, 2024 (continued)

- As discussed in Note 15, convertible notes with a principal value of CA$850,000 were converted into 2,179,488 units. Each unit consists of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at an exercise price of CA$0.59 until August 10, 2024. These were classified as financial liability (Note 13).

  The Company allocated the carrying value of the convertible notes of $599,811 (Note 15) and the fair value of the derivative liability of $720,142 (Note 16), totaling $1,319,953, to common shares ($1,130,899) and warrant liability ($189,054) (Note 13).

- In February 2023, the Company granted 1,797,600 brokers' warrants in connection with private placement. These warrants were exercised during the year ended December 31, 2024, resulting in proceeds of $329,035 (CA$449,400) and the issuance of 1,797,600 units. The Company reclassified the grant date fair value of the exercised brokers' warrants, amounting to $335,700, from reserve to share capital.

  Each broker warrant comprises one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CA$0.45 per share for a period of two years following the closing of the private placement.

  For accounting purposes, the Company estimated the grant date fair value of the warrants issued with the brokers' warrants using the Black-Scholes option pricing model. The assumptions used included a risk-free interest rate of 3.93%, an expected life of 0.66 years, an expected volatility of 76%, and an expected dividend yield of 0%. The total fair value of $154,649 was recorded in reserve. The value attributed to the warrants was based on their relative fair value compared to the common shares. The remaining balance of $510,086 was recorded as common shares.

- The Company issued 306,841 common shares with a fair value of $119,249 pursuant to the Earnout Agreement (Note 22). This amount was recognized as share-based payments in the consolidated statements of profit (loss) and comprehensive income (loss).

- 301,665 stock options were exercised for proceeds of $59,706. In addition, the Company reclassified the grant date fair value of the exercised stock options of $43,477 from stock options reserve to share capital.

- 520,000 warrants, initially classified as equity, were exercised for proceeds of $203,962. In addition, the Company reclassified the grant date fair value of the exercised warrants of $110,881 from warrant reserve to share capital.

- 6,632,421 warrants, initially classified as a warrant liability, were exercised for proceeds of $2,224,851 (Note 13). The Company reclassified the fair value at the exercise date of $1,998,132 from warrant liabilities to share capital.

- The Company issued 2,191,625 common shares with a fair value of $1,427,843 for the restricted share unit.

17. SHARE CAPITAL (CONTINUED)

Issued share capital (continued)

During the year ended December 31, 2023

- The Company completed a private placement of 28,000,000 units ("2023 Units") at a price of CA$0.25 for gross proceeds of $5,226,496 (CA$7,000,000). Each 2023 Unit consists of one common share with an allocated fair value of $0.14 and one-half of one common share purchase warrant with an allocated fair value of $0.09 per whole warrant. Each whole warrant ("2023 Warrants") entitles its holder to purchase one additional common share at an exercise price of CA$0.45 for a period of two years following the closing of the private placement. The 2023 Warrants were classified as a financial liability (Note 13).

  In connection with the private placement, the Company paid a finders' fee of $334,765 (CA$449,400) and issued 1,797,600 non-transferable finders warrants with a fair value of $335,700 and recorded these values as share issuance costs (collectively the "2023 Finders' Fees"). Each finder's warrant (each a "Unit") entitles the holder to purchase one common share (each a "Warrant Share") and one-half of one common share purchase warrant (each whole warrant a "Unit Warrant") at an exercise price of CA$0.25 per Unit until the expiry date. Each Unit Warrant entitles the holder to purchase one common share at an exercise price of CA$0.45 per Warrant Share until the expiry date. Each Unit and Unit Warrant are exercisable for 2 years.

  Including the 2023 Finders' Fees, the Company incurred total share issuance costs of $757,334 of which $566,725 were allocated to share issue costs and $190,069 were allocated the 2023 Warrants and recognized as finance costs in consolidated statements of loss and comprehensive losses, based on the relative fair values of the common shares and the 2023 Warrants.

- Issued 148,925 common shares to settle $29,380 payables which included in the accounts payable and accrued liabilities as of December 31, 2022.

- The Company issued 1,001,043 common shares with a fair value of $2,331,866 for the restricted share unit.

- The Company issued 663,374 common shares with a fair value of $154,973 pursuant to the Earnout Agreement (Note 22). This amount was recognized as share-based payments in the statements of loss and comprehensive loss.

- The Company issued 90,236 common shares with a fair value of $17,333 for consulting services.

Subsequent to December 31, 2024

- 9,281,108 warrants were exercised, resulting in proceeds of CA$4,163,799. Of these warrants, 8,255,308 were classified as warrant liabilities (refer to Note 13), while 1,025,800 were classified as equity instruments.

- 125,000 stock options were exercised for proceeds of CA$33,750.

- The Company issued 23,980 common shares pursuant to the Earnout Agreement

(Expressed in United States Dollars)

17. SHARE CAPITAL (CONTINUED)

Equity Warrants

The changes in warrants during the years ended December 31, 2024, and 2023 are as follows:

	December 31, 2024		December 31, 2023	
	Number outstanding	**Weighted average exercise price (CA$)**	**Number outstanding**	**Weighted average exercise price (CA$)**
As of December 31, 2023	2,297,600	0.32	500,000	0.55
Issued	1,168,350	0.44	1,797,600	0.25
Exercised	(2,317,600)	0.32	-	-
As of December 31, 2024	**1,148,350**	**0.45**	**2,297,600**	**0.32**

During the year ended December 31, 2024

- The Company issued 122,550 warrants with an exercise price of CA$0.51. These warrants are exercisable for one year and were granted to a financial advisor in exchange for consulting services related to the private placement completed in May 2024. The fair value for these warrants amounted to $18,330 (CA$25,000) and was classified as share issuance costs of $13,748 (CA$18,750) and profit (loss) from discontinued operations: $4,583 (CA$6,250).

- As discussed above, the Company has issued 147,000 finders' warrants in relation to the private placement finalized on May 9, 2024.

- As discussed above, the Company issued 898,800 warrants in connection with the exercise of the 1,797,600 brokers' warrants.

During the year ended December 31, 2023

- As discussed above, in connection with the private placement, the Company issued 1,797,600 non-transferable finders warrants.

The following summarizes information about warrants outstanding as of December 31, 2024:

Expiry date	**Exercise price (CA$)**	**Warrants outstanding**	**Estimated grant date fair value ($)**	**Weighted average remaining contractual life (in years)**
February 14, 2025	0.45	676,200	116,483	0.12
February 21, 2025	0.45	222,600	38,166	0.14
October 29, 2025	0.51	122,550	18,330	0.83
May 9, 2026	0.35	127,000	26,708	1.35
		1,148,350	**199,687**	**0.34**
Weighted average exercise price (CA$)		**0.45**		

Subsequent to December 31, 2024, 1,025,800 warrants were exercised.

(Expressed in United States Dollars)

17. SHARE CAPITAL (CONTINUED)

Equity Incentive Plan (the "Incentive Plan")

To provide a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company and its subsidiaries, the Company implemented an Incentive Plan which includes stock options, Restricted Share Units ("RSU") and Deferred Share Units (the "DSU"). The Incentive Plan is administered by the Board of Directors, which sets the terms of incentive awards under the Incentive Plan. The maximum number of common shares available for issuance under the Incentive Plan is limited to 10% of the Company's outstanding common shares at any one time.

Under the Incentive Plan, an option's maximum term is ten years from the grant date. Under the stock option plan, the Board has the option of determining vesting periods. Grants of RSUs and DSUs vest as to one-third on each of the first, second and third anniversaries of the date of grant, unless otherwise set by the Board or plan administrator.

The Incentive Plan was approved at the annual general and special meeting held on May 24, 2024.

- **Stock options**

The changes in stock options during the years December 31, 2024, and 2023, are as follows:

	December 31, 2024		December 31, 2023	
	Number outstanding	Weighted average exercise price (CA$)	Number outstanding	Weighted average exercise price (CA$)
As of December 31, 2023	1,272,000	1.58	616,000	3.74
Granted	5,050,000	0.48	775,000	0.27
Exercised	(301,665)	0.27	-	-
Cancelled	(219,337)	3.65	(34,668)	5.70
Forfeited	(288,498)	1.60	(84,332)	3.62
As of December 31, 2024	**5,512,500**	**0.55**	**1,272,000**	**1.58**

During the year ended December 31, 2024

- On May 9, 2024, the Company granted 2,000,000 stock options to its directors with an exercise price of CA$0.40 per share. These options are exercisable for a period of five years, with one-fourth vesting on each anniversary of the grant date.

- On May 9, 2024, the Company granted 1,560,000 stock options to its directors, officers, employees, and consultants with an exercise price of CA$0.40 per share. These options are exercisable for a period of five years, with one-half vesting on each anniversary of the grant date.

- On June 13, 2024, the Company granted 200,000 stock options to its directors with an exercise price of CA$0.71 per share. These options are exercisable for a period of five years, with one-half vesting on each anniversary of the grant date.

- On October 24, 2024, the Company granted 290,000 stock options to its employees and consultants with an exercise price of CA$0.62 per share. These options are exercisable for a period of five years, with one-half vesting on each anniversary of the grant date.

- On November 15, 2024, the Company granted 1,0000,000 stock options to its consultants with an exercise price of CA$0.63 per share. These options are exercisable for a period of five years, with one-third vesting on each anniversary of the grant date.

(Expressed in United States Dollars)

17. SHARE CAPITAL (CONTINUED)

Equity Incentive Plan (the "Incentive Plan") (continued)

- **Stock options (continued)**

During the year ended December 31, 2023

- On January 23, 2023, the Company granted 425,000 options with an exercise price of CA$0.27 to the Company's CFO. The options are exercisable for a period of five years. One-fourth vest will vest every six months thereafter.

- On January 23, 2023, the Company granted 350,000 options with an exercise price of CA$0.27 to its employees and consultants of the Company. The options are exercisable for a period of five years. One-third vest will vest every anniversary thereafter.

- 34,668 options cancelled and 84,332 options forfeited.

The estimated grant date fair value of the options granted during the years ended December 31, 2024, and 2023 was calculated using the Black-Scholes option pricing model with the following assumptions:

	For the years ended	
	December 31, 2024	**December 31, 2023**
Number of options granted	5,050,000	775,000
Risk-free interest rate	3.55%	3.09%
Expected annual volatility	104%	90%
Expected life (in years)	5	5
Expected dividend yield	-	-
Grant date fair value per option (CA$)	0.37	0.19
Share price at grant date (CA$)	0.47	0.27

During the year ended December 31, 2024, the Company recognized share-based payments expense of $247,010 (2023 – $208,247) arising from the stock options.

(Expressed in United States Dollars)

17. SHARE CAPITAL (CONTINUED)

Equity Incentive Plan (the "Incentive Plan") (continued)

- **Stock options (continued)**

The following summarizes information about options outstanding as of December 31, 2024:

Expiry date	Exercise price (CA$)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
July 26, 2026	5.70	84,500	84,500	270,453	1.57
February 23, 2027	5.70	15,000	15,000	39,255	2.15
August 4, 2027	0.39	98,000	65,337	24,933	2.59
January 23, 2028	0.27	315,000	82,085	45,205	3.06
May 10, 2029	0.40	3,510,000	-	765,704	4.36
June 12, 2029	0.71	200,000	-	78,360	4.45
October 24, 2029	0.62	290,000	-	100,336	4.82
November 15, 2029	0.63	1,000,000	-	381,022	4.88
		5,512,500	**246,922**	**1,705,268**	**4.33**
Weighted average exercise price (CA$)		**0.55**	**2.49**		

Subsequent to December 31, 2024, the Company granted 280,000 options to its employees, with exercise prices ranging from CA$0.97. The options are exercisable for a period of five years, with one-third of the options vesting on the grant date and an additional one-third vesting on each anniversary thereafter.

- **Restricted Share Unit ("RSU")**

The Incentive Plan permits the Company to either redeem RSUs for cash, issue common shares of the Company from treasury, or purchase common shares of the Company on the open market, to satisfy all or any portion of a vested RSU award.

During the year ended December 31, 2024

- On May 9, 2024, the Company issued 2,000,000 RSUs with a fair value of $570,000 to the Company's CEO and directors. All RSUs will fully vest one year from the grant date.
- On October 9, 2024, the Company issued 44,540 RSUs with a fair value of $19,197 to the Company's directors. All RSUs will fully vest one year from the grant date.
- On October 29, 2024, the Company issued 82,476 RSUs with a fair value of $36,784 to the Company's directors. All RSUs will fully vest one year from the grant date.
- The Company issued 2,191,625 common shares for the RSU.
- 1,296,446 RSUs were forfeited.

17. SHARE CAPITAL (CONTINUED)

Equity Incentive Plan (the "Incentive Plan") (continued)

- **Restricted Share Unit ("RSU")**

During the year ended December 31, 2023

- On January 23, 2023, the Company issued 925,000 RSUs with fair value of $186,852 to the Company's CEO and directors. One-fourth vest on date of grant and one-fourth will vest every six months thereafter.
- On March 15, 2023, the Company issued 150,000 RSUs with fair value of $33,452 to the Company's director. One-fourth will vest every six months thereafter.
- On May 12, 2023, the Company issued 2,070,000 RSUs with fair value of $658,260 to the Company's CEO, CFO and directors. One-fourth vest on date of grant and one-fourth will vest every six months thereafter.
- The Company issued 1,001,043 common shares for the RSUs.
- 3,803 RSUs forfeited.

During the year ended December 31, 2024, the Company recognized share-based payments expense of $925,774 (2023 – $1,608,966) arising from the RSUs.

As of December 31, 2024, the Company had 2,685,408 RSUs (2023 – 4,001,089) issued and outstanding.

Subsequent to December 31, 2024, the Company granted 149,381 RSUs to the Company's CEO, certain directors, and consultants of the Company.

- **Deferred Share Unit ("DSU")**

The Incentive Plan permits the Company to either redeem DSUs for cash or issue common shares of the Company from treasury, to satisfy all or any portion of a vested DSU award.

No DSUs were granted during the years ended December 31, 2024, and 2023.

As of December 31, 2024, and 2023, no DSUs were issued or outstanding.

(Expressed in United States Dollars)

17. SHARE CAPITAL (CONTINUED)

Non-controlling interest ("NCI")

The Company includes three subsidiaries, PureKana, No B.S. Skincare and Crisp Management Group Inc. ("CMG"), with NCI.

The ownership interest held by the NCI as of December 31, 2024, is as follows:

- Purekana* nil% (2023 – 49.90%);
- No B.S. Skincare** 35.00% (2023 – 17.46%); and
- CMG*** nil% (2023 – 40%).

*PureKana filed a bankruptcy proceeding under Chapter 7 of the Bankruptcy Code of the United States on April 3, 2024.
** As a result of the PK Liquation, the ownership interest by the NCI increased from 17.46% to 35%.
*** CMG was voluntarily dissolved on February 7, 2024.

The following schedule shows the effects of the changes in NCI during the years ended December 31, 2024 and 2023:

	December 31, 2024 $	December 31, 2023 $
As of December 31, 2023	(4,014,100)	(1,452,685)
Share of income	5,341,852	(2,561,415)
Derecognition	(1,697,796)	-
As of December 31, 2024	**(370,044)**	**(4,014,100)**

No dividends were paid to the NCI during the years ended December 31, 2024, and 2023.

Summarized financial information for the subsidiaries with NCI, before inter-company eliminations, is set out below:

PureKana

As of	December 31, 2023 $
Current assets	6,860,054
Non-current assets	2,609,192
TOTAL ASSETS	**9,469,246**
Current liabilities	(16,453,393)
Non-current liabilities	-
TOTAL LIABILITIES	**(16,453,393)**
Equity attributable to owners of the parent	**(3,499,056)**
Non-controlling interests	**(3,485,091)**

(Expressed in United States Dollars)

17. SHARE CAPITAL (CONTINUED)

Non-controlling interest ("NCI")

PureKana (continued)

For the year ended	December 31, 2023
	$
Revenue	48,573,661
Net income (loss)	(5,631,993)
Income (loss) and comprehensive income (loss)	(5,631,993)
Income (loss) and comprehensive income (loss) attributable to:	
Equity holders of the parent	**(2,821,628)**
Non-controlling interests	**(2,810,365)**
Cash flow provided by (used in) operating activities	375,924
Cash flow provided by (used in) investing activities	-
Cash flow provided by (used in) financing activities	(807,663)
Net cash flow	**(431,739)**

No B.S. Skincare

As of:	December 31, 2024	December 31, 2023
	$	$
Current assets	631,760	1,724,162
Non-current assets	-	-
TOTAL ASSETS	**631,760**	**1,724,162**
Current liabilities	(1,689,027)	(2,315,912)
Non-current liabilities	-	-
TOTAL LIABILITIES	**(1,689,027)**	**(2,315,912)**
Equity attributable to owners of the parent	**(687,223)**	**(488,401)**
Non-controlling interests	**(370,044)**	**(103,349)**

For the years ended	December 31, 2024	December 31, 2023
	$	$
Revenue	1,644,154	2,058,203
Net income (loss)	(465,516)	(155,666)
Income (loss) and comprehensive income (loss)	(465,516)	(155,666)
Income (loss) and comprehensive income (loss) attributable to:		
Equity holders of the parent	**(308,361)**	**(128,479)**
Non-controlling interests	**(157,155)**	**(27,187)**
Cash flow provided by (used in) operating activities	763,316	(686,916)
Cash flow provided by (used in) investing activities	-	-
Cash flow provided by (used in) financing activities	(826,162)	722,613
Net cash flow	**(62,846)**	**35,697**

(Expressed in United States Dollars)

17. SHARE CAPITAL (CONTINUED)

Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted average number of the common shares issued and outstanding during the period.

Diluted EPS is calculated by dividing the net income (loss) attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the period plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

18. REVENUE

	For the years ended	
	December 31, 2024	**December 31, 2023**
	$	**$**
Gross revenue	**55,942,354**	**29,661,260**
Less: Vendor discount	(10,653,197)	(2,888,898)
Net revenue	**45,289,157**	**26,772,362**

The Company, through its subsidiaries, No B.S. Skincare and Tru Brands, engaged in marketing programs with its vendors. Discounts and specific promotional expenditures related to this program were recognized as a reduction of revenue in accordance with IFRS 15, 'Revenue from Contracts with Customers'."

19. FINANCE COSTS

	For the years ended	
	December 31, 2024	**December 31, 2023**
	$	**$**
Accretion of interest of convertible notes	116,118	206,639
Accretion of interest of promissory notes	445,584	208,862
Interest on the revolving credit facilities	364,895	693,183
Share issuance costs allocated to warrant liability	70,364	190,609
Others	65,486	54,102
	1,062,447	**1,353,395**

(Expressed in United States Dollars)

20. SUPPLEMENTAL CASH FLOW INFORMATION

		For the years ended	
	Note(s)	December 31, 2024 $	December 31, 2023 $
Fair value of finders' warrants	17	30,914	335,700
Interest payable transferred to accounts payable and accrued liabilities		168,814	62,938
Reclassification of grant-date fair value on exercise of stock options	17	43,477	-
Reclassification of grant-date fair value on exercise of warrants	17	2,444,713	-
Reclassification of grant-date fair value on expired stock options	17	449,589	110,959
Reclassification of the grant-date fair value of warrants	17	154,649	-
Reclassification of the grant-date fair value of warrant liabilities	13	948,486	1,315,424
Reclassified the share subscription received to accounts payable and accrued liabilities		-	235,357
Shares issued for conversion of convertible notes	17	1,319,953	-
Shares issued for debt settlement	17	-	29,380
Shares issued for restricted share units	17	1,427,843	2,331,866
Cash paid for income taxes		-	-
Cash paid for interest		751,177	1,830,484

21. RELATED PARTIES

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of the Company's officers and directors.

During the years ended December 31, 2024, and 2023, the key management compensation was:

	For the year ended	
	December 31, 2024 $	December 31, 2023 $
Salaries and benefits	2,045,208	887,148
Consulting fees	32,171	25,933
Share-based payments	422,670	1,596,705
	2,500,049	**2,509,786**

21. RELATED PARTIES (CONTINUED)

In addition to the compensation above, the Company granted the following options and RSUs to the Company's officers and directors during the years ended December 31, 2024, and 2023:

During the year ended December 31, 2024

- On May 9, 2024, the Company issued 2,000,000 RSUs with a fair value of $570,000 to the Company's CEO and directors. All RSUs will fully vest one year from the grant date.

- On May 9, 2024, the Company granted 2,000,000 stock options to its directors with an exercise price of CA$0.40 per share. These options are exercisable for a period of five years, with one-fourth vesting on each anniversary of the grant date.

- On May 9, 2024, the Company granted 900,000 stock options to its directors and officers with an exercise price of CA$0.40 per share. These options are exercisable for a period of five years, with one-half vesting on each anniversary of the grant date.

- On June 13, 2024, the Company granted 200,000 stock options to its directors with an exercise price of CA$0.71 per share. These options are exercisable for a period of five years, with one-half vesting on each anniversary of the grant date.

- On October 9, 2024, the Company issued 44,540 RSUs with a fair value of $19,197 to the Company's directors. All RSUs will fully vest one year from the grant date.

- On October 29, 2024, the Company issued 82,476 RSUs with a fair value of $36,784 to the Company's directors. All RSUs will fully vest one year from the grant date.

- As discussed in Note 14, the Company issued three promissory notes totaling $1,459,448 (CAD $2,200,000) to the Company's directors, of which $73,578 (CA$100,000) was repaid.

During the year ended December 31, 2023

- 425,000 options with an exercise price of CA$0.27 to the Company's CFO. The options are exercisable for a period of five years. One-fourth vest will vest every six months thereafter.

- 3,145,000 RSUs with a fair value of $878,564 to the Company's CEO and directors. One-fourth vest on date of grant and one-fourth will vest every six months thereafter.

As of December 31, 2024, the balances due to the Company's directors and officer are as follows:

	December 31, 2024	**December 31, 2023**
	$	**$**
Accounts payables and accrued liabilities*	806,992	223,993
Promissory notes (Note 14) **	1,459,448	-
	2,266,440	**223,993**

* These amounts are unsecured, non-interest bearing, and payable on demand.
** The balance as of December 31, 2024 is denominated in Canadian dollars of CA$2,100,000.

(Expressed in United States Dollars)

22. COMMITMENTS

On January 25, 2023, the Company entered into a Branding Earnout Agreement (the "Earnout Agreement") with a group of individual rights holders each of whom are at arm's length to the Company, to advance "Vibez", a new brand of Keto products in the direct-to-consumer market in the United States (the "Brand"). Pursuant to the Earnout Agreement, the Company has partnered with industry experts to advance the Brand.

Under the terms of the Earnout Agreement, the Company will make an initial payment of $186,790 (CA$250,000) in common shares of the Company, at a price per share CA$0.32. The Company may also make 12 bi-monthly earnout payments in the amount of $140,093 (CA$187,500), if the Brand achieves certain sales targets set out in the Earnout Agreement (the "Earnout Payments"). Sales in the Earnout Agreement related to the milestone payments over 24 months total $14.98 million (approximately CA$20 million). The Earnout Payments are payable in cash or common shares, at a price per common share equal to the higher of (i) the five-day VWAP of the common shares on the TSXV, or (ii) CA$0.32. SBBC may issue up to a maximum of $2,250,000 in cash or common shares, at the Company's discretion, over a 2-year period pursuant to the Earnout Payments.

During year ended December 31, 2024, the Company issued 306,841 common shares as Earnout Payments (2023 – 663,374 common shares) (Note 17).

Subsequent to December 31, 2024, the Company issued 23,980 common shares pursuant to the Earnout Agreement

23. CONTINGENCIES

Litigation
In the normal course of business, the Company may be involved in legal proceedings, claims, and assessments arising from the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. After consulting legal counsel, the Company does not believe any adverse judgments will have a material effect on the operations of the Company.

24. SEGMENTED INFORMATION

The Company operates in one reportable segment being the sale of consumer health and wellness products with sales principally generated from the United States. All the Company's non-current assets are located in United States.

During the years ended December 31, 2024, and 2023, 5 and 3 vendors, respectively, represented more than 75% of the Company's inventory purchases, respectively.

During the year ended December 31, 2024, 79% of sales from continuing operations were made to one customer (2023 – 88%). Other than that, no other customers made up more than 10% of sales during the years ended December 31, 2024, and 2023.

The breakdown of sales by products during the years ended December 31, 2024 and 2023 was as follows:

	December 31, 2024 ($)	December 31, 2023 ($)
Protein Bar	43,645,003	24,714,159
Beauty products	1,644,154	2,058,203
	45,289,157	**26,772,362**

(Expressed in United States Dollars)

25. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern, fund its planned activities and commitments and retain financial flexibility to respond to unforeseen future events and circumstances. The Company manages and adjusts its capital structure based on the level of funds on hand and anticipated future expenditures. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets.

The Company defines capital as being the total of shareholders' equity, loans and borrowings.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year ended December 31, 2024. The Company is subject to externally imposed capital requirements in connection with the TBS Overdraft Facility as detailed in Note 4. As of December 31, 2024, the Company was in compliance with these financial covenants.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

The fair values of financial assets and liabilities, together with their carrying amounts, are presented by class in the following table:

	December 31, 2024	FVTPL	Amortized costs	FVTOCI
	$	$	$	$
FINANCIAL ASSETS				
ASSETS				
Cash	7,063,073	-	7,063,073	-
Accounts receivable	10,254,649	-	10,254,649	-
Other receivable	233,481	-	233,481	-
FINANCIAL LIABILITIES				
LIABILITIES				
Bank overdraft	(4,102,551)	-	(4,102,551)	-
Accounts payable and accrued liabilities	(10,435,993)	-	(10,435,993)	-
Current portion of promissory note	(3,075,173)	-	(3,075,173)	-
Warrant liabilities	(6,399,511)	(6,399,511)	-	-
Promissory note	(333,054)	-	(333,054)	-

(Expressed in United States Dollars)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

	December 31, 2023 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	2,330,382	-	2,330,382	-
Restricted cash	325,000	-	325,000	-
Accounts receivable	2,367,447	-	2,367,447	-
Other receivable	129,468	-	129,468	-
Deposits	1,534	-	1,534	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(6,790,477)	-	(6,790,477)	-
Current portion of derivative liability	(8,862)	(8,862)	-	-
Loan payable	(7,047,616)	-	(7,047,616)	-
Current portion of loan payable	(10,404,928)	-	(10,404,928)	-
Current portion of promissory note	(906,337)	-	(906,337)	-
Current portion of convertible notes	(529,510)	-	(529,510)	-
Warrant liabilities	(347,456)	(347,456)	-	-
Promissory note	(552,391)	-	(552,391)	-

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

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, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
Level 3 – Unobservable (supported by little or no market activity) prices.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

The levels of the fair value inputs used in determining estimated fair value of the Company's financial assets and liabilities at fair value through profit or loss as of December 31, 2024, and 2023 are shown below:

		Estimated fair value		
	December 31, 2024	Level 1 $	Level 2 $	Level 3 $
Warrant liabilities	(6,399,511)	-	-	(6,399,511)

		Estimated fair value		
	December 31, 2023	Level 1 $	Level 2 $	Level 3 $
Derivative liability	(8,862)	-	-	(8,862)
Warrant liabilities	(347,456)	-	-	(347,456)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value (continued)

The financial instrument recorded at fair value on the statement of financial position is derivative liability and warrant liabilities which are measured using Level 3 of the fair value hierarchy. Level 3 inputs for other derivative liability include the use of the Black-Scholes option pricing model. Estimates are made regarding (i) the discount rate used, (ii) the expected life of the instruments, (iii) the volatility of the Company's common shares price which are driven by historical information and the expected dividend yield. Refer to Notes 13 and 16 for further disclosures.

As of December 31, 2024, and 2023, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1 and Level 2 in the fair value hierarchy above.

Financial risk management

The Company's activities expose the Company to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks. The Company uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. When material, these risks are also reviewed and monitored by the Board of Directors.

Market risk

- Foreign currency risk

  The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in US$. The Company has not entered any foreign currency contracts to mitigate this risk. The risk is measured using sensitivity analysis and cash flow forecasting.

  The Company's cash, accounts receivable, other receivables, bank overdrafts, accounts payable, accrued liabilities, and promissory notes are held in Canadian dollars (CA$) and United States dollars (US$); therefore, CA$ accounts are subject to fluctuation against the US$.

  The Company's non-derivative financial instruments were denominated as follows as of December 31, 2024:

	US$	CA$
Cash	5,800,954	1,816,063
Accounts receivable	10,054,326	288,245
Other receivable	181,745	74,443
Bank overdraft	-	(5,903,160)
Accounts payable and accrued liabilities	(9,954,474)	(692,857)
Current portion of promissory note	(990,247)	(3,000,000)
Promissory note	(333,054)	-
	4,759,250	**(7,417,266)**
Rate to convert to $1.00 US$	1.00000	0.69498
Equivalent to US$	**4,759,250**	**(5,154,817)**

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Market risk (continued)

- Foreign currency risk (continued)

  Based on the above net exposures as of December 31, 2024, and assuming that all other variables remain constant, a 10% change of the CA$ against the US$ would change profit or loss by approximately $510,000.

  The Company's derivative liability may be exposed to the currency risk as the Company's share is trading in CA$. Based on the sensitivity analysis, if all other variables remain constant, a 10% appreciation or depreciation of the US$ against CA$ would provide insignificant impacts on the fair value of the derivative liability.

- Price risk

  The Company's derivative liability may be exposed to the price risk as the share price of the Company is one of the inputs of valuation. Based on the sensitivity analysis, assuming that all other variables remain constant, a 10% increase (decrease) in the share price of the Company as of December 31, 2024, would provide insignificant impacts on the fair value of the derivative liability.

- Interest rate risk

  The Company's derivative liability may be exposed to the interest as the risk-free interest rate is one of the inputs of valuation. Based on the sensitivity analysis, if all other variables remain constant, a 1% increase (decrease) in the risk-free interest rate would provide insignificant impacts on the fair value of the derivative liability.

Credit risk

Credit risk is the risk of loss associated with a customer's or counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with reputable United States and Canada financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. The Company has, and intends, to adhere strictly to the state statutes and regulations in its operations.

The Company's extension of credit to customers involves judgment and is based on an evaluation of each customer's financial condition and payment history. The Company's credit controls and processes cannot eliminate credit risk. As of December 31, 2024, the Company's credit risk is low as the Company has collected the majority of the accounts receivable subsequently.

The Company accounts for credit risk by primarily allocating specific provisions to trade accounts. During the year ended December 31, 2024, the Company transacted with a few new customers for which financial positions deteriorated during the year. The Company has recorded specific provisions related to these customers.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As of December 31, 2024, the Company had cash of $7,063,073 to meet short-term business requirements. As of December 31, 2024, the Company had non-derivative current liabilities of $17,701,175.

The following are the remaining contractual maturities of non-derivative financial instruments at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

(Expressed in United States Dollars)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management (continued)

Liquidity risk (continued)

	December 31, 2024	Less than 1 year	1 to 2 years	3 to 5 years	More than 5 years
	$	$	$	$	$
Non-derivative liability					
Bank overdraft	4,102,551	4,102,551	-	-	-
Accounts payable and accrued liabilities	10,435,993	10,435,993	-	-	-
Promissory note	1,256,331	690,693	565,638	-	-
	15,794,875	**15,229,237**	**565,638**	**-**	**-**

27. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2024	2023
	$	$
Loss before income taxes for the year	(377,013)	(24,254,549)
Expected income tax (recovery)	(102,000)	(6,549,000)
Change in statutory, foreign tax, foreign exchange rates	2,706,000	(883,000)
Permanent differences	(7,194,000)	3,326,000
Acquisition (disposition) of subsidiaries	(119,000)	-
Non-controlling interest	119,000	780,000
Adjustment to prior years provision versus statutory tax returns	(6,315,000)	(2,859,000)
Change in unrecognized deferred tax assets	10,905,000	6,185,000
Total income tax expense (recovery)	**-**	**-**

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2024	2023
	$	$
Deferred tax assets (liabilities)		
Convertible preferred shares	(29,000)	-
Convertible notes and warrant liabilities	29,000	(31,000)
Losses available for future periods	-	31,000
Net deferred tax asset	**-**	**-**

(Expressed in United States Dollars)

27. INCOME TAXES (CONTINUED)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2024	Expiry Date Range	2023	Expiry Date Range
Temporary Differences				
Share issue costs	813,000	2044 to 2048	594,000	2044 to 2047
Stock-based compensation and other	1,280,000	No expiry date	5,053,000	No expiry date
Intangible assets	32,382,000	No expiry date	19,813,000	No expiry date
Convertible preferred shares	7,854,000	No expiry date	2,291,000	No expiry date
Capital losses	8,613,000	No expiry date	-	No expiry date
Losses available for future periods*	64,178,000		46,799,000	
Canada	8,473,000	2041 to 2044	10,297,000	2041 to 2043
USA	55,705,000	No expiry date	36,502,000	No expiry date

** $10,402,562 of tax loss carryforwards available to offset future taxable income are subject to limitations imposed by U.S. tax regulation Section 382.*