Consolidated Condensed Interim Financial Statements

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)

For the three-month and twelve-month periods ended December 31, 2024 and 2023

(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated condensed interim financial statements of Prime Drink Group Corp. (the "Company"), formerly Dominion Water Reserves Corp., are the responsibility of management and the Board of Directors.

The unaudited consolidated condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited consolidated condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited consolidated condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited consolidated condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited consolidated condensed interim financial statements and (ii) the unaudited consolidated condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited consolidated condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited consolidated condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting processes and the unaudited consolidated condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited consolidated condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO NO AUDITOR REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited consolidated condensed interim financial statements of the Company have been prepared by management and are responsibility of the Company’s management. The Company’s independent auditor has not performed a review or an audit of these consolidated condensed interim financial statements.

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)

Consolidated Statements of Loss and Comprehensive Loss

For the three-month and twelve-month periods ended December 31, 2024 and 2023

(In Canadian dollars, except per share amounts) (Unaudited)	Note	3 months December 31, 2024	3 months December 31, 2023	12 months December 31, 2024	12 months December 31, 2023
Revenue	5	$ 1,165,006	$ —	$ 1,165,006	$ —
Expenses					
Operating expenses	6	1,744,646	424,076	2,931,545	1,027,346
Selling expenses	6	510,791	—	510,791	—
Administrative expenses	6	483,860	—	483,860	—
Loss from operations		(1,574,291)	(424,076)	(2,761,190)	(1,027,346)
Other expenses (Income)					
Interest income		(26,568)	(22,555)	(207,611)	(22,555)
Financing expenses	7	721,596	—	721,596	—
Other professional fees and listing fees		585,713	—	585,713	—
		1,280,741	(22,555)	1,099,698	(22,555)
Net loss and comprehensive loss		$ (2,855,032)	$ (401,521)	$ (3,860,888)	$ (1,004,791)
Net loss per share — Basic and diluted	8	(0.01)	(0.00)	(0.02)	(0.01)
Weighted average number of shares — Basic and diluted	8	278,283,103	144,177,462	178,134,635	143,066,259

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

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)

Consolidated Statements of Financial Position

As of December 31, 2024 and 2023

(In Canadian dollars) (Unaudited)	Note	December 31 2024	December 31, 2023
Assets			
Current assets			
Cash		$ 550,326	$ 2,678,137
Trade and other receivables	9	1,532,193	6,531
Inventories	10	5,938,738	—
Other current assets		238,641	13,143
		8,259,898	2,697,811
Non-current assets			
Property and equipment	11	11,745,402	528,678
Right-of-use assets on leases	11	10,789,213	—
Water rights	11	5,657,862	5,657,862
Intangible assets	11	173,278	—
Goodwill	3, 11	41,490,652	—
Other non-current assets	22	1,999,907	—
Total assets		$ 80,116,212	$ 8,884,351
Liabilities and Equity			
Current liabilities			
Credit facility	12	$ 11,982,234	$ —
Accounts payable and accrued liabilities	13	10,409,434	109,516
Current portion of related party debt	14	16,951,605	—
Current portion of lease liabilities	15	1,872,000	—
		41,215,273	109,516
Non-current liabilities			
Related party debt	14	40,000	—
Lease liabilities	15	9,424,890	—
Total liabilities		50,680,163	109,516
Shareholders' equity			
Share capital	16	38,551,208	15,411,268
Reserves	17	4,763,404	3,381,242
Deficit		(13,878,563)	(10,017,675)
Total equity		29,436,049	8,774,835
Total liabilities and equity		$ 80,116,212	$ 8,884,351

Subsequent events (note 23)

Business combination (note 3)

Basis of preparation (note 2)

Going concern (note 2)

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

Approved by the Board of Directors,

"*Alexandre Côté*"
(Signed) Alexandre Côté, CEO and Director

"*Raimondo Messina*"
(Signed) Raimondo Messina, Director

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)

Consolidated Statements of Changes in Equity

For the twelve-month periods ended December 31, 2024 and 2023

		Share Capital				
(In Canadian dollars, except number of share capital) (Unaudited)	Note	Number	Amount	Reserves	Deficit	Total shareholders' equity
Balance – December 31, 2022		137,657,396	$ 13,914,371	$ 3,615,906	$ (9,012,884)	$ 8,517,393
Net loss		—	—	—	(1,004,791)	(1,004,791)
Warrants exercised	17	2,792,000	674,557	(255,757)	—	418,800
Share options exercised	17	3,728,066	822,340	(319,536)	—	502,804
Share-based compensation	17	—	—	340,629	—	340,629
Balance – December 31, 2023		144,177,462	15,411,268	3,381,242	(10,017,675)	8,774,835
Net loss		—	—	—	(3,860,888)	(3,860,888)
Shares issued – Business combination	3	91,200,000	11,400,000	511,323	—	11,911,323
Shares issued – Concurrent placement	16	61,377,000	7,672,125	—	—	7,672,125
Shares issued – Convertible debenture	16	30,000,000	3,000,000	—	—	3,000,000
Shares issued – Private placement 1	16	6,250,000	405,763	594,237	—	1,000,000
Shares issued – Private placement 2	16	2,200,000	223,570	326,430	—	550,000
Warrants exercised	17	5,368,750	782,503	(299,003)	—	483,500
Share options exercised	17	600,000	208,049	(96,549)	—	111,500
Share issuance costs	16	—	(552,070)	—	—	(552,070)
Share-based compensation	17	—	—	345,724	—	345,724
Balance – December 31, 2024		341,173,212	$ 38,551,208	$ 4,763,404	$(13,878,563)	$ 29,436,049

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

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)

Consolidated Statements of Cash Flows

For the three-month and twelve-month periods ended December 31, 2024 and 2023

(In Canadian dollars) (Unaudited)	Note	3 months December 31, 2024	3 months December 31, 2023	12 months December 31, 2024	12 months December 31, 2023
Operating activities:					
Net loss		$ (2,855,032)	$ (401,521)	$ (3,860,888)	$ (1,004,791)
Adjustments for:					
Depreciation of property and equipment	11	366,479	159	366,920	636
Depreciation of right-of-use assets	11	209,499	—	209,499	3,736
Amortization of intangible assets	11	15,469	—	15,469	—
Amortization of deferred financing fees	7,14	1,181	—	1,181	—
Provision for expected credit losses		48,158	—	48,158	—
Interest expenses		518,817	—	518,817	—
Share-based compensation		213,674	168,869	345,724	340,629
		(1,481,755)	(232,493)	(2,355,120)	(659,790)
Trade and other receivables		522,069	1,830	(198,687)	1,804
Inventories		(611,665)	—	(611,665)	—
Other current assets		67,016	9,396	(17,364)	(5,797)
Other non-current assets		(1,041,503)	—	(1,041,503)	—
Accounts payable and accrued liabilities		(7,703,392)	100,392	(7,569,258)	2,239
Net change in non-cash operating items		(8,767,475)	111,618	(9,438,477)	(1,754)
		(10,249,230)	(120,875)	(11,793,597)	(661,544)
Financing activities:					
Decrease of credit facility	12	(866,447)	—	(866,447)	—
Repayment of long-term debt	14	(1,390,048)	—	(1,390,048)	—
Lease liabilities – repayment		—	—	—	(2,780)
Interest paid on debt		(342,774)	—	(342,774)	—
Shares issued – Business combination		7,672,125	—	7,672,125	—
Shares issued – Convertible debenture		3,000,000	—	3,000,000	—
Shares issued – Private placement 1		1,000,000	—	1,000,000	—
Shares issued – Private placement 2		550,000	—	550,000	—
Warrants exercised		150,000	—	483,500	418,800
Share options exercised		111,500	—	111,500	502,804
Share issuance costs	16	(552,070)	—	(552,070)	—
		9,332,286	—	9,665,786	918,824
Increase (decrease) in cash		(916,944)	(120,875)	(2,127,811)	257,280
Cash, beginning of period		1,467,270	2,799,012	2,678,137	2,420,857
Cash, end of period		$ 550,326	$ 2,678,137	$ 550,326	$ 2,678,137

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

(In Canadian dollars, unless otherwise stated)
(Unaudited)

1. Background and Nature of operations

Prime Drink Group Corp. (the "Company" or "Prime"), formerly Dominion Water Reserves Corp. until its name changed on November 23, 2022, was incorporated under the Canada Business Corporations Act on October 26, 2015. The head office, principal address and records office of the Company are located at 609-1188 Avenue Union, Montreal, Quebec, H3B 0E5.

Prime Drink Group Corp. is a company that acquires spring water permits to develop operations in the spring water market in Quebec and elsewhere. Prime Drink Group Corp. is since October 31, 2024, the parent company of Triani Canada Inc. ("Triani"), which produces and markets multiple in the production, bottling and sales of alcoholic and non-alcoholic beverages across North America (note 3). Prime is also the parent company of Dominion Water Reserves Corp., 6305768 Canada Inc., Centre Piscicole de Duhamel Inc., 11973002 Canada Inc., Source Sainte-Cécile Inc., 3932095 Canada Inc. and Société Alto 2000 Inc. ("the subsidiaries"). These subsidiaries are fully owned by the Company.

Following the acquisition of Triani (note 3), the Company changed its financial year-end from December 31 to March 31 to align the Company's year-end with that of Triani and to facilitate financial reporting and the preparation of corporate tax returns. The change in year-end resulted in the Company's filing a one-time, fifteen-month transition year covering the period of January 1, 2024 to March 31, 2025. The information presented in these consolidated condensed interim financial statements is for the three-month and twelve-month periods ended December 31, 2024, compared to the three-month and twelve-month periods ended December 31, 2023.

The Company is listed on the Canadian Securities Exchange (the "CSE"), since August 10, 2020, and is trading under the symbol "PRME".

2. Basis of preparation

These consolidated condensed interim financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated condensed interim financial statements, including IAS 34, Interim Financial Reporting. These consolidated condensed interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Basis of preparation and Note 5 – Summary of material accounting policies, as described in the Company's annual audited financial statements for the year ended December 31, 2023, except for the new accounting standards adopted during the year below. The consolidated condensed interim financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2023.

These consolidated condensed interim financial statements were approved by the Company's Board of Directors on February 27, 2025.

Use of estimates and judgments

The preparation of these consolidated condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated condensed interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the consolidated condensed interim financial statements are reasonable; however, actual results may differ materially from these estimates. The areas involving significant judgments, estimates and assumptions have been detailed in Note 4 to the Company's annual audited financial statements for the year ended December 31, 2023, except for the new judgments, estimates and assumptions adopted during the period below.

Material accounting judgments and estimates adopted following the acquisition of Triani (note 3)

Business Combination

The Company must make assumptions and estimates to determine the fair value of identifiable assets acquired and liabilities assumed. These estimates are based on forecasts of future cash flows, future operating expenses, future capital expenditures and estimated discount rates. Changes to the preliminary measurements of assets acquired and liabilities assumed may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

Impairment of goodwill

The Company performs a goodwill impairment test on an annual basis at each year-end. In addition, the Company assesses indicators of impairment at each reporting date and, if an indicator of impairment is identified, goodwill is tested for impairment at that time. For the purpose of impairment testing, goodwill is allocated to each CGU or group of CGUs expected to benefit from the synergies of the combination. When completing an impairment test, the Company calculates the estimated recoverable amount of CGU or group of CGUs, which requires management to make estimates and assumptions with respect to items such as future cash flows, future operating expenses, future capital expenditures and estimated discount rates. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of the CGU or group of CGUs. Accordingly, it is possible that some or the entire carrying amount of the goodwill may be further impaired with the impact recognized in the consolidated statement loss and comprehensive loss. The Company performs an annual impairment test using the fair value less cost of disposal of the group of CGUs supporting the goodwill and using discounted cash flows with the most recent budgets and forecasts available, including information from external sources. The discount rate to be used takes into consideration the different risk factors of the Company.

Accounting policies adopted during the period

Material accounting standards and amendments

Amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the classification of liabilities as current or non-current based on rights that are in existence at the end of the reporting period and unaffected by the likelihood that an entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify the definition of “settlement” of a liability. In October 2022, revised amendments in respect of non-current liabilities with covenants were issued. Both amendments are effective on January 1, 2024 and should be applied retrospectively. Earlier application is permitted. The Company's consolidated financials are not materially affected by the implementation of these amendments.

Accounting policies adopted following the acquisition of Triani (note 3)

a) *Goodwill*

Goodwill is recognized in a business combination if the cost of the acquisition exceeds the fair value of the identifiable net assets acquired. Goodwill is then allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination. The Company performs a goodwill impairment test on an annual basis at each year-end. In addition, the Company assesses indicators of impairment at each reporting period end and, if an indicator of impairment is identified, goodwill is tested for impairment at that time. If the carrying value of the CGU or group of CGUs to which goodwill is assigned exceeds its recoverable amount, an impairment loss is recognized. Goodwill impairment losses are not reversed. The recoverable amount of a CGU or group of CGUs is measured as the higher of value in use and fair value less costs of disposal.

b) *Revenue recognition - Contracts with customers*

The Company records revenues from contracts with customers in accordance with the five steps in *IFRS 15 Contracts with customers* as follows:

1) Identify the contract with a customer;
2) Identify the performance obligations in the contract;
3) Determine the transaction price, which is the total consideration provided by the customer;
4) Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5) Recognize revenues when the relevant criteria are met for each performance obligation.

Revenues are measured based on the value of the expected consideration in a contract with a customer and are recognized at a point in time when control of a product or service is transferred to a customer. The transfer of control occurs when the Company delivers the goods to the customer and the latter accepts the products. Revenue is stated net of incentives, discounts and returns. When the products are sold through an agent or under consignment arrangements, revenue is not recognized until control has transferred, which is when the end customer receives and accepts delivery of the products.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

The Company derives the majority of revenues from brands they own and brew itself. The Company also sells certain non-owned brands under arrangements with other brewers. Sales from such business are included in revenue. The revenue from non-owned brands is recognized similar to branded products when the customer receives and accepts delivery of products.

c) Finance income and finance costs

Finance income comprises interest income on funds invested, Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on revolving facility, unwinding of the discount on provisions, amortization of deferred financing costs, foreign exchange (gain) loss and impairment losses recognized on financial assets.

The Company recognizes finance income and finance costs as a component of operating activities in the consolidated statements of cash flows.

d) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out cost method, and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition to sell. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value is less than cost, inventories are written down. If the net realizable value subsequently increases, a reversal of the loss initially recognized is applied to cost of sales.

The Company's inventories include raw materials (materials and supplies to be consumed in the production process), brews in progress (in the process of production for sale) and finished product held for sale in the ordinary course of business.

e) Depreciation of property and equipment

The methods of depreciation and depreciation rates applicable for each class of asset are as follows:

Property and equipment	Method	Period
Building	Declining	4%
Equipment	Straight-line	2 to 20 years
Vehicles	Declining	20%
Leasehold improvements	Straight-line	Lease term
Furniture and fixtures	Declining	20%

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting year-end and adjusted if appropriate prospectively.

f) Amortization of intangible assets with finite useful lives

The methods of amortization and amortization rates applicable for each class of intangible asset are as follows:

Intangible assets	Method	Period
Licenses, website application and computer software	Straight-line	1 to 5 years
Furniture and fixtures	Straight-line	3 to 5 years

Estimates for amortization methods, useful lives and residual values are reviewed at each reporting year-end and adjusted if appropriate prospectively.

g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties for which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component. The right-of-use asset and a lease liability are recognized at the lease commencement date.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

Right-of-use assets on leases

The right-of-use asset is measured at cost. The cost is based on the initial amount of the lease liability plus initial direct costs incurred, less any lease incentives received, if any.

The cost of right-of-use assets is periodically reduced by amortization expenses and impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are amortized to reflect the expected pattern of consumption of the future economic benefits which is based on the lesser of the useful life of the asset or the lease term using the straight-line method. The lease term includes the renewal option only if it is reasonably certain to be exercised. The lease terms range from 1 to 10 years for buildings and equipment and from 1 to 5 years for vehicles.

The Company elected not to recognize a right-of-use asset and liability for leases where the total lease term is less than or equal to twelve months and for leases of low value assets; such as but not limited to, office equipment. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggered the payment has occurred.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate as at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced to reflect the lease payments made. In addition, the carrying amount of the lease liability is remeasured if there has been a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

i) Employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

j) Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer (the "CEO") who fulfills the role of the chief operating decision-maker. The CEO is responsible for allocating resources and assessing performance of the Company's operating segments. The CEO organizes and manages the business under two operating segments, consisting of acquiring spring water permits to develop operations in the spring water market in Quebec and elsewhere and involving in the production, bottling and sales of alcoholic and non-alcoholic beverages across North America.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

Going concern

These consolidated condensed interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company incurred net loss of $3,860,888 for the twelve-month period ended December 31, 2024, had an accumulated deficit of $13,878,563 and a working capital deficiency of $32,955,375. Whether and when the Company can attain profitability and positive cash flows is uncertain.

The above factors indicate that a material uncertainty exists that raises significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, Management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a few reasons, including the Company's own resources and external market conditions.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, generate positive cashflows from operations in the foreseeable future, is dependent upon Management's ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. To address its financing requirements, the Company is seeking financing. During October 2024, the Company obtained forbearance agreements for its credit facility and its related-party debt, whereby the lenders agreed to forbear from the exercise of certain recourses against the Company, its directors and other related entities until October 31, 2025. Triani is currently in default of its obligations pursuant to the forbearance agreements and is presently working on solutions to cure such defaults. On February 13, 2025, the company completed a second closing of the private placement 2 and issued 50 units which comprise each 20,000 common shares and 19,230 warrants at an agreed price of $0.26 per common share ($5,000 per unit) for total gross proceeds of $250,000.

These consolidated condensed interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these consolidated condensed interim financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the statements of financial position.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

3. Business combination

TRIANI CANADA INC.

On October 31, 2024, the Company acquired all of the issued and outstanding shares of Triani Canada Inc. ("Triani") for total consideration of $11,911,323, of which $11,400,000 was paid through the issuance of 91,200,000 common shares of the Company and the remaining $511,323 through the issuance of 11,200,000 warrants of the Company. As a result of the acquisition, goodwill of $41,490,652 was recognized related to the operating synergies expected to be achieved from integrating the acquired business into the Company's existing business. The goodwill will not be deductible for tax purposes.

The results of the business combination of Triani for the three-month and twelve-month periods ended December 31, 2024 are included in results since the date of the acquisition. Revenues recorded from the acquisition date to December 31, 2024 were $1,165,006 and net loss was $2,161,250. Had the acquisition occurred at the beginning of the fiscal year, revenues related to this acquired business would have been approximately $13,218,165 and net loss would have been $13,332,094.

	Preliminary
Assets acquired:	
Trade and other receivables	$ 1,375,133
Inventories	5,327,073
Other current assets	208,134
Property and equipment	11,583,644
Right-of-use assets on leases	10,998,712
Intangible assets	188,747
Goodwill	41,490,652
Other non-current assets	958,404
	72,130,499
Liabilities assumed:	
Credit facility	12,848,681
Accounts payable and accrued liabilities	17,546,346
Related-party debt	18,380,472
Lease liabilities	11,443,677
	60,219,176
Net assets acquired at fair value	$ 11,911,323
Consideration given:	
Common shares (note 16)	11,400,000
Warrants (notes 16 & 17)	511,323
	$ 11,911,323

As of the reporting date, the Company has not completed the purchase price allocation over the identifiable net assets and goodwill as information to confirm the fair value of certain assets and liabilities remains to be obtained.

(In Canadian dollars, unless otherwise stated)

4. Operating segment

	Bottling		Corporate and eliminations		**Consolidated**	
Three-month period	2024	2023	2024	2023	**2024**	**2023**
Revenue	$ 1,165,006	$ —	$ —	$ —	$ 1,165,006	**$** —
Operating expenses	1,617,351	—	127,295	424,076	1,744,646	424,076
Selling expenses	510,791	—	—	—	510,791	—
Administrative expenses	477,576	—	6,284	—	483,860	—
Loss from operations	(1,440,712)	—	(123,579)	(424,076)	(1,574,291)	(424,076)
Interest income	—	—	(26,568)	(22,555)	(26,568)	(22,555)
Financing expenses	720,538	—	1,058	—	721,596	—
Other professional fees and listing fees	—	—	585,713	—	585,713	—
Net loss and comprehensive loss	(2,161,250)	—	(693,782)	(401,521)	(2,855,032)	(401,521)

	Bottling		Corporate and eliminations		**Consolidated**	
Twelve-month period	2024	2023	2024	2023	**2024**	**2023**
Revenue	$ 1,165,006	$ —	$ —	$ —	$ 1,165,006	$ —
Operating expenses	1,617,351	—	1,314,194	1,027,346	2,931,545	1,027,346
Selling expenses	510,791	$ —	—	—	510,791	—
Administrative expenses	477,576	—	6,284	—	483,860	—
Loss from operations	(1,440,712)	—	(1,320,478)	(1,027,346)	(2,761,190)	(1,027,346)
Interest income	—	—	(207,611)	(22,555)	(207,611)	(22,555)
Financing expenses	720,538	—	1,058	—	721,596	—
Other professional fees and listing fees	—	—	585,713	—	585,713	—
Net loss and comprehensive loss	(2,161,250)	—	(1,699,638)	(1,004,791)	(3,860,888)	(1,004,791)

	Bottling		Corporate and eliminations		**Consolidated**	
	2024	2023	2024	2023	**2024**	**2023**
Total assets	$ 73,401,643	$ —	$ 6,714,569	$ 8,884,351	$ 80,116,212	$ 8,884,351
Total liabilities	$ 50,338,529	$ —	$ 341,634	$ 109,516	$ 50,680,163	$ 109,516

Goodwill recognised on October 31, 2024 is related to the Bottling business segment.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

5. Revenues

DISAGGREGATION OF REVENUES

The following table presents the Company's revenues disaggregated by primary geographical market and product.

	3 months		12 months	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Geography				
Canada	$ 886,804	$ —	$ 886,804	$ —
United States	278,202	—	278,202	—
	1,165,006	—	1,165,006	—
Products				
Production and brewing of alcoholic and non-alcoholic beverages (1)	1,141,671		1,141,671	
Other revenues (1)	23,335	—	23,335	—
	$ 1,165,006	$ —	$ 1,165,006	$ —

(1) Generally recognized at a point in time

6. Other information

Expenses by nature are as follows:

	3 months		12 months	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Salaries and other short-term employee	$ 1,114,452	$ —	$ 1,114,452	$ —
Delivery costs and exportation	63,879	—	63,879	—
Depreciation of property and equipment	366,479	159	366,920	636
Depreciation of right-of-use assets	209,499	—	209,499	3,736
Amortization of intangible assets	15,469	—	15,469	—
Share-based compensation	213,674	168,869	345,724	340,629

7. Financing expenses

	3 months		12 months	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Interest expense	$ 518,817	$ —	$ 518,817	$ —
Amortization of deferred financing fees	1,181	—	1,181	—
Bank charges	11,541	—	11,541	—
Interest expense on lease liabilities	165,213	—	165,213	—
Foreign exchange loss (gain)	24,844	—	24,844	—
	$ 721,596	$ —	$ 721,596	$ —

(In Canadian dollars, unless otherwise stated)
(Unaudited)

8. Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period.

Diluted loss per share

Diluted loss per share is computed by dividing net loss for a year by the diluted number of common shares. Diluted common shares include the effects of instruments, such share options and warrants, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the three-month and twelve-month periods ended December 31, 2024 and 2023 and has accordingly presented basic and diluted loss per share in the consolidated condensed interim statements of loss and comprehensive loss.

9. Trade and other receivables

		December 31, 2024		December 31, 2023
Trade receivables	$	1,611,331	$	—
Expected credit losses		(416,774)		—
Other receivables		2,102		—
Sales taxes receivable		335,534		6,531
	$	1,532,193	$	6,531

The above trade and other receivables have been given as guarantees / collateral for borrowings (note 14).

10. Inventories

		December 31, 2024		December 31, 2023
Raw materials	$	3,066,999	$	—
Brews in progress		755,521		—
Finished product		2,116,218		—
	$	5,938,738	$	—

For the three-month and twelve-month periods ended December 31, 2024, charges of $16,731 (2023 – nil) were recorded to the consolidated condensed statements of loss and comprehensive loss in operating expenses relating to damaged or obsolete inventories. During the three-month and twelve-month periods ended December 31, 2024, inventory charges of $760,713 (2023 – nil) were recorded in cost of sales presented in operating expenses in the consolidated condensed statements of loss and comprehensive loss. There were no reversals of amounts previously recorded in respect of inventory write-downs during the three-month and twelve-month periods ended December 31, 2024 (2023 – nil).

The above inventories have been given as guarantees / collateral for borrowings (note 14).

(In Canadian dollars, unless otherwise stated)
(Unaudited)

11. Property and equipment, Right-of-use Assets on leases, Water rights, Intangible assets and Goodwill

	Property and equipment	Right-of-use of Assets on leases	Water rights	Intangible assets	Goodwill
Year ended December 31, 2023					
Net book value as of December 31, 2022	$ 529,314	$ 3,736	$ 5,657,862	$ —	$ —
Depreciation of property and equipment	(636)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(3,736)	—	—	—
Net book value December 31, 2023	$ 528,678	$ —	$ 5,657,862	$ —	$ —
Net book value as of December 31, 2023	$ 528,678	$ —	$ 5,657,862	$ —	$ —
Business combination - Triani (note 3)	11,583,644	10,998,712	—	188,747	41,490,652
Depreciation of property and equipment	(366,920)	—	—	—	—
Depreciation of right-of-use assets on leases	—	(209,499)	—	—	—
Amortization of intangible assets	—	—	—	(15,469)	—
Net book value December 31, 2024	$ 11,745,402	$ 10,789,213	$ 5,657,862	$ 173,278	$ 41,490,652

Depreciation of property and equipment is presented in operating expenses for an amount of $361,065 (2023 – $636), in selling expenses for an amount of $680 (2023 – nil) and in administrative expenses for an amount of $5,175 (2023 – nil) in the consolidated condensed statements of loss and comprehensive loss.

Depreciation of right-of-use assets on leases is presented in operating expenses in the consolidated condensed statements of loss and comprehensive loss.

Amortization of intangibles assets is presented in administrative expenses in the consolidated condensed statements of loss and comprehensive loss.

The above property and equipment and intangible assets have been given as guarantees / collateral for borrowings (note 14).

(In Canadian dollars, unless otherwise stated)
(Unaudited)

12. Credit facility

The Company has a credit facility with an authorized amount of $14,000,000 at the Bank's prime rate plus 5.00%. This line of credit is secured by an hypothec on all the movable property of the Company, both tangible and intangible, present and future including the entirety of the inventories, trade receivables, equipment and intangibles. The Company must make monthly payments to gradually reduce the debt, with specific amounts to be repaid on specific dates: $100,000 on November 29, 2024, and December 30, 2024; and monthly payment of $200,000 from January 30, 2025 to September 30, 2025, and the remaining amount of the debt on October 31, 2025. An amount of $10,000,000 must be paid on March 31, 2025 by a group of related companies, namely 9372-2858 Québec Inc., 9372-3039 Québec Inc., 9296-0186 Québec Inc., Groupe B2CG Inc. and 14230655 Canada Inc.

Credit facility as of December 31, 2023	**$**	**—**
Business combination – Triani (note 3)		12,848,681
Decrease - repayment		(866,447)
Credit facility as of December 31, 2024	**$**	**11,982,234**

13. Accounts payable and accrued liabilities

		December 31, 2024		**December 31, 2023**
Trade payables	$	8,237,791	$	109,516
Accrued liabilities		1,980,750		—
Interest accrual		176,043		—
Other payables		14,850		—
	$	10,409,434	$	109,516

Interest accrual includes interest payable on related party loans based on the exact terms as provided by the ultimate financial institutions (see note 14).

(In Canadian dollars, unless otherwise stated)
(Unaudited)

14. Related-party debt

	December 31, 2024	December 31, 2023
Term loan, at an annual average interest rate of 7.9% which is Canadian base rate plus the applicable spread based on a certain ratio, with an initial amount of $8,630,000, secured by a hypothec of $18,000,000, on a pari passu basis with a second lender, encumbering all their movable property, both tangible and intangible, present and future, including patents and trademarks, and guaranteed by the surety of directors and related companies, repayable in monthly installments of $79,907.37 from September 2023 to September 30, 2025 and the remaining amount of the debt on October 31, 2025.(1) (2) (3)	$ 7,471,549	$ —
Term loan, at an annual average interest rate of 8.6% which is Canadian base rate plus the applicable spread based on a certain ratio with an initial amount of $8,630,000, secured by a hypothec of $18,000,000, on a pari passu basis with a second lender, encumbering all their movable property, both tangible and intangible, present and future, including patents and trademarks, and guaranteed by the surety of directors and related companies, repayable in monthly installments of $79,900 from September 2023 to September 30, 2025 and the remaining amount of the debt on October 31, 2025.(1) (2) (3)	8,110,650	—
Term loan, at an annual average interest rate of 11.2% which is the Canadian base rate plus the applicable spread based on a certain ratio, with an initial amount of $2,000,000, repayable in 23 monthly installments of $18,510 from September 2023 to August 2025 with a final principal installment payable in August 2025.(1) (2) (3)	1,383,947	—
Term loans with fixed interest rates ranging from 0% to 6% and at the base rate plus 1.75%, repayable in monthly installments ranging from $2,919 to $8,333, principal only, maturing between January 2023 and June 2026.(1) (2) (3)	32,128	—
Term loan granted under the Federal Canadian Emergency Business Account program, interest-free, maturing on December 31, 2026.	40,000	—
Total long-term debt	$ 17,038,274	$ —
Deferred financing fees	(46,669)	—
	16,991,605	—
Current	$ 16,951,605	$ —
Non-current	$ 40,000	$ —

(1) The above debts related to loans obtained from financial institutions by the Company and a group of related companies, namely 9372-2858 Québec Inc., 9372-3039 Québec Inc. and 9296-0186 Québec Inc.

(2) As of December 31, 2024, the Company did not comply with certain covenants related to the above borrowings, which allows the financial institutions to demand early repayments. The Company obtained a forbearance agreement, whereby the lenders agreed to forbear from the exercise of certain recourses against the Company, its directors and other related entities until October 31, 2025. Triani is currently in default of its obligations pursuant to the forbearance agreements and is presently working on solutions to cure such defaults. Accordingly, the related party debts are presented as current liabilities in the consolidated statement of financial position.

(3) As of December 31, 2024, accrued interest payable related to related-party debt amounted to $176,043 (2023 – nil) (note 13).

Related-party debt as of December 31, 2023	**$ —**
Business combination – Triani (note 3)	18,380,472
Reimbursement	(1,390,048)
Deferred financing fees	1,181
Related-party debt as of December 31, 2024	**$ 16,991,605**

(In Canadian dollars, unless otherwise stated)
(Unaudited)

15. Lease liabilities

The following table presents a summary of the activity related to the lease liabilities of the Company for the twelve-month periods ended December 31, 2024 and 2023:

		December 31, 2024		December 31, 2023
Lease liabilities – beginning of period	$	—	$	2,780
Business combination – Triani (note 3)		11,443,677		—
Payment of lease liabilities		(312,000)		(2,780)
Interest expense on lease liabilities		165,213		—
Lease liabilities – end of period	$	**11,296,890**	$	—

Payment of lease liabilities of $312,000 and interest expense on lease liabilities of $165,213 for the three-month period ended December 31, 2024 were applied against the other non-current assets (9372-3039 Quebec Inc.), thus having no impact on cash.

Lease liabilities as of December 31, 2024	**$**	**11,296,890**
Current portion	$	1,872,000
Non-current portion	$	9,424,890

The following table presents the maturity analysis of contractual cashflows related to the lease liabilities of the Company as of December 31, 2024:

Less than one year	$	1,872,000
One to five years		7,488,000
More than five years		6,708,000
Total lease liabilities as of December 31, 2024	**$**	16,068,000

(In Canadian dollars, unless otherwise stated)
(Unaudited)

16. Share capital

Authorized: Unlimited number of common shares without par value

Issued and outstanding: 341,173,212 common shares

TRANSACTIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2023

For additional information about the exercise of 2,792,000 warrants, refer to note 17.

For additional information about the exercise of 3,728,066 share options, refer to note 17.

TRANSACTIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2024

On October 31, 2024, the Company issued 91,200,000 common shares at a price of $0.125 per common share to finance the business combination of Triani (note 3). Concurrently with the closing of the acquisition of Triani, the holders of the outstanding subscription receipts of the concurrent placement exercised their conversion rights and consequently the Company issued 61,377,000 common shares at $0.125 for total gross proceeds of $7,672,125. Additionally, Triani's convertible debenture holders automatically exercised their conversion rights and consequently the Company issued 30,000,000 common shares at $0.10 per common share for total gross proceeds of $3,000,000. On the same day, the Company also closed the private placement 1 and issued 6,250,000 units which comprise one common share and one warrant at an agreed price of $0.16 per common shares for gross proceeds of $1,000,000. The fair value of the shares of $405,763 was estimated at the issuance date based on a residual method where at first the fair value of the warrants was estimated based on the Black-Scholes pricing model. See note 17 - Share-based compensation and warrants for the assumptions used.

On December 31, 2024, the Company completed a first closing of the private placement 2 and issued 110 units which comprise each 20,000 common share and 19,230 warrant at an agreed price of $0.26 per common shares ($5,000 per unit) for total gross proceeds of $550,000. The fair value of the shares of $223,570 was estimated at the issuance date based on a residual method where at first the fair value of the warrants was estimated based on the Black-Scholes pricing model. See note 17 - Share-based compensation and warrants for the assumptions used.

Share issuance costs for all issuances amounted to $552,070 which have been recognized as a reduction of share capital.

For additional information about the exercise of 5,368,750 warrants, refer to note 17.

For additional information about the exercise of 600,000 share options, refer to note 17.

17. Share-based compensation and warrants

Share options

The Company maintains a Share Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares in any given 12-month period. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

The following summarizes the changes in the plan's position for the twelve-month periods ended December 31, 2024 and 2023:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	5,500,000	$ 0.16	9,171,066	$ 0.14
Granted	5,835,000	0.16	4,000,000	0.16
Exercised	(600,000)	0.19	(3,728,066)	0.14
Expired	—	—	(3,943,000)	0.14
Options outstanding, end of period	10,735,000	0.16	5,500,000	0.16
Options exercisable, end of period	5,500,000	$ 0.14	1,500,000	$ 0.16

The following is a summary of the information on the share options outstanding as at December 31, 2024 and 2023:

		Outstanding options	Exercisable options
Exercise price	Number of options outstanding	Weighted average outstanding contractual life outstanding (years)	Number
December 31, 2024			
$ 0.25	600,000	2.99	600,000
0.19	500,000	0.62	500,000
0.165	3,400,000	1.26	3,400,000
0.16	4,235,000	2.83	—
0.13	500,000	1.32	500,000
0.125	1,000,000	2.83	—
0.10	500,000	0.80	500,000
$ 0.16	10,735,000	2.07	5,500,000
December 31 ,2023			
$ 0.19	1,000,000	0.81	1,000,000
0.165	3,500,000	2.20	—
0.13	500,000	2.32	—
0.10	500,000	1.81	500,000
$ 0.16	5,500,000	1.92	1,500,000

TRANSACTIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2023

On February 24, 2023, 386,000 share options were exercised at an exercise price of $0.11, for a gross amount of $42,460.

On March 3, 2023, 2,649,066 share options were exercised at an exercise price of $0.145, for a gross amount of $384,114.

On April 6, 2023, 500,000 share options were exercised at an exercise price of $0.11, for a gross amount of $55,000.

On April 11, 2023, 193,000 share options were exercised at an exercise price of $0.11, for a gross amount of $21,230.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

During the twelve-month period ended December 31, 2023, 4,000,000 share options were granted to certain officers, employees, and consultants. The fair value of the options as estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

	April 5, 2023	**August 15, 2023**
Number of options	3,500,000	500,000
Share price	$0.165	$0.13
Expected dividend yield	Nil	Nil
Risk-free interest rate	3.52%	4.81%
Expected life	3 years	2.7 years
Expected volatility	125.0 %	125.0%
Fair value of options granted	$423,468	$43,664

TRANSACTIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2024

On November 13, 2024, 100,000 options were exercised at an exercise price of $0.165, for a gross amount of $16,500.

On November 14, 2024, 500,000 options were exercised at an exercise price of $0.19, for a gross amount of $95,000.

During the twelve-month period ended December 31, 2024, 5,835,000 share options were granted to certain officers, employees, and consultants. The fair value of the options as estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

	October 31, 2024	**October 31, 2024**	**December 27, 2024**
Number of options	4,235,000	1,000,000	600,000
Share price	$0.16	$0.125	$0.25
Expected dividend yield	Nil	Nil	Nil
Risk-free interest rate	3.09%	3.09%	2.92%
Expected life	3.0 years	3.0 years	3.0 years
Expected volatility	114.4%	114.4%	114.4 %
Fair value of options granted	$469,478	$116,870	$103,800

The weighted average share price when share options were exercised during the twelve-month periods ended December 31, 2024 was $0.29 (2023 – $0.17).

Total share-based compensation expenses is recognized under this Plan amount to $345,724 for the period ended December 31, 2024 (2023 – $340,629) and is presented in administrative expenses in the consolidated condensed statements of loss and comprehensive loss.

(In Canadian dollars, unless otherwise stated)

Warrants

All of the outstanding warrants were issued in conjunction with the issuance of common shares. The fair value of warrants issued and outstanding is reflected in reserves. Amounts for warrants that are subsequently exercised are transferred from reserves to share capital.

The following table summarizes the warrant activities for the period ended December 31, 2024 and 2023:

	Number of warrants		Average exercise price
Balance – December 31, 2022	22,353,750	$	0.14
Exercised	(2,792,000)		0.15
Expired	(15,393,000)		0.15
Balance – December 31, 2023	**4,168,750**	**$**	**0.08**
Granted – Business combination	11,200,000		0.125
Granted – Private placement 1	6,250,000		0.16
Granted – Private placement 2	2,115,300		0.26
Exercised	(5,368,750)		0.09
Balance – December 31, 2024	**18,365,300**	**$**	**0.15**

TRANSACTIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2023

On February 26, 2023, 2,792,000 warrants were exercised at an exercise price of $0.15, for a gross amount of $418,800.

TRANSACTIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2024

On July 2, 2024, 418,750 warrants were exercised at an exercise price of $0.08 and consequently, the Company issued 418,750 common shares. The proceeds amounted $33,500. An amount of $13,337 of reserves related to those warrants was transferred to the common shares' account balance.

On September 17, 2024, 3,750,000 warrants were exercised at an exercise price of $0.08 and consequently, the Company issued 3,750,000 common shares. The proceeds amounted $300,000. An amount of $187,492 of reserves related to those warrants was transferred to the common shares' account balance.

On December 17, 2024, 1,200,000 warrants were exercised at an exercise price of $0.125 and consequently, the Company issued 1,200,000 common shares. The proceeds amounted to $150,000. An amount of $98,174 of reserves related to those warrants was transferred to the common shares' account balance.

During the twelve-month period ended December 31, 2024, 19,565,300 warrants were granted to investors. The fair value of the warrants as estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

	October 31, 2024	**October 31, 2024**	**December 31, 2024**
Number of warrants	11,200,000	6,250,000	2,115,300
Share price	$0.125	$0.16	$0.26
Expected dividend yield	Nil	Nil	Nil
Risk-free interest rate	3.09%	3.09%	2.92%
Expected life	1.0 years	2.0 years	2.0 years
Expected volatility	114.4%	114.4%	114.4 %
Fair value of warrants granted	$511,323	$594,237	$326,430

(In Canadian dollars, unless otherwise stated)

18. Contingencies

Triani is a defendant in a number of lawsuits, claims, and imminent litigations. Litigations are monitored regularly, case by case, by the legal department of the Company with the assistance of external legal advisors for major and complex litigation. A provision is recognized as soon as it becomes likely that a current obligation resulting from a past event will require a settlement whose amount cannot be reliably estimated.

On February 23, 2024, certain consumers filed a class action in the Superior court of Quebec against several Canadian manufacturers of beverages, including Triani for sale of products that contain the wordings ‘’alcohol-free’’ or ‘’non-alcoholic’’. Total amount of the class action is $117,034. The ultimate timing or outcome cannot be predicted, or possible losses or a range of possible losses cannot be reasonably estimated and therefore no provision has been recorded as of December 31, 2024.

Between December 2023 and March 2024, certain customers have filed legal suits against Triani for an amount of $1.6 million for its association with another related company which filed for bankruptcy. Management believes that the ultimate timing or outcome cannot be predicted, or possible losses or a range of possible losses cannot be reasonably estimated. No provision has been recorded as of December 31, 2024.

19. Financial instruments

FAIR VALUES

The Company has determined that the carrying amount of cash, trade and other receivables and accounts payable and accrued liabilities is a reasonable approximation of their fair value due to the short-term maturity of those instruments. The fair value of the credit facility bearing interest at variable rates approximates its carrying value, as it bears interest at prime or banker’s acceptance rates plus a credit spread which approximate current rates that could be obtained for debts with similar terms and credit risk. The fair value of the related-party debt and lease liabilities approximates their carrying value as its interest rate approximates current rates that could be obtained for debts with similar terms and credit risk.

The tables below summarize the carrying of financial assets and liabilities, as of December 31, 2024 and 2023:

	Carrying value	
	December 31, 2024	**December 31, 2023**
Financial assets measured at amortized cost		
Cash	$ 550,326	$ 2,678,137
Trade and other receivables	1,196,659	—
Financial liabilities measured at amortized cost		
Credit facility	$ 11,982,234	$ —
Accounts payable and accrued liabilities	10,409,434	109,516
Related-party debt	16,991,605	—
Lease liabilities	11,296,890	—

CREDIT RISK

Credit risk is the risk of an unexpected financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations, and it arises primarily from the Company's trade and other receivables.

The Company’s credit risk is principally attributable to its trade receivables. The amounts presented in the statements of financial position are net of an allowance for expected credit risk, estimated by the Company’s management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. The Company's exposure to credit risk is mainly influenced by the characteristics of each customer. Generally, the Company does not require collateral or other security from customers for trade receivables; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit reviews of its customers.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

An allowance for expected credit losses is maintained to reflect an impairment risk for trade accounts receivable based on an expected credit loss model which factors in changes in credit quality since the initial recognition of trade accounts receivable based on customer risk categories. Bad debts are also provided for based on collection history and specific risks identified on a customer-by-customer basis.

The movement in the allowance for expected credit losses in respect of trade receivables was as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of period	$ —	$ —
Business combination – Triani (note 3)	368,616	—
Provision for expected credit losses	48,158	—
Balance, end of period	$ 416,774	$ —

The Company also has credit risk relating to cash and other receivables. The Company manages its risk by transacting only with sound financial institutions.

The carrying amounts of financial assets in the consolidated statements of financial position represent the Company's maximum credit exposure.

MARKET RISK

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's earnings or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on risk.

20. Commitment

On November 20, 2020, the company entered into a 25-year water sales contract with Acquanor Inc. with an obligation to supply water at a price of $0.005 per litre of water for the first five years, $0.010 from year 6 to 10, $0.015 from year 11 to 15 and $0.02 from year 16 to 25, not exceeding 71 million litres for each year with no significant consequences in the event of breach.

Under the terms of the underlining bank loans, which have a carrying amount of $16,966,146 (2023 – nil), the Company has commitments to comply until October 31, 2025. The Company obtained a forbearance agreement, whereby the lenders agreed to forbear from the exercise of certain recourses against the Company, its directors and other related entities until October 31, 2025. Triani is currently in default of its obligations pursuant to the forbearance agreements and is presently working on solutions to cure such defaults.

21. Capital management

The capital structure of the Company consists of debt and equity attributable to common shareholders, comprising issued share capital and deficit. The Company's objectives when managing capital are to: (i) preserve capital; (ii) obtain the best available net return; and (iii) maintain liquidity.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, and development of its business interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. To maintain or adjust the capital structure, the Company may attempt to issue new shares or sell assets to reduce debt.

The Company is largely dependent upon external financings to fund activities. In order to support the acquisition of Triani, fund its operations and pay for administrative and financing costs, the Company will spend its existing working capital and raise additional funds as needed.

The Company is not subject to externally imposed capital requirements.

(In Canadian dollars, unless otherwise stated)
(Unaudited)

22. Transactions with key management personnel and related parties

KEY MANAGEMENT PERSONNEL

The key management personnel of the Company includes directors, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and other key employees of the Company.

During the three-month and twelve-month periods ended December 31, 2024 and 2023, the Company entered into transactions with shareholders and key management personnel other than balances disclosed in notes above. These transactions are in the normal course of operations.

	3 months		12 months	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Consulting fees paid to a Director (former President and CEO)	$ 9,000	$ 9,000	$ 36,000	$ 65,000
Consulting fees paid to the CEO	105,000	9,999	168,333	50,832
Consulting fees paid to the CFO	92,000	21,000	165,000	84,000
Professional fees paid to a Director	105,000	—	167,000	15,000
Salaries and other short-term key employees	51,538	—	51,538	—
Director's and audit committee members'	—	—	70,000	70,000
Share-based compensation to Directors and Officers	152,439	168,869	284,489	340,629

RELATED PARTIES

Related parties of the Company include key management personnel's family members and companies over which they have significant influence or control. The Company has transacted with related parties during the three-month and twelve-month periods ended December 31, 2024, mainly with 9296-0186 Quebec Inc. and 9372-3039 Quebec Inc. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties having normal trade terms.

For the three-month and twelve-month periods ended on December 31, 2024, the Company incurred costs with 9296-0186 Quebec Inc. related to royalty on sales amounted to $57,088 (2023 – nil).

For the three-month and twelve-month periods ended on December 31, 2024, the Company incurred costs with 9372-3039 Quebec Inc. related to lease of manufacturing facility and offices amounted to $374,712 (2023 – nil), which comprise of $165,213 (2023 – nil) of financing expenses and $209,499 (2023 – nil) of depreciation expenses related to right-of-use of asset on lease to companies controlled by key employees of the Company.

All balances with related parties bear no interest, have no maturity and no collateral attached.

Other non-current assets

As of December 31, 2024, other non-current assets consists of advances receivable from 9296-0186 Quebec Inc for an amount of $956,497 (2023 – nil), 9372-3039 Québec Inc. for an amount of $466,842 (2023 – nil), 9372-2858 Quebec Inc. for an amount of $528,071 (2023 – nil) and from key employees and shareholders for an amount of $48,497 (2023 – nil).

(In Canadian dollars, unless otherwise stated)
(Unaudited)

23. Subsequent events

Private placement - 2

On February 13, 2025, the Company completed a second closing of the private placement 2 and issued 50 units which each comprise 20,000 common shares and 19,230 warrants at an agreed price of $0.26 per common share ($5,000 per unit) for total gross proceeds of $250,000.

Strategic overhaul of activities

On February 18, 2025, the Company announced that it has undertaken a strategic restructuring of its wholly owned subsidiary, Triani Canada Inc. ("Prime Bottling"). The objective of the restructuring is to apply the findings of an objective third-party financial analysis to current business operations to assess long-term viability and optimize organizational structures to improve the profitability of bottling plant operations and exclusively licensed brands. This initiative will also serve to reduce operating expenses and reposition the Company for scalable revenue growth, near-term cash flow positivity and long-term shareholder equity.