NEPRA FOODS INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024
(EXPRESSED IN CANADIAN DOLLARS)

Independent Auditor's Report

To the Shareholders of Nepra Foods Inc.

Opinion

We have audited the consolidated financial statements of Nepra Foods Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025 and 2024, and the consolidated statements of net and comprehensive income (loss), cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025 and 2024, 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that during the year ended March 31, 2025 the Company incurred a net loss of $2,335,340 and as at March 31, 2025 had an accumulated deficit of $22,994,846. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 period 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 Steven Reichert.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

August 15, 2025

NEPRA FOODS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	March 31, 2025	March 31, 2024
ASSETS			
Current assets			
Cash		$ 44,737	$ 65,925
Accounts receivable	**5**	789,504	418,832
Prepaid expenses and deposits	**6**	19,355	542,416
Inventory	**7**	1,335,860	888,853
Due from related party	**14**	621	9,232
		2,190,077	1,925,258
Property and equipment	**8**	136,718	206,325
Right-of-use assets	**9**	1,783,922	2,294,702
Long-term deposit	**6, 9**	89,666	77,796
Total assets		**$ 4,200,383**	**$** 4,504,081
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	**11,14**	$ 2,564,356	$ 1,823,803
Factoring facility	**5**	185,831	-
Loans payable – current portion	**12,14**	2,932,747	1,021,669
Lease liabilities – current portion	**10**	300,432	1,081,350
Deferred revenue		1,499	2,021
		5,984,865	3,928,843
Lease liabilities	**10**	2,137,958	2,397,524
Loans payable	**12,14**	-	975,842
Total liabilities		**8,122,823**	7,302,209
Shareholders' equity (deficiency)			
Share capital	**13**	16,927,052	15,590,807
Reserves	**13**	1,560,108	1,560,108
Equity portion of loans payable	**12,14**	547,449	532,825
Accumulated other comprehensive income		37,797	177,638
Deficit		(22,994,846)	(20,659,506)
Total shareholders' equity (deficiency)		**(3,922,440)**	**(2,798,128)**
Total liabilities and shareholders' equity (deficiency)		**$ 4,200,383**	**$** 4,504,081

Nature of operations and going concern (Note 1)

Approved on behalf of the Board

"David Wood" Director *"William Hogan"* Director

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

NEPRA FOODS INC.
Consolidated Statements of Net and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

			For the year ended March 31,		
	Notes		**2025**		**2024**
Revenue					
Sales	**19**	$	6,188,366	$	4,110,570
Consulting			65,402		50,784
Total revenue			**6,253,768**		4,161,354
Cost of sales	**7,8,9**		4,935,809		3,833,464
Gross profit			**1,317,959**		327,890
Expenses (income)					
Accretion	**12,14**		184,406		128,186
Amortization	**7,8,9**		279,471		277,159
Bad debt expense (recovery)			(75,813)		211,050
Consulting			10,713		9,755
General and administrative	**15**		866,023		775,483
Professional fees	**14**		604,899		517,215
Research and development			95,450		278,950
Salaries and benefits	**14**		1,566,110		1,778,395
Travel			91,561		156,914
			3,622,820		4,133,107
Net loss before other items			**(2,304,861)**		**(3,805,217)**
Other items					
Finance costs	**10,12**		(691,415)		(687,817)
Other income			142,841		53,097
Foreign exchange			(3,976)		(9,683)
Interest income			-		13,599
Loss on lease modification	**9,10**		-		(100,504)
Gain on forgiveness of lease payments	**9**		721,964		-
Loss on sale of equipment	**8**		(121,862)		-
Gain on settlement of debt	**10**		(78,031)		-
Net loss			**(2,335,340)**		**(4,536,525)**
Other comprehensive income (loss) (items that may be reclassified to profit or loss)					
Exchange difference on translation of functional to presentation currencies			(139,841)		(13,689)
Comprehensive loss		**$**	**(2,475,181)**	**$**	**(4,550,214)**
Loss per share, basic and diluted		$	(0.02)	$	(0.08)
Weighted average number of shares outstanding, basic and diluted			96,157,557		60,471,382

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

NEPRA FOODS INC.
Consolidated Statements of Cash Flows
For the Year Ended March 31, 2025, and 2024
(Expressed in Canadian Dollars)

		March 31, 2025		March 31, 2024
Operating activities				
Net loss	$	(2,335,340)	$	(4,536,525)
Adjustments for non-cash items				
Amortization		472,996		646,544
Bad debt (recovery)		(75,813)		211,050
Accretion		184,406		128,186
Interest		433,149		581,842
Gain on settlement of debt		78,031		-
Loss on lease modification		-		100,504
Gain on forgiveness of lease payments		(721,964)		-
Inventory write-off		167,047		65,418
Loss on sale of equipment		121,862		-
Changes in non-cash working capital items:				
Accounts receivable		(261,896)		(257,455)
Prepaid expenses and deposits		539,531		(20,755)
Inventory		(552,532)		1,035,288
Accounts payable and accrued liabilities		744,342		141,809
Deferred revenue		(623)		(3,507)
Due from related party		8,885		-
Net cash used in operating activities		**(1,197,919)**		**(1,907,601)**
Investing activities				
Purchase of equipment		-		(4,548)
Deposit paid		-		(1,595)
Proceeds from sale of equipment		49,186		-
Net cash (used in) provided by investing activities		**49,186**		**(6,143)**
Financing activities				
Share issuance		-		1,262,254
Repayment of lease liability		(890,352)		(529,447)
Loan borrowings		3,981,245		1,547,283
Loan repayments		(2,141,147)		(388,173)
Factoring facility proceeds		180,168		-
Net cash provided by financing activities		**1,129,914**		**1,891,917**
Net decrease in cash		**(18,819)**		**(21,827)**
Effect of change in foreign exchange rates on cash		**(2,369)**		**(1,779)**
Cash, beginning		**65,925**		**89,531**
Cash, ending	**$**	**44,737**	**$**	**65,925**

Supplemental Disclosure with Respect to Cash Flows (Note 16)

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

NEPRA FOODS INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended March 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Share capital													
	Common shares	**Class A shares**		**Amount**		**Reserves**		**Equity portion of loans payable**		**Accumulated other comprehensive income (loss)**		**Deficit**		**Total shareholders' equity (deficiency)**
Balance, March 31, 2023	**51,831,749**	**224,089**	**$**	**14,328,553**	**$**	**1,560,108**	**$**	**449,741**	**$**	**191,327**	**$**	**(16,122,981)**	**$**	**406,748**
Share issuance	25,915,860	-		1,262,254		-		-		-		-		1,262,254
Equity portion of loans payable	-	-		-		-		83,084		-		-		83,084
Currency translation adjustment	-	-		-		-		-		(13,689)		-		(13,689)
Net loss	-	-		-		-		-		-		(4,536,525)		(4,536,525)
Balance, March 31, 2024	**77,747,609**	**224,089**	**$**	**15,590,807**	**$**	**1,560,108**	**$**	**532,825**	**$**	**177,638**	**$**	**(20,659,506)**	**$**	**(2,798,128)**
Balance, March 31, 2024	**77,747,609**	**224,089**	**$**	**15,590,807**	**$**	**1,560,108**	**$**	**532,825**	**$**	**177,638**	**$**	**(20,659,506)**	**$**	**(2,798,128)**
Shares issued to settle debt	26,445,572	-		1,336,245		-		-		-		-		1,336,245
Equity portion of loans payable	-	-		-		-		14,624		-		-		14,624
Currency translation adjustment	-	-		-		-		-		(139,841)		-		(139,841)
Net loss	-	-		-		-		-		-		(2,335,340)		(2,335,340)
Balance, March 31, 2025	**104,193,181**	**224,089**	**$**	**16,927,052**	**$**	**1,560,108**	**$**	**547,449**	**$**	**37,797**	**$**	**(22,994,846)**	**$**	**(3,922,440)**

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

1. Nature of Operations and Going Concern

Nepra Foods Inc. ("Nepra" or the "Company") was incorporated on November 27, 2020 under the provisions of the British Columbia Business Corporations Act. The Company operates as a vertically integrated healthy plant-based food and speciality ingredient company supporting allergen free and functional food brands. The Company's head office is located at 7025 S. Revere Parkway, Unit 100, Centennial, Colorado, USA 80112. The Company's registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "NPRA".

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. During the year ended March 31, 2025, the Company incurred a net loss of $2,335,340 and as at March 31, 2025, had an accumulated deficit of $22,994,846.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through equity or debt financing. However, there is no assurance that the Company will be able to continue to raise capital in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments required for the Company to realize its assets and discharge its liabilities in other than its normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Such adjustments could be material.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and were authorized for issue by the Company's Board of Directors on August 15, 2025.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and its controlled subsidiaries from the date of acquisition. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned material subsidiaries include Nepra Foods, Ltd. ("Nepra US"), incorporated on August 15, 2019 and Gluten Free Baking Solutions, LLC ("GFBS"), incorporated on August 10, 2016. All intercompany balances and transactions are eliminated on consolidation.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, unless otherwise specified. The functional currency of the Company is the Canadian dollar and the functional currency of its wholly-owned subsidiaries is the US dollar.

3. Material Accounting Policies

Financial instruments

The Company's financial instruments consist of cash, factoring facility, accounts receivable, due from related party, accounts payable and accrued liabilities, lease liabilities, and loans payable.

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its accounts payable and accrued liabilities lease liabilities, factoring facility and its loans payable as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash as a financial asset measured at fair value through profit and loss and its accounts receivable and due from related party at amortized cost.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Derecognition:

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as fair value through other comprehensive income ("FVTOCI") remain within accumulated other comprehensive income.

Cash

Cash includes cash on account, demand deposits and deposits held for the Company's credit cards which can be converted to known amounts of cash and is subject to insignificant changes in value. As at March 31, 2025 and 2024, the Company did not have any cash equivalents.

Accounts Receivable

Trade receivables are recognised initially at fair value and thereafter at amortized cost less any allowance for bad debts and expected credit losses. An allowance for doubtful trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables and which were not anticipated at the time of the sale. The amount of the allowance is the difference between the receivable's carrying amount and the estimated future cash flows. The amount of the allowance is recognised in the income statement as part of bad debt expense.

Trade receivables that are factored by financial institutions with recourse to the Company are not derecognised as the risks and rewards of the receivables remain with the Company. The cash received from the financial institutions is considered a form of financing and is recorded in current liabilities as factoring facility. Any fees incurred to effect factoring is recognized in the income statement as part of interest expense.

Inventory

The cost of inventories is determined using the weighted average method and is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase include the purchase price, import duties, non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services. The costs of conversion include direct material and labour costs, and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

Inventory consists primarily of raw materials and finished goods. Inventory is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company reviews the quantities and conditions of the inventory on hand on a regular basis and records a provision for spoiled inventory when spoilage occurs. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

Property and equipment

All items of property and equipment are stated at historical cost, less any accumulated amortization and any accumulated impairment losses. Historical cost includes all costs directly attributable to the acquisition of a property and equipment item. Costs related to the acquisition of equipment are deferred until such time that the Company obtains control over the equipment.

Subsequent costs are included in the property and equipment item’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amounts of any replaced parts are derecognized. All other repairs and maintenance are charged to the consolidated statement of loss and comprehensive loss during the financial period in which the repairs or maintenance is incurred.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds received for a property and equipment item (if any) to the carrying amount of the item. Gains and losses are recognized in the consolidated statement of loss and comprehensive loss.

Amortization is calculated on a straight-line basis to write down the costs of property and equipment assets to residual values over the estimated useful lives of the property and equipment assets. The amortization rates applicable to each category of property and equipment are as follows:

Class of property and equipment	Amortization rate
Computer equipment	5 years
Furniture and equipment	5-7 years
Production equipment	7 years
Leasehold improvements	7 years

Impairment of non-financial assets

At each reporting period, the Company assesses whether there are indicators of impairment for its non-financial assets. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in profit or loss. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in profit or loss. The recovery is limited to the original carrying amount less amortization, if any, that would have been recorded had the asset not been impaired.

Leases

A lease represents the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Company assesses the following:

- Is the identified asset directly or indirectly specified in the contract, or does it represent substantially all of the capacity of an asset that is physically distinct?
- Does the right of use cover substantially all of the economic benefits from use of the identified asset for a period of time?
- Does the Company have the right to direct the use of the identified asset? In cases where the use is predetermined, does the Company operate the asset or did the Company design the asset in a way that predetermines how and for what purpose the asset will be used?

When a lease is identified, the Company allocates the consideration in the contract to each of the lease components, separately from the non-lease components, on the basis of their relative stand-alone price. However, as is permitted under IFRS 16, the Company elected to account for all contracts of land and buildings it occupies as leases. A right-of-use asset (a "lease asset") and a lease liability are recognized in the statement of financial position at the lease commencement date.

As is permitted under IFRS 16, the Company elects to expense its short-term leases (term of 12 months or less) and leases of low-value assets on a straight-line basis over the lease term.

Right-of-use asset

A right-of-use asset is initially recognized at cost which comprises the amount of the initial measurement of the lease liability, adjusted for any lease payments made or any lease incentives received at or before the commencement date, plus any initial direct costs incurred by the Company and an estimate of costs to be incurred in dismantling, removing or restoring the asset or site, as required by the terms and conditions of the lease.
The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the leased asset or the end of the lease term.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the recognition date using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments comprise the following: fixed payments; variable lease payments that depend on an index or a rate, using the index or rate as at the commencement date; an estimate of the amounts to be payable under residual value guarantees; as well as amounts the Company is reasonably certain to pay as the exercise price of a purchase or extension option, or as a penalty to exercise a termination option.

The lease liability is subsequently remeasured at amortized cost using the effective interest method.

When there is a change in lease payments resulting from a change in an index or a rate or a change in an estimated amount, the amount of such an adjustment is offset in the unamortized cost of the lease asset or reported in the consolidated statement of profit or loss when the lease asset is fully impaired.

The Company presents interest on its lease liabilities (calculated at the effective interest rate) with its other finance costs in the consolidated statement of loss.

Deferred revenue

The Company records deferred revenue on payments received from customers at a point in time prior to the point in time when title, risks, and rewards of goods or services to be rendered by the Company transfers to the customer.

Revenue recognition

The Company generates revenue primarily from the sale of starch products, the processing of hemp seeds and sale of hemp heart flour, and recipe consulting services. The time between invoicing and when payment is due is not significant and none of the Company's contracts contain a significant financing component.

The Company follows IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), to recognize its revenue. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, the Company's accounting policy for revenue recognition is as follows: i) identify the contract with the customer; ii) identify the performance obligation(s) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligation(s); and (v) recognize revenue when (or as) performance obligation(s) are satisfied.

For the sale of starch products, and the sale of hemp heart flour, the Company recognizes revenue when legal title to the goods has transferred from the Company to the customer, and risks and rewards of ownership of the goods has transferred from the Company to the customer. For most customers, this occurs at the point in time when goods are shipped from the Company's facility. The Company does not offer warranties or a right to return on the products it sells.

Revenue earned from recipe consulting is recognized when the recipe is complete and has been accepted by the customer.

Revenue is measured based on the price specified in the Company's invoice provided to the customer. The Company does not have any multiple-element revenue arrangements. Revenue is presented net of discounts and sales and other related taxes.

Cost of sales

The Company's cost of sales consists of the cost of sold inventory. These costs include product and material costs, labour and overhead production costs, freight and storage costs, packaging costs, sample costs, and quality assurance costs. In addition, cost of sales consists of provisions for reserves related to product shrinkage, excess or obsolete inventory, or lower of cost and net realizable value adjustments as required.

Research and development

Research costs are expensed as incurred. Research activities include formulation, design, evaluation and final selection of possible alternatives, products, processes, systems or services. Development costs are expensed as incurred unless the Company can demonstrate all of the following: (i) the technical feasibility of completing an intangible asset so that it will be available for use or sale, (ii) its intention to complete the intangible asset and use or sell it, (iii) its ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the financial position reporting date, and includes any adjustments to tax payable or receivable in respect of previous periods.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis. The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments. The proceeds from the issue of units, where such units consist of common shares and common share purchase warrants, are allocated between common shares and common share purchase warrants on a residual value basis wherein the fair value of the common shares is based on the market trading price on the date the units are issued and the balance, if any, is allocated to the attached warrants. Share issuance costs are recorded against share proceeds, net of any tax impact. Transaction costs directly attributable to derivative instruments are charged to operations as a finance cost.

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the instruments at the grant date and recognized in expense over the vesting periods. Equity-settled share-based payments to nonemployees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured. Nonemployee share-based payments are recognized in expense at the date the goods or services are received. The corresponding amount is recorded to reserves. Upon the exercise of equity instruments, consideration received on the exercise is recorded as share capital and the related amount in reserves is transferred to share capital.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the consolidated weighted average number of shares outstanding in the period. Diluted earnings per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of share options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding share options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. As the Company is in a loss position, the outstanding warrants and options is anti-dilutive.

Foreign currency translation

Translation of foreign currency transactions

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss. for the period.

Translation of foreign operations

The assets and liabilities of a foreign operation are translated into Canadian dollars at year-end exchange rates. Income and expenses and cash flows of a foreign operation are translated to Canadian Dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in other comprehensive income. When a foreign operation is disposed of, the translation differences previously recognized in equity are reclassified to profit or loss.

New accounting standards issued but not yet effective

In April 2024, the IASB issued IFRS 18, Presentation and Disclosures in Financial Statements, to replace IAS 1, Presentation of Financial Statements, effective January 1, 2027, with early adoption permitted. The new standard is aimed to set out overall requirements for presentation and disclosures in the financial statements. Management is reviewing the impact the standard will have on the consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures to address the classification and measurement of financial instruments, with an emphasis to clarify the date of recognition and derecognition of financial asset and liabilities, effective January 1, 2026, with early adoption permitted. Management is reviewing the impact of these amendments, but they are not expected to have a material impact on the consolidated financial statements.

4. Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. These financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The Company’s ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of property and equipment

Property and equipment is amortized or depreciated over its useful lives. Useful lives are based on management’s estimate of the period that the assets will generate revenue. These periods are periodically reviewed by management for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss in specific periods.

Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs which are determined on a probability-weighted basis. IFRS 9 outlines an approach to recognizing ECLs which is intended to reflect the increase in credit risk of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs on its trade receivables at an amount equal to lifetime ECLs.

Impairment

Long-lived assets, including equipment and intangible assets, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (also known as cash generating units, or "CGUs"). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

Interest Rates

The Company estimates a market interest rate in determining the fair value of loans payable, the fair value of the right-of-use assets and lease liabilities and recoverable value of cash-generating units. The determination of the market interest rate is subjective and could materially affect these fair value estimates.

Share-based payments

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the trading price of the Company's shares on the CSE on the date which the equity instruments are granted.

Income taxes

Significant judgment is required in determining the provision for income taxes. 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 and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Determination of functional currency

The determination of the functional currency for the Company and its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

(Expressed in Canadian Dollars)

Modification versus extinguishment of financial liabilities

Judgment is required in applying IFRS 9 *Financial Instruments* to determine whether the amended terms of the loan agreements are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

5. Accounts Receivable

Accounts receivable is composed of the following amounts:

		March 31, 2025		March 31, 2024
Trade receivables	$	686,360	$	553,428
Trade receivables subject to factoring		185,831		-
Net trade accounts receivable		872,191		553,428
Expected credit losses		(114,002)		(198,718)
Sales tax receivable		31,315		64,122
	$	**789,504**	**$**	**418,832**

Expected credit loss provision

At March 31, 2023	**$**	**-**
Increase during the year		211,050
Receivable written-off in the year as uncollectible		(13,160)
Foreign exchange adjustment		828
At March 31, 2024	**$**	**198,718**
Increase during the year		17,898
Recovery for amounts collected		(93,711)
Receivable written-off in the year as uncollectible		(17,898)
Foreign exchange adjustment		8,995
At March 31, 2025	**$**	**114,002**

On August 8, 2024 the Company entered into an accounts receivable factoring agreement with Gateway Trade Funding (the "Purchaser" or "Gateway") whereby the Purchaser agreed to acquire, with recourse up to 80% of the Company's present and future accounts receivable.

As compensation for Gateway's purchase of accounts, the Company shall pay, and Gateway shall be entitled to receive the Purchase Fees. All Purchase Fees shall be due at the time of purchase of the accounts receivable and is composed of (a) the discount fee and (b) the advance payment fee. The discount fee is equal to: (i) 1.2% of the gross amount of such accounts for the 30 day period, or part thereof, plus 0.042% each one day period, thereafter, the account remains unpaid. However, the minimum quarterly discount fee of $7,200, shall be paid by the Company on the last day of each quarter of the contract period. The advance payment fee is calculated based on the number of days between the date advances are made by Gateway to the Company and the date the receivable is collected calculated at a floating nominal annual rate (compounded monthly) per annum equal to the Prime Rate plus 2% per annum. The Advance Payment Fee shall be computed on the basis of a year of three hundred and sixty (360) days, for actual days elapsed. Changes in the Advance Payment Fee rate shall be made to reflect changes in the Prime Rate, with such changes to the Advance Payment Fee rate to take effect as and when such changes in the Prime Rate occur. Upon the occurrence of an event of default and so long as the event of default shall remain uncured, the advance payment fee plus the default rate of 2% per month (or if less, the maximum rate allowable by law) shall be charged on the entire outstanding obligations including advances pending collection from customers and unpaid fees.

(Expressed in Canadian Dollars)

The Company has retained credit risk due to the recourse provision, and therefore, continues to recognize the transferred assets in their entirety in its Consolidated Statements of Financial Position. As of March 31, 2025, the Company has $185,831 (2024 - $nil) of its accounts receivable factored for which proceeds have been advanced by Gateway under the accounts receivable factoring facility. During the year ended March 31, 2025 the Company incurred fees of $15,591 (2024 - $nil) in connection with the factoring facility.

Sales tax receivable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

6. Prepaid Expenses and deposits

Prepaids and deposits are composed of the following amounts:

		March 31, 2025		March 31, 2024
Deposit on inventory	$	1,723	$	529,491
Insurance		5,273		-
Other		12,359		12,925
	$	**19,355**	**$**	**542,416**

Non-current prepaids and deposits are composed of the following amounts:

		March 31, 2025		March 31, 2024
Deposit on lease (Note 9)	$	89,666	$	76,566
Other		-		1,230
	$	**89,666**	**$**	**77,796**

7. Inventory

Inventory is composed of the following amounts:

		March 31, 2025		March 31, 2024
Raw materials	$	64,219	$	100,441
Work-in-progress		-		2,771
Finished goods		1,271,641		785,641
	$	**1,335,860**	**$**	**888,853**

During the year ended March 31, 2025, the Company sold inventory with a value of $4,662,112 (year ended March 31, 2024 - $3,698,532), respectively.

During the year ended March 31, 2025, the Company incurred inventory write-offs of $49,022 (year ended March 31, 2024 - $90,100).

(Expressed in Canadian Dollars)

8. Property and Equipment

	Furniture and equipment	Production equipment	Leasehold improvements	Computer equipment	Total
Cost					
Balance, March 31, 2023	**$ 110,500**	**$ 341,342**	**$ 148,750**	**$ 60,201**	**$ 660,793**
Additions	-	8,290	-	-	8,290
Foreign exchange adjustment	83	294	-	46	423
Balance, March 31, 2024	**$ 110,583**	**$ 349,926**	**$ 148,750**	**$ 60,247**	**$ 669,506**
Transfer from ROU asset	-	166,365	-	-	166,365
Dispositions	-	(197,024)	-	-	(197,024)
Foreign exchange adjustment	6,644	19,957	-	3,619	30,220
Balance, March 31, 2025	**$ 117,227**	**$ 339,224**	**$ 148,750**	**$ 63,866**	**$ 669,067**
Accumulated Amortization and Impairment					
Balance, March 31, 2023	**$ 65,569**	**$ 157,988**	**$ 148,750**	**$ 30,100**	**$ 402,407**
Amortization	13,110	37,691	-	9,429	60,230
Foreign exchange adjustment	105	376	-	63	544
Balance, March 31, 2024	**$ 78,784**	**$ 196,055**	**$ 148,750**	**$ 39,592**	**$ 463,181**
Amortization	13,975	51,115	-	9,732	74,822
Dispositions	-	(25,977)	-	-	(25,977)
Foreign exchange adjustment	5,173	12,465	-	2,685	20,323
Balance, March 31, 2025	**$ 97,932**	**$ 233,658**	**$ 148,750**	**$ 52,009**	**$ 532,349**
Net Book Value					
At March 31, 2024	**$ 31,799**	**$ 153,871**	**$ -**	**$ 20,655**	**$ 206,325**
At March 31, 2025	**$ 19,295**	**$ 105,566**	**$ -**	**$ 11,857**	**$ 136,718**

During the year ended March 31, 2025, the Company exercised its purchase option on some of its leased production equipment and equipment with a net book value of $166,365 and was transferred from right-of-use assets to property and equipment. (Note 9).

Amortization of equipment used in production is allocated to the cost of inventory and cost of sales. As at March 31, 2025, amortization of $28 was included in inventory (March 31, 2024 - $2,173). For the year ended March 31, 2025, amortization of $52,242 was allocated to cost of sales (for the year ended March 31, 2024 - $27,954).

9. Right-of-use Assets

Equipment

During the fifteen months ended March 31, 2023, the Company began leasing various production and manufacturing equipment. Prior to March 31, 2023, interim rent was incurred and paid on a monthly basis. These interim rent amounts were fully expensed in a total amount of USD$596,067 (CAD$781,746) during the fifteen months ended March 31, 2023. On March 31, 2023, the Company and lessor committed to the principal terms and conditions of the lease.

Under the lease agreement, the Company committed to paying a monthly rental fee of USD$3,700 (CAD$4,853) for four consecutive months beginning April 1, 2023 and thereafter paying a monthly fee of USD$38,756 (CAD$50,828) ending July 1, 2025.

During the twelve months ended March 31, 2024, the Company returned certain production and manufacturing equipment and recognized a loss on lease modification $100,504, respectively (fifteen months ended March 31, 2023 - $nil).

On July 1, 2024, the Company modified the lease agreement. Commencing on July 1, 2024, the Company committed to paying USD$150,000 for the first and second months of the lease term and USD$3,700 monthly thereafter until March 1, 2027. Upon paying the USD$300,000 due in the first two months, ownership over certain equipment under the lease would transfer to the Company. The Company made the payment of USD$300,000 and ownership over right of use assets with a net book value of USD$118,522 (CAD$166,365) was transferred to property and equipment (Note 8). As part of the modification, unpaid lease payments totalling USD$407,812 (CAD$567,504) were forgiven. Additional amounts due to the lessor of USD$110,996 (CAD$152,865) previously included in accounts payable and accrued liabilities was also forgiven. A gain of USD$518,808 (CAD$721,964) was recognized on the consolidated statement of comprehensive income for the year ended March 31, 2025 for the forgiveness of these unpaid amounts.

During the year ended March 31, 2024, the Company disposed of certain production and manufacturing equipment that was no longer in use. In connection with this disposal, an amount of USD$1,029 (CAD$1,477) was reclassified from right-of-use assets to property, plant and equipment. All proceeds from the disposal are payable to the lessor.

Building

During the year ended December 31, 2020, the Company entered into a lease agreement for a building located at 7025 South Revere Parkway, Centennial, Colorado. The lease includes annual step-up payments which commenced January 1, 2021 and expires on June 30, 2031. In connection with this lease agreement, the Company paid a security deposit of USD$116,409 (CAD$148,340) in December 2020. The deposit was to be repaid to the Company at various milestone dates over the lease period so long as the Company remained in good terms with regard to all provisions of the lease agreement. On the commencement date of the lease, the deposit was discounted, using an incremental borrowing rate of 10% per annum, to reflect the long-term nature of the deposit. The amount of this discount was included in the cost of the right-of-use asset associated with the leased building.

(Expressed in Canadian Dollars)

During the fifteen months ended March 31, 2023, repayments of the deposit to the Company did not occur as the Company fell behind on the lease payments required under the lease agreement. During the fifteen months ended March 31, 2023, the deposit was revalued to reflect the fact that repayment of the security deposit will not occur until the completion of the lease. This revaluation resulted in an adjustment to the fair value of the deposit of USD$43,678 (CAD$57,283) which was charged to the consolidated statement of net and comprehensive income (loss).

A reconciliation of the long-term deposit is as follows:

At March 31, 2023	**$**	**69,256**
Interest income		7,227
Foreign exchange adjustment		83
At March 31, 2024	**$**	**76,566**
Interest income		8,148
Foreign exchange adjustment		4,952
At March 31, 2025	**$**	**89,666**

The Company's right-of-use assets consists of a lease for equipment and a lease for a building.

Right-of-use assets		**Equipment**		**Building**		**Total**
At March 31, 2023	**$**	**868,420**	**$**	**2,118,308**	**$**	**2,986,728**
Derecognition		(100,533)		-		(100,533)
Amortization expense		(334,572)		(255,887)		(590,459)
Foreign exchange adjustment		(1,566)		532		(1,034)
At March 31, 2024	**$**	**431,749**	**$**	**1,862,953**	**$**	**2,294,702**
Purchase of equipment under lease		(166,365)		-		(166,365)
Impact of modification		(68,223)		-		(68,223)
Amortization expense		(130,201)		(264,097)		(394,298)
Foreign exchange adjustment		14,476		103,630		118,106
At March 31, 2025	**$**	**81,436**	**$**	**1,702,486**	**$**	**1,783,922**

A portion of the amortization of the equipment and building right-of-use assets are allocated to inventory and cost of sales. As at March 31, 2025, amortization of $476 was included in inventory (March 31, 2024 - $974). For the year ended March 31, 2025, amortization of $141,283 was allocated to cost of sales (for the year ended March 31, 2024 - $246,005)

10. Lease Liabilities

The lease liability associated with the lease agreement for various pieces of production and manufacturing equipment, the principal terms and conditions of which were committed to by the Company and lessor on March 31, 2023, has been calculated using a rate of 30% per annum. The lease liability associated with the building has been calculated using an incremental borrowing rate of 10% per annum.

(Expressed in Canadian Dollars)

The Company's lease liability related to the equipment and the building is as follows:

Lease liability		**March 31, 2025**		**March 31, 2024**
Current portion	$	300,432	$	1,081,350
Long-term portion		2,137,958		2,397,524
Total lease liability	**$**	**2,438,390**	**$**	**3,478,874**

Changes in lease liabilities are due to the following:

		Equipment		**Building**		**Total**
At March 31, 2023	**$**	**868,420**	**$**	**2,634,390**	**$**	**3,502,810**
Interest		254,733		248,235		502,968
Payments		(44,899)		(484,548)		(529,447)
Foreign exchange adjustment		1,537		1,006		2,543
At March 31, 2024	**$**	**1,079,791**	**$**	**2,399,083**	**$**	**3,478,874**
Forgiveness of unpaid amounts		(567,504)		-		(567,504)
Impact of modification		(68,223)		-		(68,223)
Interest		77,158		237,491		314,649
Payments		(448,369)		(441,983)		(890,352)
Foreign exchange adjustment		33,230		137,716		170,946
At March 31, 2025	**$**	**106,083**	**$**	**2,332,307**	**$**	**2,438,390**

The Company is committed to minimum lease payments as follows:

Maturity analysis		**March 31, 2025**		**March 31,2024**
Less than one year	$	538,590	$	1,454,466
One year to five years		2,081,776		2,062,983
More than five years		683,461		1,143,255
Total undiscounted lease liabilities		3,303,827		4,660,704
Less: interest		(865,437)		(1,181,830)
Total lease liability	**$**	**2,438,390**	**$**	**3,478,874**

11. Accounts Payables and Accrued Liabilities

		March 31, 2025		**March 31, 2024**
Trade payables	$	2,149,926	$	1,163,791
Accrued liabilities		414,430		660,012
	$	**2,564,356**	**$**	**1,823,803**

12. Loans Payable

a) On May 16, 2020 (the "date of advance"), GFBS received a loan for gross proceeds of USD$150,000 (CAD$210,330) from the U.S. Small Business Administration under the Economic Injury Disaster Loan program. The loan bears annual interest at a rate of 3.75%. Monthly repayments of USD$731 (CAD$989) commenced 12 months from the date of advance and are applied first to interest and then to the loan principal. The loan matures 30 years from the date of advance. As this loan was granted at an interest rate below the market rate of interest, this loan is treated as a government grant. The loan was recognized at fair value using the Company's estimated incremental borrowing rate of 10%. Effective March 17, 2021, the loan was amended to defer repayments by an additional 12 months.

(Expressed in Canadian Dollars)

On October 2, 2024, the U.S. Small Business Administration under the Economic Injury Disaster Loan was paid off in its entirety, all principal and accrued interest outstanding, with a single lump sum payment of USD$172,572 (CAD$232,777) and recorded a loss on settlement of USD$39,258 (CAD$54,630).

As at March 31, 2025, accrued interest of $nil (March 31, 2024 - USD$21,562 (CAD$29,195)) is recorded in accounts payable and accrued liabilities. The loan is secured by all tangible and intangible property of GFBS as at the agreement date and any property acquired by GFBS after the agreement date.

A reconciliation of the balance outstanding as at March 31, 2025 is as follows:

Balance, March 31, 2023	**$**	**147,744**
Accretion expense		1,730
Foreign exchange adjustment		120
Balance, March 31, 2024	**$**	**149,594**
Accretion expense		902
Repayments		(154,650)
Foreign exchange adjustment		4,154
Total loan balance, March 31, 2025		**-**
Less: current portion		-
Non-current balance, March 31, 2025	**$**	**-**

b) On September 15, 2020, GFBS, entered into a financing agreement for equipment purchased for USD$49,187 (CAD$62,679). The loan commenced on September 15, 2020, has an effective interest rate of 9.91%, and matured on August 15, 2024. The Company was required to make monthly payments of USD$1,215 (CAD$1,644) and the balance of the loan was due on maturity.

A reconciliation of the balance outstanding as at March 31, 2025 is as follows:

Balance, March 31, 2023	**$**	**26,608**
Loan repayments		(20,691)
Interest		1,912
Foreign exchange adjustment		(59)
Balance, March 31, 2024	**$**	**7,770**
Loan repayments		(8,273)
Interest		287
Foreign exchange adjustment		216
Total loan balance, March 31, 2025	**$**	**-**

The loan was secured by the equipment purchased with the proceeds of the loan.

(Expressed in Canadian Dollars)

c) On July 1, 2020, Nepra US entered into an unsecured revolving loan facility with a company controlled by the Company's Chief Operating Officer and interim Chief Financial Officer for up to USD$200,000. The facility bore interest at 6% and the outstanding balance, if any, would have been due on or before December 31, 2025. On January 1, 2022, the facility was amended (the "First Amended Facility") to increase the balance that could be borrowed under the facility up to USD$400,000. The First Amended Facility bore interest at 6% and the outstanding balance, if any, would have been due on or before December 31, 2025. On September 5, 2022, the First Amended Facility was amended again (the "Second Amended Facility"), to increase the balance that could be borrowed under the facility up to USD$650,000. The Second Amended Facility bore interest at 6% and the outstanding balance, if any, would have been due on or before December 31, 2025. On January 1, 2024, the Second Amended Facility was amended (the "Third Amended Facility"), to increase the balance that could be borrowed under the facility up to USD$900,000. The Third Amended Facility bears interest at 6% and the outstanding balance, if any, is due on or before December 31, 2025.

During the year ended March 31, 2025, in measuring the fair value of the facility in alignment with IFRS 9, *Financial Instruments*, the Company recognized an equity component of USD$10,509(CAD$14,624) (March 31, 2024 - USD$61,620 (CAD$83,084)) against the balance of the facility relating to the below market interest rate. The value of the equity component was determined by discounting the balance of the facility at a market rate of interest of 20%. As at March 31, 2025, USD$832,089 (CAD$1,194,313) was borrowed on the loan facility (March 31, 2024 – USD$782,589 (CAD$1,099,328)).

A reconciliation of the balance outstanding as at March 31, 2025 is as follows:

Balance, March 31, 2023	**$**	**584,154**
Borrowings		311,597
Repayments		(110,060)
Equity portion of loans payable		(83,084)
Accretion expense		126,456
Foreign exchange adjustment		1,446
Total loan balance, March 31, 2024	**$**	**830,509**
Borrowings		75,841
Repayments		-
Equity portion of loans payable		(14,624)
Accretion expense		128,316
Foreign exchange adjustment		55,881
Total loan balance, March 31, 2025	**$**	**1,075,923**
Less current portion		(1,075,923)
Non-current balance, March 31, 2025	**$**	**-**

As at March 31, 2025, total accrued interest of $67,727 (March 31, 2024 - $9,819) on the original and amended revolving loan facilities was recorded in accounts payable and accrued liabilities. During the year ended March 31, 2025, the Company incurred interest expense of $73,662 (year ended March 31, 2024 - $56,834), respectively, relating to these revolving loan facilities.

(Expressed in Canadian Dollars)

d) On April 12, 2023, Nepra US issued an unsecured promissory note in the principal amount of USD$100,000 (CAD$134,470). The note bears interest at 6% per annum and was repayable on or before December 31, 2023. On December 31, 2023, the Company entered into an agreement to extend the maturity date to December 31, 2025 (the "Amendment"). All the other terms of the unsecured promissory note remained the same. On the date of the Amendment, management determined that this was a non-substantial debt modification. No gain or loss on modification was recognized during the year ended March 31, 2024 in connection with this modification.

A reconciliation of the balance outstanding at March 31, 2025 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		134,470
Interest		8,037
Foreign exchange adjustment		961
Total loan balance, March 31, 2024		**143,468**
Loan repayments		-
Interest		9,095
Foreign exchange adjustment		8,905
Total loan balance, March 31, 2025		**161,468**
Less current portion		(161,468)
Non-current balance, March 31, 2025	**$**	**-**

e) From July 2023 to November 2023, Nepra US entered into several short-term lending agreements with WebBank under which Nepra US was loaned USD$116,296 (CAD$156,848). All loans under these agreements had a term of 12 months, an origination fee of 3% of the amount loaned, boar interest at 15% per annum and were repaid through monthly instalments. Amounts loaned under these agreements could be fully repaid at any time during the term without a prepayment penalty.

A reconciliation of the balance outstanding at March 31, 2025 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		156,848
Loan repayments		(114,499)
Interest		4,818
Foreign exchange adjustment		153
Total loan balance, March 31, 2024		**47,320**
Loan repayments		(48,897)
Interest		262
Foreign exchange adjustment		1,315
Total loan balance, March 31, 2025		**-**

f) On June 13, 2024, Nepra US entered into a line of credit agreement with WebBank for up to USD$100,000. The line of credit bears interest of 0% for the first two months following the date the funds were disbursed. In the event the line of the credit is not repaid within two months, the outstanding borrowings bear interest at 15% per annum and are repaid through monthly instalments. An origination fee of 3% of the amount borrowed is incurred. Borrowings under the line of credit can be fully repaid at any time during the term without a prepayment penalty.

(Expressed in Canadian Dollars)

A reconciliation of the balance outstanding as at March 31, 2025 is as follows:

Balance, March 31, 2024	**$**	**-**
Borrowings		64,859
Loan repayments		(64,859)
Total loan balance, March 31, 2025	$	**-**

g) From January to March 2024, Nepra US received loan proceeds of USD$600,000 (CAD$808,948) from an individual who was appointed Chief Executive Officer (the "CEO") on August 9, 2024 (Note 14). In April 2024, Nepra US received additional loan proceeds of USD$350,000 (CAD$478,139). The loan bears interest at 6% per annum and was repayable on or before July 31, 2024. The loan is secured by a security interest in all assets of Nepra US.

On July 15, 2024, the Company reached an agreement with the lender to convert all of the outstanding USD$950,000 principal amount of loan advances made, together with accrued and unpaid interest and all other amounts outstanding under the loan agreement, totaling USD$970,551 (CAD$1,336,245), into 26,445,572 common shares of the Company (Note 13). As the loan was with a shareholder acting in the capacity of a shareholder, the Company elected an accounting policy to record the settlement at the carrying value of the liability. No gain or loss was recognized in connection with this settlement.

A reconciliation of the balance outstanding as at March 31, 2025 is as follows:

Balance, March 31, 2023	**$**	**-**
Principal amount		808,948
Interest		6,410
Foreign exchange adjustment		3,492
Total loan balance, March 31, 2024		**818,850**
Additions		487,054
Interest		21,983
Shares issued to settle debt		(1,336,245)
Foreign exchange adjustment		8,358
Total loan balance, March 31, 2025	**$**	**-**

On July 15, 2024, the Company entered into a revolving promissory note agreement with the same lender. The principal sum of the revolving promissory note is USD$375,000 (CAD$506,805) and is due and payable on or before July 31, 2025. Interest shall accrue at an annual rate of 6%. In the event of default, interest on the entire outstanding principal balance shall accrue at an annual rate of 12% as of the date of the occurrence of default. Borrowings under this promissory note can be fully repaid at any time during the term without a prepayment penalty.

Effective January 1, 2025, the Company entered into an agreement to amend the terms of its existing unsecured promissory note. Pursuant to the amendment (the "Amendment"), the maximum principal amount permitted to be withdrawn was increased to USD $475,000 (CAD$661,002). All other terms and conditions of the original promissory note remain unchanged. On the date of the Amendment, management determined that this was a non-substantial debt modification.

During the year ended March 31, 2025, the Company drew down USD$452,000 (CAD$628,996) of this revolving promissory note, representing the total principal outstanding as at March 31, 2025.

(Expressed in Canadian Dollars)

A reconciliation of the balance outstanding as at March 31, 2025 is as follows:

Balance, March 31, 2023 and 2024	**$**	**-**
Additions		**628,996**
Interest		21,453
Foreign exchange adjustment		20,443
Total loan balance, March 31, 2025		670,892
Less current portion		(670,892)
Non-current balance, March 31, 2025	**$**	**-**

h) On June 13, 2024, the Company entered into a loan for gross proceeds of USD$175,000 (CAD$233,093). The Company agreed to repay the lender a total of US$211,750 (CAD$289,274) by making weekly payments of US$5,434. The Company incurred an upfront fee of USD$4,375 for the closing of the agreement. The loan is secured against the Company's accounts receivable.

On November 18, 2024, the Company renewed its loan agreement, obtaining additional proceeds of USD $207,313 (CAD $285,515). Of this amount, USD $90,607 (CAD $130,215) was allocated to repay the original loan. Per the agreement, the Company will repay the lender a total of USD $246,000 (CAD $338,795) through weekly payments of USD $4,735. Additionally, the Company incurred an upfront fee of USD $5,000 for closing the renewal agreement.

A reconciliation of the balance outstanding at March 31, 2025 is as follows:

Balance, March 31, 2024	**$**	**-**
Principal amount		237,439
Additions		288,494
Loan repayments		(417,643)
Accretion		50,220
Foreign exchange adjustment		29,118
Total loan balance, March 31, 2025		**187,628**
Less current portion		(187,628)
Non-current balance, March 31, 2025	**$**	**-**

i) On August 9, 2024, the Company entered into a Master Purchase Order Agreement. Under this agreement, the lender periodically acquires products from third-party vendors at the Company's request. The Company subsequently purchases these products from the lender to fulfill its Customer Purchase Orders (P.O.s). The balance in this account represents products in transit and is classified as a short-term loan payable, measured at face value. Upon invoicing the customer, the related Purchase Order (P.O.) financing is settled using funds from the accounts receivable factoring arrangement with the same lender. The Collateral for this loan consists of the Company's assets, pledged as security under the Agreement, free of liens except as permitted.

Financing provided under this agreement is subject to a deal fee calculated as the greater of (a) 2.25% of the credit amount per PO, (b) 0.75% for each 10-day period the loan is outstanding and (c) $1,000. Fees are adjusted if partial payments are made to reduce the outstanding loan balance.

(Expressed in Canadian Dollars)

A reconciliation of the balance outstanding as at March 31, 2025 is as follows:

Balance, March 31, 2024	**$**	**-**
Additions		2,060,231
Financing fees		22,284
Loan repayments		(1,433,174)
Interest		-
Foreign exchange adjustment		20,408
Total loan balance, March 31, 2025		**669,749**
Less current portion		(669,749)
Non-current balance, March 31, 2025	**$**	**-**

j) On February 27, 2025, Nepra Ltd. entered into a revenue purchase agreement whereby it sold a portion of its future revenue for proceeds of USD $130,000 (CAD $180,906). Under the terms of the agreement, the purchaser is entitled to receive total repayments of USD $171,600 (CAD $238,796). The Company is required to make fixed weekly payments of USD $4,290 until the total purchased amount has been fully repaid.

Balance, March 31, 2024	**$**	**-**
Principal amount		180,906
Repayments		(23,880)
Accretion		4,968
Foreign exchange adjustment		5,092
Total loan balance, March 31, 2025		**167,086**
Less current portion		(167,086)
Non-current balance, March 31, 2025	**$**	**-**

13. Share Capital and Reserves

Authorized capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of Class A common shares with no par value.

Issued Capital

During the year ended March 31, 2025

On July 23, 2024, the Company issued 26,445,572 common shares to settle debt with the CEO of USD $970,551 (CAD $1,336,245) (Note 12).

During the year ended March 31, 2024:

- On September 28, 2023, the Company issued 12,201,100 units as part of the first tranche of a non-brokered private placement, consisting of one common share and one common share purchase warrant, at a price of $0.05 per unit for aggregate gross proceeds of $610,055. The Company incurred $7,626 of share issuance costs in the form of legal services, in connection with the financing.

(Expressed in Canadian Dollars)

- On January 31, 2024, the Company issued 13,714,760 units as part of the second tranche of a non-brokered private placement, consisting of one common share and one common share purchase warrant, at a price of $0.05 per unit for aggregate gross proceeds of $685,738. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 for 24 months from the closing date of January 31, 2024. The Company incurred $25,913 of share issuance costs in the form of legal services, in connection with the financing.

Stock Options

Stock Option Plan

The Stock Option Plan was adopted by the Company's Board of Directors on April 16, 2021. The aggregate number of common shares which are reserved for issuance under the Stock Option Plan may not exceed 11,789,310. The exercise price of any stock options granted under the Stock Option Plan shall be determined by the Compensation Committee of the Board but may not be less than the greater of the closing market price of the Company’s common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The term of any stock option under the Stock Option Plan shall be determined by the Compensation Committee of the Board but shall not exceed 10 years from the grant date. Vesting conditions of any stock options granted under the Stock Option Plan shall be determined by the Board at the time of grant.

Stock Option Activity

During the year ended March 31, 2025:

- No options were issued or cancelled during the year ended March 31, 2025.

During the year ended March 31, 2024:

- 600,000 options with an exercise price of $0.47 were forfeited due to resignation of a former directors and management.
- 250,000 options with an exercise price of $0.47 were forfeited due to the termination of consulting services with two arms-length parties.
- No stock options were granted during the year ended March 31, 2024. The Company did not recognize any share-based payments relating to stock options in the statements of loss and comprehensive loss.

A reconciliation of stock option activity is from March 31, 2023 to March 31, 2025 is summarized in the following table:

	Number of Stock Options	Weighted Average Exercise Price
Balance, March 31, 2023	**2,050,000**	**$0.47**
Forfeited	(850,000)	$0.47
Balance, March 31, 2024 and March 31, 2025	**1,200,000**	**$0.47**

Details of the options outstanding as at March 31, 2025, are as follows:

(Expressed in Canadian Dollars)

Expiry date	Number of Options Outstanding	Number of Options Excercisable	Exercise Price
September 17, 2031	1,200,000	1,200,000	$0.47
	1,200,000	**1,200,000**	**$0.47**

As of March 31, 2025, the weighted average remaining life of outstanding options is 6.47 years.

Warrants

During the year ended March 31, 2025:

- No warrants were issued during the year ended March 31, 2025.
- On March 30, 2025, 10,641,760 finder's warrants with an exercise price of $0.70 expired.

During the year ended March 31, 2024:

- On September 17, 2023, 879,389 finder's warrants with an exercise price of $0.47 expired.
- On September 28, 2023, the Company issued 12,201,100 warrants as part of the non-brokered private placement of units. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 for 24 months from the closing date of September 28, 2023.
- On January 31, 2024, the Company issued 13,714,760 warrants as part of the non-brokered private placement of units. Each warrant entitles the holder to purchase one common share at an exercise price of $0.10 for 24 months from the closing date of January 31, 2024.

A reconciliation of warrant activity from March 31, 2023 to March 31, 2025 below:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2023	**11,521,149**	**$0.68**
Granted	25,915,860	$0.10
Expired	(879,389)	$0.47
Balance, March 31, 2024	**36,557,620**	**$0.27**
Expired	(10,641,760)	$0.70
Balance, March 31, 2025	**25,915,860**	**$0.10**

Details of the warrants outstanding as at March 31, 2025 are as follows:

Expiry date	Number of Warrants	Exercise Price
September 28, 2025	12,201,100	$0.10
January 31, 2026	13,714,760	$0.10
	25,915,860	**$0.10**

As of March 31, 2025, the weighted average remaining life for outstanding warrants was 0.68 years.

14. Related Parties

The Company defines its related parties as its key members of management, companies controlled by its key members of management, and family members of its key members of management. Key members of management consist of the Directors and Officers who are responsible for planning, directing, and controlling the activities of the Company.

a) Related party balances

As at March 31, 2025, included in due from related party is $nil (March 31, 2024 - $9,232) due from the Company's Former Director of Research and Development and Director of the Company.

As at March 31, 2025, included in due from related party is $621 (March 31, 2024 - $nil) due from the Chief Visionary Officer ("CVO"), Director, and former CEO of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at March 31, 2025, included in accounts payable and accrued liabilities is $61,492 (March 31, 2024 - $59,493) due to the CVO, Director, and former CEO of the Company. The amount consists of expenses charged to a credit card and is unsecured, non-interest bearing and due on demand. As at March 31, 2025, also included in accounts payable and accrued liabilities is $3,312 (March 31, 2024 - 28,791) owed to the CVO, Director, and former CEO. The amounts owed are unsecured, non-interest bearing and due on demand.

As at March 31, 2025, included in accounts payable and accrued liabilities is $16,623 (March 31, 2024 - $17,903) due to a company controlled by the COO (former CEO), Director of the Company, interim CFO, and interim Corporate Secretary. The amount consists of expense reimbursements and is unsecured, non-interest bearing, and due on demand. As at March 31, 2025, also included in accounts payable and accrued liabilities is $67,727 (March 31, 2024 - $9,819) owed to the same company. The amount consists of interest payable on a revolving loan facility (Note 12).

As at March 31, 2025, included in accounts payable and accrued liabilities is $96,842 (March 31, 2024 - $72,306) due to the COO and interim CFO. The amount consists of expenses charged to a credit card and is unsecured, non-interest bearing and due on demand. As at March 31, 2025, also included in accounts payable and accrued liabilities is $11,714 (March 31, 2024 - $79,289) due to the COO and interim CFO. This amount consists of expense reimbursements and is unsecured, non-interest bearing and due on demand.

As at March 31, 2025, included in accounts payable and accrued liabilities is $37,946 (March 31, 2024 - $37,819) due to the Chief Engineer of the Company. The amount is unsecured, non-interest bearing and due on demand. As at March 31, 2025, also included in accounts payable and accrued liabilities is $13,089 (March 31, 2024 - $15,732) owed to the Chief Engineer. This amount consists of expense reimbursements and is unsecured, non-interest bearing and due on demand.

As at March 31, 2025, included in accounts payable and accrued liabilities is $9,206 (March 31, 2024 - $9,726) due to the family members of the CVO, Director, and former CEO of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at March 31, 2025, also included in accounts payable and accrued liabilities is $2,880 (March 31, 2024 - $2,717) due to the family members of the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount is unsecured, non-interest bearing and due on demand.

(Expressed in Canadian Dollars)

As at March 31, 2025, included in accounts payable and accrued liabilities is $1,148 (March 31, 2024 - $8,169) due to the former Director of Research and Development and Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

b) Related party transactions

The Company incurred charges with key members of management during the years ended March 31, 2025 and 2024:

For the year ended March 31,		2025		2024
Salaries and benefits	$	565,839	$	781,993
Professional fees		-		79,967
	$	**565,839**	**$**	**861,960**

c) Loans payable

During the year ended March 31, 2024, the Company remained a party to an unsecured revolving loan facility with a company controlled by the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. See Note 12, item c) for additional disclosure relating to these facilities.

During the year ended March 31, 2024, the Company converted all amounts outstanding under the loan agreement with the CEO, totaling USD$970,551 (CAD$1,336,245), into 26,445,572 common shares of the Company (Note 12(g)).

During the year ended March 31, 2024, the Company became a party to an unsecured revolving promissory note with the CEO of the Company. See Note 12, item h) for additional disclosure relating to these facilities.

15. General and Administrative

	For the year ended March 31,			
		2025		2024
Advertising and promotion	$	55,368	$	103,450
Insurance		80,052		84,512
Meals and entertainment		1,569		832
Office expenses		199,464		200,338
Other rent		311,309		257,052
Equipment rent		17,502		21,678
Repairs and maintenance		17,523		9,027
Shareholder communication		46,353		20,584
Subscriptions and dues		93,821		32,300
Utilities		43,062		45,710
Total	**$**	**866,023**	**$**	**775,483**

(Expressed in Canadian Dollars)

16. Supplemental Disclosure with Respect to Cash Flows

		For the year ended March 31, 2025		For the year ended March 31, 2024
Interest paid	$	391,956	$	441,175
Equipment purchases included in accounts payable and accrued liabilities		-		6,505
Overdue lease payments		5,311		394,743
Debt settled through issuance of common shares		1,336,245		-

17. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue operations as well as to ensure that the Company is able to meet its financial obligations as they become due. As at March 31, 2025, the Company's capital structure consists of loans payable, share capital, and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placements or incur debt.

The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of the Company's capital.

The Company does not presently utilize any quantitative measures to monitor its capital but relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis. There was no change to the Company's approach to capital management during the year ended March 31, 2025.

18. Income Taxes

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

		For the year ended March 31, 2025		For the year ended March 31, 2024
Net loss before income taxes	**$**	(2,335,340)	$	(4,536,525)
Statutory income tax rate		27.00%		27.00%
Expected income tax recovery		(631,000)		(1,225,000)
Change in statutory, foreign tax, foreign exchange rates and other		(154,000)		279,000
Permanent differences and other		(1,000)		(3,000)
Changes in temporary differences		(489,000)		67,000
Change in unrecognized temporary differences		1,275,000		882,000
Income tax expense	$	-	$	-

(Expressed in Canadian Dollars)

As at March 31, 2025, the Company had the following deferred tax assets and liabilities:

Deferred tax assets (liabilities)		March 31, 2025		March 31, 2024
Non-capital losses		5,785,000		4,302,000
Property and equipment		84,000		52,000
Share issuance costs		140,000		359,000
Other deferred tax assets		276,000		297,000
Unrecognized		(6,285,000)		(5,010,000)
Net deferred tax assets	$	-	$	-

As at March 31, 2025, the Company had non-capital losses in Canada and the U.S. expiring as follows:

		Canada		U.S.
2040	$	8,000	$	-
2041		2,288,000		-
2042		1,772,000		-
2043		1,633,000		-
2044		1,028,000		-
Indefinite		-		15,624,000
Total	**$**	**6,729,000**	**$**	15,624,000

The future utilization of the Company's net operating losses to offset future taxable income may be subject to a substantial annual limitation as a result of ownership changes that may have occurred previously or that could occur in the future. The Company recognizes interest and/or penalties related to uncertain tax positions in income tax expense. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision in the period that such determination is made. There were no interest or penalties recorded for the years ended March 31, 2025, or March 31, 2024. Tax attributes are subject to review, and potential adjustment, by tax authorities.

19. Financial Instruments and Risk Management

Through its operations, the Company is exposed to the following risks:

a) Market Risk
b) Credit Risk
c) Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Quantitative information in respect to these risks is presented further in this note.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure those risks from previous reported periods unless otherwise stated in this note.

(Expressed in Canadian Dollars)

The overall objective of the Directors and Officers is to set policies that seek to reduce risk as much as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and equity price risk.

(i) Foreign Currency Risk:

A portion of the assets and liabilities held by the Company and its subsidiaries are denominated in currencies other than the functional currencies of the Company and its subsidiaries. This results in some exposure to foreign currency risk. All of the Company's assets and liabilities are denominated in either Canadian Dollars or United States Dollars. Assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian Dollar against the United States Dollar would result in an approximate $3,264 foreign exchange gain or loss in the consolidated statement of comprehensive loss as at March 31, 2025.

(ii) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant, and the Company does not rely on interest to fund its operations. The Company's outstanding loans payable bear interest at fixed rates. As a result, at March 31, 2025, management believes that the Company is not exposed to any significant interest rate risk.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash, due from related party and accounts receivable are exposed to credit risk. The Company limits its exposure to credit loss on cash by placing its cash with high-quality financial institutions. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable. The Company has certain amounts of aged receivables that are not deemed impaired as follows:

		March 31, 2025		**March 31, 2024**
1 - 60 days	$	760,396	$	321,723
61 - 90 days (past due)		-		5,088
Over 90 days (past due)		111,795		226,617
Provision for expected credit losses (over 90 days)		(114,002)		(198,718)
Total	**$**	**758,189**	**$**	**354,710**

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the year ended March 31, 2025 and 2024, the following revenue was recorded from major customers:

(Expressed in Canadian Dollars)

		For the year ended March 31,		
		2025		2024
Customer A	$	2,652,045	$	1,648,320
Customer B		-		349,756
Customer C		128,969		483,322
Customer D		487,551		588,055
Customer E		1,066,185		-
Customer F		924,392		-
Total	**$**	**5,259,142**	**$**	**3,069,453**

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sources of funding have been through equity financings, related party loans and convertible notes. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding.

The following table displays the Company's aging undiscounted obligations:

		Within one year		Between one and five years		More than five years
Accounts payable and accrued liabilities	$	2,564,355	$	-	$	-
Factoring facility		185,831		-		-
Loans payable		3,190,574		-		-
Lease liability		538,590		2,081,776		683,461
Total	**$**	**6,479,350**		**2,081,776**		**683,461**

d) Basis of Fair Value

FINANCIAL ASSETS	**Level**		**March 31, 2025**		**March 31, 2024**
FVTPL					
Cash	1	$	44,737	$	65,925
Other assets, at amortized cost					
Accounts receivable			789,504		418,832
Due from related parties			621		9,232
Total financial assets		**$**	**834,862**	**$**	**493,989**

(Expressed in Canadian Dollars)

FINANCIAL LIABILITIES	**Level**		**March 31, 2025**		**March 31, 2024**
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities		$	2,564,356	$	1,823,803
Factoring facility			185,831		-
Loans payable			2,932,747		1,997,511
Total financial liabilities		**$**	**5,682,934**	**$**	**3,821,314**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of issuance, (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis, and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted in an active market.

Loans payable are measured at amortized cost. Upon recognition, the fair values of the loans are estimated by discounting cash flows using interest rates of debt instruments with similar terms, maturities, and risk profile. The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. Cash is measured at fair value on a recurring basis.

20. Segmented Reporting

The Company operates in one reportable operating segment, being the production and sale of food ingredients and products. All of the Company's non-current assets are located in the United States and all of the Company's long-term liabilities were incurred in the United States.

21. Subsequent Events

On June 27, 2025 the Company closed the first tranche of its non-brokered private placement, issuing 4,566,667 units at US$0.06 each for gross proceeds of US$274,000. Each unit includes one common share and one warrant exercisable at US$0.12 until June 27, 2027.

On July 16, 2025 the Company received loan proceeds of $58,000 pursuant to the issuance of a new loan bearing interest at 0.1% per day. The loan principal plus accrued interest is due 60 days from the date of issuance. In connection with the loan, the Company issued 500,000 warrants to the lender, each exercisable for one share at USD$0.12 and expiring on June 27, 2027