LIFEIST_

Lifeist Wellness Inc.
Condensed Consolidated Interim Financial Statements
(Unaudited)

For the six months ended May 31, 2025 and 2024

(In Canadian dollars)

LIFEIST WELLNESS INC. MANAGEMENT’S COMMENTS ON UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if any auditor has not performed a review of the Interim Condensed Consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited Interim Condensed Consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of Interim Condensed Consolidated financial statements by an entity’s auditor.

LIFEIST WELLNESS INC.

Condensed Consolidated Interim Statements of Financial Position
As at May 31, 2025 and November 30, 2024
(Unaudited - Expressed in Canadian dollars)

	Notes		May 31, 2025		November 30, 2024
ASSETS					
Current assets					
Cash and cash equivalents		$	973,355	$	2,342,020
Trade and other receivables	6		597,606		1,155,085
Inventories	7		291,533		80,438
Prepaid expenses and other assets	11		134,263		47,721
Total current assets			1,996,757		3,625,264
Non-current assets					
Portfolio investments	8		482,649		1,390,794
Property and equipment	9		2,293		7,409
Intangible asset	10		110,000		110,000
Total non-current assets			594,942		1,508,203
Total assets		$	2,591,699	$	5,133,467
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	12	$	699,426	$	1,048,330
Deferred revenue			5,676		12,649
Total current liabilities			705,102		1,060,979
Total liabilities			705,102		1,060,979
Shareholders' equity					
Share capital	13		161,377,544		161,377,544
Reserves			55,057,093		55,018,894
Accumulated deficit			(214,172,349)		(211,948,259)
Accumulated other comprehensive loss			(375,691)		(375,691)
Total shareholders' equity			1,886,597		4,072,488
Total liabilities and shareholders' equity		$	2,591,699	$	5,133,467

The accompanying notes are an integral part of the condensed consolidated interim financial statements.
Nature of operations and going concern (Note 1)

Approved on behalf of the Board on July 25, 2025 by:

"**Andrea Judge**" *(signed)*
Director

"**John C Sinclair**" (*signed)*
Director

LIFEIST WELLNESS INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the six months ended May 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended May 31, 2025	Three months ended May 31, 2024	Six months ended May 31, 2025	Six months ended May 31, 2024
Revenue	5	$ 64,689	$ 164,719	$ 138,322	$ 361,860
Cost of goods sold	7	(17,048)	(105,137)	(70,183)	(177,058)
Gross profit		47,641	59,582	68,139	184,802
Salaries and other compensation costs	15	303,204	352,607	540,926	719,440
Office and general expenses		243,976	400,394	441,049	664,049
Professional fees		90,276	(16,201)	150,994	287,418
Selling and marketing expense		159,041	156,149	313,079	256,862
Depreciation and amortization	9	2,369	2,076	5,116	9,193
Share-based compensation	13, 15	38,199	87,947	38,199	258,391
Total expenses		837,065	982,972	1,489,363	2,195,353
Loss before other income (expense)		789,424	923,390	1,421,224	2,010,551
Unrealized loss on equity investments		(85,850)	-	(786,665)	-
Interest income		15,579	-	30,077	-
Interest expense		-	(26,817)	(4,203)	(27,896)
Miscellaneous expense		-	(24,999)	-	(25,869)
Loss (gain) on disposal of investment		-	-	(48,128)	29,751
Foreign exchange (gain) loss		226	17,510	6,053	7,121
Net loss from continuing operations		859,469	957,696	2,224,090	2,027,444
Loss from discontinued operations	4	-	876,511	-	2,258,536
Net loss		$ 859,469	$ 1,834,207	$ 2,224,090	$ 4,285,980
Other comprehensive loss:					
Items that are or may be reclassified to profit or loss					
Cumulative translation adjustment		-	16,818	-	27,420
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments designated at FVOCI		-	-	-	(29,751)
Total comprehensive loss		$ 859,469	$ 1,817,389	$ 2,224,090	$ 4,288,311
Net loss per share from continuing operations		(0.023)	(0.033)	(0.059)	(0.080)
Net loss per share from discontinued operations		-	(0.030)	-	(0.072)
Weighted average number of outstanding shares		37,885,636	29,200,553	37,885,636	28,302,752

LIFEIST WELLNESS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the six months ended May 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars)

	Share Capital		Reserves	Accumulated OCI	Accumulated Deficit	Total Shareholders' Equity
	#	$	$	$	$	$
Balance at November 30, 2023	27,884,818	159,994,357	50,548,990	(892,688)	(206,192,203)	3,458,456
Shares issued - non-cash	724,560	140,607	39,393	-	-	180,000
Share-based compensation	1,445,002	251,776	6,615	-	-	258,391
Net loss	-	-	-	-	(2,027,444)	(2,027,444)
Discontinued operations -Net Retained earnings	-	-	-	-	(2,258,536)	(2,258,536)
Other comprehensive loss	-	-	-	(2,331)	-	(2,331)
Balance at May 31, 2024	30,054,380	160,386,740	50,594,998	(895,019)	(210,478,183)	(391,464)

	Share Capital		Reserves	Accumulated OCI	Accumulated Deficit	Total Shareholders' Equity
	#	$	$	$	$	$
Balance at November 30, 2024	37,885,636	161,377,544	55,018,894	(375,691)	(211,948,259)	4,072,488
Share-based compensation	-	-	38,199	-	-	38,199
Net loss	-	-	-	-	(2,224,090)	(2,224,090)
Balance at May 31, 2025	37,885,636	161,377,544	55,057,093	(375,691)	(214,172,349)	1,886,597

LIFEIST WELLNESS INC.

Condensed Consolidated Interim Statements of Cash Flows
For the six months ended May 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars)

	Six months ended May 31, 2025	Six months ended May 31, 2024
Cash flows from operating activities:		
Net loss from continuing operations	$ (2,224,090)	$ (2,027,444)
Items not involving cash:		
Depreciation	5,116	(30,807)
Share-based compensation	38,199	258,391
Unrealized loss on equity instruments	786,665	-
Foreign exchange (gain) loss	(6,053)	(7,121)
Cash used in operations before changes in non-cash working capital	(1,400,163)	(1,806,981)
Cash provided by discontinued operations	-	876,720
Change in working capital:		
Trade and other receivables	7,479	(498,269)
Inventories	(211,095)	1,872,898
Prepaid expenses and other assets	(86,542)	66,883
Accounts payable and accrued liabilities	(348,904)	371,625
Deferred revenue	(6,973)	(90,821)
Net cash (used in) provided by operating activities	(2,046,198)	792,055
Cash flows from investing activities:		
Payments received on VTB note	550,000	-
Proceeds from disposal of equity investments	121,480	29,902
Cash provided by continuing investing activities	671,480	29,902
Cash used in discontinued investing activities	-	(2,769)
Net cash provided by investing activities	671,480	27,133
Cash flows from financing activities:		
Cash used in discontinued financing activities	-	(201,304)
Net cash used in financing activities	-	(201,304)
Net change in cash and cash equivalents	(1,374,718)	617,884
Effect of movement in exchange rates on cash held in foreign currencies	6,053	(7,742)
Cash and cash equivalents, beginning of the period	2,342,020	1,454,145
Cash and cash equivalents, end of the period	973,355	2,064,287

1. Nature of operations and going concern

Lifeist Wellness Inc. ("Lifeist" or the "Company") is a publicly traded company incorporated under the British Columbia Business Corporations Act and is a reporting issuer in British Columbia, Saskatchewan, Manitoba, Ontario, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. The Company's common shares are listed on the TSXV under the symbol "LFST", on the OTCQB® Venture Market under the symbol "NXTTF" and traded as open stock on the Frankfurt Stock Exchange under the symbol "M5BQ". The Company's registered address is 666 Burrard St, #2500, Vancouver, BC V6C 2X8.

Lifeist is a health-tech wellness company that is building a portfolio of brands, including Mikra. Lifeist is creating a new standard in mental and physical optimization.

The condensed consolidated interim financial statements were approved and authorized by the Board of Directors of the Company on July 25, 2025.

Going Concern

The condensed consolidated interim financial statements were prepared on a going concern basis, 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 and commitments in the normal course of business.

The Company reported a comprehensive loss of $2,224,090 for the six months ended May 31, 2025 (2024 – $4,288,311) and had an accumulated deficit of $214,172,349 as at May 31, 2025 (November 30, 2024 – $211,948,259) and working capital of $1,291,655 at May 31, 2025 (November 30, 2024 – $2,564,285). The Company's ability to continue as a going concern is dependent upon its ability to achieve profitable operations and obtaining appropriate financing to support its ongoing activities. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. Summary of significant accounting policies

(a) Basis of presentation

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and should be read in conjunction with the Company's audited consolidated financial statements as at and for the fiscal year ended November 30, 2024, which were prepared in accordance with International Financial Reporting Standards ('IFRS").

(b) Basis of measurement

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency and are prepared on a historical cost basis, except for certain financial instruments which are measured either through fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

(c) Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the Company, including its subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in full on consolidation. The table below lists the Company's subsidiaries:

May 31, 2025

Entity	% Ownership	Jurisdiction	Functional currency	Accounting method
CannMart Marketplace Inc.	100%	Canada	Canadian dollar	Consolidation
Mikra Cellular Sciences Inc. ("Mikra")	100%	Canada	U.S. dollar	Consolidation
1000594871 Ontario Inc.	100%	Canada	Canadian dollar	Consolidation

(d) Use of management estimates, judgments, and measurement uncertainty

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed consolidated interim financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are outlined in Note 2 of the last annual financial statements. There have been no significant changes in the Company's judgments and estimates applied during the six months ended May 31, 2025.

3. Recently issued but not yet effective standards

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be material.

4. Discontinued Operations

During the fiscal year ended November 30, 2024, the Company discontinued the operations of its subsidiaries Australian Vaporizers Py Ltd., ("Australian Vaporizers"), CannMart Labs Inc., ("CannMart Labs"), Lifeist Bahamas Inc. ("Lifeist Labs"), CannMart Inc., CannMartMD Inc. and Lifeist Worldwide Inc. to align the Company's overall operations to its strategic plan and objectives.

Revenues, expenses and gains or losses relating to the discontinuation of Australian Vaporizers, CannMart Labs, Lifeist Labs, CannMart Inc, CannMartMD, and Lifeist Worldwide Inc. have been eliminated from the profit and loss of the continuing operations and are shown as a single line item in the Condensed Consolidated Interim Statements of Operations. As a result, the Company's prior period results have been restated to present the six entities as discontinued operations.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

Net loss from discontinued operations is summarized as follows:

	Six months ended May 31, 2024
Net revenue	$ 8,002,598
Cost of goods sold	(5,464,288)
Gross profit	2,538,310
Operating expenses	(4,778,797)
Loss from operations	(2,240,487)
Other expense	(20,269)
Foreign exchange loss	(14,644)
Impairment of assets	(1,895,028)
Net loss from discontinued operations	(4,170,428)
Income tax loss	(13,849)
Gain on the loss of control	1,925,741
Net loss from discontinued operations	$ 2,258,536

5. Operating segments

Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

The Company's chief operating decision makers are the CEO and CFO. They review the operating performance of the Company by one segment comprised of Mikra. The operations include the sale and distribution of Mikra related products. All other segments of the Company were disposed during the year ended November 30, 2024 and, accordingly, segmented figures are not presented.

6. Trade and other receivables

Trade and other receivables as at May 31, 2025 and November 30, 2024 were as follows:

	May 31, 2025	November 30, 2024
Trade receivables	$ 18,474	$ 91,856
Sales tax receivable	54,946	3
VTB loan receivable	520,937	1,059,977
Other receivables	3,249	3,249
	$ 597,606	$ 1,155,085

As part of the sale of CannMart Inc., the Company provided financing to the purchaser in the form of a vendor take-back ("VTB") loan. The key terms of the VTB loan as defined in the GSA are as follows:

1. Principal Amount: $2,199,194
2. Interest Rate: fixed rate of 3%
3. Term: 12 months, maturing on September 11, 2025
4. Payment Terms: Principal payments of $100,000 per month until paid in full

As at May 31, 2025 the outstanding balance of the VTB loan was $520,937.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

7. Inventories

Inventories as at May 31, 2025 and November 30, 2024 were as follows:

		May 31, 2025		November 30, 2024
Nutraceuticals	$	279,805	$	68,710
Packaging		11,728		11,728
Total inventories	$	291,533	$	80,438

The cost of inventories recognized as an expense and included in cost of goods sold for the six months ended May 31, 2025, was $33,605 (2024 - $119,738).

8. Portfolio investments

Portfolio investments at May 31, 2025 and November 30, 2024 were as follows:

		May 31, 2025		November 30, 2024
Equity investments – at FVOCI	$	4,310	$	4,310
Equity investment – at FVTPL		478,339		1,386,484
	$	482,649	$	1,390,794

Equity investments designated at FVOCI comprise of investments in equity shares of listed and non-listed companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature. Equity investments designated at FVTPL comprise of investments in equity shares of a listed company.

Details of equity investments as at May 31, 2025 were as follows:

	Number of shares acquired		Cost		Fair Value		Unrealized gain/(loss)
May 31, 2025:							
Equity Instruments - FVOCI							
Kief Cannabis Company Ltd.	46,729	$	250,000	$	857	$	(249,143)
YPB Group Ltd.	3,800,000		130,000		3,453		(126,547)
Equity Instrument - FVTPL							
Flora Growth Corp	518,925		823,532		478,339		(345,193)
		$	1,203,532	$	482,649	$	(720,883)

		Equity investments - FVOCI		Equity investments - FVTPL		Total
Balance at November 30, 2024	$	4,310	$	1,386,484	$	1,390,794
Unrealized gain (loss)		-		(786,665)		(786,665)
Realized gain (loss)		-		(48,128)		(48,128)
Disposition		-		(73,353)		(73,353)
Balance at May 31, 2025	$	4,310	$	478,339	$	482,649

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

9. Property and equipment

		Leasehold improvements		Computer equipment		Furniture & equipment		Total
Cost:								
Balance at November 30, 2024	$	42,243	$	428,016	$	59,409	$	529,668
Disposed		(42,243)		(391,766)		(59,409)		(493,418)
Balance at May 31, 2025		-		36,250		-		36,250
Accumulated depreciation:								
Balance at November 30, 2024		42,243		420,607		59,409		522,259
Depreciation		-		5,116		-		5,116
Disposed		(42,243)		(391,766)		(59,409)		(493,418)
Balance at May 31, 2025	$	-	$	33,957	$	-	$	33,957
Net book value:								
Balance at November 30, 2024	$	-	$	7,409	$	-	$	7,409
Balance at May 31, 2025	$	-	$	2,293	$	-	$	2,293

10. Intangible asset

On August 16, 2024, the Company acquired 100% of the issued and outstanding shares of 1000594871 Ontario Inc., a private entity whose sole asset was a provisional (pending) patent application ("Liquid Vape Patent"). The consideration for the acquisition consisted of the issuance of 1,000,000 common shares valued at $110,000.

At the time of acquisition, 1000594871 Ontario Inc. held no operations and did not meet the definition of a business as defined under IFRS 3 – Business Combinations. As such, the transaction was accounted for as an asset acquisition. The acquisition cost was allocated to the provisional patent, and no goodwill was recognized.

As part of the terms of the acquisition, the Company assumed a royalty obligation whereby 50% of net revenue generated from the patent up to a maximum amount of $1,000,000 be payable to the former shareholders of 1000594871 Ontario Inc.

11. Prepaid expenses and other assets

Prepaid expenses and other assets listed in the current assets section of the condensed consolidated interim statements of financial position as at May 31, 2025 and November 30, 2024 were as follows:

		May 31, 2025		November 30, 2024
Prepaid expenses	$	39,688	$	23,400
Deposits		94,575		24,321
	$	134,263	$	47,721

Prepaid expenses and deposits consist mainly of payments made for inventory purchases, software subscriptions, and professional fees.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at May 31, 2025 and November 30, 2024 were as follows:

		May 31, 2025		November 30, 2024
Accounts payable	$	153,416	$	178,874
Accrued liabilities		546,010		869,456
	$	699,426	$	1,048,330

13. Share capital

(a) Authorized share capital

On May 21, 2024, TSX Venture Exchange approved the consolidation of Lifeist Wellness Inc. issued and outstanding common shares on the basis of 1 post-consolidation common shares for every 20 pre-consolidation common shares. The number of outstanding common shares and value per share in the condensed consolidated interim financial statements have been updated retrospectively to reflect the share consolidation.

The Company is authorized to issue an unlimited number of common shares with no par value. As at May 31, 2025, the Company had 37,885,636 (November 30, 2024 - 37,885,636) common shares issued and outstanding.

(b) Issuance of shares

For the six months ended May 31, 2025, the Company recognized share-based compensation expense related to vested stock options of $38,199 (2024 - $6,615) and related to restricted shares of $nil (2024 - $251,776).

(c) Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the six months ended May 31, 2025 and the year ended November 30, 2024:

	Number of Warrants	Weighted Average Exercise Price
Balance – November 30, 2023	4,225,748	6.80
For services issuance	1,650,286	0.13
Forfeited	(3,399,714)	0.07
Balance at November 30, 2024 and May 31, 2025	2,476,320	2.39

(d) Stock options

The Company has established a stock option plan (the "Plan") for officers and employees. Under the Plan, the exercise price of each option is determined by the Board. The aggregate number of common shares issuable pursuant to options granted under the Plan is limited to 10% of the Company's issued common shares. The shareholders approve the plan, and the Board approves the execution of granting of options and their vesting and cancellation provisions.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

The following is a summary of the movement in the Plan for the six months ended May 31, 2025 and the year ended November 30, 2024:

	Number of Options	Weighted Average Exercise Price
Balance – November 30, 2023	536,117	4.40
Granted	2,372,222	0.05
Forfeited	(356,444)	0.09
Balance – November 30, 2024	2,551,895	0.15
Expired	(10,600)	5.00
Balance at May 31, 2025	2,541,295	0.13

Stock options outstanding:

Expiry Date	Number of Options Exercisable	Number of Options Outstanding	Weighted Average Exercise Price
June 13, 2025	160,750	160,750	1.19
November 30, 2025	519	519	2.00
December 23, 2025	4,304	4,304	1.60
November 24, 2028	370,370	2,222,222	0.05
November 9, 2030	3,166	3,500	1.70
July 8, 2032	25,000	150,000	0.09
Balance – May 31, 2025	564,109	2,541,295	0.13

For the six months ended May 31, 2025, the Company recognized share-based compensation expense related to vested stock options of $38,199 (2024 - $6,615).

e) *RSUs and DSUs*

The Company has established a restricted share unit ("RSU") and a deferred share unit ("DSU") award plan (the "RSU/DSU Plan") for officers and employees. Under the RSU/DSU Plan, calculation of the value of restricted share units and deferred share units awarded is based on the closing price of common shares of the Company on the trading day immediately preceding the date of the award. The shareholders approved the RSU/DSU Plan, and the Board approves the granting of RSUs and DSUs, their vesting and their cancellation provisions.

For the six months ended May 31, 2025, the Company recognized share-based compensation expense related to vested RSUs of $Nil (2024 - $391,460).

14. Financial instruments and associated risks

(a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs that are observable other than quoted prices included in Level 1; and
- Level 3 includes inputs that are not based on observable market data.

The following is a summary of financial assets and liabilities measured at fair value as at May 31, 2025 is based on various level of inputs:

	Level 1	Level 2	Level 3	Total
May 31, 2025				
Financial assets:				
Equity investments	$ 478,339	$ -	$ 4,310	$ 482,649
	$ 478,339	$ -	$ 4,310	$ 482,649

Following is the summary of other financial instruments, not measured at fair value, as at May 31, 2025 and November 30, 2024, for which fair value is disclosed:

	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
May 31, 2025			
Financial assets:			
Cash and cash equivalents	$ 973,355	$ -	$ 973,355
Trade and other receivables	597,606	-	597,606
Deposits	94,575	-	94,575
Balance at May 31, 2025	$ 1,665,536	$ -	$ 1,665,536
Financial liabilities:			
Accounts payable and accrued liabilities	$ -	$ 699,426	$ 699,426
Balance at May 31, 2025	$ -	$ 699,426	$ 699,426

	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
November 30, 2024			
Financial assets:			
Cash and cash equivalents	$ 2,342,020	$ -	$ 2,342,020
Trade and other receivables	1,155,085	-	1,155,085
Deposits	24,321	-	24,321
Balance at November 30, 2024	$ 3,521,426	$ -	$ 3,521,426
Financial liabilities:			
Accounts payable and accrued liabilities	$ -	$ 1,048,330	$ 1,048,330
Balance at November 30, 2024	$ -	$ 1,048,330	$ 1,048,330

The carrying values of all the Company's financial instruments approximate their fair values as at May 31, 2025 and November 30, 2024 due to their short-term nature.

(b) Risk management

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(a) Market risk

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i. Currency risk

The Company is party to financial instruments or enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to translation risk in which other foreign currencies change in a manner that has an adverse effect on the value of the Company's assets or liabilities denominated in its operational currency. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not hedge against movements in foreign currency exchange rates.

At May 31, 2025, the Company holds USD$19,326 in cash. A 5% change in the foreign currencies against functional currencies, assuming that all other variables are constant, would either increase or decrease the net loss by $1,327 (2024 - $7,636) as a result of the revaluation on foreign currency denominated financial assets and liabilities.

ii. Interest rate risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has notes receivable. Interest rate risk refers to the risk of loss due to adverse movements in interest rates. Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The Company's exposure to other price risks relates to fair value of its equity investments and derivatives.

If the fair value of financial assets at FVTPL were to increase or decrease by 5%, net loss would have increased or decreased by $23,916 (2024 - $139).

If the fair value of financial assets at FVOCI were to increase or decrease by 5%, OCI would have changed by $215 (2024 - $1,642).

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, trade and other receivables, loans receivable, deposits and other assets.

The Company is moderately exposed to credit risk from its cash and cash equivalents, and trade receivables. The carrying amount of these financial assets represents the maximum credit exposure.

Cash and cash equivalents, deposits and other assets

Cash and cash equivalents and deposits are held with reputable financial institutions and business partners which are closely monitored by management.

(Unaudited - Expressed in Canadian dollars, unless otherwise noted)

Trade and other receivables

Trade receivables generated from online sales are held in reputable merchant accounts and are received within a short period of time. Credit risk is generally limited for trade receivables from government bodies, which have low default risk.

Credit risk for non-government wholesale customers is assessed on a case-by-case basis. When estimating Expected Credit Loss ("ECL") the Company analyzes both quantitative and qualitative data. Typically, ECL increases with the age of the receivable. A receivable is considered in default when the debtor is unlikely to pay its credit obligations in full and the Company has limited recourse.

As of May 31, 2025, the Company recognized a $Nil (2024 - $Nil) provision for expected credit losses. This amount includes provisions for other receivables.

The issuance of a VTB promissory note (Note 6) exposes the Company to credit risk arising from the counterparty's ability to meet its repayment obligations.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have the sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Company's reputation.

15. Related party balances and transactions

Related parties include key management personnel and the entities controlled or directed by key management personnel. Key management personnel include Board of Directors and key executives of the Company together with certain individuals responsible for outsourced services who in the opinion of the Company have satisfied relevant criteria to be considered key management personnel under applicable accounting standards based on the information available as of the date of issuance of these condensed consolidated interim financial statements.

Related party transactions for the six months ended May 31, 2025 and 2024 are as follows:

	Three months ended		Six months ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Related Party Transactions				
Key management personnel compensation	$ 182,404	$ 131,333	$ 319,077	$ 292,353
Directors fees	8,000	60,750	32,000	121,500
Share-based compensation	34,265	36,750	38,199	73,500

(i) The key management personnel compensation includes salaries and bonuses, benefits and incentives.

(ii) Share-based compensation relates to vesting stock options. No stock options were granted to key management personnel during the six months ended May 31, 2025.

(iii) The key management personnel and directors' compensation includes RSUs and DSUs (Note 13).

At May 31, 2025, the Company owed $202,493 in accounts payable and accrued liabilities in the normal course of business. All amounts are due on demand and are non-interest bearing.

16. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its planned business activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers its capital to be shareholders' equity, which consists of assets, net of all liabilities. The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements and issuance of convertible debentures. There can be no assurance that the Company will be able to continue raising equity capital in this manner.