



HempNova Lifetech Corporation

Condensed Consolidated Interim Financial Statements

For the three and nine months ended March 31, 2025, and 2024

(Unaudited, expressed in Canadian dollars unless otherwise stated)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of HempNova Lifetech Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

HempNova Lifetech Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

Dr. Ken Cai
Chief Executive Officer

Meng Tang, CPA, CA
Chief Financial Officer

Vancouver, Canada
May 28, 2025

HempNova Lifetech Corporation

Condensed Consolidated Interim Statements of Financial Position

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	March 31, 2025	June 30, 2024
		\$
Assets		
Current assets		
Cash and cash equivalent	3,573,280	6,126,954
Short-term investment	4,456,560	684,350
Accounts receivable (note 4)	2,833,725	3,828,794
Inventories (note 5)	264,512	533,369
Income tax receivables	–	107,239
Other receivables (note 6)	85,048	95,008
Prepaid expenses and advance	12,220	6,844
	11,225,345	11,382,558
Non-current assets		
Long-term prepaid and deposits	–	4,790
Property, plant and equipment, net (note 8)	3,512,312	3,441,799
Right-of-use assets (note 7a)	112,125	107,800
Total assets	14,849,782	14,936,947
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	156,351	675,391
Convertible debenture (note 11)	–	2,498,600
Due to related parties (note 9c)	429,950	1,305,532
Lease obligations, current (note 7b)	40,678	27,905
Loan from related party (note 9f)	–	980,157
	626,979	5,487,585
Long-term deposits	63,973	60,907
Lease obligations, non-current (note 7b)	95,453	94,255
Total liabilities	786,405	5,642,747
Shareholders' equity		
Share capital	17,109,312	17,109,312
Reserves	2,193,255	2,193,255
Equity portion of convertible debenture	303,539	303,539
Accumulated other comprehensive loss	121,086	(209,905)
Deficit	(5,633,815)	(10,102,001)
Total shareholders' equity	14,093,377	9,294,200
Total shareholders' equity and liabilities	14,879,782	14,936,947

Nature of operations and going concern (note 1)

Approved by the Board of Directors:

(Signed) Shawn Dang Director

(Signed) Min Peng Director

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

HempNova Lifetech Corporation

Condensed Consolidated Interim Statements of Comprehensive Income

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	For three months ended March 31,		For nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Revenue, net of discounts and commission (note 13)	3,026,086	6,210,482	14,692,401	14,056,915
Inventory expensed to cost of sales, before fair value adjustment (note 5)	(1,213,983)	(2,282,369)	(5,549,528)	(6,179,696)
Production costs (note 5)	(389,658)	(871,571)	(2,329,949)	(1,840,596)
Gross profit before fair value adjustments	1,422,445	3,056,542	6,812,924	6,036,623
Fair value adjustments of biological assets (note 5)	–	(404)	–	1,084,696
Gross profit	1,422,445	3,056,138	6,812,924	7,121,319
Operating expenses				
Amortization and depreciation (note 7&8)	241,988	284,517	733,351	847,316
Bad debts	–	–	906,827	–
General and administrative expenses (note 13)	283,930	298,091	1,112,424	652,952
Interest expense	2,773	89,399	28,444	334,312
Research	–	3,278	–	20,929
Sales and marketing	51,365	75,512	85,255	96,847
	580,056	750,797	2,866,301	1,952,356
Operating income (loss) before the following items	842,389	2,305,341	3,946,623	5,168,963
Foreign exchange gain	2,324	7,542	148,992	12,437
Gain on disposal of property, plant and equipment	–	–	13,614	27,620
Interest and rental income	156,824	79,529	438,652	193,711
Income before income taxes	1,001,537	2,392,412	4,547,881	5,402,731
Income tax recovery, current	(79,695)	(110,103)	(79,695)	(110,103)
Net income for the period	921,842	2,282,309	4,468,186	5,292,628
Other comprehensive income				
Exchange loss on translating foreign operations	457,826	185,815	330,991	80,441
Comprehensive income	1,379,668	2,468,124	4,799,177	5,373,069
Net income per share, basic	0.01	0.04	0.07	0.08
Weighted average number of common shares outstanding				
- basic and diluted	62,583,353	62,583,353	62,583,353	62,583,353

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

HempNova Lifetech Corporation

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Number of Outstanding Shares	Share Capital	Reserves	Equity portion of convertible debenture	Deficit	Accumulated comprehensive loss	Total
	#	\$	\$		\$	\$	\$
Balance, June 30, 2023	62,583,353	17,109,312	2,193,255	303,539	(18,179,353)	(438,581)	988,172
Other comprehensive income	–	–	–	–	–	80,441	80,441
Net income for the period	–	–	–	–	5,292,628	–	5,292,628
Balance, March 31, 2024	62,583,353	17,109,312	2,193,255	303,539	(12,886,725)	(358,140)	6,3611,241
Balance, June 30, 2024	62,583,353	17,109,312	2,193,255	303,539	(10,102,001)	(209,905)	9,294,200
Other comprehensive income	–	–	–	–	–	330,991	330,991
Net income for the period	–	–	–	–	4,468,186	–	4,468,186
Balance, March 31, 2025	62,583,353	17,109,312	2,193,255	303,539	(5,633,815)	121,086	14,093,377

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

HempNova Lifetech Corporation

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	For nine months ended March 31,	
	2025	2024
	\$	\$
Operating activities		
Net income for the year	4,468,186	5,292,628
Adjustments for:		
Amortization	733,351	847,316
Fair value adjustments of biological assets	-	(1,084,696)
Bad debts	906,827	-
Foreign exchange gain	-	(12,437)
Gain on disposal of property, plant and equipment	(13,614)	(27,620)
Interest expense	28,444	334,312
Changes in items of working capital		
Accounts payable and accrued liabilities	(387,420)	83,976
Accounts receivable	358,883	(1,341,129)
Rental security deposits	-	65,239
Due from (to) related parties	(969,286)	497,896
Inventory	287,808	116,315
Prepaid expenses and deposits	-	(11,482)
Other receivables	11,670	(13,898)
Short-term investment	(3,772,210)	(677,501)
Cash generated in operating activities	1,652,639	4,068,919
Financing activities		
Loan from a related party	(985,911)	-
Payment of lease obligation (note 7b)	(39,089)	(28,410)
Convertible note repayment	(2,658,100)	(1,000,000)
Cash used in financing activities	(3,683,100)	(1,028,410)
Investing activities		
Purchase of Property, plant and equipment	(603,277)	(206,544)
Disposition of Property, plant and equipment	23,277	67,359
Cash used in investing activities	(580,000)	(139,185)
Effect of exchange rate on cash and cash equivalent	56,787	296,856
Interest (decrease) in cash	(2,553,674)	3,198,180
Cash, beginning of the period	6,126,954	1,578,917
Cash, end of the period	3,573,280	4,777,097
Supplemental of cash transaction:		
Interest paid	217,411	-

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

HempNova Lifetech Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

1. Nature and continuance of operations

HempNova Lifetech Corporation (the “Company”) was incorporated in British Columbia in October 1989 and changed its name from Pacific Link Mining Corp. on May 2, 2019. The registered head office principal address and the records office of the Company are located at 2060 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R5.

The Company, operating through its wholly-owned subsidiary HempNova Lifetech (USA) Corp. (“HempNova (USA)”), is actively involved in the industrial hemp sector, offering a range of products and services. HempNova (USA) was incorporated in Delaware, USA, and its wholly-owned subsidiaries operate in Oregon, USA.

These consolidated financial statements have been prepared on a going concern basis, assuming that the Company will continue its operations for the foreseeable future, realize its assets, and meet its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern is contingent upon various factors, including the hemp sales market, the Company's ongoing profitability, and financial support from shareholders. The outcome of these factors is uncertain at present, and they raise doubts about the Company's ability to continue as a going concern.

These consolidated financial statements do not account for any adjustments that may be necessary if the Company is unable to continue as a going concern. In such a scenario, the Company would need to realize its assets and settle its liabilities in a manner differing from the normal course of business, potentially impacting the reported amounts in the financial statements.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2024, which were prepared in accordance with IFRS as issued by the IASB.

The board approved these condensed consolidated interim financial statements of directors for issue on May 28, 2025.

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts incurred by the Company may differ from these values

3. Material accounting policies

The Company's accounting policies and significant judgements and estimates applied in these condensed consolidated interim financial statements are consistent with those of the audited consolidated financial statements for the year ended June 30, 2024, and 2023.

HempNova Lifetech Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

3. Material accounting policies (continued)

Consolidation and subsidiaries

These consolidated financial statements include the accounts of the Company and its subsidiaries, HempNova USA, HempNova Oregon LLC (“HempNova Oregon”), HempNova Asset Management LLC (“HempNova Asset”), HNL2 Holdings LLC (“HNL2”), HNL3 Holdings LLC (“HNL3”), MTANG LLC, KCAI LLC, HempNova Eugene LLC (“HempNova Eugene”), and HempNova 238 LLC (“HempNova 238”).

Information of the Company’s subsidiaries as of March 31, 2025, is as follows:

Name	Principal activities (ownership interest)	Country of formation
HempNova USA	Holding company (100%)	USA
HempNova Oregon	Holding company (100%)	USA
HempNova Asset Management	Holding company (100%)	USA
HNL2	Asset holding company (100%)	USA
HNL3	Asset holding company (100%)	USA
MTANG LLC	Asset holding company (100%)	USA
KCAI LLC	Asset holding company (100%)	USA
Tablerock Import LLC	Recreational cannabis (100%)	USA
HempNova 238	Industrial hemp business (100%)	USA

Subsidiaries encompass all entities (including structured entities) over which the group exercises control. Control is deemed to exist when the group is both exposed to, or possesses rights to, fluctuating returns through its engagement with the entity and retains the capability to influence these returns via its authority over the entity. Subsidiaries are subjected to full consolidation starting from the point of control transfer to the group. Conversely, they undergo deconsolidation from the moment control discontinues.

4. Accounts receivable

As of March 31, 2025, the Company had \$2,833,725 (as of June 30, 2024 - \$3,828,794) in accounts receivable, mainly from the sales of gummies, prerolls and smokable flowers.

5. Inventory

The Company’s inventory comprises season-harvested and dried smokable hemp flowers, gummy, pre-roll, biomass and hemp-derived oil, etc. As of March 31, 2025 and June 30, 2024, the inventory was recorded at the lower of its cost and net realizable value and consists of the following:

	March 31, 2025	June 30, 2024
	\$	\$
Smokable flowers and others	264,512	479,316
Biological assets before harvest	-	54,053
	264,512	533,369

HempNova Lifetech Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

5. Inventory (continued)

(a) Smokable flowers, isolate and others

	Smokable flowers			Total
	Capitalized costs	Fair value adjustment	Other hemp products	
	\$	\$	\$	\$
Carrying amount, June 30, 2023	45,042	266,723	-	311,765
Production costs capitalized to inventory	234,506	-	10,961,305	11,195,811
Fair value transferred from biological assets	166,963	1,085,207	-	1,252,170
Inventory write-down ⁽ⁱ⁾	(46,339)	(592,448)	-	(638,787)
Cost of sales	(179,256)	(511,163)	(10,961,305)	(11,651,724)
Foreign exchange adjustment	(3,273)	6,809	-	10,081
Carrying amount, June 30, 2024	224,178	255,138	-	479,316
Production costs capitalized to inventory	45,596	-	7,555,181	7,600,777
Fair value transferred from biological assets	229,722	-	-	229,722
Inventory write-down ⁽ⁱ⁾	77,251	(260,824)	-	(183,573)
Cost of sales	(324,296)	-	(7,555,181)	(7,879,477)
Foreign exchange adjustment	12,061	5,686	-	17,747
Carrying amount, March 31, 2025	264,512	-	-	264,512

(i) The inventory write-down is related to the impairment of the unrealized fair value component and write-down to capitalized cost of lost, sample given away and damaged smokable flowers.

b) Biological assets before harvest

The valuation of biological assets is based on a market approach where the fair value at the point of harvest is estimated based on selling prices less the costs to sell at harvest. Such fair value then becomes the basis for the cost of finished goods inventories after harvest. Subsequent expenditures incurred on these biological assets after harvest are capitalized in accordance with IAS 2 *Inventories*.

The changes in the carrying value of biological assets are as follows:

	Biological assets
	\$
Carrying amount, June 30, 2023	61,031
Production costs capitalized	53,520
New production costs	104,484
Net change in fair value less costs of sale due to biological transformation	1,085,214
Transferred to inventory upon harvest	(1,252,170)
Foreign exchange adjustment	1,971
Carrying amount, June 30, 2024	54,053
Production costs capitalized	174,464
Transferred to inventory upon harvest	(229,722)
Foreign exchange adjustment	1,205
Carrying amount, March 31, 2025	-

HempNova Lifetech Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

6. Other receivables

	March 31, 2025	June 30, 2024
	\$	\$
Interest receivable	70,864	30,453
Rental income and others	12,938	61,213
GST receivable	1,246	3,342
Total other receivables	85,048	95,008

7. Lease

The Company's recognized right-of-use assets and liabilities comprised the present values of all future lease payments of lease.

The right-of-use assets and lease obligations were measured at the present value of the lease payments and discounted using an incremental borrowing rate of 8%.

Shared office lease in Vancouver, Canada

This lease involves a shared office space, accommodating multiple companies linked by shared directors and management personnel. The current term of this office lease is set to conclude on April 30, 2028. Commencing on January 1, 2020, the Company became a participant in this shared lease, with its sharing ratio initially set at 27%. This percentage was subsequently adjusted to 36.5% effective January 1, 2021 and to 25% effectively January 1, 2022. On January 1, 2024, the Company's involvement in the Vancouver office lease was further refined to encompass 30% of the space.

HempNova Lifetech Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

7. Lease (continued)

a) Right-of-use assets

The continuity of the right-of-use assets as of March 31, 2025, and June 20, 2024, is as follows:

	Total
	\$
Right-of-use assets, as of June 30, 2023	135,421
Change to the lease term	501
Amortization	(28,122)
Right-of-use assets, as of June 30, 2024	107,800
Change to the lease term	44,061
Amortization	(39,736)
Right-of-use assets, as of March 31, 2025	112,125

b) Lease obligation

The continuity of the lease obligation as of March 31, 2025, and June 30, 2024, is as follows:

	Total
	\$
Lease obligation, as of June 30, 2023	146,886
Change to the lease term	499
Interest accretion	10,596
Lease payments	(35,821)
Lease obligation, June 30, 2024	122,160
Change to the lease term	44,061
Interest accretion	8,999
Lease payments	(39,089)
Lease obligation, March 31, 2025	136,131
Lease obligation, current	40,678
Lease obligation, non-current	95,453
Total lease obligation	136,131

HempNova Lifetech Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

8. Property and equipment

As of March 31, 2025, and June 30, 2024, the Company had the following property and equipment.

Cost	Farmland	Machinery and equipment	Furniture and office equipment	Vehicle	Green house and fixture	Construction in progress	Total
	\$	\$	\$	\$	\$	\$	\$
June 30, 2023	926,800	2,702,302	105,996	116,310	3,387,554	-	7,238,962
Additions	-	153,302	8,802	45,128	-	28,120	235,352
Disposition	-	(1,159,819)	(88,667)	-	-	-	(1,248,486)
Foreign exchange	31,290	78,810	2,783	4,378	114,368	281	231,910
June 30, 2024	958,090	1,774,595	28,914	165,816	3,501,922	28,401	6,457,738
Additions	-	365,457	7,563	-	-	230,257	603,277
Disposition	-	(48,314)	-	-	-	-	(48,314)
Foreign exchange	48,230	98,036	1,663	8,347	179,287	7,748	340,311
March 31, 2025	1,006,320	2,189,774	38,140	174,163	3,678,209	266,406	7,353,012
Accumulated amortization							
June 30, 2023	-	1,418,994	71,967	72,533	1,206,094	-	2,769,588
Depreciation	-	557,686	22,579	28,097	496,716	-	1,105,078
Disposition	-	(880,636)	(73,105)	-	-	-	(953,741)
Foreign exchange	-	44,690	1,926	2,729	45,669	-	95,014
June 30, 2024	-	1,140,734	23,367	103,359	1,748,479	-	3,015,939
Depreciation	-	286,220	4,749	18,014	384,632	-	693,615
Reverse amortization	-	(38,652)	-	-	-	-	(38,652)
Foreign exchange	-	64,220	1,307	5,698	98,573	-	169,798
March 31, 2025	-	1,452,522	29,423	127,071	2,231,684	-	3,840,700
Net carrying value							
June 30, 2024	1,006,320	737,252	8,717	47,092	1,446,525	266,406	3,512,312
March 31, 2025	1,007,230	697,425	2,791	53,309	1,579,681	265,768	3,606,204

During the nine months ending on March 31, 2025, the depreciation expense totaled \$693,615 (compared to \$785,992 in 2024), with no amount capitalized into the inventory during both periods.

No additional impairments were identified by management in the nine months ended March 31, 2025. The impairment assessment involved a comparison of the carrying amount with the recoverable amounts. The recoverable amount, determined to be \$Nil, is calculated as the higher value between fair value less costs of disposal ("FVLCD") and value in use.

HempNova Lifetech Corporation

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited, expressed in Canadian dollars, unless otherwise stated)

9. Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

(a) Shared office expenses

The Company, Minco Silver and Minco Capital Corp. (“Minco Capital”) have certain directors and management in common. The Company’s CEO controls Minco Base Metals Corporation (“MBM”). These four companies share certain offices and administrative expenses.

During the nine months ended March 31, 2025, the Company incurred \$37,949 (2024 - \$63,295) to Minco Capital and Minco Silver for reimbursement of shared office expenses and rent for the headquarters in Vancouver. During the nine months ended March 31, 2025, the Company also incurred \$20,981 (2024 - \$128,788) to MBM for reimbursement of account service fees and other expenses.

(b) Key management compensation

Key management includes the Company’s directors and senior management. During the three and nine months ended March 31, 2025, and 2024, the following compensation was charged by the key management.

	Three months ended March 31		Nine months ended March 31	
	2025	2024	2025	2024
	\$	\$	\$	\$
Senior management remuneration	67,161	64,920	722,666	196,072
Sale commission	285,735	522,312	1,484,683	1,551,450
Total	352,896	587,232	2,207,349	1,747,522

(c) Due to (from) related parties

As of March 31, 2025, and June 30, 2024, the Company’s amount payable to related parties are as follows:

	March 31, 2025	June 30, 2024
	\$	\$
Key management, for service fees and expense reimbursement	429,950	1,305,532
Total due to related parties	429,950	1,305,532

HempNova Lifetech Corporation

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For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

9. Related party transactions (continued)

(d) Participation in the Company's private placement

In 2021, MBM, along with an individual associated with the Company's President, paid \$2,400,000 to participate the Company's convertible note financing (Refer to note 9 below). On July 20, 2024, the Company paid entire convertible debenture balance plus accrued interest, totalling \$2,658,100, of which \$531,918 was to the President and \$1,063,836 was to MBM.

(e) Trust arrangements

The Company has been purchasing a substantial amount of machinery, equipment, and construction parts from suppliers in China for its facilities in Oregon, USA. To facilitate such purchases, the Company entered into trust agreements in May and September 2020, respectively, with Minco International Mining Consulting Co. Ltd. ("Minco International"), MBM's wholly owned subsidiary registered in China, for holding the Company's funds in an exclusive bank account in China.

Minco International processed all of the purchase orders, shipments, and payments in China and provided related labour on behalf of the Company. Minco International charges 15% service fees for these services on labour costs incurred. Minco International charged \$nil in service fees during the nine months ended March 31, 2025 (2024-\$18,512). As of March 31, 2025, the amount held by Minco International is \$112,834 (as of June 30, 2024 - \$84,225).

(f) Loan arrangement

On December 1, 2020, the Company entered into a loan agreement with MBM, securing a loan of \$271,740 (US \$200,000) (referred to as the "1st Loan").

On February 1, 2021, the Company entered into another loan agreement with MBM, obtaining a loan of \$200,000 (referred to as the "2nd Loan").

On September 13, 2021, the Company entered into yet another loan agreement with MBM, securing a loan of \$150,718 (RMB 800,000) (referred to as the "3rd Loan").

On December 10, 2021, the Company entered into an additional loan agreement with MBM, obtaining a loan of \$113,039 (RMB 600,000) (referred to as the "4th Loan").

On July 16, 2022, the Company entered into a loan agreement with MBM, borrowing a total of \$188,398 (RMB 1,000,000) (the "5th Loan").

The Company used its fixed assets as collateral for above loans, and incurred an annual interest rate of 10%, compounded monthly.

During the mine months ending on March 31, 2025, the Company incurred total interest expenses of \$5,755 (compared to \$26,999 in 2024).

On July 20, 2024, the Company paid entire loan balance plus accrued interest, totalling \$985,911.

HempNova Lifetech Corporation

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(Unaudited, expressed in Canadian dollars, unless otherwise stated)

10. Share capital

(a) Share capital

Authorized share capital - unlimited number of common shares without par value.

(b) Options

The Company has an incentive stock option plan (the “Plan”) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market value at the time of issue less any discount allowed by the stock exchange upon which the common shares are listed. The Plan provides for the issuance of up to 10% of the Company’s issued common shares as of the date of grant, with each stock option having a maximum term of five years. The board of directors has exclusive power over the granting of options and vesting provisions.

The Company did not grant any stock options during the nine months ended March 31, 2025, and 2024.

During the nine months ended March 31, 2025, the Company recorded \$Nil (2024 - \$Nil) share-based compensation for stock options granted and vested.

The continuity of the outstanding options is as follows:

	Number outstanding	Weighted average exercise price
	#	\$
Balance, June 30, 2024	2,420,000	0.20
Expired	(2,420,000)	0.20
Balance, March 31, 2025	-	-

The Company uses the Black-Scholes option pricing model to determine the fair value of the options. Option pricing models require the use of subjective estimates and assumptions including the expected stock price volatility. In the absence of volatility of the Company’s share price, the Company has used the annual volatility of the share prices of three comparable Canadian companies to estimate the Company’s share price volatility for use in the Black-Scholes option pricing model. Changes in the underlying assumptions can materially affect the fair value estimates. Therefore, in management’s opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company’s stock options

HempNova Lifetech Corporation

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(Unaudited, expressed in Canadian dollars, unless otherwise stated)

11. Convertible debenture

On October 20, 2020, the Company closed a \$4,198,600 convertible note financing (the "Notes"). The Notes are unsecured debt obligations of the Company and bear interest at a rate of 10% per annum.

The principal amount of the Notes is set to mature and become fully repayable on the third anniversary of the closing date, referred to as the "Maturity Date," provided no conversion has taken place. If conversion does occur, the conversion rate is established at \$0.50 per common share until the second anniversary of the closing date. Subsequently, the conversion rate will adjust to \$0.60 per common share, remaining in effect until the Maturity Date. The Company retains the option to redeem the Notes. Should this option be exercised, a 30-day notice will be issued to the purchaser prior to the Maturity Date.

During the nine months ending on March 31, 2025, the Company incurred total interest expenses of \$13,691 (compared to \$253,794 in 2024).

On July 20, 2024, the Company paid entire convertible debenture balance plus accrued interest, totalling \$2,658,100.

12. General and administrative expenses

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Audit and accounting	38,126	29,323	48,159	40,329
Consulting and management fees	39,622	68,518	518,060	215,238
Legal, filing and transfer agent fees	-	2,171	-	17,153
Office and miscellaneous	61,051	108,332	170,465	142,351
Salaries and benefits	126,239	80,670	324,294	213,076
Travel and others	18,892	9,077	51,446	24,805
	283,930	298,091	1,112,424	652,952

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13. Segment information

The Company defines its major operating segment as its industrial hemp processing in Oregon, USA and all of the Company's property, plant and equipment are located in Oregon, USA. All of the Company's customers are located in the USA. The geographical division of the Company's assets is as follows:

As of March 31, 2025	Canada	USA	Total
	\$	\$	\$
Current assets	6,272,567	4,952,778	11,225,345
Non-current assets	112,125	3,512,312	3,624,437
As of June 30, 2024	Canada	USA	Total
	\$	\$	\$
Current assets	1,751,790	9,630,768	11,382,558
Non-current assets	107,800	3,446,589	3,554,389

The following table summarizes the revenue and production in the USA during the three months and nine month ended March 31, 2025, and 2024:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	\$	\$		
Revenue	3,026,086	6,210,482	14,692,401	14,056,915
Cost of goods sold:				
Inventory expensed to cost of sales, before fair value adjustment	(1,213,983)	(2,282,369)	(5,549,528)	(6,179,696)
Production costs	(389,658)	(871,571)	(2,329,949)	(1,840,596)
Gross profit before fair value adjustments	1,422,445	3,056,542	6,812,924	6,036,623

14. Financial instruments

The Company is exposed in varying degrees to a variety of financial instrument-related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is the risk of liquidity of cash of \$3,573,280 as of March 31, 2025 (June 30, 2024 - \$6,126,954), short-term investment of \$4,456,560 as of March 31, 2025 (June 30, 2024 - \$684,350) and accounts receivable of \$2,833,725 as of March 31, 2025 (June 30, 2024 - \$3,828,794). As the Company's policy is to limit cash holdings to instruments issued by major banks, or investments of equivalent or better quality, the credit risk related to cash is considered by management to be negligible.

Significant customers account for greater than 10% of the Company's revenues. The loss of any of the Company's significant customers could have a material adverse effect on our business, consolidated results of operations and financial conditions.

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For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

14. Financial instruments (continued)

In the nine months ending on March 31, 2025, the Company recorded sales from two customers, each of whom individually contributed significantly to the total revenues generated throughout the period (27% and 36%, respectively). In the same period of 2024, the company recorded sales attributed to a single customer, significantly impacting the total revenues for the period, constituting 49%.

As of March 31, 2025, among all the customers in the accounts receivable, one customer individually represented significant portions of the total accounts receivable (54%). As of June 30, 2024, among all the customers in the accounts receivable, two customers individually represent significant portions of the total accounts receivable (62%, and 29%).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's primary exposure to liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities obligations of \$156,351 as of March 31, 2025 (June 30, 2024 - \$675,391).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not carry debt at a variable rate and is exposed to interest rate risk on its cash which is not considered significant.

Foreign currency risk

The Company's functional currency is the Canadian dollar, and the functional currency of its subsidiaries is the US dollar. Most foreign currency risk is related to US dollar funds held by the Company and its subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar. The Company does not hedge its exposure to currency fluctuations.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount due to its short-term nature. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

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For the three and nine months ended March 31, 2025 and 2024

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

14. Financial instruments (continued)

The following table summarizes the carrying value of financial instruments as of March 31, 2025, and June 30, 2024:

	March 31, 2025	June 30, 2024
Financial assets, amortized cost:	\$	\$
Cash and cash equivalents	3,573,280	6,126,954
Short-term investment	4,456,560	684,350
Accounts receivables	2,833,725	3,828,794
Other receivables	85,048	95,008
Financial liabilities, amortized cost:		
Accounts payable and accrued liabilities	156,351	675,391
Convertible debenture	-	2,498,600
Due to related parties	429,950	1,305,532
Lease obligations, current	40,678	27,905
Lease obligations, non-current	95,453	94,255
Loan from related party	-	980,157