

Unaudited Condensed Interim Consolidated Financial Statements of

GREEN RISE FOODS INC.

For the three and nine months ended September 30, 2024
(Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of Green Rise Foods Inc. (the “Company” or “Green Rise”) 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 condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity’s auditor.

Green Rise Foods Inc.
Condensed Interim Consolidated Statements of Financial Position
(unaudited)

<i>(thousands)</i>	September 30, 2024	December 31, 2023
Assets		
Current Assets:		
Trade and other receivables (note 11)	\$ 2,332	\$ 543
Inventory	326	990
Bearer plants (note 3)	1,295	1,731
Biological assets (note 3)	2,637	-
Prepaid expenses	53	167
	6,643	3,431
Non-current assets		
Due from related party (note 11)	-	82
Property, plant, and equipment (note 4)	48,554	50,569
Total Assets	\$ 55,197	\$ 54,082
Liabilities		
Current Liabilities		
Line of credit and revolver (note 6)	\$ 1,584	\$ 4,221
Trade payables	1,852	5,279
Deferred rent revenue (note 7)	515	-
Payable to 2073834 Ontario Ltd. (note 11)	453	453
Current portion of lease obligation (note 5)	101	133
Long-term debt (note 6)	41,054	42,315
	45,559	52,401
Non-current liabilities		
Lease obligation (note 5)	11	118
Promissory notes (note 8 and 11)	2,568	-
Deferred income tax liability	1,346	-
Total Liabilities	49,484	52,519
Shareholder's Equity		
Share Capital (note 9)	5,252	4,693
Contributed Surplus (note 10)	1,840	1,821
Deficit	(1,379)	(4,951)
Total Shareholder's Equity	5,713	1,563
Total Liabilities and Shareholder's Equity	\$ 55,197	\$ 54,082

Approved by the Board of Directors

(Signed) "Enrico (Rick) Paolone"
Director

(Signed) "Jerry Mancini"
Director

Going concern Note 1

Commitments Note 16

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

Green Rise Foods Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

(Amounts are in thousands of Canadian Dollars, except per share amounts)

(unaudited)

For the three and nine-months ended September 30, 2024, and 2023

	Three-months ended September 30, 2024	Three-months ended September 30, 2023	Nine-months ended September 30, 2024	Nine-months ended September 30, 2023
<i>(thousands, except share and per share amounts)</i>				
Revenue (note 12)	\$ 11,784	\$ 10,938	\$ 24,712	\$ 22,146
Cost of sales (note 13)	(9,264)	(9,550)	(16,188)	(16,471)
Gross income	2,520	1,388	8,524	5,675
Selling, general and administrative expenses (note 13)	(755)	(576)	(2,197)	(2,329)
Income from operations	1,765	812	6,327	3,346
Other income -government assistance (note 14)	158	-	777	146
Interest expense	(1,099)	(364)	(2,189)	(1,186)
Income before income taxes	824	448	4,915	2,306
Income tax expense	(223)	(104)	(1,343)	(583)
Net earnings and comprehensive earnings for the period	601	344	3,572	1,723
Basic and diluted income per share	\$ 0.01	\$ 0.01	\$ 0.08	\$ 0.04
Weighted average number of common shares outstanding	47,234,355	46,418,233	46,754,029	46,398,895

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

Green Rise Foods Inc.

Condensed Interim Consolidated Statement of Changes in Equity
(unaudited)

For the nine-month periods ended September 30, 2024, and 2023

<i>(thousands except share amounts)</i>	Number of shares	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Total Equity (\$)
Balance, December 31, 2023	46,505,732	\$ 4,693	\$ 1,821	\$ (4,951)	\$ 1,563
Stock options exercised (note 10)	583,334	259	(123)	-	136
Shares issued in private placement (notes 10 and 11)	500,000	300	-	-	300
Stock based compensation (note 10)	-	-	142	-	142
Comprehensive earnings for the period	-	-	-	3,572	3,572
Balance, September 30, 2024	47,589,066	\$ 5,252	\$ 1,840	\$ (1,379)	\$ 5,713

	Number of shares	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Total Equity (\$)
Balance, December 31, 2022	46,389,066	\$ 4,641	\$ 1,712	\$ (2,898)	\$ 3,455
Stock options exercised (note 10)	116,666	52	(24)	-	28
Stock based compensation (note 10)	-	-	117	-	117
Comprehensive earnings for the period	-	-	-	1,723	1,723
Balance, September 30, 2023	46,505,732	\$ 4,693	\$ 1,805	\$ (1,175)	\$ 5,323

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

Green Rise Foods Inc.
Condensed Interim Consolidated Statements of Cash Flows
(unaudited)

For the nine-month periods ended September 30, 2024, and 2023

<i>(thousands)</i>	September 30, 2024	September 30, 2023
Cash provided by (used in):		
Operating activities:		
Net earnings for the period	\$ 3,572	\$ 1,723
Adjustments for:		
Depreciation and amortization of property, plant and equipment and amortization of bearer plants	6,194	6,423
Amortization of deferred financing fees	-	14
Biological asset gain (note 3)	(2,637)	(2,400)
Change in unrealized loss / (gain) on mark to market adjustment on interest rate swaps (note 6)	285	(523)
Stock based compensation (note 10)	142	117
Deferred income tax expense	1,346	583
Net changes in non-cash working capital		
Trade receivables	(1,707)	(1,641)
Inventory	(79)	(38)
Prepaid expenses	114	254
Trade payable	(1,935)	(1,960)
Net cash inflow from operating activities	5,295	2,552
Investing activities:		
Costs incurred on bearer plants (note 3)	(2,905)	(3,689)
Acquisition of property, plant and equipment (note 4)	(94)	(375)
Net cash outflow from investing activities	(2,999)	(4,064)
Financing activities:		
(Repayment) / Drawn on operating line	(2,637)	3,442
Advance of prepaid rent (note 7)	1,009	-
Proceeds from promissory notes (note 8 and 11)	1,200	-
Repayment of promissory notes (note 8)	(619)	-
Proceeds from private placement (note 10 and 11)	300	-
Proceeds from exercise of options (note 10)	136	28
Repayment of long-term debts with Bank (note 6)	(1,546)	(1,845)
Payment of lease obligations (note 5)	(139)	(113)
Net cash (outflow) / inflow from financing activities	(2,296)	1,512
Change in cash during the period	-	-
Cash - Beginning of period	-	-
Cash - End of period	\$ -	\$ -

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

Green Rise Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Amounts are in thousands of Canadian Dollars, unless otherwise stated)
(unaudited)

For the three and nine-month periods ended September 30, 2024, and September 30, 2023

(Tabular amounts in thousands)

1. Nature of operations

Green Rise is a controlled environment agriculture grower of fresh produce. The Company has 89 acres of greenhouse ranges segmented into three different ranges: (1) 51-acres of ranges ("Green Rise 1" or "GR1") located in Leamington, Ontario; (2) 22-acres ("Green Rise 2" or "GR2") located in Kingsville, Ontario and an additional 16-acres ("Green Rise 3" or "GR3") also located in Kingsville, Ontario. The Company began its operations in 2018 by acquiring its GR1 ranges, via its wholly owned subsidiary Bull Market Farms Inc ("Bull Market").

On January 1, 2023, Bull Market, along with its subsidiary 2801511 Ontario Inc. ("280") were amalgamated into Green Rise. Pursuant to the amalgamation, all of the issued and outstanding shares of Bull Market and 280 were cancelled and the assets, obligations and liabilities of Bull Market and 280 were assumed by Green Rise. No securities of Green Rise were issued in connection with the amalgamation and the share capital of Green Rise remained unchanged. All three companies are Ontario corporations governed by the Business Corporations Act (Ontario) ("the Act") and the amalgamation was pursuant to Section 177 of the Act.

The Company's common shares are listed on the Toronto Venture Stock Exchange (the "TSX-V") under the trading symbol "GRF.V".

The address of the Company's registered office is 47 Colborne Street, Suite 301, Toronto, Ontario, M5E 1P8, Canada.

The seasonal operation consists of the growing, packaging and the sale of produce primarily to one major customer.

Going concern

The Company had a working capital deficit of \$38,916 on September 30, 2024 (December 31, 2023, a working capital deficit of \$48,970). The Company's ability to continue as a going concern is dependent on its ability to generate sufficient cash flows from its operations to meet its obligations as they come due, to remediate its breach of its 2023 annual fixed charge coverage ratio as described below and to have adequate cash resources at the end of the year to fund the investment required to set-up the following year's bearer plants.

Actions executed and events occurring during the nine-months ended September 30, 2024, to improve immediate cash flows of the Company include the advancement of prepaid rent (note 7), the conversion of \$1,987 in payables into a 3-year promissory note (note 8) and the receipt of \$619 (note 14) on the 2022 AgriStability Program. Furthermore, several operational changes enacted in the first quarter and maintained in the second and third quarters have helped achieve cash flows from operations that are aligned with the Company's annual plan. The success of the Company to continue to generate sufficient cash flows from operations is dependent on these items as well as weather as sunny days and cool nights are key factors in driving production yields higher and ultimately revenues and cash flows.

The Company was in breach to comply with its annual fixed charge coverage covenant ratio for the year ended December 31, 2023. This covenant requires the Company to maintain a ratio of 1.1:1. Following a review by the Company's lender the Royal Bank of Canada ("RBC"), the Company was required to inject \$3 million by August 1, 2024, to bring the Company into compliance with its 2023 annual fixed charge coverage covenant ratio. In light of discussions held in the summer between the Company and RBC and operational results realized from the Company's 2024 harvest, the originally contemplated injection, by August 1, 2024, was reduced by

Green Rise Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements

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(Tabular amounts in thousands)

RBC to \$1.5 million. This was satisfied on or prior to August 1, 2024, by a \$300 private placement and the issuance to certain directors of the Company, in the aggregate, of \$1.2 million in non-convertible promissory notes. Furthermore, the remaining \$1.5 million capital injection was postponed by RBC to November 1, 2024, subject to review by RBC to determine whether it would no longer be necessary considering then prevailing cash flows and the results of operations. The Company is currently in discussions with RBC to determine whether the additional capital is required given the positive operational results, and fully expects to take, if necessary, steps to remediate the 2023 covenant breach. While the Company has been successful in the past in raising capital, there is no assurance that it will be successful in closing further financings in the future or obtaining waivers of covenant breaches if required in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These interim condensed consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its net assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. These condensed interim consolidated financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenue, and expenses and the statement of financial position classification used if the Company was unable to continue operations in accordance with this assumption. Such adjustments could be material.

2. Basis of Presentation

These interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, under IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim financial statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2023, except as disclosed herein.

The interim financial statements do not include all the disclosures included in the annual audited consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements and the notes thereto for the year ended December 31, 2023. These interim consolidated financial statements were approved by the Audit Committee of the Company for issue on October 28, 2024.

The interim financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, and are presented in Canadian dollars, rounded to the nearest thousand except when otherwise indicated.

Basis of Consolidation

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases.

These condensed interim consolidated financial statements include the accounts of the Company and the wholly owned subsidiary, Mor Gro Sales Inc. All intercompany balances, transactions, unrealized gains, and losses resulting from intercompany transactions have been eliminated on consolidation.

Green Rise Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Amounts are in thousands of Canadian Dollars, unless otherwise stated)
(unaudited)

For the three and nine-month periods ended September 30, 2024, and September 30, 2023

(Tabular amounts in thousands)

New Accounting Standards issued but not Effective

FRS 18 – Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 “Presentation and Disclosure in the Financial Statements” (“IFRS 18”) replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 “Earnings per Share” were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

3. Bearer plants & Biological assets

Bearer plants

A reconciliation of beginning and ending balance of bearer plant assets is as follows:

(\$000s)	September 30, 2024	December 31, 2023
Bearer plants – beginning of the year	1,731	1,691
Reclassification from inventory	743	157
Additions	2,906	5,494
Depreciation of bearer plants	(4,085)	(5,611)
Bearer plants – end of the period	1,295	1,731

Bearer plant costs net of depreciation of \$1,295 as at September 30, 2024, consist of costs directly attributable to bringing the bearer plants to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs of site preparation incurred on or before December 31, 2023, pertaining to the 2024 crop.

Biological assets

The Company did not have any biological assets as at December 31, 2023; however, it did have biological assets as at September 30, 2024, consisting of tomatoes and mini peppers growing on the vines. Sales of tomatoes started at the end of the first quarter and the sale of mini-peppers started after the quarter-ended March 31, 2024. The growing cycle for each harvest ranges from five to nine weeks.

The change in carrying value of the Company’s biological assets are as follows:

(\$000s)	September 30, 2024	December 31, 2023
Biological assets – beginning of the year	-	-
Net change in unrealized gains due to biological asset transformation	2,637	-
Biological assets – end of the period	2,637	-

Green Rise Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Amounts are in thousands of Canadian Dollars, unless otherwise stated)

(unaudited)

For the three and nine-month periods ended September 30, 2024, and September 30, 2023

(Tabular amounts in thousands)

In determining the carrying amount of biological assets, which are measured at fair value less costs to sell, the following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy, are used by management as part of this model:

- Selling price and yield – determined using the actual selling price per pound and yield in the following period; and
- Post-harvest costs – calculated as the harvesting and overhead costs for the five to six (mini-peppers) and the seven to nine weeks (tomatoes) following the period ended, consisting of the cost of direct and indirect materials and labour related to packaging.

4. Property, plant, and equipment:

(\$000s)	Land	Greenhouse	Buildings	Machinery and equipment	Vehicle	Right-of-use assets	Total
Cost:							
Balance – December 31, 2023	6,470	44,338	2,833	7,444	45	713	61,843
Additions	-	8	64	22 ¹	-	-	94
Balance – September 30, 2024	6,470	44,346	2,897	7,466	45	713	61,937
Accumulated depreciation:							
Balance – December 31, 2023	-	7,735	360	2,637	12	530	11,274
Additions	-	1,352	86	564	4	103	2,109
Balance – September 30, 2024	-	9,087	446	3,201	16	633	13,383
Net book value							
Balance – September 30, 2024	6,470	35,259	2,451	4,265	29	80	48,554

Net book value

Balance – December 31, 2023	6,470	36,603	2,473	4,807	33	183	50,569
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1. During the nine months ended September 30, 2024, the Company received a \$109 grant on the Save the Energy Program. This related to the installation of trial LED lighting systems that were installed and capitalized in 2023. The grant received was applied directly to the costs capitalized for this project.

5. Lease obligations

Continuity schedule:

(\$000s)	September 30, 2024	December 31, 2023
Lease obligation – beginning of the year	251	297
Additions	-	105
Lease payments, excluding interest	(139)	(151)
Less: Current portion	(101)	(133)
Long term lease obligation – end of the period	11	118

Balance sheet summary:

(\$000s)	September 30, 2024	December 31, 2023
Current lease obligation -end of period	101	133
Long term lease obligation -end of period	11	118
Total lease obligation – end of the period	112	251

The lease payments are discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate.

Green Rise Foods Inc.**Notes to the Condensed Interim Consolidated Financial Statements**

(Amounts are in thousands of Canadian Dollars, unless otherwise stated)

(unaudited)

For the three and nine-month periods ended September 30, 2024, and September 30, 2023

(Tabular amounts in thousands)

During 2023, the Company leased a truck for its GR1 greenhouse range with a value of \$35 with an effective interest rate of 5.5% with blended biweekly payments of \$0.5 plus applicable taxes for 36 months ending in August 2026.

During 2021, the Company, through its acquisition of GR2 acquired the use of an equipment labeler with a value of \$230 with an effective interest rate of 5.5% with annual payments of \$38 plus applicable taxes with 12 months remaining on its 36-month term ending December 31, 2023. In 2023, the Company exercised its right to extend the lease for the use of the equipment labeler for an additional two years, with a value of \$70 with an effective interest rate of 7.95% with annual payments of \$38 plus applicable taxes.

6. Long-term debt**Continuity schedule:**

(\$000s)	September 30, 2024	December 31, 2023
Loans and mortgages, gross of deferred financing fees -beginning of the period	42,315	44,584
Amortization of deferred financing fees reported in current liabilities	-	19
Repayments during the period	(1,546)	(2,377)
Change to mark to market valuation (gain) loss on interest rate swap	285	89
Less: Current portion	(41,054)	(42,315)
Long-term portion	-	-

Balance sheet summary:

(\$000s)	September 30, 2024	December 31, 2023
Current portion of long-term debt -end of period	41,054	42,315
Long term portion of long-term debt -end of period	-	-
Total long-term debt obligation – end of the period	41,054	42,315

On December 27, 2023, the Company refinanced a mortgage on its GR1 property (“the open mortgage”), with a principal balance of \$4,113, with the Royal Bank of Canada (“RBC”). Immediately following the approval, the Company entered into an interest rate swap agreement with RBC for the same notional amount of \$4,113 and term of 3-years at an all-in-interest rate fixed at 3.98% for three years and the credit spread is currently fixed at 1.55%. The credit spread is set annually by RBC. The next annual review of the credit spread is in Q2 of 2025.

Effectively the Company swapped the interest rate and repayment obligations of the open mortgage with the interest and repayment obligations of the interest rate swap. The interest rate is paid quarterly and has the same principal repayments amounts as the open mortgage. The interest rate swap is measured at fair value which resulted in an unrealized loss of \$40 for the nine-month period ended September 30, 2024 (nil in the comparative period as the swap came into effect on December 31, 2023) and an unrealized loss of \$85 for the three-month period ended September 30, 2024 (nil for the comparative period as the swap came into effect on December 31, 2023). The unrealized loss has been recorded in the statement of income and comprehensive income as an increase to interest expense. The interest rate swap quarterly blended payments including interest and principal range from \$116 to \$123 over the 3-year term. The open mortgage replaced the prior mortgage, which was entered into on December 31, 2020, for a 3-year term at a fixed rate of 1.95% and was also held with RBC and had interest and principal monthly payments of \$32.

Green Rise Foods Inc.**Notes to the Condensed Interim Consolidated Financial Statements**

(Amounts are in thousands of Canadian Dollars, unless otherwise stated)

(unaudited)

For the three and nine-month periods ended September 30, 2024, and September 30, 2023

(Tabular amounts in thousands)

On July 18, 2023, with an effective date of June 30, 2023, the Company refinanced another mortgage on its GR1 property, with a principal balance of \$12,773, with RBC. The new mortgage has a term of 3-years, bears interest at a rate of 5.75% per annum and has monthly payments of \$106 representing blended interest and principal. This new mortgage replaced a prior mortgage, which was entered into on June 30, 2018, for a 5-year term at a fixed rate of 3.99% and was also held with RBC and had interest and principal monthly payments of \$129.

On June 30, 2022, the Company entered a first mortgage with RBC in the amount of \$15,350. The mortgage has an open variable interest rate at the prime interest rate plus 1.0% per annum. Proceeds from this mortgage were used entirely to fund the GR3 acquisition and resulting closing transaction costs and taxes. On July 20, 2022, and in order to manage the volatility of interest rates, the Company entered into an interest rate swap agreement, with RBC for a notional amount of \$15,350 and term of 5-years at an all-in interest rate fixed at 3.84% for five years and the credit spread currently fixed at 1.25%. The credit spread is set annually by RBC. The next annual review of the Company's credit spread will be finalized in Q2 of fiscal 2025. Effectively the Company swapped the interest rate and repayment obligations on the open mortgage with the interest and repayment obligations of the interest rate swap. The interest rate swap is paid out quarterly and has the same principal repayment amounts as the open mortgage. The interest rate swap is measured at fair value which resulted in an unrealized loss of \$245 for the nine-month period ended September 30, 2024 (unrealized gain of \$523 for the nine-month period ended September 30, 2023) and an unrealized loss of \$364 for the three-month period ended September 30, 2024 (unrealized gain of \$246 for the three-month period ended September 30, 2023). The unrealized (gain) or loss from the mark to market adjustments on swaps is recorded as a (decrease) / increase in interest expense in the statement of income and comprehensive income.

RBC has collateral mortgage in the amount of \$36,000 constituting a first fixed charge on the land and improvements located at 2633 Albuna Townline Road, Leamington, Ontario, a collateral mortgage in the amount of \$18,153 constituting a first fixed charge on the land and improvements located at 1921 Road 3 East, Kingsville, Ontario and a first collateral mortgage in the amount of \$20,000 constituting a first fixed charge on the land and improvements located at 795 Road 4 East, Kingsville, Ontario.

Credit facilities

On July 18, 2023, with an effective date of June 30, 2023, the Company made the following amendments to its Credit Facilities. (1) The Company's RBC credit facility was increased to \$7.3 million on its three operating lines (previously \$6.6 million). (2) A new revolver facility with a maximum drawing amount of \$0.8 million was established with an annual interest of prime plus 1% on drawn balances. The purpose of this revolver facility is primarily to fund capital expenditures and requires approval from RBC before an amount can be drawn. (3) The annual certification on a fixed coverage ratio was changed to 1.1 to 1 from 1.25 to 1. The RBC credit facilities are secured via a general security agreement against all the assets of the Company, including receivables, inventory and machinery and equipment.

As at September 30, 2024, \$1,005 had been drawn on the credit facility (\$3,755 as at December 31, 2023) leaving an undrawn balance of \$6,295 (\$3,545 as at December 31, 2023). All the operating lines bear an interest rate of prime plus 1% per annum.

As at September 30, 2024, \$579 had been drawn on the revolver (\$466 as at December 31, 2023) leaving an undrawn balance of \$221 (\$334 as at December 31, 2023). The revolver bears interest rate of prime plus 1% per annum.

Green Rise Foods Inc.**Notes to the Condensed Interim Consolidated Financial Statements**

(Amounts are in thousands of Canadian Dollars, unless otherwise stated)

(unaudited)

For the three and nine-month periods ended September 30, 2024, and September 30, 2023

*(Tabular amounts in thousands)***Financial covenants**

Borrowings under the RBC credit facilities are expected to resolve with operating requirements and have a zero balance of at least 1 Business Day in each fiscal year. The credit facility also requires an annual certification on a fixed charge coverage ratio of 1.1 to 1. The Company was in breach to comply with its annual fixed charge coverage covenant ratio, for the year ended December 31, 2023. This covenant requires the Company to maintain a ratio of 1.1:1. Following a review by the Company's lender RBC, the Company was required to inject \$3 million by August 1, 2024, to bring the Company into compliance with its 2023 annual fixed charge coverage covenant ratio. In light of discussions held in the summer between the Company and RBC and operational results realized from the Company's 2024 harvest, the originally contemplated injection, by August 1, 2024, was reduced by RBC to \$1.5 million. This was satisfied on or prior to August 1, 2024, by a \$300 private placement and the issuance to certain directors of the Company, in the aggregate, of \$1.2 million in non-convertible non-promissory notes. Furthermore, the remaining \$1.5 million capital injection was postponed by RBC to November 1, 2024, subject to review by RBC to determine whether it would no longer be necessary considering then prevailing cash flows and the results of operations. The Company is currently in discussions with RBC to determine whether the additional capital is required given recent positive operational results, and fully expects to take, if necessary, steps to remediate the 2023 covenant breach.

7. Deferred rent revenue

On March 27, 2024, the Company received \$1,009, from its principal customer to cover the basic monthly rent due, covering the Period April 1, 2024, to March 31, 2025, on the portion of the GR1 greenhouse leased to this principal customer. The amount received was discounted at an annual rate of 8.31%. The total undiscounted basic rent over this period is \$1,050.

Continuity schedule:

(\$000s)	September 30, 2024	December 31, 2023
Deferred rent revenue -beginning of the period	-	-
Net advancement of prepaid rent during the period	1,009	-
Add interest accrued on balance during the period	31	-
Prepaid rent earned during the period	(525)	-
Deferred rent revenue -end of period	515	-

8. Promissory Notes**Continuity schedule:**

(\$000s)	September 30, 2024	December 31, 2023
Promissory notes -beginning of the period	-	-
Reclassified from accounts payable during the period	1,987	-
Promissory notes issued during the period (note 11)	1,200	-
Payments made during the period	(619)	-
Less Current Portion:	-	-
Promissory notes long term portion -end of period	2,568	-

Green Rise Foods Inc.**Notes to the Condensed Interim Consolidated Financial Statements**

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(unaudited)

For the three and nine-month periods ended September 30, 2024, and September 30, 2023

(Tabular amounts in thousands)

On August 29, 2024, the Company issued to three directors of the Company, or family corporations controlled by them or with which they have a relationship ("the Lenders"), an aggregate of \$1.2 million of non-convertible promissory notes ("the Notes"), evidencing three separate loans to the Lenders in the principal amount of \$400 each (note 11). The Notes were advanced on August 1, 2024, bear interest at 8.31% per annum, with interest paid monthly and the principal to be paid at maturity on June 30, 2026, provided that such payment of principal is no longer subject to postponement in favor of RBC or the latter has consented to such payment. The Company, if and when authorized by RBC, has the option to repay any principal amount owing under the Notes and any unpaid interest thereon on or before maturity. The Company has provided a general security agreement for the Notes and interest is payable from the earliest of August 1, 2024 and the day the loans were advanced.

On March 27, 2024, the Company converted \$1,987, from its trade accounts payable to a three-year, interest-bearing promissory note. The Company's principal customer is the counterparty for both the trade accounts payable balance and interest only promissory note. The promissory note bears annual interest at 8.31%, on the principal outstanding balance with interest payable at the end of each month. The promissory note also has two early payment triggers for principal which include (1) proceeds from the AgriStability Program and (2) proceeds from insurance claims. With the receipt of the 2022 AgriStability in Q2 of 2024, the Company repaid \$619 on this promissory note leaving a balance of \$1,368 as at September 30, 2024. A mortgage and general security agreement, second only to that of the Royal Bank of Canada mortgage and general security agreements, has also been provided on this promissory note.

9. Share capital

	Number of Shares	Amount (\$000s)
Common shares:		
Common Shares, December 31, 2023	46,505,732	4,693
Stock options exercised on June 21, 2024 (i)	100,000	45
Shares issued in private placement (ii)	500,000	300
Stock options exercised on September 2 & 3, 2024 (iii)	483,334	214
Common Shares, September 30, 2024	47,589,066	5,252

- i) On June 21, 2024, a Director of the Company exercised 100,000 options with a strike price of \$0.24, resulting in the issuance of 100,000 common shares and net cash proceeds of \$24. In addition, a total of \$21, representing the stock-based compensation of these options that had previously been credited to contributed surplus, was reclassified into share capital. The share price on the day of exercise was 60 cents per share.
- ii) On July 3, 2024, the Company closed a private placement with the Chief Financial Officer ("CFO") of the Company issuing 500,000 common shares of the Company at a price of CA\$0.60 per common share for gross cash proceeds of \$300.
- iii) On September 2, 2024, the CEO of the Company exercised 100,000 options with a strike price of \$0.20, resulting in the issuance of 100,000 common shares and net cash proceeds of \$20. In addition, a total of \$21, representing the stock-based compensation of these options that had previously been credited to contributed surplus, was reclassified into share capital. The share price on the day of exercise was 60 cents per share.

On September 2 & 3, 2024, Directors of the Company exercised 383,334 options with a strike price of \$0.24, resulting in the issuance of 383,334 common shares and net cash proceeds of \$92. In addition, a total of \$81, representing the stock-based compensation of these options that had previously been credited to contributed surplus, was reclassified into share capital. The share price on the days of exercise was 60 cents per share.

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(Amounts are in thousands of Canadian Dollars, unless otherwise stated)

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*(Tabular amounts in thousands)***10. Contributed surplus***Stock Option Plan*

The Company has implemented a rolling stock option plan as it reserves a maximum of 10% of the issued and outstanding common shares of the Company for issuance under the Stock Option Plan. Options granted shall vest one third on each anniversary date (unless otherwise determined by the Company's Board) and are exercisable for a period of up to ten years.

Shared Based Compensation

	Number of Options	Weighted Average Exercise Price
Balance of outstanding options as at December 31, 2023	1,416,670	\$0.36
Options exercised	(583,334)	\$0.23
Options issued	1,050,000	\$0.60
Options forfeited	(50,000)	\$0.56
Balance of outstanding options as at September 30, 2024	1,833,336	\$0.53

On April 24, 2024, the Company issued 150,000 options to the independent directors of the Company. The estimated fair value of the stock options was based on a Black Scholes valuation model and amounted to \$70. The following assumptions were used -stock exercise price of \$0.60, expected dividend yield of 0%, expected volatility of 104%, risk free rate of 3.82%, vesting period 1 year and expected life of five years. Volatility was estimated based upon historical price observations over a 3-year period.

On July 3, 2024, the Company issued 900,000 options to the CFO of the Company. The estimated fair value of the stock options was based on a Black-Scholes valuation model and amounted to \$413. The following assumptions were used -stock exercise price of \$0.60, expected dividend yield of 0%, expected volatility of 101%, risk free rate of 3.57%, vesting period 3 years and expected life of 5 years. Volatility was estimated based upon historical price observations over a 3-year period.

The Company recorded stock-based compensation expense of \$142 for the nine-months ended September 30, 2024 (\$117 for the nine-months ended September 30, 2023) and \$96 for the three-months ended September 30, 2024 (\$35 for the three-months ended September 30, 2023).

Exercise prices	Stock options outstanding		Stock options exercisable	
	Stock options outstanding	Weighted Average remaining contractual life (years)	Stock options exercisable	Weighted average exercise price (\$/option)
\$0.24	283,336	0.14	283,336	\$0.18
\$0.56	500,000	0.84	100,000	\$0.15
\$0.60	150,000	0.37	-	-
\$0.60	900,000	2.33	-	-
\$0.24 - \$0.60	1,833,336	3.68	383,336	\$0.33

Green Rise Foods Inc.

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(Tabular amounts in thousands)

11. Related party transactions

Key management personnel are those persons having authority for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors. For the nine-month period ended September 30, 2024, the Company paid \$483 in management salaries (\$442 for the nine-month period ended September 30, 2023) and had \$119 in stock-based compensation (\$69 for the nine-month period ended September 30, 2023). For the three-month period ended September 30, 2024, the Company paid \$164 in management salaries and incurred \$88 in stock-based compensation (\$155 and \$21 respectively for the three-month period ended September 30, 2023).

The Company also incurred \$23 in professional fees to one of its Directors, for the period ended September 30, 2024 (\$2 for professional fees provided for the period ended September 30, 2023). The professional fees provided were at fair value and related to legal services.

On August 29, 2024, the Company also raised \$1.2 million in non-convertible notes from three directors of the Company or family corporations controlled by them or with which they have a relationship (the "Lenders"). During the quarter, a total of \$17 in interest payments was incurred and paid out on the notes. For a more detailed description on the transaction refer to note 8.

On July 3, 2024, the Company raised \$300 via a private placement with the CFO of the Company. For a more detailed description on the transaction refer to note 9.

As of September 30, 2024, the Company also held non-interest-bearing notes receivable for \$112 from two of its officers (\$82 for the period ended September 30, 2023). One of the notes with a face value of \$30 is expected to be settled in the fourth quarter of 2024 and the other note, with a face value of \$82, is expected to be settled in Q2 of Fiscal 2025.

All options exercised during the nine-month period ended September 30, 2024, were with Directors of the Company (excluding 133,334 options, with a strike price of 24 cents per share, that were issued and exercised by an employee of the Company). The options have been summarized in notes 9 & 10 (No options were issued and exercised for the nine-month period ended September 30, 2023).

On June 30, 2022, the Company, acquired its third greenhouse range from 2073834 Ontario Ltd., ("207") a company principally controlled by Adam Suder the Company's Chief Growth Officer. Total consideration for this acquisition was \$15,051. Of this amount \$14,634 has been paid in cash. Payment for the remaining \$417 plus \$36 in finance related costs are payable as at September 30, 2024, but are expected to be paid in Q2 of Fiscal 2025, subject to the approval by the Royal Bank of Canada.

Green Rise Foods Inc.

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(Tabular amounts in thousands)

12. Revenue

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
(\$000s)				
Sales of fresh produce	\$11,505	\$10,655	\$23,876	\$21,548
Rent ¹	279	283	836	598
Total	\$11,784	\$10,938	\$24,712	\$22,146

1. The Company leases a portion of its greenhouse space at GR1 to its principal customer. The current lease commenced on June 16, 2023, with a term to December 31, 2026, and has 2, two-year option renewals. These renewals are at the option of the principal customer with the same terms and conditions excluding basic rent which will be set at fair market value at the time of renewal.

13. Expenses by Nature

The following table outlines the Company's significant expenses by nature:

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
(\$000s)				
Cost of sales				
Raw materials and consumables used	\$2,252	\$2,431	\$5,637	\$5,916
Labor	3,390	2,984	6,922	6,432
Depreciation (note 4)	2,572	2,777	5,931	6,144
Unrealized loss (gain) on change in fair value of biological assets (note 3)	934	1,213	(2,637)	(2,400)
Repairs and maintenance	54	71	185	258
Other	62	74	150	122
Total	\$9,264	\$9,550	\$16,188	\$16,471

	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
(\$000s)				
Selling, general and administrative expenses ¹				
Salaries	\$179	\$159	\$526	\$452
Marketing board fees	25	26	50	51
Insurance	74	73	290	271
Depreciation (note 4)	85	93	263	280
Office rent	30	12	75	40
Professional services	84	41	347	708
Stock based compensation	96	36	142	117
Other	182	136	504	410
Total	\$755	\$576	\$2,197	\$2,329

Green Rise Foods Inc.

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(Tabular amounts in thousands)

14. Other income -government assistance

(000s)	For the three-month period ended September 30, 2024	For the three-month period ended September 30, 2023	For the nine-month period ended September 30, 2024	For the nine-month period ended September 30, 2023
Government Programs				
-SDRM	\$ 158	\$ -	\$ 158	\$144
-Refundable Fuel Tax Credit	-	-	-	2
-AgriStability	-	-	619	-
Total	\$ 158	\$ -	\$777	\$146

In August 2024 the Company was awarded \$158 on the SDRM program (\$144 in the prior year period). The SDRM program helps growers manage risks beyond their control to help mitigate risk associated with farm businesses. In April 2024 the Company was

awarded \$619 on the 2022 AgriStability program. The AgriStability program is a Business Risk Management Program under Sustainable Canadian Agriculture Partnership. It helps farmers manage income risk by providing financial assistance when their farm business experiences a large margin decline. Both programs are administered by AgriCorp, an Ontario Government agency. The application for the SDRM program in 2023 was submitted in February 2023 and it was awarded in March and June of 2023. The refundable fuel tax program is assessed as part of the annual tax return. This program allows farming businesses, with one or more establishments in Ontario, Manitoba, Saskatchewan and Alberta to have a portion of their fuel charges and farming expenses returned to them.

15. Financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. These amounts are initially recognized at fair value and subsequently are measured at amortized cost. The fair value of these amounts approximates their carrying values. All other assets and liabilities are determined using Level 3 of the fair value hierarchy.

Fair values of financial instruments are determined by valuation methods depending on the hierarchy levels as defined below:

- Level 1 – quoted market price in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the assets or liabilities that are not based on observable market data.

Assets/Liabilities	Category	Measurement	September 30, 2024	December 31, 2023
Trade receivables	Financial asset	Amortized cost	2,033	172
Other receivables	Financial asset	Amortized cost	299	371
Other long-term receivables	Financial asset	Amortized cost	-	82
Interest rate swaps	Financial assets / (liabilities) ¹	Fair value	(363)	(78)
Operating and Revolver lines	Financial liabilities	Amortized cost	1,584	4,221
Trade payables	Financial liabilities	Amortized cost	1,852	5,279
Deferred rent revenue	Financial liabilities	Amortized cost	515	-
Payable to 2073834 Ontario Ltd.	Financial liabilities	Amortized cost	453	453
Lease obligations	Financial liabilities	Amortized cost	112	251
Promissory note	Financial liabilities	Amortized cost	2,568	-
Long-term debt	Financial liabilities	Amortized cost	40,691	42,315

1. Interest rate swap assets / (liabilities) are presented on the interim condensed consolidated statements of financial position in long-term debt. The interest rate swap is classified as level 2 in the fair value hierarchy as the fair value has been determined based on inputs which can be substantially observed or corroborated in the marketplace.

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*(Tabular amounts in thousands)***Management of financial risk**

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest rate risk.

Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. The Company believes its maximum exposure to credit risk is the carrying value of its trade and other receivables. As at September 30, 2024, a total of \$2,033 was owed by customers (December 31, 2023: \$172), \$187 related to HST (December 31, 2023: \$269) and \$112 related to two non-interest bearing loans issued to two officers of the Company (refer to note 11). The non-interest-bearing loans are expected to be settled over the next 12-months. All amounts owed have been substantially collected. subsequent to the quarter ended September 30, 2024, with exception to the non-interest bearings loans for \$112. The other receivable balance as of December 31, 2023, also included \$51 owed from one of the Company's gas suppliers which was fully collected in January 2024 and \$51 was due from the 2023 Return on Fuel Charge Credit Program ("RFCC") which was collected in the third quarter of 2024.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its obligations as they fall due. It is the Company's intention to meet its obligations through the collection of accounts receivable and cash from sales. The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company is exposed to risks related to seasonality as there is limited revenue from January through to mid April. If the current resources and cash generated from operations is insufficient to satisfy its obligations, the Company can draw on its credit facility. The table below summarizes the timing of the due dates of the Company's financial obligations.

As at September 30, 2024, the following obligations are due:

(\$000s)	Total	Less than 1 year	1 to 5 years	Over 5 years
Operating lines and Revolver	1,584	1,584	-	-
Trade payables	1,852	1,852	-	-
Deferred rent revenue	515	515	-	-
Payable to 2073834 Ontario Ltd.	453	453	-	-
Lease obligations	112	101	11	-
Promissory note	2,568	-	2,568	-
Mortgage loans	41,054	41,054	-	-
Total	48,138	45,559	2,579	-

As at September 30, 2024, the Company's operating line is \$7,300 of which \$1,005 had been drawn leaving an undrawn balance of \$6,295 (\$7,300 of which \$3,755 was drawn and \$3,545 was undrawn as at December 31, 2023). As of the date of this report, all three farms are virus free and the Company is generating meaningful cash flows from its produce production with production yields and operating costs aligned with its annual forecast.

The Company had a working capital deficit of \$38,916 as at September 30, 2024 (\$48,970 deficit as at December 31, 2023). The Company did not meet its annual fixed charge coverage ratio for the year ended December 31, 2023, which required the Company to maintain a fixed charge coverage ratio of 1.1:1 and as a result, the entire mortgage balance, including \$38,840 which would normally be

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classified as long-term, has been classified as current on the statement of financial position. The Company has and continues to manage this risk exposure by increasing produce yields, minimizing waste, and improving labor efficiencies. Following a review by the Company's lender the Royal Bank of Canada ("RBC"), the Company was required to inject \$3 million by August 1, 2024, to bring the Company into compliance with its 2023 annual fixed charge coverage covenant ratio. In light of discussions held in the summer between the Company and RBC and operational results realized from the Company's 2024 harvest, the originally contemplated injection, by August 1, 2024, was reduced by RBC to \$1.5 million. This was satisfied on or prior to August 1, 2024, by a \$300 private placement and the issuance to certain directors of the Company, in the aggregate, of \$1.2 million in non-convertible promissory notes. Furthermore, the remaining \$1.5 million capital injection was postponed by RBC to November 1, 2024, subject to review by RBC to determine whether it would no longer be necessary considering then prevailing cash flows and the results of operations. The Company is currently in discussions with RBC to determine whether the additional capital is required given the recent positive operational results, and fully expects to take, if necessary, steps to remediate the 2023 covenant breach. With these measures and the remediation of the covenant breach, the Company expects to have enough cash resources to meet its obligations in 2024 and have sufficient cash resources as at December 31, 2024, to fully fund its 2025 bearer plants investments.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans, with exception to its one mortgage on its GR1 property and the GR3 mortgage which have open rate interest rate, have fixed rates of interest and are therefore subject to the risk of changes in fair value if the prevailing interest rate were to increase or decrease. To mitigate the interest rate risk on open variable loans, the Company uses derivative financial instruments (interest rate swaps) to exchange the variable rate inherent in the long-term debt for a fixed rate (see note 6).

Management of capital risk

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at September 30, 2024, totaled \$5,713 (December 31, 2023 -\$1,563).

The Company's objectives when managing capital are to safeguard its assets and maintain a competitive cost structure, continue as a going concern and provide returns to its shareholders. In addition, the Company works with all relevant stakeholders to ensure the safety of its operations and employees and to remain in compliance with all environmental regulations.

The Company manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company's management holds strict financial metrics when evaluating returns on greenhouses and in deciding the composition (debt vs equity) in funding deals or addressing any shortfalls in capital. The Company continued to pay down its mortgage debt (paid \$1.5 million during the nine-months ended September 30, 2024 (\$1.8 million during the nine-months ended September 30, 2023)) and utilizes its equity position in its real properties to refinance and fund deals. The Company also assesses government programs such as AgriStability, to help address any years where gross margins fall below the Company's 5-year historic gross margin average.

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(Tabular amounts in thousands)

16. Commitments and Contingencies

As at September 30, 2024, the payments due by period are set out in the following table:

<i>(\$000s)</i>	Total	Less than 1 Year	1 – 5 Years	After 5 Years
Purchase commitments	1,481	718	763	-

As at September 31, 2024, purchase commitments consist of commitments to acquire gas through to February 2027.

The Company has entered into an agreement with a customer for a 10-year period to supply produce at its GR1 greenhouse range. This agreement expires in 2028. The Company has also entered into a second supply agreement on its GR3 property, to supply produce at its GR3 greenhouse range with this same customer. The second agreement automatically renews each year unless otherwise terminated by either party not later than 90 days prior to the end of the applicable term.

Contingencies

The Company may be involved in legal proceedings from time to time arising in the ordinary course of business. Contingencies will be accrued when the outcome is probable, and the amount can be reasonably estimated.

Based on the Company's knowledge of events at September 30, 2024, no such matters were identified.