Farmworks Investment Co-operative Limited
Financial Information
For the Period Ended June 30, 2026

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Compilation Engagement Report

To members of Farmworks Investment Co-operative Limited

On the basis of information provided by management, we have compiled the balance sheet of Farmworks Investment Co-operative Limited as at June 30, 2026 and the statements of operations and deficit and cash flows for the period then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information (the "financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

BDO Canada LLP

Chartered Professional Accountants

Halifax, Nova Scotia
August 20, 2026

Farmworks Investment Co-operative Limited
Balance Sheet

June 30		2026		2025
Assets				
Current				
Cash	$	**494,943**	$	600,459
Term deposit		**53,113**		51,556
Loans receivable - current portion (Note 3)		**956,661**		1,084,792
Deferred tax asset		**2,332**		-
		1,507,049		1,736,807
Loans receivable (Note 3)		**3,570,783**		3,408,621
	$	**5,077,832**	$	5,145,428

Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	$	**5,315**	$	19,152
Income taxes payable		**457**		-
		5,772		19,152
Shareholders' Equity				
Share capital (Note 4)		**5,533,300**		5,221,100
Deficit		**(461,240)**		(94,824)
		5,072,060		5,126,276
	$	**5,077,832**	$	5,145,428

Approved by the Board:

Linda Best Director

Lindsay Reid Director

Farmworks Investment Co-operative Limited
Statement of Operations

For the Six Month Period Ended June 30		2026		2025
Revenue				
Interest income	$	103,231	$	114,410
Loan losses recovered		590		2,526
Grants and subsidies		-		11,250
Miscellaneous		12,138		1,142
		115,959		129,327
Operating expenses				
Administrative fees		7,550		7,547
Advertising		499		1,864
Board		1,946		2,010
Client related expenses		6,364		3,604
Loan loss impairment		29,874		-
Office		16,319		14,322
Professional fees		36,092		8,497
Share offering and promotion		3,603		7,076
Wages		21,635		22,132
		123,882		67,052
Net and comprehensive Income (loss) before income taxes		(7,923)		62,275
Income taxes - current		-		-
Net and comprehensive income (loss)		(7,923)		62,275

Farmworks Investment Co-operative Limited
Statement of Deficit

For the Six Month Period Ended June 30	2026	2025
Deficit		
Net Income (loss) for the Period	(7,923)	62,275
Dividends Declared	-	-
Net Decrease (Increase) in Deficit	(7,923)	62,275
Deficit, Beginning of Year	(453,317)	(157,099)
Deficit, End of Period	(461,240)	(94,824)

Farmworks Investment Co-operative Limited
Statement of Cash Flows

For the Six Month Period Ended June 30	2026	2025
Operating activities		
Net and comprehensive income (loss)	$ (7,923)	$ 62,275
Adjustments for:		
Loan loss impairment	29,874	763
Income taxes receivable	(18,786)	(14,567)
	3,165	48,471
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	(19,832)	14,710
Total cash inflows (outflows) from operating activities	(16,667)	63,181
Financing activities		
Redemption of share capital	(116,100)	(147,910)
Issuance of share capital	520,100	300,000
Total cash inflows from financing activities	404,000	152,090
Investing activities		
Issuance of loans receivable	(959,500)	(363,000)
Collection of loans receivable	534,509	458,937
Total cash inflows (outflows) from investing activities	(424,991)	95,937
Net increase (decrease) in cash	(37,658)	311,208
Cash, beginning of period	532,601	289,251
Cash, end of period	$ 494,943	$ 600,459

Refer to Note 5 for supplementary cash flow information.

At June 30, 2026

1. Nature of Operations

FarmWorks Investment Co-operative Limited (the "Co-operative") was incorporated on May 17, 2011 under the laws of Nova Scotia and commenced operations on May 17, 2011. The Co-operative is engaged in promoting and providing strategic and responsible community investment in food production, distribution and preparation in order to increase access to a sustainable local food supply for all Nova Scotians.

2. Basis of Accounting

The basis of accounting applied in the preparation of the financial information is on the historical cost basis, reflecting cash transactions with the addition of:

- loans receivable less an impairment loss
- accounts payable and accrued liabilities
- current income taxes payable at the reporting date; and
- deferred income tax assets/liabilities at the reporting date

The determination of impairment of loans receivable; assessing whether credit risk on the loans has increased significantly since initial recognition; and the incorporation of forward-looking information into the measurement of the expected credit loss ("ECL") is disclosed in Note 3.

3. Loans Receivable

Loans receivable are broken down as follows:

	2026	2025
Farm loans	**$ 1,781,409**	$ 1,361,270
Retail/hospitality loans	**3,507,496**	3,533,515
Allowance for loan impairment	**(761,460)**	(401,372)
Total loans receivable	**4,527,445**	4,493,413
Current portion of loans receivable	**(956,661)**	(1,084,792)
Long-term portion of loans receivable	**$ 3,570,784**	$ 3,408,621

Total loans outstanding at period end:

	2026		2025	
	Total	**$**	Total	$
Loans less than $50,000	**67**	**$ 1,467,937**	69	$ 1,548,788
Loans from $50,000 - $100,000	**19**	**1,325,565**	20	1,351,066
Loans greater than $100,000	**16**	**2,495,403**	13	1,994,931
	102	**$ 5,288,905**	102	$ 4,894,785

Loans as a percentage of total number of clients:

	2026	2025
	As a % of total	As a % of total
Loans less than $50,000	**66**	68
Loans from $50,000 - $100,000	**18**	19
Loans greater than $100,000	**16**	13
	100	100

3. Loans Receivable (continued)

Terms and Conditions

Loans receivable are for a five year term except for loans in excess of $100,000 which may have five to ten year terms. The interest rate offered on loans receivable being advanced at June 30, 2026 is fixed to 6.00% (June 30, 2025 - 6.00%).

Loans receivable are unsecured.

In some circumstances when a loan has suffered an impairment loss because of the discontinuance of the client's business, the interest portion of any future payment is forgiven. These amounts are included in the loan loss provision.

Recognition and Initial Measurement

The Co-operative initially recognizes loans receivable on the date on which they are originated. Loans receivable are initially measured at fair value.

Classification and Subsequent Measurement

Loans receivable are classified and subsequently measured at amortized cost, using the effective interest rate method, because they meet the solely payments of principal and interest criterion and are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. Loans receivable are subsequently reduced by any allowance for loan losses.

Derecognition and Contract Modifications

The Co-operative ceremonies loans receivable when the contractual rights to the cash flows from the loans receivable expire.

On derecognition, the difference between the carrying amount at the date of derecognition and the consideration received is recognized in profit or loss.

If the terms of a loans receivable are modified, then the Co-operative evaluates whether the cash flows of the modified loan receivable is substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original loan receivable is deemed to have expired and are unrecognised and a new loan receivable is recognized at fair value.

Credit Risk

Credit risk is the risk of financial loss to the Co-operative if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Co-operative's loans receivable.

3. **Loans Receivable (continued)**

Credit Risk Management

The Co-operative's credit risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, and policies, processes and procedures in place to assess and manage credit risk and that the overall credit risk policies are complied with at the business and transaction level.

The Co-operative's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. Its credit risk policies comprise the following:

- General loan policy statements including approval of lending policies, eligibility for loans, and loan administration, including:
    - Loan applications are reviewed in full by three directors, including meeting with the applicants; and
    - A full summary of eligible loans are provided to the full Board of Directors for approval before the disbursement of funds.
- Procedures outlining temporary suspension of payments and loan renegotiations as;
- Loan delinquency controls regarding procedures followed for loans in arrears.

Credit risk is then monitored by the Board of Directors who receive bi-monthly reports summarizing new loans and delinquent loans. The Board of Directors also receives an analysis of bad debts and allowance for loan loss impairment bi-monthly.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Amounts Arising from ECL

The Co-operative recognizes an allowance for loan losses for ECL in net income.

The Co-operative measures allowance for loan losses at each reporting date according to a three-stage ECL model as follows:

Stage	**1 - No Significant Increase in Credit Risk Since Initial Recognition**	**2 - Significant Increase in Credit Risk Since Initial Recognition**	**3 - Credit-Impaired**
Definition	From initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition.	Following a significant increase in credit risk (SICR) relative to the initial recognition of the financial asset.	When a financial asset is considered to be credit-impaired (i.e. when credit default has occurred).

3. Loans Receivable (continued)

Stage	1 - No Significant Increase in Credit Risk Since Initial Recognition	2 - Significant Increase in Credit Risk Since Initial Recognition	3 - Credit-Impaired
Criteria for movement	At origination, all loans receivable are categorized into stage 1. Migration back to stage 1 may occur upon approval of loan officers if all signs of previous credit deterioration are remedied.	The Co-operative determines a SICR has occurred in loans receivable when there are recurring missed payments, interest only payments or reduced payment plan, or adverse forecast of cash flows. Additionally, the Co-operative incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition.	A loan receivable is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the loan have occurred: • a breach of contract such as a default or delinquency in interest or principal payments; • significant financial difficulty of the borrower; or • it is becoming probable that the borrower will enter bankruptcy or other financial reorganization. A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

3. Loans Receivable (continued)

<table>
<tr><th>Stage</th><th>1 - No Significant Increase in Credit Risk Since Initial Recognition</th><th>2 - Significant Increase in Credit Risk Since Initial Recognition</th><th>3 - Credit-Impaired</th></tr>
<tr><td>ECL methodology</td><td>Impairment is estimated based on the expected losses over the expected life of loans receivable arising from default events occurring in the next 12 months (12-month expected credit loss).</td><td colspan="2">Impairment is estimated based on the expected losses over the expected life of loans receivable arising from default events occurring in the lifetime of the instrument (lifetime expected credit loss).</td></tr>
<tr><td>Collective or individual assessment</td><td colspan="2">Collective assessment of loans receivable grouped on the basis of similar risk characteristics based on loan type, industry, and the historical loss experience. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.</td><td>Each credit-impaired loan receivable is individually assessed.</td></tr>
<tr><td>Application of ECL methodology</td><td colspan="2">Expected credit loss on a group of loans receivable is measured on the basis of a loss rate approach. The Co-operative develops loss rates for loans receivable in stage 1 and loss rates for loans receivable stage 2, based on historical default and loss experiences for those types of loans receivable, adjusted for current economic conditions and forecasts of future economic conditions.</td><td>The probability of default on credit-impaired loans receivable is 100%, therefore, the key estimate relates to the amount of the default. Expected credit loss on a credit-impaired loan is measured based on the Co-operative's best estimate of the difference between the loan's carrying value and the present value of expected cash flows discounted at the loan's original effective interest rate.</td></tr>
<tr><td>Key forward-looking information</td><td colspan="3">Local unemployment rates, local economic outlook, credit environment, and other relevant economic variables impacting subsets of the Co-operative's clients. The ECL calculation is sensitive to forward-looking scenarios and their respective probability weightings as at the reporting date.</td></tr>
</table>

4. Share Capital

The Co-operative is authorized to issue an unlimited number of voting common shares with a par value of $100 each.

Issued and outstanding shares:

	2026	2025
55,333 common shares (2025 - 52,211)	**$ 5,533,300**	$ (5,221,100)

During the year, 5,201 shares were issued for $520,100 (2025 - 3,000 shares for $300,000) and 2,079 shares were redeemed for $207,900 (2025 - 1,479 shares for $147,910).

5. Statement of Cash Flows

The following amounts are included in the cash provided by operations:

	2026	2025
Interest received on loans receivable	**$ 103,231**	$ 114,410