BETTERMOO(D) FOOD CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2024

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED – PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these 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 the Company for the three months ended October 31, 2024, have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

BETTERMOO(D) FOOD CORPORATION
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	Three months ended October 31, 2024	Year ended July 31, 2024
ASSETS			
Cash		$ 82,590	$ 153,560
Amounts receivable	12	137,543	76,676
Inventory	6	135,250	43,686
Prepaid expenses	7	155,588	95,589
		510,971	369,511
		$ 510,971	**$** 369,511
LIABILITIES AND EQUITY (DEFICIENCY)			
Liabilities			
CURRENT			
Accounts payable and accrued liabilities	8, 9	$ 658,878	$ 821,551
Provision – legal claim	14	50,000	50,000
		708,878	871,551
NON-CURRENT			
Deferred tax liability		23,000	23,000
		731,878	894,551
Equity (Deficiency)			
Share capital	10	35,506,771	34,026,671
Reserves	10	12,219,238	11,856,866
Share subscription received			694,997
Accumulated other comprehensive income		25,415	25,414
Deficit		(47,972,331)	(47,128,988)
Equity (deficiency) attributable to shareholders of the company		(220,907)	(525,040)
		$ 510,971	**$** 369,511

Nature of operations and going concern (Note 1)
Contingencies (Note 14)
Subsequent events (Note 15)

Authorized for issuance on behalf of the Board on December 27, 2024:

"Joel Shacker"
Joel Shacker, Director

"Geoff Balderson"
Geoff Balderson, Director

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

BETTERMOO(D) FOOD CORPORATION
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	Three months ended October 31, 2024	Three Months ended October 31, 2023
Revenue		$ 62,180	$ -
Cost of goods sold		53,646	-
Gross margin		8,534	-
Operating expenses			
Advertising and marketing		234,738	214,460
Consulting fees	9	65,313	102,246
Office and administrative		103,517	67,772
Product development		27,378	71,691
Professional fees	9	(24,798)	37,789
Rent		9,000	-
Selling costs		7,635	-
Merchandise chargebacks		5,017	-
Share-based compensation	9, 10	362,372	-
Transfer agent and filing fees		6,227	10,165
Travel and promotions		8,820	10,552
Wages and benefits	9	31,017	31,005
		(836,236)	(545,680)
Operating loss		(827,702)	(545,680)
Other income (expenses)			
Impairment in inventory	6	5,189	-
Loss on deconsolidation of Bettermoo(d) on GmbH	5	(20,830)	-
		(843,343)	(545,680)
Net loss for the period		(843,343)	(545,680)
Net loss before other comprehensive income (loss)		(843.343)	(545,680)
Other comprehensive income (loss)			
Exchange difference on translating foreign operations		6,135	$ (673)
Total comprehensive loss for the period		**(837,208)**	**(546,353)**
Loss per share – basic and diluted*		$ (0.10)	$ (0.07)
Weighted average number of common shares outstanding – basic and diluted*		8,457,343	7,726,142
Net loss attributed to:			
Shareholders of the Company		$ (843,343)	$ (545,680)
Non-controlling interest		-	-
		$ (843,343)	$ (545,680)
Total comprehensive loss attributed to:			
Shareholders of the Company		$ (837,208)	$ (545,680)
Non-controlling interest		-	(127)
		$ (837,208)	$ (546,353)

** Adjusted for 10:1 share consolidation on March 13, 2023*

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

BETTERMOO(D) FOOD CORPORATION
Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital							
	Number of Common Shares*	**Amount**	**Reserves**	**Share Subscriptions Received**	**AOCI**	**Accumulated deficit**	**Non-controlling Interest**	**Total**
Balance, July 31, 2023	**7,726,142**	**$ 32,663,791**	**$ 13,378,559**	**$ -**	**$ 26,194**	**$ (45,741,385)**	**$ 2,870**	**$ 319,033**
Share subscription received	-	-	-	230,000	-	-	-	230,000
Net and comprehensive loss	-	-	-	-	(673)	(545,680)	-	(546,353)
Balance, October 31, 2023	**7,726,142**	**32,663,791**	**13,378,559**	**230,000**	**14,525**	**(46,287,065)**	**2,870**	**2,680**
Balance, July 31, 2024	**8,554,066**	**34,026,671**	**11,856,866**	**694,997**	**25,414**	**(47,128,988)**	**-**	**(525,040)**
Shares issued in private placement, net of share issuance costs	2,135,572	1,480,100	-	(694,997)	-	-	-	785,102
Share-based compensation	-	-	362,372	-	-	-	-	362,372
Net and comprehensive loss	-	-	-	-	1	(843,343)	-	(843,342)
Balance, October 31, 2024	**10,689,638**	**$ 35,506,771**	**$ 12,219,238**	**$ -**	**$ 25,415**	**$ (47,972,331)**	**$ -**	**$ (220,907)**

** Adjusted for 10:1 share consolidation on March 13, 2023*

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

BETTERMOO(D) FOOD CORPORATION
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three months ended October 31, 2024	Three months ended October 31, 2023
Operating activities		
Net loss	$ (843,343)	$ (545,680)
Items not involving cash:		
Depreciation	-	-
Foreign exchange	16,773	20,121
Loss on deconsolidation of subsidiary	20,830	-
Share-based compensation	362,372	-
Changes in non-cash working capital balances:		
Amounts receivable	(60,867)	16,125
Inventory	(91,564)	-
Prepaid expenses	(59,999)	206,883
Accounts payable and accrued liabilities	(189,637)	116,812
Cash (used in) provided by operating activities	**(845,434)**	**(185,739)**
Investing activities		
Property and equipment purchases	-	-
Cash (used in) provided by investing activities	**-**	-
Financing activities		
Proceeds from issuance of shares, net of share issue costs	785,103	230,000
Cash (used in) provided by financing activities	785,103	230,000
Change in cash	**(60,331)**	44,261
Effect of foreign exchange on cash	(10,639)	(21,495)
Cash, beginning	153,560	107,160
Cash, ending	**$ 82,590**	**$ 129,926**
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	-	-
Cash paid for income taxes	-	-
Non-cash Investing and Financing Activities		
Fair value of stock options issued	121,000	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Bettermoo(d) Food Corporation (the "Company") was incorporated under the laws of the Province of Ontario, and on August 6, 2019, was continued into British Columbia. The Company's head office and registered and records office is located at 1199 West Hastings Street, Suite 800, Vancouver, British Columbia, Canada, V6E 3T5. The Company's shares trade on the Canadian securities Exchange under the trading symbol "MOOO," on the OTCQB under the trading symbol "MOOOF," and on the Borse Frankfurt Exchange under the symbol "015."

The Company is an innovative food and beverage company focused on developing and delivering high quality products through online and in-store retail platforms and uses social media to deliver educational experiences for their customer base while demonstrating and pioneering plant-based technologies. The Company's principal products are Moodrink, a vegan oat-based beverage.

On March 13, 2023, the Company completed a share consolidation of its common shares on the basis of 1 new common share for every existing 10 common shares. The share consolidation has been retroactively presented in the condensed interim consolidated financial statements by adjusting all share amounts, including per share amounts.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At October 31, 2024, the Company has a working capital deficiency of $197,907 and has accumulated losses of $47,972,331 since inception and expects to incur further losses in the development of its business. Management has assessed that cash on hand as at year-end is insufficient to fund operations for the next 12 months in the absence of additional financing.

The Company's continued existence is dependent upon its ability to raise additional capital and to identify and acquire a suitable business opportunity. Failure to do so would have an adverse effect on the consolidated financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these condensed interim consolidated financial statements , then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses, and the consolidated statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting.*

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on December 27, 2024.

(b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary, Bettermoo(d) Holdings Corp. The functional currency of Bettermoo(d) GmbH Organic GmbH is the European Euro ("Euro"). The functional currency of Happy Supplements Inc. is the United States Dollar ("USD").

(c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries at the end of the reporting period:

	Incorporated	Nature	July 31, 2024	July 31, 2023
Bettermoo(d) GmbH	Lower Austria, Austria	Consumer products	0%	80%
Bettermoo(d) Holdings Corp.	BC, Canada	Consumer products	100%	100%
Happy Tea Supplements LLC	Florida, USD	Consumer products	0%	100%

The results of the subsidiaries will continue to be included in the condensed interim consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

As at July 31, 2024, Happy Tea Supplements LLC has been officially dissolved. The Company has recognized a gain on discontinued operations of $102,332.

As at July 31, 2024, management conducted a control re-assessment over Bettermoo(d) GmbH and concluded that the Company lost control of this former subsidiary as at the beginning of the fiscal year 2024. Accordingly, the Company has derecognized the assets from Bettermoo(d) GmbH from the condensed interim consolidated financial statements. Accordingly, the Company has also recognized the impairment of investment in Bettermoo(d) GmbH, which is included in the consolidated statements of loss and comprehensive loss. Regarding the liabilities, the Company has assessed the likelihood of payment related to the expenses and reimbursement of Schöne Isabella, the managing director of Bettermoo(d) GmbH. Given the high likelihood of payment, the Company has recognized the financial obligation in the consolidated statements of financial position.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statement for the year ended July 31, 2024. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company`s audited consolidated financial statements for the year ended July 31, 2024.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments
Management has made significant judgments in the process of applying accounting policies. The ones that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements include:

i. The assessment of the Company’s ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.
ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
iii. Management has applied judgement in determining whether or not the fair value of the services received pursuant to a certain agreement can be reliably measured. As a result, the Company has measured the transaction based on the fair value of the equity instruments issued therein.
iv. The determination of whether a set of assets acquired, and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits.
v. The determination of whether facts and circumstances suggest that the carrying value of intangible assets may exceed their recoverable amount is an area of significant judgement. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment, estimates, and interpretations. Determining the recoverable amount of the individual asset or cash generating unit is subjective estimates and judgements. These estimates and judgments are inherently subjective given the Company`s stage of operations with minimal revenue producing history.
vi. The determination of whether there has been a loss of control of a subsidiary requires significant management judgement. Management assesses whether the Company has lost control over its subsidiaries through the assessment of whether the Company has rights to variable returns from the subsidiary, whether rights and obligations are retained by the Company, and whether the Company has the ability to direct control over the subsidiary’s operations to realize returns from its involvement and investment in the subsidiary.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and subsequent fiscal financial years:

i. The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging, the expiry dates of the products, and current and future expectations with respect to product sales. Assumptions underlying the allowance for inventory obsolescence include future sales trends, marketing strategy and others. These estimates could materially change from period to period due to changes in various factors.
ii. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative.
iii. The Company determines the volatility assumption used in the Black-Scholes option pricing model based on assessment of the Company's historical volatility, which is then benchmarked and adjusted per assessment of comparable companies. The Black-Scholes option pricing model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions including volatility can materially affect estimates of fair values.

5. DECONSOLIDATION OF BETTERMOOD GMBH

The Company conducted a control re-assessment over Bettermoo(d) GmbH in accordance with IFRS 10, *Consolidated Financial Statements*, and determined that it has lost control of this former subsidiary as at the beginning of the fiscal year 2024. Consequently, the Company has recognized $1,225,314 as loss on deconsolidation determined as at July 31, 2024.

Subsequent to the year ended July 31, 2024, a total balances of $20,830 was incurred as Due (to)/from Bettermoo(d) GmbH. Consequently, the Company recognized $20,830 as an impairment of intercompany transaction with Bettermoo(d) GmbH as at October 31, 2024.

6. INVENTORY

Inventory is comprised of raw materials and finished goods held on hand related to the production of Moobert.

	October 31, 2024	July 31, 2024
Raw materials	$ 135,250	$ 318,910
Finished goods	-	334,870
Impairment in inventory	(5,189)	(610,094)
	$ 130,061	**$ 43,686**

For the quarter ended October 31, 2024, the Company reversed $5,189 as an impairment in inventory (year ended July 31, 2023 - $Nil), and expensed $48,540 as cost of sales (July 31, 2024 - $36,841)

(Expressed in Canadian Dollars)

7. PREPAID EXPENSES

Prepaid expenses relate to a rental deposit for the Bettermoo(d) GmbH's facility and prepayments rendered to third-party vendors for services to be incurred related to marketing and investor relations activities. As at October 31, 2024, the Company recognized prepaid expenses of $155,588 (July 31, 2024 - $95,589).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		October 31, 2024		July 31, 2024
Accounts payable	$	522,042	$	635,447
Accrued liabilities		136,836		186,104
	$	658,878	$	821,551

9. RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

Related party transactions not otherwise described in these condensed interim consolidated financial statements are shown below. The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company are as follows:

		Three months October 31, 2024		Year ended July 31, 2024
Key Management Compensation				
Consulting fees	$	10,407	$	69,601
Professional fees		36,000		132,000
Wages and benefits		30,000		120,000
Share-based compensation		158,966		158,966
	$	235,373	$	480,567

Included in the accounts payable and accrued liabilities as at October 31, 2024 is $24,415 (July 31, 2024 – $24,416) related to the services incurred and expense reimbursements due to management and directors.

10. SHARE CAPITAL

a) Share capital

Authorized

Unlimited number of common voting shares without par value.

b) Issued and outstanding

<u>During the three months ended October 31, 2024</u>

On August 30, 2024, the Company announced that it has closed its non-brokered private placement previously announced on July 26, 2024 and May 3, 2024, through the issuance of 2,114,428 units at a price of $0.70 per unit for gross proceeds of $1,480,100. Each unit consists of 1 common share of the Company and 1 transferable share purchase warrant. Each warrant entitles the holder to purchase 1 share for a period of 5 years from issuance at a price of $0.88 per share. The Company also announced that it has issued 21,144 common shares at a price of

10. SHARE CAPITAL (continued)

$0.70 per share as administrative shares of the Company to Amalfi Corporate Services Ltd, in consideration for administrative services rendered.

On August 15, 2024, the Company announced that the Board of Directors has approved a grant of 170,000 incentive stock options to a consultant of the Company, pursuant to the Company`s equity incentive plan, and a grant of 507,500 Restricted Share Units to certain directors, officers and consultants of the Company.

<u>During the year ended July 31, 2024:</u>

On April 9, 2024, the Company cancelled 159,500 number of options that were granted on July 9, 2021 with total fair value of $1,313,413 and 155,000 number of options that were granted on Jan 25, 2022 with total fair value of $1,563,280.

On March 1, 2024, the Company issued 320,000 units at a price of $1.57 per unit for gross proceeds of $502,400. Each unit consists of one common share and one transferable share purchase warrant. Each Warrant entitles the holder thereof to purchase one additional share of the Company for a period of five years from issuance at a price of $1.96 per Warrant Share. The warrants have a fair value of $Nil based on the residual value method. In connection with the private placement, the Company issued 6,400 common shares as administrative fees to a third party who assisted with facilitating the transaction, valued at $17,088.

On February 1, 2024, the Company issued 127,694 units at a price of $1.57 per unit for gross proceeds of $200,480 Each unit is comprised of one common share and one common share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of $1.96 for a period of five years after the date of issue. The warrants have a fair value of $Nil based on the residual value method. In connection with the private placement, the Company issued 2,554 common shares as administrative fees to a third party who assisted with facilitating the transaction, valued at $5,363.

On January 31, 2024, the Company issued 100,000 shares with a fair value of $160,000 to consultants in accordance with their consulting agreement.

On January 31, 2024, the Company issued 895,000 options with the total fair value of $1,355,000.

On December 15, 2023, the Company completed a non-brokered private placement for 265,958 units at a price of $1.88 per unit for gross proceeds of $500,000. Each unit consists of one common share and one warrant, with each whole warrant exercisable at $2.21 for five years from the closing date. The warrants have a fair value of $Nil based on the residual value method. In connection with the private placement, the Company issued 5,318 common shares as administrative fees to a third party who assisted with facilitating the transaction, valued at $10,901.

On October 18, 2023, the Company extended the expiry date of 1,000,000 warrants initially granted on November 12, 2021 from November 12, 2023 to November 12, 2026.

On September 3, 2023, 412,750 warrants with an exercise price of $25 expired unexercised.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

c) Warrants

Warrant transactions and the number of warrants outstanding as at October 31, 2024 and July 31, 2024 are summarized as follows:

	October 31, 2024		July 31, 2024	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	2,828,060	$ 2.67	2,527,159	$ 8.00
Expired	-	$ -	(412,750)	$ 25.00
Granted	2,114,428	$ 0.88	713,651	$ 2.05
Outstanding, ending	4,942,488	$ 2.67	2,828,060	$ 4.04

The following warrants were outstanding and exercisable as at October 31, 2024:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
February 27, 2025	0.32	$ 4.10	848,257
November 4, 2025	1.01	$ 4.50	147,058
June 9, 2026	1.61	$ 3.50	119,094
November 12, 2026	2.03	$ 5.40	1,000,000
December 15, 2028	4.13	$ 2.21	265,957
February 1, 2029	4.26	$ 1.96	127,694
March 1, 2029	4.33	$ 1.96	320,000
August 30, 2029	4.83	$ 0.88	2,114,428
	3.22	$ 2.67	4,942,488

d) Broker Warrants

Broker warrant transactions and the number of warrants outstanding as at October 31, 2024 and July 31, 2024 are summarized as follows:

	October 31, 2024		July 31, 2024	
	Number of Broker Warrants	Weighted Average Exercise Price	Number of Broker Warrants	Weighted Average Exercise Price
Outstanding, beginning	35,551	$ 4.10	35,551	$ 4.10
Granted	-	$ -	-	$ -
Outstanding, ending	35,551	$ 4.10	35,551	$ 4.10

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

The following broker warrants were outstanding and exercisable as at October 31, 2024:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
February 27, 2025	0.33	$4.10	35,551

e) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 20% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. The exercise price of these options is not less than the Company's closing market price on the day prior to the grant of the options less the applicable discount permitted by the CSE and will not otherwise be less than $0.10 per share. Options granted may not exceed a term of five years. All options vest when granted unless otherwise specified by the Board of Directors.

Stock options transactions and the number of stock options outstanding as at October 31, 2024 and July 31, 2023 are summarized as follows:

	October 31, 2024		**July 31, 2024**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning	1,023,900	$ 2.21	443,400	$ 10.36
Granted	170,000	$ 0.75	895,000	$ 1.06
Exercised	-	$ -	-	$ -
Cancelled	-	$ -	(314,500)	$ 11.97
Outstanding, ending	1,193,900	$ 2.00	1,023,900	$ 10.36

The following stock options were outstanding and exercisable as at October 31, 2024:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
July 9, 2026	1.69	$ 10.50	58,900
November 12, 2026	2.03	$ 3.00	70,000
January 31, 2029	4.25	$ 1.60	895,000
August 15, 2029	4.79	$ 0.75	170,000
	4.07	$ 2.00	1,193,900

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its options granted. The fair value of stock options issued was calculated using the following weighted average assumptions:

	Three months ended October 31, 2024	**Year ended July 31, 2024**
Risk-free interest rate	2.98%	3.43%
Expected option life in years	5	5
Expected share price volatility*	169%	169%
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price due to the Company's limited trading history

f) Restricted Share Unit Awards

On August 15, 2024, the Company issued 507,500 Restricted Share Unit Awards ("RSUs") with a fair value of $380,625 to certain directors, officers and consultants of the Company that will become fully vested on December 15, 2024. As at October 31, 2024, the Company recorded share-based compensation of $241,372 related to the vesting of the RSUs.

11. NON-CONTROLLING INTEREST

At as July 31, 2023, the Company's 80% interest in Bettermoo(d) GmbH is consolidated into the Company's condensed interim consolidated financial statements. The 20% interest attributable to a minority shareholder is presented as "non-controlling interest" within shareholders' equity on the consolidated statement of financial position.

The Company conducted a control re-assessment over Bettermoo(d) GmbH in accordance with IFRS 10, *Consolidated Financial Statements*, and determined that it has lost control of this former subsidiary as at the beginning of the fiscal year 2024. Consequently, the Company has derecognized the assets and liabilities and recognized a loss on deconsolidation as at July 31, 2024.

The following table summarizes the non-controlling interest relating to Bettermoo(d) GmbH as at October 31, 2024 and July 31, 2024:

	Three months ended October 31, 2024	**Year ended July 31, 2024**
Balance, beginning of the year	$ -	$ 2,870
Deconsolidation of Bettermoo(d) GmbH		(2,870)
Balance, end of the year	**$ -**	**$ -**

12. FINANCIAL INSTRUMENTS

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities and loan payable approximate their fair values due to their short-term nature.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash and its receivables.

12. FINANCIAL INSTRUMENTS (continued)

The Company's cash is held at a large Canadian financial institution. At October 31, 2024 amounts receivable of $137,543 (October 31, 2023 - $217,631) included $88,261 (October 31, 2023 - $210,810) of receivables related to refundable government goods and services tax and trade receivables of $49,282 (October 31, 2023 - $Nil).

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days, which are settled using cash. As at October 31, 2024, the Company has a working capital deficiency of $197,907.

Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long-term cash requirement.

At present, the Company's operations do not generate positive cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income, or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. The Company had no interest rate swap or financial contracts in place as at October 31, 2024. Interest rate risk is minimal as promissory notes have a fixed interest rate.

ii) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

d) Fair Values

Fair Value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2- Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

d) Fair Values (continued)

Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. There are no items in Level 3 of the fair value hierarchy.

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and adjusts it to effectively support the Company's objectives. In order to pay for general administrative costs, the Company will raise additional amounts as needed.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers all components of equity as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto. There were no changes to the Company's approach to capital management during the year ended October 31, 2024.

14. CONTINGENCIES

The Company has been alerted that it is subject to a potential legal claim with Gregg Sedun related to matters associated with Happy Tea Supplements LLC, the predecessor entity of the Company, in the amount of $50,000. These amounts relate to an investment in share capital of the predecessor entity whereby the common shares were not issued.

Further to assessment between the Company, legal counsel, and the opposition legal counsel, a settlement arrangement was agreed between parties for the payment of $50,000 cash. Therefore, in accordance with IAS 37, *Provision, contingent liabilities and contingent assets*, the Company has confirmed that there is a present obligation related to the legal claim and determined the likelihood of payment towards the potential legal claim is highly probable.

Accordingly, the Company has recognized the provision in the amount of $50,000 as at October 31, 2024.

15. SUBSEQUENT EVENTS

On December 16, 2024, 372,500 Restricted Share Units issued to consultants were converted to common shares.

On December 23, 2024, 135,000 Restricted Share Unites issued to certain directors and officers were converted to common shares.