

# **CULT Food Science Corp.**

Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian dollars)

**For the three months ended March 31, 2023 and 2022**

## **Notice of No Auditor Review of Condensed Interim Financial Statements**

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

The accompanying unaudited condensed interim financial statements of Cult Food Science Corp. have been prepared by and are the responsibility of management.

These condensed interim financial statements for the three months ended March 31, 2023 have not been reviewed or audited by the Company's independent auditors in accordance with standards established by the Chartered Professional Accountants of Canada.

**CULT Food Science Corp.**

Condensed Interim Statements of Financial Position

Expressed in Canadian dollars

	Note	March 31, 2023 (unaudited) \$	December 31, 2022 (audited) \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		940,131	57,839
Prepaid expenses		156,103	52,553
		1,096,234	110,392
Non-current assets			
Investments	4	4,465,306	4,468,181
Equipment	3	6,832	7,376
<b>Total assets</b>		<b>5,568,372</b>	<b>4,585,949</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	7	373,898	118,793
<b>Total liabilities</b>		<b>373,898</b>	<b>118,793</b>
Shareholders' equity			
Share capital	5	19,462,277	17,796,420
Share-based payment reserve	5	3,095,270	3,327,805
Deficit		(17,363,073)	(16,657,069)
<b>Total shareholders' equity</b>		<b>5,194,474</b>	<b>4,467,156</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,568,372</b>	<b>4,585,949</b>

Corporate Information and Going Concern (Note 1)

Subsequent Events (Note 8)

Approved on behalf of the Board of Directors by:

*"Dorian Banks"*\_\_\_\_\_  
Director*"Kirill Kompaniyets"*\_\_\_\_\_  
Director

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

**CULT Food Science Corp.**

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited - Expressed in Canadian dollars

	Note	Three months ended	
		March 31,	
		2023	2022
		\$	\$
Expenses			
Consulting fees	7	428,161	305,907
Depreciation	3	544	776
Foreign exchange loss		3,232	3,001
Marketing		32,071	491,760
Office and administration		114,476	9,624
Professional fees		59,276	193,455
Share-based compensation	5	56,502	776,462
Regulatory fees		11,942	24,986
Total expenses		(706,204)	(1,805,971)
Loss from operating activities		(706,204)	(1,805,971)
Other items			
Interest income		200	-
Loss and comprehensive loss for the period		(706,004)	(1,805,971)
Loss per share, basic and diluted		(0.00)	(0.01)
Basic and diluted weighted average number of common shares outstanding		185,999,312	145,006,511

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

**CULT Food Science Corp.**

## Condensed Interim Statements of Changes in Shareholders' Equity

Unaudited - Expressed in Canadian dollars

	Share Capital		Share-based Payment Reserve	Deficit	Total Shareholder's Equity
	Number of Shares*	Amount			
		\$	\$	\$	\$
Balance, December 31, 2021	139,304,150	15,427,717	1,749,189	(10,947,349)	6,229,557
Warrant exercises	16,855,000	974,500	-	-	974,500
Option exercises	512,500	159,503	(108,253)	-	51,250
Share-based compensation	-	-	776,462	-	776,462
Loss for the period	-	-	-	(1,805,971)	(1,805,971)
<b>Balance, March 31, 2022</b>	<b>156,671,650</b>	<b>16,561,720</b>	<b>2,417,399</b>	<b>(12,753,320)</b>	<b>6,225,799</b>
Balance, December 31, 2022	177,157,012	17,796,420	3,327,805	(16,657,069)	4,467,156
Warrant exercises	300,000	15,000	-	-	15,000
Option exercises	250,000	23,994	(11,494)	-	12,500
Conversion of RSUs	7,500,000	412,500	(412,500)	-	-
Private placement	13,495,700	1,214,363	134,957	-	1,349,320
Share-based compensation	-	-	56,502	-	56,502
Loss for the period	-	-	-	(706,004)	(706,004)
<b>Balance, March 31, 2023</b>	<b>198,702,712</b>	<b>19,462,277</b>	<b>3,095,270</b>	<b>(17,363,073)</b>	<b>5,194,474</b>

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

**CULT Food Science Corp.**

Condensed Interim Statements of Cash Flows

Unaudited - Expressed in Canadian Dollars

	Periods ended March 31,	
	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Loss for the period	(706,004)	(1,805,971)
Adjustments for:		
Depreciation	544	776
Unrealized loss on fair value of investments	2,875	-
Share-based compensation	56,502	776,462
Net change in non-cash working capital:		
Prepaid expense	(103,550)	(398,627)
Accounts payable and accrued liabilities	255,105	(162,904)
<b>Total cash flows used in operating activities</b>	<b>(494,528)</b>	<b>(1,590,264)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investments	-	(356,024)
<b>Total cash flows used in investing activities</b>	<b>-</b>	<b>(356,024)</b>
<b>Cash flows from financing activities</b>		
Proceeds from private placement	1,349,320	-
Proceeds from warrant exercises	15,000	974,500
Proceeds from option exercises	12,500	51,250
<b>Total cash flows provided by financing activities</b>	<b>1,376,820</b>	<b>1,025,750</b>
Increase (decrease) in cash and cash equivalents during the period	882,292	(920,538)
Cash and cash equivalents at beginning of period	57,839	1,991,964
Cash and cash equivalents at end of period	940,131	1,071,426
Comprised as following:		
Cash	940,131	1,042,676
Redeemable guaranteed investment certificates	-	28,750
<b>Supplemental information:</b>		
Taxes paid	-	-
Interest paid	-	-

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

## **CULT Food Science Corp.**

Notes to the Condensed Interim Financial Statements  
For the three months ended March 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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### **1. Corporate Information and Going Concern**

CULT Food Science Corp. (the “Company”) was incorporated on November 16, 1983 under the British Columbia Companies Act and is an investment issuer focused on early stage investments in cultivated meat and cultured dairy companies around the world. Effective July 28, 2021, the Company changed its name to Cult Food Science Corp.

The Company’s registered address is 82 Richmond St. E, Toronto, Ontario, Canada.

These condensed interim financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business and that management neither intends to liquidate the entity nor does it have no realistic alternative to do so. The Company incurred a net loss of \$706,004 (March 31, 2022 - \$1,805,971) during the period ended March 31, 2023 and as of the date of the financial statements the Company’s accumulated deficit is \$17,363,073 (December 31, 2022 - \$16,657,069). 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.

The Company’s ability to continue its operations is dependent upon its ability to restructure its debt and raise financing. Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future and that such funds will be available on terms acceptable by the Company. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and to restructure the Company’s debt. These financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

These financial statements were authorized for issue by the Audit Committee and Board of Directors on May 29, 2023.

### **2. Basis of Presentation and Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **1) Basis of Preparation and Measurement**

##### **a) Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

These unaudited interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2022.

##### **b) Basis of Measurement**

These interim condensed financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 2(II). In addition, these interim condensed financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These interim condensed financial statements are presented in Canadian dollars, which is the Company’s functional currency.

The preparation of interim condensed financial statements in compliance with IFRS requires management to make certain critical accounting estimates and exercise judgement in applying the Company’s policies.

## CULT Food Science Corp.

Notes to the Condensed Interim Financial Statements  
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### 2. Basis of Presentation and Summary of Significant Accounting Policies (continued)

#### c) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

#### II) Significant Accounting Policies

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited condensed interim consolidated financial statements for the year ended December 31, 2022.

### 3. Equipment

	<b>Office Furniture and Equipment</b>
<b>Cost</b>	<b>\$</b>
Balance, December 31, 2022 and March 31, 2023	39,231
<b>Accumulated Amortization</b>	
Balance, December 31, 2022	31,855
Depreciation	544
Balance, March 31, 2023	32,399
<b>Carrying value</b>	
As at December 31, 2022	7,376
<b>As at March 31, 2023</b>	<b>6,832</b>

### 4. Investments

#### i) Simple Agreement for Future Equity ("SAFE") Agreements

Pursuant to the terms of the SAFE Agreements, if there is an equity financing before the instrument expires or is terminated, the investee will automatically issue to the investors either: 1) the greater of: the number of Standard Preferred Shares equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Shares, or the number of Safe Preferred Shares equal to the Purchase Amount divided by the SAFE Price or 2) in case the agreement specifies a discount rate, a number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Conversion Price. The Conversion Price means either the SAFE Price or the Discount Price, whichever calculation results in a greater number of shares of Safe Preferred Stock. The SAFE Price means the price per share equal to the Valuation Cap or Post-Money Valuation Cap divided by the Company Capitalization. The Discount Price means the price per share of the Standard Preferred Stock sold in the equity financing multiplied by the Discount Rate.

If there is a liquidation event before the expiration or termination of the SAFE Agreement, the investor will at its option either: 1) receive a cash payment equal to the purchase amount or 2) automatically receive from the investee a number of shares of common stock equal to the purchase amount divided by the liquidity price, if the investor fails to select the cash option. Alternatively, the investor will automatically receive a portion of Proceeds, due and payable to the investor, equal to the greater of the Purchase Amount or the amount payable on the number of shares of Common Stock equal to the Purchase Amount divided by the liquidity price. Thereafter the SAFE Agreement will terminate. In connection with a cash payment through a liquidity event, if there are not enough funds to pay the investors and holders of the SAFE Agreements in full, funds will be distributed pro-rata and based on the purchase price and the remaining amounts will be covered with common stock equal to the remaining unpaid purchase price divided by the liquidity event. In a dissolution event, SAFE Agreement holders will be paid out of remaining assets prior to holders of the investee's capital stock.

In accordance with IFRS 9, the Company initially recorded these SAFE investments at cost, which approximates fair value.



## CULT Food Science Corp.

Notes to the Condensed Interim Financial Statements  
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### 4. Investments (Continued)

ii) The fair value and cost of investments are as follows:

	Fair Value	Cost
	\$	\$
<b>March 31, 2023</b>	<b>4,465,306</b>	<b>4,555,368</b>
December 31, 2022	4,468,181	4,555,368

iii) Financial instrument hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (1) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (2) Level 2 – Inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- (3) Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The following table presents the Company's financial instruments, measured at fair value and categorized into levels of the fair value hierarchy on the statements of financial position as at December 31, 2022 and March 31, 2023:

	Level 1	Level 2	Level 3
<b>Investments at fair value</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>March 31, 2023</b>	-	-	<b>4,465,306</b>
December 31, 2022	-	-	4,468,181

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the year ended December 31, 2022 and March 31, 2023. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. The net change in unrealized gains (losses) are recognized in the statements of loss and comprehensive loss.

	\$
<b>Balance as at December 31, 2020</b>	-
Additions	3,501,002
<b>Balance as at December 31, 2021</b>	<b>3,501,002</b>
Additions – paid by cash	389,092
Additions – paid by shares (Note 6)	900,558
Proceeds on disposals	(150,639)
Realized loss on disposals	(84,645)
Unrealized loss, including foreign exchange	(87,187)
<b>Balance as at December 31, 2022</b>	<b>4,468,181</b>
Unrealized loss, including foreign exchange	(2,875)
<b>Balance as at March 31, 2023</b>	<b>4,465,306</b>

## CULT Food Science Corp.

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### 4. Investments (Continued)

Significant unobservable inputs used in the fair value measurement of Level 3 investments were:

Description	Fair value at March 31, 2023 \$	Valuation technique / Unobservable inputs	% of investments
SAFE Agreements	3,281,545	New investments / recent transactions	74%
Equity – private	1,127,419	Market price	25%
Debentures	56,342	New investments / recent transactions	1%
	<b>4,465,306</b>		<b>100%</b>

Description	Fair value at December 31, 2022 \$	Valuation technique / Unobservable inputs	% of investments
SAFE Agreements	3,284,420	New investments / recent transactions / subsequent financings / comparable entities	74%
Equity – private	1,127,419	New investments / recent transactions / subsequent financings / comparable entities	25%
Debentures	56,342	New investments	1%
	<b>4,468,181</b>		<b>100%</b>

Within Level 3, the Company includes private company investments and other investment instruments such as loans to investees and convertible debentures which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) company-specific information used in modelling, the valuation and share performance of comparable publicly-traded companies, trends in general market conditions, the value at which a recent financing was done by the investee, liquidation analysis and a strategic review.

For investments valued based on trends in comparable entities, general market conditions and specific company information, the inputs used can be highly judgmental. A 10% change on the fair value (i.e. recent transaction price) of this investment will result in a corresponding \$450,000 (2022 - \$450,000) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the investments.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

## **CULT Food Science Corp.**

Notes to the Condensed Interim Financial Statements  
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### **5. Share Capital**

#### **Authorized share capital**

The authorized share capital of the Company is an unlimited number of common shares without par value.

#### **Issued share capital**

As at March 31, 2023, the Company had 198,702,712 (December 31, 2022 – 177,157,012) shares outstanding.

On March 21, 2023, the Company issued 13,495,700 units at a price of \$0.10 per unit for gross proceeds of \$1,349,570 pursuant to a non-brokered private placement. Each unit are comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.20 for a period of two years from the date of issuance. The Company allocated \$134,957 to the warrants under the residual value method.

During the period ended March 31, 2023, the Company issued 300,000 common shares upon exercise of warrants for total proceeds of \$15,000.

During the period ended March 31, 2023, the Company issued 250,000 common shares upon exercise of stock options for total proceeds of \$12,500. The Company reclassified \$9,459 from share-based payment reserve to share capital.

During the period ended March 31, 2023, the Company issued 7,500,000 common shares upon conversion of 7,500,000 RSUs and the Company transferred \$412,500 from share-based payment reserve to share capital.

During the period ended March 31, 2022, the Company issued 16,855,000 common shares upon exercise of warrants for total proceeds of \$974,500.

During the period ended March 31, 2022, the Company issued 512,500 common shares upon exercise of stock options for total proceeds of \$51,250. The Company reclassified \$108,253 from share-based payment reserve to share capital to account for the fair value of the options.

#### **Stock Option Plan Details**

The Company's Board of Directors, at its discretion may grant non-transferable options for the purchase of common shares to its directors, officers, employees, consultants, or service providers of the Company provided that the maximum number of options that may be reserved for issuance or issued is limited to 20% of the issued and outstanding securities under the plan adopted on March 12, 2021. The Company's stock option plan allows for options to be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

#### **Stock Options**

On January 10, 2023, the Company granted 1,000,000 stock options with an exercise price of \$0.05 per share expiring on January 10, 2028, vesting fully on April 9, 2023. The fair value of the stock options was estimated to be \$20,619 for the full vesting period of the options, with a current period charge of \$18,402. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 100%, risk free rate – 3.11% and expected dividends – \$Nil.

On November 16, 2022, the Company granted 200,000 stock options with an exercise price of \$0.05 per share expiring on November 16, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$4,407 for the full vesting period of the options, with a current period charge of \$1,757. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 151%, risk free rate – 3.17% and expected dividends – \$Nil.

On November 13, 2022, the Company granted 250,000 stock options with an exercise price of \$0.05 per share expiring on November 13, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$4,345 for the full vesting period of the options, with a current period charge of \$1,696. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 151%, risk free rate – 3.22% and expected dividends – \$Nil.

On October 3, 2022, the Company granted 100,000 stock options with an exercise price of \$0.05 per share expiring on October 3, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$3,633 for the full vesting period of the options, with a current period charge of \$1,013. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 152%, risk free rate – 3.23% and expected dividends – \$Nil.

## CULT Food Science Corp.

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### 5. Share Capital (Continued)

#### Stock Options (continued)

On August 29, 2022, the Company granted 3,000,000 stock options with an exercise price of \$0.05 per share expiring on August 29, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$142,652 for the full vesting period of the options, with a current period charge of \$26,232. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 153%, risk free rate – 3.17% and expected dividends – \$Nil.

On April 20, 2022, the Company granted 500,000 stock options with an exercise price of \$0.17 per share expiring on April 20, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$65,575 for the full vesting period of the options, with a current period charge of \$5,318. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 150%, risk free rate – 2.70% and expected dividends – \$Nil.

On April 4, 2022, the Company granted 50,000 stock options with an exercise price of \$0.255 per share expiring on April 4, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$11,426 for the full vesting period of the options, with a current period charge of \$756. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 151%, risk free rate – 2.41% and expected dividends – \$Nil.

On March 8, 2022, the Company granted 100,000 stock options with an exercise price of \$0.33 per share expiring on March 8, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$28,241 for the full vesting period of the options, with a current period charge of \$1,328. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 100%, risk free rate – 1.61% and expected dividends – \$Nil.

On January 31, 2022, the Company granted 200,000 stock options with an exercise price of \$0.27 per share expiring on January 31, 2027. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$44,689 for the full vesting period of the options which was fully incurred during the year ended December 31, 2022. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 100%, risk free rate – 1.62% and expected dividends – \$Nil.

A summary of stock option activity for the years ended March 31, 2023 and December 31, 2022 is as follows:

	Period ended March 31, 2023		Year ended December 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year	16,275,000	\$0.10	12,800,000	\$0.11
Options granted	1,000,000	\$0.05	4,400,000	\$0.08
Options exercised	(250,000)	(\$0.05)	(825,000)	(\$0.08)
Options cancelled	(200,000)	(\$0.05)	(100,000)	(\$0.33)
<b>Options outstanding, end of period</b>	<b>16,825,000</b>	<b>\$0.10</b>	<b>16,275,000</b>	<b>\$0.10</b>
<b>Options exercisable, end of period</b>	<b>14,175,000</b>	<b>\$0.11</b>	<b>13,125,000</b>	<b>\$0.11</b>

At March 31, 2023, the weighted average remaining contractual life of the outstanding options is 3.71 years (December 31, 2022 – 3.91 years).

**CULT Food Science Corp.**

Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

**5. Share Capital (Continued)****Stock Options (continued)**

As at March 31, 2023, the Company had the following outstanding stock options outstanding:

<b>Number of Stock Options Outstanding</b>	<b>Number of stock options exercisable</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Remaining Contractual Life (Years)</b>
		<b>\$</b>		
11,625,000	11,625,000	0.10	August 30, 2026	2.36
50,000	50,000	0.33	September 1, 2026	0.01
200,000	200,000	0.25	October 8, 2026	0.04
50,000	50,000	0.33	October 20, 2026	0.01
50,000	50,000	0.33	October 24, 2026	0.01
100,000	100,000	0.33	November 3, 2026	0.02
50,000	50,000	0.33	November 8, 2026	0.01
200,000	200,000	0.27	January 31, 2027	0.05
100,000	100,000	0.33	March 8, 2027	0.02
50,000	37,500	0.26	April 4, 2027	0.01
500,000	375,000	0.17	April 20, 2027	0.12
2,500,000	1,250,000	0.05	August 29, 2027	0.66
100,000	25,000	0.05	October 3, 2027	0.03
250,000	62,500	0.05	November 13, 2027	0.07
1,000,000	-	0.05	January 10, 2028	0.28
<b>16,825,000</b>	<b>14,175,000</b>			<b>3.71</b>

**Warrants**

The Company has issued warrants entitling the holders to acquire common shares of the Company. The following table is a reconciliation of outstanding and exercisable warrants as at March 31, 2023 to December 31, 2022:

	<b>Period ended March 31, 2023</b>		<b>Year ended December 31, 2022</b>	
	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Warrants outstanding, beginning of year	116,360,926	\$0.21	134,215,926	\$0.19
Warrants issued	13,495,700	\$0.20	-	-
Warrants exercised	(300,000)	\$(0.05)	(17,855,000)	\$(0.06)
<b>Warrants outstanding, end of period</b>	<b>129,556,626</b>	<b>\$0.21</b>	<b>116,360,926</b>	<b>\$0.21</b>

At March 31, 2023, the weighted average remaining contractual life of the outstanding options is 2.74 years (December 31, 2022- 3.16 years).

As at March 31, 2023, the Company had the following outstanding warrants:

<b>Number of Warrants Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Remaining Contractual Life (Years)</b>
	<b>\$</b>		
8,293,620	0.75	September 3, 2023	0.43
10,856,700	0.75	September 15, 2023	0.46
1,210,000	0.75	September 21, 2023	0.48
420,000	0.75	October 4, 2023	0.51
1,060,606	0.75	November 5, 2023	0.60
13,495,700	0.20	March 21, 2025	1.98
4,200,000	0.05	May 29, 2026	3.16
16,300,000	0.05	August 3, 2026	3.35
73,720,000	0.10	August 23, 2026	3.40
<b>129,556,626</b>			<b>2.74</b>

## CULT Food Science Corp.

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### 5. Share Capital (Continued)

#### Restricted Share Units

The Company adopted a Restricted Share Unit Plan in March 2021. The Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units (“RSU”) as it determines appropriate. The aggregate number of shares that may be reserved for issuance, at any time, under this plan and under any other share compensation agreement adopted by the Company, including the Company’s Stock Option Plan, shall not exceed up to a maximum of 20% of the issued and outstanding shares at the time of grant.

On August 19, 2022, the Company has granted an aggregate of 10,000,000 RSUs to consultants of the Company. The RSUs vested immediately. The RSUs shall entitle the eligible parties the ability to acquire one common share in the capital of the Company for a period of five years from issuance (the “Term”). The RSUs had a fair value of \$550,000, based on the closing price of the Company’s common shares on the date of grant.

On December 21, 2022, the Company issued 2,500,000 common shares upon the conversion of 2,500,000 of RSUs.

During the period ended March 31, 2023, the Company issued 7,500,000 common shares upon conversion of 7,500,000 RSUs and the Company transferred \$412,500 from share-based payment reserve to share capital.

### 6. Financial Instruments, Capital Management and Risk Management

#### I. Financial Instruments

The Company’s financial instruments include cash, investments, and accounts payable and accrued liabilities and loans payable.

#### Determination of Fair Value

The carrying value of cash, investments, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Fair Value Measurement Hierarchy	Financial assets at FVTPL	Financial liabilities at amortized cost
As at March 31, 2023:			
Cash	Not applicable	\$ 940,131	\$ -
Investments	Level 3	4,465,306	-
Accounts payable and accrued liabilities	Not applicable	-	373,898
As at December 31, 2022:			
Cash	Not applicable	\$ 57,839	\$ -
Investments	Level 3	4,468,181	-
Accounts payable and accrued liabilities	Not applicable	-	118,793

#### Fair Value Hierarchy

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **CULT Food Science Corp.**

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### **6. Financial Instruments, Capital Management and Risk Management (Continued)**

#### **II. Capital Management**

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to seek new investment opportunities for the benefit of its shareholders. The Company includes shareholders' equity in the definition of capital.

The Company sets the amount of capital required in proportion to its operating requirements and perceived risk of loss. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company has historically relied on the equity markets to fund its activities and is open to new sources of financing to manage its expenditures in the interest of sustaining long-term viability. The Company's capital management objectives, policies and processes have not changed over the years presented.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

#### **III. Risk Management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

##### **a) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and loan receivable. The Company's credit exposure is limited to the carrying amount of its financial assets.

The Company's cash is held with a high-credit-rated financial institution and, as such, the Company does not believe there to be a significant credit risk in respect to cash.

##### **b) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

###### *(i) Foreign currency risk*

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuations.

The Company holds investments in US dollar, as such, it is subject to fluctuations in the exchange rates for the Canadian dollar and US dollar.

###### *(ii) Interest rate risk*

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to a financial liability with fluctuating interest rates. The Company considers the risk to be immaterial.

###### *(iii) Commodity price risk*

Commodity risk is the exposure to fluctuations in the market price of commodities. The Company does not have any commodity exposure.

###### *(iv) Other risks*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company holds investments in securities that will fluctuate in value as a result of fluctuations in estimated fair values of those securities. Furthermore, as the Company's investments are early stage cultivated meat and cultured dairy companies, market values will fluctuate subject to the price of meat and dairy prices, economic cycles and political events. See Note 4 for details.

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### 6. Financial Instruments, Capital Management and Risk Management (Continued)

#### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The key success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's policy is to ensure that it will have sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years	Total
Accounts payable and other liabilities:					
March 31, 2023	\$ 373,898	\$ -	\$ -	\$ -	\$ 373,898
December 31, 2022	118,793	\$ -	\$ -	\$ -	118,793

### 7. Related Party Transactions

The Company considers its related parties to comprise directors, officers, companies controlled by directors and officers and companies with common directors. The key management compensation and fees consist of the following for the periods ended March 31, 2023 and 2022:

	Period ended March 31, 2023	March 31, 2022
Consulting fees	\$ 63,375	\$ 13,500
	<b>63,375</b>	<b>13,500</b>

As at March 31, 2023, the balance due to related parties was \$233,702 (December 31, 2022 - \$53,500) which is included in accounts payable and accrued liabilities.

### 8. Subsequent Events

On April 14, 2023, the Company issued 333,333 common shares pursuant to a debt settlement agreement and settled \$30,000 of debt.

On April 27, 2023, the Company granted 5,000,000 stock options to consultants of the Company, vesting quarterly over a year with an exercise price of \$0.10 and an expiry date of April 27, 2028.

On May 10, 2023, the Company entered into a Share Exchange Agreement (the "Agreement") with Peqish Group, Food & Hospitality Inc. ("Peqish"). Pursuant to the terms of the Agreement, the parties exchanged \$187,500 worth of shares of the respective companies with one another (the "Transaction"). On May 18, 2023, the Company issued 1,921,500 common shares to Peqish and the Company received 46,937 common shares of Peqish.

In addition, the parties entered into a joint venture agreement pursuant to which the parties will commit to a strategic collaboration for the purpose of developing and commercializing cellular agriculture food products within the medical foods' framework established by Peqish.