

**BLENDER BITES INCORPORATED**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**July 31, 2021**

**EXPRESSED IN CANADIAN DOLLARS**

**Blender Bites Incorporated**  
**Interim Condensed Statement of Financial Position**

Canadian Dollars  
(Unaudited)

	Note	July 31, 2021	October 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 352,744	\$ 205,868
Accounts receivable		141,973	10,521
Prepaid expenses		377,798	-
		<b>872,515</b>	<b>216,389</b>
<b>Non-current assets</b>			
Equipment	3	75,148	12,718
Trademarks	3	20,412	1,442
<b>TOTAL ASSETS</b>		<b>\$ 968,075</b>	<b>\$ 230,549</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	\$ 197,832	\$ 129,185
Promissory notes	4,7	270,570	196,547
Loan	5	1,017,260	-
		<b>1,485,662</b>	<b>325,732</b>
<b>EQUITY</b>			
Share capital	6	250,010	250,010
Deficit		(767,597)	(345,193)
		<b>(517,587)</b>	<b>(95,183)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 968,075</b>	<b>\$ 230,549</b>

Basis of Preparation and Going Concern (Note 2)  
Subsequent Events (Note 9)

ON BEHALF OF THE BOARD:

Signed "Chelsie Hodge", Director

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

**Blender Bites Incorporated**

**Interim Condensed Statement of Loss and Comprehensive Loss**

Canadian Dollars  
(Unaudited)

	Note	Three months ended		Nine months ended	
		July 31, 2021	July 31, 2020	July 31, 2021	July 31, 2020
Sales		\$ 183,414	\$ 291,877	\$ 389,848	\$ 454,570
Cost of goods sold		150,702	219,692	340,241	358,575
<b>Gross margin</b>		<b>32,712</b>	<b>72,185</b>	<b>49,607</b>	<b>95,995</b>
<b>Operating expenses</b>					
Amortization	3	4,071	949	6,451	2,846
Advertising and promotion		36,550	4,854	74,706	16,305
Bank charges		671	665	1,244	882
Insurance		1,164	499	3,788	1,495
Interest expense	4,5	20,257	2,020	31,283	2,656
Management fees	7	37,390	15,000	110,326	36,036
Meals and entertainment		1,233	454	1,500	2,808
New product development		109,228	-	128,460	-
Office		23,969	305	31,413	6,663
Professional fees		16,837	1,011	76,474	3,369
Rent		361	416	1,212	1,860
Travel		3,475	429	5,154	1,834
		<b>255,206</b>	<b>26,602</b>	<b>472,011</b>	<b>76,754</b>
<b>Net Income (loss) and comprehensive Income (loss) for the period</b>					
		\$ (222,494)	\$ 45,583	\$ (422,404)	\$ 19,241
<b>Earnings (loss) per Share – Basic and Diluted</b>					
		\$ (1.17)	\$ 0.24	\$ (2.22)	\$ (0.10)
<b>Weighted Average Number of Shares Outstanding</b>					
		190,000	190,000	190,000	190,000

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

**Blender Bites Incorporated****Interim Condensed Statement of Cash Flows***Canadian Dollars  
(Unaudited)*

	<b>Nine months ended</b>	
	<b>July 31, 2021</b>	<b>July 31, 2020</b>
<b>Operating Activities</b>		
Net Income (loss) for the period	\$ (422,404)	\$ 19,241
Items not affecting cash:		
Amortization	6,451	2,846
Interest expense	31,283	2,656
	<b>(384,670)</b>	<b>24,743</b>
Changes in current assets and liabilities:		
Accounts receivable	(131,452)	(252,933)
Prepaid expenses	(377,798)	-
Accounts payable and accrued liabilities	73,647	29,798
Cash used in operating activities	<b>(435,603)</b>	<b>(223,135)</b>
<b>Investing Activities</b>		
Purchase of equipment	(67,856)	-
Purchase of intangible assets	(19,995)	-
Cash used in investing activities	<b>(87,851)</b>	<b>-</b>
<b>Financing Activities</b>		
Proceeds from bridge financing	1,000,000	-
Proceeds from promissory note	60,000	190,000
Advances from related parties	75,000	-
Payments to related parties	(80,000)	-
Cash provided by financing activities	<b>1,055,000</b>	<b>190,000</b>
<b>Net Increase (decrease) in Cash</b>	<b>146,876</b>	<b>(8,392)</b>
Cash – Beginning of Period	<b>205,868</b>	<b>48,683</b>
<b>Cash – End of Period</b>	<b>\$ 352,744</b>	<b>\$ 40,291</b>
<b>Supplemental disclosures for cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

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

**Blender Bites Incorporated****Interim Condensed Statements of Changes in Shareholders' Equity (Deficiency)**

Canadian Dollars  
(Unaudited)

	Number of Shares	Share Capital \$	Deficit \$	Total \$
<b>October 31, 2019</b>	190,000	250,010	(226,284)	23,726
Net income for the period	-	-	19,241	19,241
<b>July 31, 2020</b>	190,000	250,010	(207,043)	42,967
<b>October 31, 2020</b>	190,000	250,010	(345,193)	(95,183)
Loss for the period	-	-	(422,404)	(422,404)
<b>July 31, 2021</b>	190,000	250,010	(767,597)	(517,587)

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

## Blender Bites Incorporated

### Notes to Interim Condensed Financial Statements

April 30, 2021

Canadian Dollars  
(Unaudited)

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#### 1. Nature of Business

Blender Bites Incorporated's ("Blender Bites" or the "Company") business is the manufacturing and distribution of natural and organic frozen smoothie products.

Blender Bites is incorporated in British Columbia, Canada. The head office, principal address and records office of the Company are at 1288 West Cordova Street, #2808, Vancouver, British Columbia, Canada, V6C 3R3.

On September 20, 2021, the Company completed a reverse-take over transaction with Balsam Technologies Corp ("Balsam") to become a publicly listed company (Note 9).

These financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

During the second quarter of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company are not known at this time. To the extent that the investments, products under development of the Company are negatively impacted by the COVID-19 outbreak, this will have a direct negative impact on the current and future revenue earned by the Company. The situation with COVID-19 is evolving and consequently, management cannot predict the effect of unknown adverse changes to its future business plans, including its financial position, cash flows, and results of operations.

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#### 2. Basis of Preparation and Going Concern

These unaudited interim condensed financial statements (the "interim financial statements") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") as applicable to interim financial reports, including International Accounting Standard 34, "Interim Financial Reporting". The interim financial statements do not include all the notes of the type normally included in the annual financial statements. The interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements. These interim financial statements should be read in conjunction with the audited annual financial statements for the period ended October 31, 2020, which have been prepared in accordance with IFRS.

These interim financial statements have been authorized for issue by the Board of Directors of the Company on November 30, 2021.

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#### 3. Equipment and Trademarks

	Trademarks \$	Moulds \$	Total \$
Balance – October 31, 2019	1,603	16,352	17,955
Amortization	(161)	(3,634)	(3,795)
Balance - October 31, 2020	1,442	12,718	14,160
Additions	19,995	67,856	87,851
Amortization	(1,025)	(5,426)	(6,451)
<b>Balance – July 31, 2021</b>	<b>20,412</b>	<b>75,148</b>	<b>95,560</b>

**Blender Bites Incorporated****Notes to Interim Condensed Financial Statements****April 30, 2021**Canadian Dollars  
(Unaudited)**4. Promissory Notes**

During the year ended October 31, 2020, the Company entered into two promissory note agreements with a significant shareholder (Note 7). The first promissory note agreement is for principal of \$100,000, due on demand. This note is secured against certain sales of the Company. The second loan agreement, unsecured, was for \$90,000 and is due on demand. During February 2021, the Company entered into a third promissory note agreement with a significant shareholder (Note 7), unsecured, for principal of \$60,000 maturing in February 2022. All loans bear interest at 8%.

				<b>Total</b>
Date	February 27, 2020	July 2, 2020	February 5, 2021	
Maturity date	Demand	July 2, 2021	February 5, 2022	
Interest rate	8%	8%	8%	
Principal	\$ 100,000	\$ 90,000	\$ -	\$ 190,000
Interest accrued	4,740	1,807	-	6,547
Balance – October 31, 2020	104,740	91,807	-	196,547
Additions	-	-	60,000	60,000
Interest accrued	6,436	5,642	1,945	14,023
<b>Balance – July 31, 2021</b>	<b>\$ 111,176</b>	<b>\$ 97,449</b>	<b>\$ 61,945</b>	<b>\$ 270,570</b>

**5. Loan**

During April 2021, the Company received a \$1,000,000 bridge financing loan (the “Loan”) in connection with its letter of intent for the Reverse Takeover Transaction with Balsam (Note 9a). The Loan is due on demand and bears interest at 5% per annum. As at July 31, 2021, interest of \$17,260 has accrued on the Loan.

**6. Share Capital****Authorized share capital**

- 100,000 Class A voting common shares without par value.
- 100,000 Class B non-voting common shares without par value.
- Unlimited number of Class C non-voting common shares without par value.
- Unlimited number of Class D non-voting, redeemable preferred shares with a par value of \$0.01 per share.
- Unlimited number of Class E non-voting, redeemable preferred shares with a par value of \$0.01 per share.
- Unlimited number of Class F non-voting, redeemable preferred shares with a par value of \$100 per share.

	Class A	Class B	Class C	Class D	Class E	Class F
<b>Issued and outstanding – July 31, 2021 and October 31, 2020</b>	<b>100,000</b>	<b>90,000</b>	-	-	-	-

**Notes to Interim Condensed Financial Statements**

**April 30, 2021**

*Canadian Dollars  
(Unaudited)*

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**7. Related Party Transactions**

During the nine months ended July 31, 2021, the Company incurred \$84,000 (2020 - \$35,700) for the remuneration of the Chief Executive Officer ("CEO"). As at July 31, 2021, \$1,582 (October 31, 2020 - \$7,500) of remuneration was due to the CEO which is included in accounts payable and accrued liabilities.

During the nine months ended July 31, 2021, the Company repaid advances totalling \$80,000 previously owing to the CEO. During the same period, the CEO advanced an additional \$75,000 to the Company. As at July 31, 2021, advances totalling \$75,000 (October 31, 2020 - \$80,000) were due to the CEO which is included in accounts payable and accrued liabilities. Advances from the CEO are unsecured, non-interest bearing and due on demand.

As of July 31, 2021, promissory notes payable of \$270,570 (October 31, 2020 - \$196,547), including accrued interest, were payable to a significant shareholder (Note 4).

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**8. Operating Segments**

As of July 31, 2021, the Company is operating its business in one reportable segment: the sale of frozen smoothie products in Canada. All non-current assets are located in Canada. The Company derives 99% of its revenue from a single customer.

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**9. Subsequent Events**

a. Reverse-Takeover Transaction

On September 20, 2021 the Company closed a Reverse Take over Transaction ("the Transaction") in which Balsam acquired all the outstanding and issued securities of Blender Bites Incorporated ("the Company") in exchange for the issuance of 11,773,580 common shares and 10,136,790 share purchase warrants of Balsam.

Prior to closing of the Transaction, Balsam applied to list its common shares on the Canadian Securities Exchange (CSE) and voluntarily delisted from the TSX Venture Exchange (TSXV). Pursuant to this transaction Balsam changed its name to "Blender Bites Limited" and the board and management was reconstituted to consist of an equal number of nominees from Balsam and the Company.

b. Conversion of Subscription Receipts

In connection with the Transaction and share purchase agreement signed on August 31, 2021, Balsam completed a non-brokered private placement (the "Financing") of 3,884,500 subscription receipts (each, a "Receipt") at a price of \$1.00 per Receipt for gross proceeds of \$3,884,500. Proceeds from the Financing were held in escrow pending completion of the Transaction. Following the completion of the Transaction, each Receipt automatically converted into one common share and one-half-of-one common share purchase warrant of Balsam, with each warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$2.00 per share until August 31, 2023.



**BLENDER BITES INCORPORATED**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED JULY 31, 2021

The following Management's Discussion and Analysis ("MD&A") comments on the audited financial condition and results of operations of Blender Bites Incorporated ("Blender," "Blender Bites" or the "Company") for the year ended October 31, 2020. All data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. The information contained herein should be read in conjunction with Blender's audited financial statements for the year ended October 31, 2020 (the "Financial Statements").

Unless the context otherwise requires, all references to "Blender", "Corporation", "Company", "our", "us", and "we" refers to Blender Bites Incorporated.

This MD&A is dated November 30, 2021. All amounts are presented in Canadian dollars, unless otherwise noted.

## **Advisory Regarding Forward-Looking Statements**

This MD&A contains forward-looking statements. When used in this MD&A the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the Company's ability to develop market food and products which are considered financially viable; the sufficiency of the Company's cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise sufficient capital to fund operations and meet its financial obligations; and changes in accounting standards.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this document. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. When relying upon our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Blender does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

## **Overview and About Blender Bites Incorporated**

Blender Bites Incorporated was formed under the BCBCA on September 17, 2015. The head office of Blender Bites is located at Suite 2808, 1288 West Cordova Street, Vancouver, British Columbia V6C 3R3 and its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

Blender Bites is a timely and innovative functional frozen food company that combines convenience, taste and nutrition in the form of a frozen smoothie puck that is easily added to a liquid of choice to create a healthy drink that can be used as a breakfast or nutritious snack or meal, any time of day.

The Company was created and launched by founder Chelsie Hodge and has created an innovative, timely and relevant frozen product line, called Blender Bites™ (BB), a frozen premium organic frozen food-line targeted for this important growing market segment.

The Company is currently listed in over 850 retail stores across Canada, and the Company anticipates its products to be available in over 2,000 retail locations by the end of 2021.

Blender Bites are 100% organic Superfood Pucks for Smoothies. They are composed of organic fruits, mixed with various functional ingredients such as detoxifying greens, plant-based vitamins and minerals and fibre. Blender Bites will be launching new products with functional ingredients focused on post workout recovery, skin health, stress reduction and gut health.

## **Proposed Transactions**

The Company entered into the Letter of Intent with arm's length party, Balsam Technologies Corp. ("Balsam"), pursuant to which Balsam proposed to acquire all of the issued and outstanding shares of Blender Bites. Upon completion of the Proposed Transaction, Balsam will make an application to have its common shares listed on the CSE.

Subject to the terms and conditions of the Share Purchase Agreement, at the closing of the Proposed Transaction, 100% of the Blender Shares will be sold to Balsam for the Consideration Shares, pursuant to which, among other things, on the Effective Date:

- (a) As consideration for the acquisition of Blender Shares by Balsam, Balsam will issue the Consideration Shares to the Blender Bites Shareholders;
- (b) As a result of the Proposed Transaction, Blender Bites will be 100% owned by the Balsam; and
- (c) Upon completion of the Proposed Transaction, the Resulting Issuer will be renamed "Blender Bites Limited".

Upon completion of the Blender Acquisition, the Resulting Company will be re-named "Blender Bites Limited."

## **Operations and Operational Highlights**

Blender Bites was formed by Chelsie Hodge with the goal of becoming the North American leading provider of organic, highly nutritious and convenient solutions for the market's daily smoothie routine.

Blender Bites are a frozen premium organic frozen food-line targeted for this important growing market segment. They are made fresh, and then frozen to be kept in an optimal state for maintaining taste, nutrition and quality, as well as safety. This process is also an effective method to greatly extend shelf-life.

Blender Bites was first to market in Western Canada and pioneered the quick and easy smoothie category with key retailers, such as Whole Foods Market. At present, Blender Bites is available in over 560 retail locations Canada-wide, with its U.S. launch scheduled for Q4 of 2021. Blender Bites' first three smoothie puck varieties have been favorably received and the Company has in place strong distribution partners in both Canada and the U.S. Leveraging the success of the initial Blender Bites formulas in Canada, the Company has planned to introduce re-formulated versions of the products—incorporating plant-based proteins and functional ingredients—to the market over the next year. Through its product innovation, Blender is poised for growth on a national and global scale.

The overall product plan for Blender Bites is to develop a broad portfolio of organic, frozen functional smoothie products; expanding its current lineup of frozen smoothie pucks and introducing a line of functional ingredient smoothie popsicles which will be first to market of its kind in North America, which are accessible to a large market.

Blender Bites is also currently seeking \$2,000,000 in a private placement (the “Financing”) to accelerate its business and growth objectives. Funds from the financing and cash on hand will primarily be used for product manufacturing, sales and marketing activities, general and administrative expenses, and costs related to a public listing of the Resulting Issuer’s shares on the CSE.

For the rest of 2021 Blender Bites focus will be on the launch of six banners of Loblaws National, multiple regions of club stores in Canada and the US, , along with the launch of their direct to consumer platform in the US and food service launch in the Canadian market.. To date, Blender Bites has been successful in establishing a strong distribution network and customer base across Canada. Blender Bites currently has a non-exclusive agreement with Tree of Life Canada, ULC (“Tree of Life”) as its main distribution partner, as well as a distribution agreement with Horizon Grocery & Wellness, a leading Western Canadian distributor.. Blender Bites has successfully established its Canadian distribution channels and is currently available nation-wide at retailers such as Sobeys, Safeway, Save On Foods, Buy-Low, Whole Foods Markets and Thrifty Foods. Blender Bites also entered into a broker agreement with Active Sales and Marketing to help broaden distribution into the U.S. with a target launch of Q4 2021. As at the end of October 2020, the Company had its products for sale in 507 stores compared to 86 stores at the end of its 2019 fiscal year, an increase of 421 stores.

## Overall Performance & Discussion of Operations

### Results of Operations

#### Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited interim consolidated financial statements. The Company’s interim consolidated financial statements are prepared in accordance with IFRS applicable to interim financial statements.

Period	Revenues \$	Net income (loss) for the period \$	(Loss) earnings per share (basic and diluted) \$
3 <sup>rd</sup> Quarter 2021	183,414	(222,494)	(1.17)
2 <sup>nd</sup> Quarter 2021	150,098	(92,684)	(0.49)
1 <sup>st</sup> Quarter 2021	56,336	(107,226)	(0.56)
4 <sup>th</sup> Quarter 2020	18,790	(60,072)	(0.32)
3 <sup>rd</sup> Quarter 2020	291,877	45,583	0.24
2 <sup>nd</sup> Quarter 2020	133,055	(342)	(0.00)
1 <sup>st</sup> Quarter 2020	29,638	(26,000)	(0.14)
4 <sup>th</sup> Quarter 2019	19,067	(27,808)	(0.15)

The Company’s quarterly revenues and income/loss for the period are subject to seasonal volatility. The Company anticipates that its second and third quarters of each fiscal year, will be stronger revenue months as the Company anticipates selling more smoothies in the spring and summer compared to winter months.

#### **Three months ended July 31, 2021 compared to the three months ended July 31, 2020**

The Company had a loss from operations of \$222,494 in the period ended July 31, 2021 compared to a net income of \$45,583 in the three months ended July 31, 2020, an increase in loss of \$268,077.

During the period ended July 31, 2021, the Company decreased its sales to \$183,414 from \$291,877 in the period ended July 31, 2020, a decrease of \$108,463 or 37%. The decrease was a result of the Company

being able to increase its Canadian distribution channel during the current period. The Company's gross margin also decreased to \$32,712 in the current period compared to a gross margin of \$72,185 in the comparative period. The Company expects its gross margin percentage to increase as it grows its distribution and scales its production.

Operating costs for the period ended July 31, 2021 were \$255,206 compared to \$26,602, an increase of \$228,604. The increase in operating costs is largely attributable to new product development, professional fees, advertising and promotion, management fees, and professional fees which, in total, increased by \$179,140 compared to the period ended July 31, 2020. The Company expects its general and administrative costs will increase in 2021 as a result of the Company scaling up its operations and distributions and as well due to the costs associated with its transaction with Balsam.

### ***Nine months ended July 31, 2021 compared to the Nine months ended July 31, 2020***

The Company had a loss from operations of \$422,404 in the nine-month period ended July 31, 2021 compared to a net income of \$19,241 in the nine months ended July 31, 2020, an increase in loss of \$441,645.

During the period ended July 31, 2021, the Company decreased its sales to \$389,848 from \$454,570 in the period ended July 31, 2020, a decrease of \$64,722 or 14%. The decrease was a result of the Company being able to increase its Canadian distribution channel during the current period. The Company's gross margin decreased to \$49,607 in the current period compared to a gross margin of \$95,995 in the comparative period due to various promotional offerings to stores. The Company expects its gross margin percentage to increase as it grows its distribution and scales its production.

Operating costs for the period ended July 31, 2021 were \$472,011 compared to \$76,754, an increase of \$395,257. The increase in operating costs is largely attributable to advertising and promotion, management fees, new product development, and professional fees which, in total, increased by \$334,255 compared to the period ended July 31, 2020. The Company expects its general and administrative costs will increase in 2021 as a result of the Company scaling up its operations and distributions and as well due to the costs associated with its transaction with Balsam.

### **Liquidity and Capital Resources**

The Company had cash of \$352,744 as at July 31, 2021 and a negative working capital balance of \$613,147. During the period ended July 31, 2021, the Company used \$435,603 of cash in operating activities as compared to using \$223,135 of cash in the period ended July 31, 2020. The increase is primarily related to an increase in general and administrative expenses.

The financial statements of the Company and this MD&A 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 business. Blender Bites is an early-stage revenue generating company and as at July 31, 2021 had an accumulated deficit of \$767,597.

Management of the Company does not expect that its current cash position will be sufficient to meet all of its operating requirements, financial commitments, and business development priorities during the next twelve months. However, in the subsequent period, the Company entered into a reverse-take over transaction with Balsam Technologies Corp ("Balsam") and as part of this transaction, Balsam raised \$3,884,500 through a non-brokered private placement.

### **Off-Balance Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of

the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

## **Related Party Transactions**

During the nine months ended July 31, 2021, the Company incurred \$84,000 (2020 - \$35,700) for the remuneration of the Chief Executive Officer (“CEO”). As at July 31, 2021, \$1,582 (October 31, 2020 - \$7,500) of remuneration was due to the CEO which is included in accounts payable and accrued liabilities.

During the nine months ended July 31, 2021, the Company repaid advances totaling \$80,000 previously owing to the CEO. During the same period, the CEO advanced an additional \$75,000 to the Company. As at July 31, 2021, advances totaling \$75,000 (October 31, 2020 - \$80,000) were due to the CEO which is included in accounts payable and accrued liabilities. Advances from the CEO are unsecured, non-interest bearing and due on demand.

As of July 31, 2021, promissory notes payable of \$270,570 (October 31, 2020 - \$196,547), including accrued interest, were payable to a significant shareholder.

## **Key Accounting Estimates and Judgments**

Preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates form the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Management’s key estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates and Judgments

Significant assumptions relate to the following:

### **Revenues**

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a point in time when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company sells frozen smoothie pucks to a third-party distribution company. Orders are fulfilled utilizing a third-party manufacturer. The Company is responsible for the shipment of goods from the manufacturer’s warehouse to the distributor’s warehouses across Canada. Revenue is recognized upon delivery of goods to the distributor, representing the Company’s performance obligation in the transaction. As the Company acts as the principal in the transaction, revenue is recognized on a gross basis.

## Financial Instruments

		July, 31 2021		October 31, 2020
<hr/>				
Financial assets at amortized cost				
Cash	\$	352,744	\$	205,868
Accounts receivable		141,973		10,521
<hr/>				
	\$	494,717	\$	216,389
<hr/>				
Financial liabilities at amortized cost				
Accounts payable and accrued liabilities	\$	197,832	\$	129,185
Promissory notes		270,570		196,547
Loan		1,017,260		-
<hr/>				
	\$	1,485,662	\$	325,732
<hr/>				

### a) Fair value

As at July 31, 2021, the carrying values of all of the Company's financial assets and financial liabilities approximate their fair value.

### b) Management of financial risk

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

#### i. 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.

#### ii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements by taking into account anticipated cash expenditures for its operating activities. The Company will pursue equity or debt financing as required to meet its long-term commitments. There is no assurance that such financing will be available or that it will be available on favorable terms.

As at July 31, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities, promissory notes, and loan totaling \$1,485,662, which are expected to be paid over the next twelve months.

## **Capital Management**

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's operations and growth.

The capital of the Company consists of items included in its shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its objectives. The Company may issue new shares or seek debt to ensure that there is sufficient working capital to meet its short-term business requirements.

There were no changes to the Company's approach to capital management during the period ended July 31, 2021.

## **Approval**

The director of Blender Bites has approved the disclosure contained in this MD&A.