

---

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED OCTOBER 31, 2021, AND 2020**  
**(Expressed in Canadian Dollars)**

---

## Independent Auditor's Report

To the Shareholders of Blender Bites Limited (formerly: Balsam Technologies Corp.)

### Opinion

We have audited the consolidated financial statements of Blender Bites Limited (formerly: Balsam Technologies Corp.) ("the Group"), which comprise the consolidated statement of financial position as at October 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Matter

The consolidated financial statements of Blender Bites (Holdings) Limited for the year ended October 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 7, 2021.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including

the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, Canada  
February 28, 2022**

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at October 31, 2021, and 2020

(Expressed in Canadian Dollars)

	October 31, 2021	October 31, 2020
<b>ASSETS</b>		
CURRENT ASSETS		
Cash	\$ 2,587,871	\$ 205,868
Accounts receivable	455,023	10,521
Prepaid expenses	1,315,326	-
	4,358,220	216,389
NON-CURRENT ASSETS		
Equipment (Note 6)	83,611	12,718
Trademarks (Note 6)	20,839	1,442
<b>Total assets</b>	<b>\$ 4,462,670</b>	<b>\$ 230,549</b>
<b>LIABILITIES AND EQUITY</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 7 and 10)	\$ 741,608	\$ 129,185
Promissory notes (Note 8)	33,265	196,547
	774,873	325,732
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
Share capital (Note 9)	18,126,510	250,010
Contributed surplus (Note 9)	1,859,000	-
Deficit	(16,297,713)	(345,193)
	3,687,797	(95,183)
<b>Total liabilities and shareholders' equity (deficiency)</b>	<b>\$ 4,462,670</b>	<b>\$ 230,549</b>

Nature of business and continuance of operations (Note 1)

Subsequent events (Note 16)

Approved and authorized by the Board of Directors:

"Chelsie Hodge"  
**Chelsie Hodge, Director**

"Geoff Balderson"  
**Geoff Balderson, Director**

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

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended October 31, 2021, and 2020

(Expressed in Canadian Dollars)

	Year ended October 31, 2021	Year ended October 31, 2020
<b>Sales</b>	\$ 941,852	\$ 441,286
<b>Cost of goods sold</b>	809,720	419,177
<b>Gross Margin</b>	132,132	22,109
<b>EXPENSES</b>		
Advertising and promotion	344,991	19,502
Consulting fees	126,221	-
Depreciation (Note 6)	7,949	3,795
Interest and accretion expense (Note 8)	45,323	6,547
Management fees (Note 10)	164,622	63,876
New product development	83,673	-
Office and administration	35,875	15,712
Professional fees	329,739	26,190
Transaction and listing expense (Note 5)	14,859,798	-
Transfer agent and filing fees	21,618	-
Travel expense	16,278	5,396
Wages and benefits (Note 10)	43,023	-
Website expenses	5,542	-
	(16,084,652)	(141,018)
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (15,952,520)</b>	<b>\$ (118,909)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.95)</b>	<b>\$ (0.63)</b>
<b>Weighted average number of common shares outstanding</b>	<b>16,869,525</b>	<b>190,000</b>

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

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
For the years ended October 31, 2021, and 2020  
(Expressed in Canadian Dollars)

	SHARE CAPITAL		Contributed Surplus	Deficit	Total Equity (Deficiency)
	Number of Shares	Amount			
<b>Balance at October 31, 2019</b>	190,000	\$ 250,010	\$ -	\$ (226,284)	\$ 23,726
Net loss for the year	-	-	-	(118,909)	(118,909)
<b>Balance at October 31, 2020</b>	190,000	250,010	-	(345,193)	(95,183)
BBI warrants issued for cash	-	-	200,000	-	200,000
Elimination of BBI shares upon RTO	(190,000)	-	-	-	-
Shares and warrants issued to shareholders of BBI upon RTO	14,375,000	-	-	-	-
Shares and warrants of BITE on RTO	14,374,829	11,499,863	1,810,000	-	13,309,863
Shares issued to settle BBI debt upon RTO	341,975	273,580	-	-	273,580
Concurrent financing upon RTO	4,855,625	3,884,500	-	-	3,884,500
Share issue costs	48,556	-	-	-	-
Finders' shares	2,500,000	2,000,000	-	-	2,000,000
Share issued for exercise of warrants	272,406	218,557	(151,000)	-	67,557
Net loss for the year	-	-	-	(15,952,520)	(15,952,520)
<b>Balance at October 31, 2021</b>	36,768,391	\$ 18,126,510	\$ 1,859,000	\$ (16,297,713)	\$ 3,687,797

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

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended October 31, 2021, and 2020

(Expressed in Canadian Dollars)

	Year ended October 31,	
	2021	2020
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (15,952,520)	\$ (118,909)
Items not involving cash:		
Depreciation	7,949	3,795
Interest and accretion expense	45,323	6,547
Transaction and listing expense	14,859,798	-
Changes in non-cash working capital items:		
Accounts receivable	(395,095)	(1,369)
Prepaid expenses and deposits	(1,315,326)	-
Accounts payable and accrued liabilities	146,231	77,121
Cash (used) in operating activities	(2,603,640)	(32,815)
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(77,438)	-
Purchase of trademarks	(20,801)	-
Cash acquired on RTO acquisition	899,508	-
Cash provided by investing activities	801,269	-
<b>FINANCING ACTIVITIES</b>		
Shares issued for cash	3,952,057	-
Warrants issued for cash	200,000	-
Proceeds from promissory notes	60,000	190,000
Proceeds from loan	1,000,000	-
Repayment of loan and interest	(1,027,683)	-
Cash provided by financing activities	4,184,374	190,000
<b>CHANGE IN CASH DURING THE YEAR</b>	<b>2,382,003</b>	<b>157,185</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>205,868</b>	<b>48,683</b>
<b>CASH, END OF YEAR</b>	<b>\$ 2,587,871</b>	<b>\$ 205,868</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION (Note 11)</b>		
Interest paid	\$ 27,683	\$ -
Income tax paid	\$ -	\$ -

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



# **BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

---

### **1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS**

Blender Bites Limited (formerly: Balsam Technologies Corp.) (“BITE” or the “Company”) was incorporated on March 23, 1999, under the laws of British Columbia and is the parent company of Blender Bites (Holdings) Limited (“BBI” or “Blender Bites”). The head office and records are located at Suite 800 – 1199 West Hastings Street, Vancouver, British Columbia V6E 3T5. Effective October 8, 2020, the Company changed its name from Rewardstream Solutions Inc. to Balsam Technologies Corp. and commenced trading under the trading symbol “BTEC.H”. Effective September 21, 2021, the Company changed its name from Balsam Technologies Corp. to Blender Bites Limited and commenced trading under the trading symbol “BITE” on the Canadian Securities Exchange (“CSE”).

The Company’s business in the manufacturing and distribution of natural and organic frozen smoothie products.

On January 19, 2022, the Company completed a share split of its common shares on the basis of 1.25 new common shares for every existing 1 common share. The share consolidation has been retroactively presented in the consolidated financial statements by adjusting all share amounts, including per share amounts.

On September 20, 2021, the Company acquired all the issued and outstanding shares of Blender Bites by way of reverse takeover (the “Acquisition”). Pursuant to the Acquisition, Blender Bites became a wholly owned subsidiary of BITE for legal purposes and the Company changed its name to Blender Bites Limited. Upon closing of the transaction, the shareholders of Blender Bites had control of the Company and as a result, the transaction is considered a reverse acquisition of BITE by Blender Bites. For accounting purposes, Blender Bites is considered the acquirer and BITE, the acquiree; therefore, the Company and these consolidated financial statements are a continuation of the financial statements of Blender Bites. The net assets of BITE at the date of the reverse acquisition are deemed to have been acquired by Blender Bites and these consolidated financial statements include the results of operations of BITE from September 20, 2021. See Note 5 for additional details.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and the settlement of liabilities and commitments in the normal course of operations. The Company realized a net loss of \$15,952,520 for the year ended October 31, 2021. As at October 31, 2021, the Company had an accumulated deficit of \$16,297,713. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

There was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company’s operations.

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 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 financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classifications used. Such adjustments could be material.

# BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2021

(Expressed in Canadian Dollars)

### 2. BASIS OF PRESENTATION

#### a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on February 28, 2022.

#### b) Basis of measurement

These 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 financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

#### c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary at the end of the reporting period:

	Incorporated	Nature	Ownership October 31, 2021	Ownership October 31, 2020
Blender Bites (Holdings) Limited	British Columbia	Consumer products	100%	NIL

These consolidated financial statements are a continuation of the financial statements of Blender Bites. The net assets of BITE at the date of the reverse acquisition are deemed to have been acquired by Blender Bites and these consolidated financial statements include the results of operations of BITE from September 20, 2021.

The results of the wholly owned subsidiary will continue to be included in the 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistent throughout by the Company for purposes of these financial statements.

#### a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As of October 31, 2021, the Company held no cash equivalents.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)**b) Financial instruments**

All financial assets not classified at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss ("FVTPL"). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial instruments are classified as follows:

<b>Financial Assets / Liabilities</b>	<b>Classification and Measurement</b>
Cash	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Promissory notes	Amortized cost

*Fair value hierarchy*

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 (unadjusted) 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 or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

---

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**b) Financial instruments** (continued)

*Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**c) Income taxes**

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity in which case the related income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

# BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2021

(Expressed in Canadian Dollars)

---

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### *Valuation of equity units issued in private placements*

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the share-based payments reserve. The fair value of the common shares is based on the closing quoted bid price on the announcement date. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital. For those warrants that expired, the recorded value is transferred to deficit.

#### e) Earnings (loss) per share

The Company presents basic earnings (loss) per share data for its common shares, calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

#### f) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as either an expense or as mineral property interests with a corresponding increase in share-based payments reserve. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in share-based payments reserve is transferred to share capital.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)**f) Share-based payments** (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options are transferred from share-based payments reserve to deficit upon their expiry or cancellation.

**g) Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**h) Equipment**

Equipment is carried at cost, less accumulated depreciation, and accumulated impairment losses. The cost of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The major categories of equipment are depreciated on a straight-line basis using the estimated lives as follows:

Moulds	5 years
Machinery and equipment	10 years

The carrying amount of an item of equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of equipment is included in profit or loss when the item is derecognized.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)**i) Intangible assets**

Separately acquired intangible assets are recognized initially at cost. Following initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

The major categories of intangible assets are depreciated on a straight-line basis using the estimated lives as follows:

Trademarks	10 years
------------	----------

**j) Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable potential cash flow generating units ("CGU's"). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the statement of operations.

**k) Inventory**

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first in first out method and includes the cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. As of October 31, 2021, the Company's inventory amount is \$NIL (2020: \$NIL).

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

---

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**l) Revenue recognition**

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

- a. Identifying the contract with a customer.
- b. Identifying the performance obligations.
- c. Determining the transaction price.
- d. Allocating the transaction price to the performance obligations.
- e. 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 distributors' warehouses across Canada. Revenue is recognized upon delivery of goods to the distributors, 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.

**m) Research and development**

Expenditures on research activities, undertaken with the prospect of gaining new or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and has the ability to use or sell the asset. The expenditures capitalized include the costs of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

**n) Foreign currency translation**

The functional currency of the Company and its subsidiary is the Canadian dollar. Each component's functional currency is the currency of the primary economic environment in which the component operates. The Company's financial statements are presented in Canadian dollars. Transactions in foreign currencies are translated to the functional currency of each entity at a rate of exchange approximating the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate in effect at that date. Nonmonetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized in profit or loss.



**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

---

**3. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**o) New accounting standards not yet effective**

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning after January 1, 2021, or later years. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these consolidated financial statements.

A number of new standards, and amendments to standards and interpretations, are not effective for the year ended October 31, 2021, and have not been early adopted in preparing these financial statements. These new and amended standards are not expected to have a material impact on the Company's financial statements. The following accounting standards and amendments are effective for future periods:

i. Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

ii. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

## **BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

---

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the year of change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical estimates which are most subject to uncertainty and have the most significant risk of resulting in a material adjustment to the carrying values of assets and liabilities within the next twelve months are as follows:

##### **Recoverability of accounts receivable and allowance for credit loss**

The Company provides allowances for lifetime expected credit losses based on an assessment of the recoverability of accounts receivable. Allowances are applied to accounts receivable at initial recognition based on the probability of default by the customers. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for lifetime expected credit losses. Where the expectation is different from the original estimate, such difference will impact the carrying value of accounts receivable.

##### *Critical judgments in applying accounting policies*

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

##### **Going concern**

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern. See Note 1 for additional details.

##### **Reverse acquisition**

The determination of the acquirer in the Acquisition of Blender Bites by BITE requires significant judgment assessing the relative voting rights, composition of the governing body, and composition of senior management of the combined entity, amongst other factors. The Company concluded Blender Bites to be the acquirer, and its acquisition of all of the outstanding shares of BITE has been determined to be an asset acquisition as BITE does not meet the definition of a business under IFRS 3, *Business Combinations*. As a result, the transaction has been accounted for as a reverse takeover by Blender Bites of BITE's net assets in accordance with the guidance under IFRS 2, *Share-based Payment*.

The Company bases its estimates and judgments on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**5. REVERSE TAKEOVER**

As described in Note 1, on September 20, 2021, BITE completed the acquisition of all issued and outstanding shares of Blender Bites pursuant to the share purchase agreement dated August 31, 2021. As a result of the transaction, the Company issued 14,716,975 common shares and 12,670,988 share purchase warrants to Blender Bites' shareholders and a certain debt holder. The Company also paid a finder's fee of 2,500,000 common shares to third parties that introduced the transaction to the Company valued at \$2,000,000 which is recognized in transaction and listing expense in profit or loss.

The transaction constituted a reverse acquisition of BITE and had been accounted for as a reverse acquisition transaction in accordance with the guidance provided under IFRS 2, *Share-based Payment* and IFRS 3, *Business Combinations*. As BITE did not qualify as a business according to the definition in IFRS 3, this reverse acquisition was accounted for as an asset acquisition by the issuance of shares and warrants of the Company for the net assets of BITE.

The consideration paid was determined as equity settled share-based payment under IFRS 2, at the fair value of the equity of Blender Bites retained by the shareholders of BITE based on the fair value of Blender Bites' common shares on the date of closing of the RTO at \$0.80 per share. As a result of the transaction, the Company assumed 3,260,870 share purchase warrants, valued at \$1,810,000. The share purchase warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 0.44%; Volatility of 100%; Stock Price of \$0.80; Exercise price of \$0.25; Dividend yield of NIL% and expected life of 0.38 years.

For accounting purposes, Blender Bites has been treated as the accounting parent company (legal subsidiary) and BITE has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Blender Bites was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The results of operations of BITE are included in these consolidated financial statements from the date of the reverse acquisition of September 20, 2021.

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed at the date of acquisition is based on management's best estimate using the information currently available and may be revised by the Company as additional information is received and finalized.

Fair value of 14,374,829 common shares at \$0.80 per share	\$	11,499,863
Fair value of 3,260,870 share purchase warrants		1,810,000
Total consideration		13,309,863
Allocated to the fair value of BITE's net assets as follows:		
Cash		899,508
Accounts receivable		49,407
Accounts payable and accrued liabilities		(466,192)
Loan payable		(32,658)
Net identifiable assets acquired		450,065
Finders' fees paid in shares		2,000,000
<b>Transaction and Listing Expense</b>	<b>\$</b>	<b>14,859,798</b>

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**6. EQUIPMENT AND TRADEMARKS**

The following is a summary of activities for the years ended October 31, 2021 and 2020:

	Moulds \$	Equipment \$	Trademarks \$	Total \$
<b>COST</b>				
Balance, October 31, 2019	18,169	-	1,603	19,772
Additions	-	-	-	-
Balance, October 31, 2020	18,169	-	1,603	19,772
Additions	12,944	64,494	20,801	98,239
<b>Balance, October 31, 2021</b>	<b>31,113</b>	<b>64,494</b>	<b>22,404</b>	<b>118,011</b>
<b>ACCUMULATED DEPRECIATION</b>				
Balance, October 31, 2019	1,817	-	-	1,817
Additions	3,634	-	161	3,795
Balance, October 31, 2020	5,451	-	161	5,612
Additions	4,126	2,419	1,404	7,949
<b>Balance, October 31, 2021</b>	<b>9,577</b>	<b>2,419</b>	<b>1,565</b>	<b>13,561</b>
<b>Net book value, October 31, 2020</b>	<b>12,718</b>	<b>-</b>	<b>1,442</b>	<b>14,160</b>
<b>Net book value, October 31, 2021</b>	<b>21,536</b>	<b>62,075</b>	<b>20,839</b>	<b>104,450</b>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	October 31, 2021	October 31, 2020
Accounts payable	\$ 583,621	\$ 129,185
Accrued liabilities	157,987	-
	<b>\$ 741,608</b>	<b>\$ 129,185</b>

**8. PROMISSORY NOTES**

During the year ended October 31, 2020, Blender Bites entered into two promissory note agreements with a significant shareholder. The first promissory note agreement is for principal of \$100,000, due on demand. This note is secured against certain sales of Blender Bites. 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, unsecured, for principal of \$60,000 maturing in February 2022. All loans bear interest at 8%. As the promissory notes have either matured or are due within twelve months, the amounts are due on demand and are recognized as a current liability on the statements of financial position.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**8. PROMISSORY NOTES (continued)**

The following is a summary of promissory note activities for the years ended October 31, 2021, and 2020:

		<b>Total</b>
<b>Balance, October 31, 2019</b>	<b>\$</b>	<b>-</b>
Additions		190,000
Interest accrued		6,547
<b>Balance, October 31, 2020</b>		<b>196,547</b>
Additions		60,000
Assumed from RTO		32,658
Settled with shares		(273,580)
Interest accrued		17,640
<b>Balance, October 31, 2021</b>	<b>\$</b>	<b>33,265</b>

**9. SHARE CAPITAL**

## a) Authorized:

Unlimited number of common shares, without par value.

## b) Issued and outstanding:

During the year ended October 31, 2021:

On September 20, 2021, a reverse acquisition transaction was completed whereby the Company acquired all the issued and outstanding common shares of BBI and issued 14,375,000 common shares of the Company to the shareholders of BBI in exchange for 190,000 former BBI shares, issued 341,975 common shares and 170,988 warrants to the Company to a BBI's debt holder to settle debt of \$273,580, and issued 12,500,000 warrants to the warrant holders of BBI in exchange for 12,500,000 former BBI warrants on substantially the same terms. At the reverse acquisition date, BITE's shareholders held 14,374,829 common shares of the Company, which were valued at \$11,499,863 as part of the consideration for acquisition. The Company also issued 2,500,000 common shares, valued at \$2,000,000 for finder's fee. See Note 5 for additional details.

The Company completed a concurrent financing of 4,855,625 units at a price of \$0.80 per unit on September 20, 2021. Each unit consists of one common share and one half of one share purchase warrant, exercisable at a price of \$1.60 expiring September 20, 2023. 48,556 common shares were issued as share issue cost in connection with the financing.

During the year ended October 31, 2021, the Company issued an aggregate 272,406 common shares for total proceeds of \$67,556 for the exercise of warrants. Fair value of \$151,000 was reallocated from contributed surplus to share capital.

During the year ended October 31, 2020:

There were no shares issued during the year ended October 31, 2020.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**9. SHARE CAPITAL (continued)**

## c) Stock options

The Company has a stock option plan (the "Plan") that permits the grant of stock options up to 20% of the issued and outstanding common shares of the Company to directors, officers, key employees, and consultants. Terms of the options granted are subject to determination and approval by the Board of Directors. There were no stock options granted during the years ended October 31, 2021 and 2020.

## d) Warrants

Blender Bite issued 12,500,000 warrants for proceeds of \$200,000 on September 20, 2021, which were exchanged for the Company's warrants on substantially the same terms.

The table below summarizes the information on the outstanding warrants of the Company for the years ended October 31, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 31, 2019	-	\$ -
Issued	-	-
Balance, October 31, 2020	-	-
Assumed from BITE	3,260,870	0.25
Issued	15,098,800	0.94
Exercised	(272,406)	0.25
Balance, October 31, 2021	18,087,264	\$ 0.82

As at October 31, 2021, the Company's outstanding share purchase warrants expire as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding
February 4, 2022	0.26	\$ 0.25	2,988,464
September 20, 2023	1.89	1.60	2,427,812
May 28, 2023	1.57	0.80	12,500,000
August 31, 2023	1.83	1.60	170,988
	1.40	\$ 0.82	18,087,264

The weighted average share price on the date warrants were exercised was \$1.39 (2020 – no exercise).

## e) Escrow shares

6,281,349 shares were placed into escrow. Under the escrow agreement, 10% of the shares were released on September 20, 2021, the listing date on CSE, and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the initial release. As at October 31, 2021, 5,653,214 shares were in escrow.

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**10. RELATED PARTY TRANSACTIONS**

Related party transactions not otherwise described in these 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, for the years ended October 31, 2021 and 2020 are as follows:

	For the year ended October 31,	
	2021	2020
Key Management Compensation		
Management fees and salaries	\$ 131,000	\$ 58,200
	\$ 131,000	\$ 58,200

Accounts payable and accrued liabilities at October 31, 2021 includes \$76,033 (2020 - \$87,500) owing to the CEO of the Company and \$41,035 (2020 - \$nil) owing to a director, and a company controlled by the CFO of the Company.

Amounts due to related parties are unsecured, non-interest bearing and due on demand.

The Company entered into employment agreement with the CEO of the Company effective September 20, 2021 and will continue indefinitely until it is terminated. The base salary is \$240,000 on an annual basis. The CEO is entitled to performance bonuses based meeting certain gross revenue thresholds. In the case of termination without cause or change of control, the CEO is entitled to an amount equal to two times of the sum of the annual base salary and bonus in lieu of notice.

**11. SUPPLEMENTAL CASH FLOW INFORMATION**

	For the year ended October 31,	
	2021	2020
Non-cash financing and investing activities		
Fair value of shares issued as consideration for RTO	\$ 11,499,863	\$ -
Fair value of warrants issued as consideration for RTO	\$ 1,810,000	\$ -
Shares issued to settle BBI debt upon RTO	\$ 273,580	\$ -
Fair value of warrants exercised	\$ 151,000	\$ -

**12. OPERATING SEGMENTS**

As of October 31, 2021 and October 31, 2020, 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% (2020 - 99%) of its revenue from two customers (2020 – one customer).

## BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

October 31, 2021

(Expressed in Canadian Dollars)

---

#### 13. FINANCIAL INSTRUMENTS

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities and promissory notes 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. The Company's cash is held at a large Canadian financial institution. At October 31, 2021, \$340,515 of accounts receivable were with two customers of the Company, which were subsequently collected. The remaining accounts receivable primarily consist of refundable government goods and services tax.

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, 2021, the Company has a working capital of \$3,583,347.

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, 2021. 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.



**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

**14. 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 makes adjustments to 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 shareholders' equity and working capital 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, 2021.

**15. INCOME TAXES**

Income tax expense differs from the amount that would result from applying Canadian federal and provincial income tax rates to earnings before income taxes. A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	October 31, 2021	October 31, 2020
Income (loss) before income taxes	\$ (15,952,520)	\$ (118,909)
Statutory income tax rate	27%	27%
Income tax benefit computed at statutory tax rate	\$ (4,307,000)	\$ (32,105)
None-deductible items (net)	4,013,000	508
Other	-	497
Unrecognized benefit of deferred income tax assets	294,000	31,100
Income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences at October 31, 2021, and 2020 are presented below:

	October 31, 2021	October 31, 2020
Non-capital losses carried forward	\$ 5,281,000	\$ 92,000
Equipment and other	18,000	100
	5,299,000	92,100
Unrecognized temporary differences	(5,299,000)	(92,100)
Net temporary differences	\$ -	\$ -

**BLENDER BITES LIMITED (FORMERLY: BALSAM TECHNOLOGIES CORP.)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2021

(Expressed in Canadian Dollars)

---

**15. INCOME TAXES (continued)**

The Company has non-capital losses of approximately \$20,035,000 available for carry-forward to reduce future years' income for income tax purposes, if not utilized, will start expiring in 2023.

The Company has unrecognized deferred tax liabilities of approximately \$489,000 as a result of the acquisition of Blender Bite during the year ended October 31, 2021.

**16. SUBSEQUENT EVENTS**

On November 22, 2021, the Company issued 209,890 common shares at a deemed price of \$1.26 per share to service providers to settle \$265,300 in debts owing.

On January 24, 2022, the Company issued 271,740 common shares pursuant to the exercise of 271,740 warrants at an exercise price of \$0.25 for gross proceeds of \$67,392.

On January 25, 2022, the Company granted 700,000 stock options to directors, officers, and consultants of the Company at an exercise price of \$1.25 expiring January 25, 2027. The options vest 25% immediately, and 25% after 6 months, 9 months and 12 months.

On January 28, 2022, the Company issued 2,716,724 common shares pursuant to the exercise of 2,716,724 warrants at an exercise price of \$0.25 for gross proceeds of \$673,748.