BLENDER BITES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2023

(Expressed in Canadian Dollars)

Green Growth CPAs

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Blender Bites Limited

Opinion

We have audited the consolidated financial statements of Blender Bites Limited (the Company), which comprise the consolidated statement of financial position as of October 31, 2023 and the related statements of loss and comprehensive loss, statement of changes in shareholders' equity, and statement of 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 financial position of the Company as of October 31, 2023, and the results of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Company in accordance with the ethical requirements that are relevant to our audit of the 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 events or conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Matter

The consolidated financial statements of the Company for the year ended October 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on February 28, 2023.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated inancial 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. 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. 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 IFRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 and 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 Company'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 Company'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 Company 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.

Furthermore, our responsibilities in a Company audit are to: (i) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements., (ii) being responsible for the direction, supervision and performance of the Company audit and (iii) 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.

February 28, 2024

Devin Fouse
GreenGrowth CPAs
10250 Constellation Blvd.
Los Angeles, CA 90067

BLENDER BITES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at October 31, 2023 and 2022
(Expressed in Canadian Dollars)

	October 31, 2023	October 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 773,388	$ 221,272
Accounts receivable, net	1,279,153	643,487
Inventory (Note 5)	1,499,756	385,213
Prepaid expenses	84,536	40,967
	3,636,833	1,290,939
NON-CURRENT ASSETS		
Equipment (Note 6)	848,535	426,235
Intangibles (Note 7)	62,079	36,266
Total assets	$ 4,547,447	$ 1,753,440
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 8 and 11)	$ 1,963,272	$ 741,580
Promissory notes (Note 9)	36,865	35,065
	2,000,137	776,645
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	27,877,660	21,285,949
Contributed surplus (Note 10)	4,084,410	621,501
Deficit	(29,414,760)	(20,930,655)
	2,547,310	976,795
Total liabilities and shareholders' equity	$ 4,547,447	$ 1,753,440

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

"Nima Bahrami"
Nima Bahrami, Director

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

BLENDER BITES LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Year ended October 31, 2023	Year ended October 31, 2022
Sales	$ 3,339,062	$ 3,845,209
Cost of goods sold (Note 5)	2,615,658	3,435,307
Gross Margin	723,404	409,902
EXPENSES		
Advertising and promotion	1,604,486	1,873,127
Consulting fees	955,178	1,255,654
Depreciation (Notes 6 and 7)	9,664	9,485
Freight expense	249,441	218,337
Interest and accretion expense (Note 9)	5,874	1,800
New product development	201,933	175,261
Office and administration	218,151	130,016
Professional fees (Note 11)	539,941	257,292
Selling expense	241,554	237,982
Share based compensation (Notes 10 and 11)	4,675,995	421,501
Transfer agent and filing fees	29,752	53,956
Travel expense	176,621	13,717
Wages and benefits (Note 11)	374,469	394,785
	(9,283,059)	(5,042,913)
Net loss before other items	(8,559,655)	(4,633,011)
OTHER ITEMS		
Gain on settlement of accounts payable	75,550	-
Other income	-	69
	75,550	69
Net loss and comprehensive loss for the year	**$ (8,484,105)**	**$ (4,632,942)**
Basic and diluted loss per share	**$ (1.62)**	**$ (1.17)**
Weighted average number of common shares outstanding	**5,247,534**	**3,958,493**

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

BLENDER BITES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

	SHARE CAPITAL				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total Equity
Balance at October 31, 2021	3,676,839	$ 18,126,510	$ 1,859,000	$ (16,297,713)	$ 3,687,797
Consolidation adjustment	(2)	-	-	-	-
Shares issued for debt	20,989	265,301	-	-	265,301
Exercise of warrants	298,846	2,400,138	(1,659,000)	-	741,138
Shares issued for services	95,000	494,000	-	-	494,000
Share based compensation	-	-	421,501	-	421,501
Net loss for the year	-	-	-	(4,632,942)	(4,632,942)
Balance at October 31, 2022	**4,091,672**	**21,285,949**	**621,501**	**(20,930,655)**	**976,795**
Private placement, net of SIC	1,691,733	4,684,643	99,000	-	4,783,643
Shares issued for debt	28,792	167,857	-	-	167,857
Shares issued for services	25,000	145,750	-	-	145,750
Exercise of warrants	106,250	427,125	-	-	427,125
Transfer of fair value of warrants	-	17,000	(17,000)	-	-
Vesting of RSUs	848,334	1,149,336	(1,149,336)	-	-
Share based compensation	-	-	4,530,245	-	4,530,245
Net loss for the year	-	-	-	(8,484,105)	(8,484,105)
Balance at October 31, 2023	**6,791,781**	**$ 27,877,660**	**$ 4,084,410**	**$ (29,414,760)**	**$ 2,547,310**

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

BLENDER BITES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended October 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Year ended October 31, 2023	2022
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	$ (8,484,105)	$ (4,632,942)
Items not involving cash:		
Bad debt recoveries	(19,656)	-
Depreciation	94,770	46,819
Gain on settlement of debt	(75,550)	-
Interest and accretion expense	1,800	1,800
Share based compensation	4,530,245	421,501
Shares issued for services	145,750	494,000
Changes in non-cash working capital items:		
Accounts receivable	(616,010)	(188,464)
Inventory	(1,114,543)	(385,213)
Prepaid expenses	(43,569)	1,274,359
Accounts payable and accrued liabilities	1,465,100	265,273
Cash (used in) operating activities	(4,115,768)	(2,702,867)
INVESTING ACTIVITIES		
Purchase of equipment	(511,208)	(386,496)
Purchase of trademarks	(31,675)	(18,374)
Cash (used in) investing activities	(542,883)	(404,870)
FINANCING ACTIVITIES		
Shares issued for cash, net of share issuance costs	4,783,642	741,138
Exercise of warrants	427,125	-
Cash provided by financing activities	5,210,767	741,138
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	552,116	(2,366,599)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	221,272	2,587,871
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 773,388	$ 221,272
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ -	$ -
Income tax paid	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Fair value of shares issued for administrative shares	$ 99,342	$ -
Fair value of shares issued for debt settlement	$ 167,857	$ 265,301
Fair value of shares issued for services (share based compensation)	$ 145,750	$ 494,000
Fair value of warrants exercised	$ -	$ 1,659,000

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

1. NATURE OF BUSINESS AND CONTINUANCE OF OPERATIONS

Blender Bites Limited ("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. The Company trades under the trading symbol "BITE" on the Canadian Securities Exchange ("CSE").

The Company's business is 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. On July 6, 2022, the Company completed a share consolidation of its common shares on the basis of 1 common share for every existing 10 common shares. The share consolidation has been retroactively presented in the consolidated financial statements by adjusting all share amounts, including per share amounts.

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 $8,484,105 for the year ended October 31, 2023. As at October 31, 2023, the Company had an accumulated deficit of $29,414,760. 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.

The Company's continued existence is dependent upon its ability to raise additional capital and to achieve profitable operations and positive cash flows. 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.

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"), and 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, 2024.

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, Blender Bites (Holdings) Limited. The functional currency of Blender Bites US Ltd. is the United States Dollar ("US dollar").

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, 2023	Ownership October 31, 2022
Blender Bites (Holdings) Limited	British Columbia	Consumer products	100%	100%
Blender Bites US Ltd.	Nevada	Consumer products	100%	-

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, 2022, the Company held $100,000 in guaranteed income certificates.

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 as 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:

Financial Assets / Liabilities	Classification and Measurement
Cash and cash equivalents	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.

As at October 31, 2023, the Company's cash and cash equivalents are measured at level 1 of the fair value hierarchy.

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.

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 an expense 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.

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:

Molds	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.

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.

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 and the United States. 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.

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, 2023, 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, 2023, 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. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023.

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.

iii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments to IAS 12 clarify how companies account for deferred taxes on transactions such as leases and decommission obligations, with a focus on reducing diversity in practice. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of a lease and a decommission provision.

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:

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

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.

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.

(Expressed in Canadian Dollars)

5. INVENTORY AND COST OF GOODS SOLD

Inventory is comprised of raw materials and finished goods held on consignment with the Company's distributors for delivery and fulfilment of sales to wholesalers. Inventory as at October 31, 2023 and 2022 consists of the following:

		October 31, 2023		October 31, 2022
Raw materials	$	931,813	$	229,921
Finished goods		567,943		155,292
	$	1,499,756	$	385,213

Cost of goods sold for the year ended October 31, 2023 and 2022 consists of the following:

		October 31, 2023		October 31, 2022
Depreciation	$	85,106	$	37,334
Freight and Shipping		-		44,659
Materials		2,530,551		3,353,314
	$	2,615,658	$	3,435,307

6. EQUIPMENT

The following is a summary of activities for the years ended October 31, 2023 and 2022:

	Molds $	Equipment $	Total $
COST			
Balance, October 31, 2021	31,113	64,494	95,607
Additions	3,251	383,245	386,496
Balance, October 31, 2022	34,364	447,739	482,103
Additions	137,064	374,144	511,208
Balance, October 31, 2023	**171,428**	**821,883**	**993,311**
ACCUMULATED DEPRECIATION			
Balance, October 31, 2021	9,577	2,419	11,996
Additions	6,538	37,334	43,872
Balance, October 31, 2022	16,115	39,753	55,868
Additions	13,246	75,662	88,908
Balance, October 31, 2023	**29,361**	**115,415**	**144,776**
Net book value, October 31, 2022	**18,249**	**407,986**	**462,501**
Net book value, October 31, 2023	**142,067**	**706,468**	**848,535**

During the year ended October 31, 2023, depreciation of $85,106 (year ended October 31, 2022 - $37,334) is included in cost of goods sold.

(Expressed in Canadian Dollars)

7. INTANGIBLES

The following is a summary of activities for the years ended October 31, 2023 and 2022:

	Trademarks $
COST	
Balance, October 31, 2021	22,404
Additions	18,374
Balance, October 31, 2022	40,778
Additions	31,675
Balance, October 31, 2023	**72,453**
ACCUMULATED DEPRECIATION	
Balance, October 31, 2021	1,565
Additions	2,947
Balance, October 31, 2022	4,512
Additions	5,862
Balance, October 31, 2023	**10,374**
Net book value, October 31, 2022	**36,266**
Net book value, October 31, 2023	**62,079**

During the year ended October 31, 2023, amortization of $Nil (year ended October 31, 2022 - $Nil) is included in cost of goods sold.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2023	**October 31, 2022**
Accounts payable	$ 1,802,039	$ 688,270
Accrued liabilities	161,233	53,310
	$ 1,963,272	$ 741,580

(Expressed in Canadian Dollars)

9. 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 that matured 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.

The following is a summary of promissory note activities for the year ended October 31, 2023:

		Total
Balance, October 31, 2021	$	33,265
Interest accrued		1,800
Balance, October 31, 2022		35,065
Interest accrued		1,800
Balance, October 31, 2023	**$**	**$36,865**

10. SHARE CAPITAL

a) Authorized

Unlimited number of common shares, without par value.

b) Issued and outstanding

<u>During the year ended October 31, 2023:</u>

On October 31, 2023, the Company closed a private placement of 282,608 units at a price of $2.30 per unit for gross proceeds of $649,998. Each unit is comprised of one common share and one warrant, exercisable at $3.20 per share with an expiry date of October 31, 2025. In accordance with the transaction, the Company paid $45,500 in cash finder's fees. The Company issued 19,783 agent warrants with a fair value of $20,000, with an exercise price of $3.20, and expiry date of October 31, 2025. The Company issued 5,652 common shares with a fair value of $12,547 as administrative fees to a third party for their assistance in the transaction.

On September 11, 2023, the Company closed a private placement of 276,867 units at a price of $3.00 per unit for gross proceeds of $830,601. Each unit is comprised of one common share and one warrant, exercisable at $3.30 per share with an expiry date of September 11, 2028. In accordance with the transaction, the Company paid $29,442 in cash finder's fees. The Company issued 9,814 agent warrants with a fair value of $22,000, an exercise price of $3.30, and expiry date of September 11, 2028. The Company issued 5,537 common shares with a fair value of $16,666 as administrative fees to a third party for their assistance in the transaction.

10. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

On June 22, 2023, the Company closed a private placement of 443,072 units at a price of $3.50 per unit for gross proceeds of $1,550,752. Each unit is comprised of one common share and ½ warrant with each whole warrant exercisable at $4.55 per share and an expiry date of June 22, 2026. In accordance with the transaction, the Company paid $108,553 in cash finder's fees, and legal fees of $64,212. The Company issued 31,015 agent warrants with a fair value of $57,000, an exercise price of $3.50, and expiry date of June 22, 2025. The Company also issued 13,292 common shares with a fair value of $45,193 as broker's fees, and 8,861 common shares with a fair value of $30,127 as administrative fees to a third-party for their assistance in the transaction.

On March 29, 2023, the Company issued 25,000 common shares with a fair value of $145,750 to the Company's CEO as a performance bonus in accordance with the fulfilment of the first aggregate revenue target stipulated in the employment agreement.

On March 29, 2023, the Company issued 28,792 common shares with a fair value of $167,857 to settle outstanding debt of $171,022.

On March 17, 2023, the Company closed a private placement of 410,850 units at a price of $3.08 per unit for gross proceeds of $1,265,418. Each unit is comprised of one common share and one warrant, exercisable at a price of $5.50 per share with an expiry date of March 17, 2028. In accordance with the transaction, the Company issued 4,109 common shares with a fair value of $23,555 as administrative fees to a third party for their assistance in the transaction.

On March 7, 2023, the Company closed a private placement of 238,500 units at a price of $3.08 per unit for gross proceeds of $734,580. Each unit is comprised of one common share and one warrant, exercisable at a price of $5.50 per share and an expiry date of March 7, 2028. In accordance with the transaction, the Company issued 2,385 common shares with a fair value of $16,457 as administrative fees to a third party for their assistance in the transaction.

During the year ended October 31, 2023, the Company issued an aggregate of 106,250 common shares for total proceeds of $427,125 for the exercise of warrants. The fair value of warrants of $17,000 was transferred from contributed surplus to share capital.

<u>During the year ended October 31, 2022:</u>

On June 16, 2022, the Company issued 95,000 shares in exchange for services performed at a price of $5.20 per share and recognized consulting fees in the amount of $494,000.

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. On July 6, 2022, the Company completed a share consolidation of its common shares on the basis of 1 common share for every existing 10 common shares. The share consolidation has been retroactively presented in the consolidated financial statements by adjusting all share amounts, including per share amounts.

On November 22, 2021, the Company issued 20,989 common shares to settle outstanding debt of $265,301. The Company valued the shares at the market price of $12.64.

During the year ended October 31, 2022, the Company issued an aggregate of 298,846 common shares for total proceeds of $741,138 for the exercise of warrants.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

c) Stock options

The Company has a stock option plan (the "Plan") that permits the grant of stock options up to 25% 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.

The table below summarizes the information on the outstanding stock options of the Company for the year ended October 31, 2023:

	Number of Stock Options	Weighted Average Exercise Price
Balance, October 31, 2021	-	$ -
Issued	87,500	11.64
Balance, October 31, 2022	87,500	11.64
Issued	1,353,000	3.68
Cancelled	(80,000)	12.50
Balance, October 31, 2023	**1,360,500**	**$ 3.67**

As at October 31, 2023, the Company's outstanding stock options expire as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price ($)	Outstanding	Exercisable
March 24, 2025	1.40	6.62	80,000	80,000
July 17, 2026	2.71	3.49	1,273,000	1,273,000
September 27, 2027	3.91	2.50	7,500	7,500
	2.64	3.67	1,360,500	1,360,500

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

	Year ended October 31, 2023	Year ended October 31, 2022
Risk-free interest rate	4.33	1.76%
Expected option life in years	3 years	5 years
Expected share price volatility*	100%	100%
Expected forfeiture rate	-	-
Expected dividend yield	-	-

*As the Company does not have enough history of trading prices, the annualized volatility was determined using the volatility of comparable companies.

During the year ended October 31, 2023, the Company recorded $3,143,608 (2022 - $421,501) in share based compensation for the grant and vesting of stock options.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

d) Warrants

The table below summarizes the information on the outstanding warrants of the Company for the year ended October 31, 2023:

	Number of Warrants	**Weighted Average Exercise Price**
Balance, October 31, 2021	1,808,727	$ 5.51
Consolidation adjustment	6	-
Exercised	(298,846)	2.48
Balance, October 31, 2022	1,509,887	6.08
Issued	1,430,361	4.47
Exercised	(106,250)	4.02
Expired	(1,403,637)	6.24
Balance, October 31, 2023	**1,430,361**	**$ 4.47**

As at October 31, 2023, the Company's outstanding share purchase warrants expire as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price ($)	Outstanding and Exercisable
October 31, 2025	2.00	3.20	282,608
June 22, 2026	2.64	4.55	221,536
March 7, 2028	4.35	5.50	238,500
March 17, 2028	4.38	5.50	410,850
September 11, 2028	4.87	3.30	276,867
	3.73	4.47	1,430,361

The weighted average share price on the date warrants were exercised was $5.41 (2022 – $1.01).

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

e) Agent Warrants

The table below summarizes the information on the outstanding agent warrant of the Company for the year ended October 31, 2023:

	Number of Warrants	**Weighted Average Exercise Price**
Balance, October 31, 2022 and 2021	-	$ -
Issued	60,612	$ 3.37
Balance, October 31, 2023	60,612	$ 3.37

The following agent warrants were outstanding and exercisable at October 31, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price ($)	Outstanding and Exercisable
June 22, 2025	1.64	3.50	31,015
October 31, 2025	2.00	3.20	19,783
September 11, 2028	4.87	3.30	9,814
	2.28	3.37	60,612

f) Escrow shares

628,135 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, 2023, 188,441 (2022 – 376,881) shares were in escrow.

g) Restricted share units

On December 13, 2022, the Company issued 795,000 Restricted Share Units (“RSUs”) to certain directors, officers, and consultants of the Company pursuant to the Company’s 25% rolling equity incentive plan. On April 13, 2023, the 795,000 RSUs vested and were issued as common shares.

On March 24, 2023, the Company issued 20,000 RSUs to a consultant of the Company. The RSUs vest on July 24, 2023; however, were not issued pursuant to agreement with the consultant.

On May 11, 2023, the Company issued 160,000 RSUs to a consultant of the Company with the following vesting terms: 53,334 RSUs will vest four months and one day from the date of grant, a further 53,333 RSUs will vest after 12 months, and the balance will vest after 24 months. On September 12, 2023, 53,334 RSUs vested and were issued as common shares.

(Expressed in Canadian Dollars)

11. 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, 2023 and 2022 are as follows:

	For the years ended October 31, 2023	2022
Key Management Compensation		
Professional fees	$ 120,000	$ -
Wages and benefits	216,000	240,000
	336,000	240,000
Share based compensation	845,082	-
	$ 1,181,082	$ 240,000

Accounts payable and accrued liabilities at October 31, 2023 include $65,000 (2022 - $65,000) owing to a Company controlled by the CEO and $40,535 (2022 - $41,035) 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 an 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. On July 25, 2022, the base salary was amended to $216,000 on an annual basis. The CEO is entitled to performance bonuses based on 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 the sum of the annual base salary and bonus in lieu of notice.

In accordance with the performance bonuses per the employment agreement with the CEO, the Company has completed the issuance of 25,000 common shares pursuant to the fulfilment of the first aggregate revenue target.

12. OPERATING SEGMENTS

As of October 31, 2023 and 2022, the Company is operating its business in one reportable segment: the sale of functional frozen beverages. All non-current assets are located in Canada. During the year ended October 31, 2023, the Company had sales of $2,103,609 in Canada (October 31, 2022 – $3,141,112) and sales of $1,235,453 (October 31, 2022 - $704,097) in the United States. Major customers are defined as customers that each individually account for greater than 10% of the Company's revenues. For the year ended October 31, 2023, the following revenue was recorded from major customers comprising 91% (2022 – 96%) of gross revenues:

	For the year ended October 31, 2023	For the year ended October 31, 2022
Customer A	$ 1,059,280	$ 3,083,163
Customer B	$ 1,483,294	$ 593,870
Customer C	$ 508,586	$ -

13. FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, 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. As at October 31, 2023, $965,569 of amounts receivable is related to amounts collectible from customers. The remaining amounts receivable balance of $313,584 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, 2023, the Company has a working capital of $1,636,696.

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

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, 2023. 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.

(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, 2023.

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, 2023		October 31, 2022
Income (loss) before income taxes	$	(8,484,105)	$	(4,632,942)
Statutory income tax rate		27%		27%
Income tax benefit computed at statutory tax rate	$	(2,291,000)	$	(1,251,000)
Non-deductible items (net)		1,264,000		115,000
Share issuance costs		(67,000)		-
Unrecognized benefit of deferred income tax assets		1,094,000		1,136,000
Income tax expense (recovery)	$	-	$	-

The significant components of the Company's unrecognized temporary differences at October 31, 2023, and 2022 are presented below:

	Expiry		October 31, 2023	Expiry		October 31, 2022
Non-capital loss carry-forwards and other available deductions	2033-2043	$	27,624,000	2033-2042	$	23,779,000
Capital assets	None		148,000	None		53,000
Share issuance costs	2024-2027		230,000	-		-
Total		$	28,002,000		$	23,832,000

16. SUBSEQUENT EVENTS

On November 16, 2023, the Company completed the acquisition of Advanced Sports Nutrition. In connection with this acquisition, the Company issued 2,013,333 common shares with a fair value of $4,268,266 and issued 60,394 common shares with a fair value of $128,035 as administrative fees to a third-party.