

---

**BLENDER BITES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED APRIL 30, 2024 AND 2023**  
**(Unaudited - Expressed in Canadian Dollars)**

---

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

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

The accompanying unaudited condensed interim financial statements of the Company for the six months ended April 30, 2024 have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditors.

**BLENDER BITES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at April 30, 2024 and October 31, 2023  
(Unaudited - Expressed in Canadian Dollars)

	April 30, 2024	October 31, 2023
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 448,097	\$ 773,388
Accounts receivable	1,437,648	1,279,153
Inventory (Note 6)	1,409,912	1,499,756
Prepaid expenses	640,239	84,536
	3,935,896	3,636,833
NON-CURRENT ASSETS		
Equipment (Note 7)	808,538	848,535
Trademarks (Note 7)	91,266	62,079
Intangible assets (Note 5)	4,266,659	-
<b>Total assets</b>	<b>\$ 9,102,359</b>	<b>\$ 4,547,447</b>
<b>LIABILITIES AND EQUITY</b>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Notes 8 and 12)	\$ 1,569,160	\$ 1,963,272
Promissory notes (Note 9)	37,762	36,865
Loan payable (Note 10)	2,000,000	-
	3,606,922	2,000,137
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	31,663,305	27,877,660
Contributed surplus (Note 11)	3,808,107	4,084,410
Accumulated other comprehensive income	73,476	-
Deficit	(30,049,451)	(29,414,760)
	5,495,437	2,547,310
<b>Total liabilities and shareholders' equity</b>	<b>\$ 9,102,359</b>	<b>\$ 4,547,447</b>

Nature of business and continuance of operations (Note 1)

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 condensed interim consolidated financial statements.

**BLENDER BITES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the six months ended April 30, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	Three months ended April 30,		Six months ended April 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Sales</b>	<b>1,468,321</b>	217,461	<b>2,041,989</b>	656,771
<b>Cost of goods sold (Note 6)</b>	<b>1,057,135</b>	205,212	<b>1,487,394</b>	518,565
<b>Gross Margin</b>	<b>411,186</b>	12,249	<b>554,595</b>	138,206
<b>EXPENSES</b>				
Advertising and promotion	45,036	254,023	285,396	368,039
Consulting fees	164,395	204,043	385,923	346,343
Depreciation (Note 6 and 7)	2,311	1,991	4,442	4,880
Freight expense	107,807	40,579	220,335	67,900
Interest and accretion expense (Note 9)	4,653	439	9,115	892
New product development	104	37,920	22,084	92,013
Office and administration	81,878	(7,413)	152,077	68,474
Professional fees (Note 12)	47,857	209,142	121,143	222,241
Selling expense	335,019	41,067	440,086	74,004
Share based compensation (Note 11 and 12)	-	1,266,375	(352,403)	1,297,828
Transaction and listing expense	-	-	128,035	-
Transfer agent and filing fees	6,960	3,160	11,437	4,812
Travel expense	32,705	67,184	52,899	74,941
Wages and benefits (Note 12)	131,701	90,034	243,273	182,919
	(960,426)	(2,208,544)	(1,723,842)	(2,805,286)
<b>Net loss before other item</b>	<b>(549,240)</b>	(2,196,295)	<b>(1,169,247)</b>	(2,667,080)
<b>OTHER ITEM</b>				
Gain on settlement of AP	-	3,164	-	3,164
	-	3,164	-	3,164
<b>Net loss before OCI</b>	<b>(549,240)</b>	(2,193,131)	<b>(1,169,247)</b>	(2,663,916)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Exchange difference on translating foreign operations	73,476	-	73,476	-
<b>Comprehensive loss</b>	<b>(475,764)</b>	(2,193,131)	<b>(1,095,771)</b>	(2,663,916)
<b>Basic and diluted loss per share</b>	<b>(0.06)</b>	(0.47)	<b>(0.14)</b>	(0.61)
<b>Weighted average number of common shares outstanding</b>	<b>8,455,508</b>	4,628,847	<b>8,383,587</b>	4,355,808

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

**BLENDER BITES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the six months ended April 30, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	SHARE CAPITAL			Share Subscriptions	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
	Number of Shares	Amount						
<b>Balance at October 31, 2022</b>	4,091,672	\$ 21,285,949	\$ -	\$ 621,501	\$ (20,930,655)	\$ -	\$ 976,795	
Private placement	655,844	2,000,000	-	-	-	-	2,000,000	
Shares issued for debt	28,792	167,857	-	-	-	-	167,857	
Exercise of warrants	106,250	427,125	(100,500)	-	-	-	326,625	
Vesting of RSUs	795,000	960,000	-	(960,000)	-	-	-	
Shares issued for services	25,000	145,750	-	-	-	-	145,750	
Share based compensation	-	-	-	1,152,078	-	-	1,152,078	
Net loss for the period	-	-	-	-	(2,663,916)	-	(2,663,916)	
<b>Balance at April 30, 2023</b>	<b>5,702,558</b>	<b>24,986,681</b>	<b>(100,500)</b>	<b>813,579</b>	<b>(23,594,571)</b>	<b>-</b>	<b>2,105,189</b>	
<b>Balance at October 31, 2023</b>	<b>6,791,781</b>	<b>27,877,660</b>	<b>-</b>	<b>4,084,410</b>	<b>(29,414,760)</b>	<b>-</b>	<b>2,547,310</b>	
Acquisition of Advanced Sports Nutrition Inc.	2,073,727	4,396,301	-	-	-	-	4,396,301	
Return of shares to treasury	(410,000)	(610,656)	-	-	-	-	(610,656)	
Share based compensation	-	-	-	258,253	-	-	258,253	
Transfer of fair value to deficit for cancelled stock options / RSUs	-	-	-	(534,556)	534,556	-	-	
Net loss for the period	-	-	-	-	(1,169,247)	73,476	(1,095,771)	
<b>Balance at April 30, 2024</b>	<b>8,455,508</b>	<b>\$ 31,663,305</b>	<b>\$ -</b>	<b>\$ 3,808,107</b>	<b>\$ (30,049,451)</b>	<b>\$ 73,476</b>	<b>\$ 5,495,437</b>	

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

**BLENDER BITES LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the six months ended April 30, 2024 and 2023  
(Unaudited - Expressed in Canadian Dollars)

	<b>Six months ended April 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (1,095,771)	\$ (2,663,916)
Items not involving cash:		
Depreciation	43,778	40,834
Interest and accretion expense	897	892
Gain on settlement of debt	-	(3,164)
Return of shares to treasury	(610,656)	-
Share based compensation	258,253	1,297,828
Transaction and listing expense	128,035	-
Changes in non-cash working capital items:		
Accounts receivable	(156,888)	201,918
Inventory	89,844	(186,685)
Prepaid expenses	(555,703)	(819,474)
Accounts payable and accrued liabilities	(394,111)	533,124
Cash provided by (used in) operating activities	<u>(2,292,322)</u>	<u>(1,598,643)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	-	(312,091)
Purchase of trademarks	(32,969)	(14,005)
Cash (used in) investing activities	<u>(32,969)</u>	<u>(326,096)</u>
<b>FINANCING ACTIVITIES</b>		
Shares issued for private placement	-	2,000,000
Exercise of Warrants	-	326,625
Loan payable	2,000,000	-
Cash provided by financing activities	<u>2,000,000</u>	<u>2,326,625</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	<b>(325,291)</b>	<b>401,886</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>773,388</b>	<b>221,272</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 448,097</b>	<b>\$ 623,158</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	\$ -	\$ -
Income tax paid	\$ -	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Fair value of RSUs issued	\$ -	\$ 960,000
Fair value of shares issued for administrative shares	\$ 128,035	\$ 40,002
Fair value of shares issued for debt settlement	\$ -	\$ 167,857
Fair value of shares issued for services (share based compensation)	\$ -	\$ 145,750

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

**BLENDER BITES LIMITED****NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

---

**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.

These condensed interim 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 comprehensive loss of \$1,095,771 for the six months ended April 30, 2024. As at April 30, 2024, the Company had an accumulated deficit of \$30,049,451. 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.

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

---

**2. BASIS OF PRESENTATION**

**a) Statement of compliance**

These condensed interim 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”) and in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on June 28, 2024.

**b) Basis of measurement**

These condensed interim consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these 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 subsidiaries, Advanced Sports Nutrition Inc., and Blender Bites (Holdings) Limited. The functional currency of Blender Bites US Ltd. is the United States Dollar (“US dollar”).

**c) Basis of consolidation**

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

	<b>Incorporated</b>	<b>Nature</b>	<b>Ownership April 30, 2024</b>	<b>Ownership October 31, 2023</b>
Advanced Sports Nutrition Inc.	British Columbia	Research and development	100%	-
Blender Bites (Holdings) Limited	British Columbia	Consumer products	100%	100%
Blender Bites US Ltd.	Nevada	Consumer products	100%	100%

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the year ended October 31, 2023. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended October 31, 2023.



**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - 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.

**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 condensed interim 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.

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

---

**5. ACQUISITIONS**

On November 16, 2023, the Company completed the acquisition of all issued and outstanding share capital of Advanced Sports Nutrition Inc. ("ASN"). The acquisition was completed pursuant to the share purchase agreement dated November 3, 2023. In consideration for all of the shares of ASN, the Company issued 2,013,333 common shares. The Company also issued 60,394 common shares with a fair value of \$128,035 as an administration fee.

At the date of acquisition, the Company determined that ASN did not constitute a business as defined under IFRS 3, *Business Combinations*, and the ASN acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based payments*, and recognized at the fair value of the common shares of the Company at a price of \$2.12 per share.

As a result of the acquisition, intangible assets were identified that met the recognition criteria under IFRS; therefore, the excess of the consideration paid over the fair value of the assets and liabilities assumed was expensed as transaction expense.

The following table shows the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of considered transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date. The allocation may be revised the Company as additional information is received and finalized.

---

<b>Consideration paid:</b>		
Fair value of 2,013,333 common shares at \$2.12 per share	\$	4,268,266
		<u>4,268,266</u>
<b>Net assets acquired</b>		
Amounts receivable		1,607
Intangible assets		4,266,659
Total net assets		<u>4,268,266</u>
Fair value of 60,394 common shares at \$0.60/share issued as administrative fees		128,035
Transaction expense	\$	<u>128,035</u>

---

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

**6. 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 April 30, 2024 and October 31, 2023 consists of the following:

	<b>April 30, 2024</b>	<b>October 31, 2023</b>
Raw materials	\$ 694,473	\$ 931,813
Finished goods	715,439	567,943
	<b>\$ 1,409,912</b>	<b>\$ 1,499,756</b>

Cost of goods sold for the period ended April 30, 2024 and year ended October 31, 2023 consists of the following:

	<b>April 30, 2024</b>	<b>October 31, 2023</b>
Depreciation	\$ 39,337	\$ 85,106
Materials	1,448,057	2,530,551
	<b>\$ 1,487,394</b>	<b>\$ 2,615,658</b>

**7. EQUIPMENT AND TRADEMARKS**

The following is a summary of activities for the period ended April 30, 2024:

	<b>Moulds \$</b>	<b>Equipment \$</b>	<b>Trademarks \$</b>	<b>Total \$</b>
<b>COST</b>				
Balance, October 31, 2022	34,364	447,739	40,778	522,881
Additions	137,064	374,144	31,675	542,883
Balance, October 31, 2023	171,428	821,883	72,453	1,065,764
Additions	-	-	32,969	32,969
<b>Balance, April 30, 2024</b>	<b>171,428</b>	<b>821,883</b>	<b>105,422</b>	<b>1,098,733</b>
<b>ACCUMULATED DEPRECIATION</b>				
Balance, October 31, 2022	16,115	39,753	4,512	60,380
Additions	13,246	75,662	5,862	94,770
Balance, October 31, 2023	29,361	115,415	10,374	155,150
Additions	17,143	22,854	3,782	43,779
<b>Balance, April 30, 2024</b>	<b>46,504</b>	<b>138,269</b>	<b>14,156</b>	<b>198,929</b>
<b>Net book value, October 31, 2023</b>	<b>142,067</b>	<b>706,468</b>	<b>62,079</b>	<b>910,614</b>
<b>Net book value, April 30, 2024</b>	<b>124,924</b>	<b>683,614</b>	<b>91,266</b>	<b>899,804</b>

During the period ended April 30, 2024, amortization of \$39,337 (year ended October 31, 2023 - \$85,106) is included in cost of goods sold.

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	April 30, 2024	October 31, 2023
Accounts payable	\$ 1,526,542	\$ 1,802,039
Accrued liabilities	42,618	161,233
	<b>\$ 1,569,160</b>	<b>\$ 1,963,272</b>

**9. PROMISSORY NOTES**

During the period 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 six months ended April 30, 2024:

	Total
Balance, October 31, 2022	\$ 35,065
Interest accrued	1,800
Balance, October 31, 2023	36,865
Interest accrued	897
<b>Balance, April 30, 2024</b>	<b>\$ 37,762</b>

**10. LOAN PAYABLE**

On March 6, 2024, the Company entered into a loan agreement with Export Development Canada to establish a credit facility for a principal of \$2,000,000. The loan has an interest rate of prime rate plus 4% per annum and interest is payable on the 20<sup>th</sup> day of every calendar month after the date of the first advance of funds to the Company. Principal instalments are to be made in 60 payments in tandem with interest amounts owing.

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

---

**11. SHARE CAPITAL**

a) Authorized

Unlimited number of common shares, without par value.

b) Issued and outstanding

During the six months ended April 30, 2024:

On December 19, 2023, 410,000 common shares with a fair value of \$610,656 were returned to the treasury and cancelled. Of the 410,000 common shares, 385,000 were related to common shares issued pursuant to vesting of RSUs and 25,000 were related to the issuance of a performance bonus.

On November 16, 2023, the Company acquired 100% of the issued and outstanding common shares of Advanced Sports Nutrition Inc. and issued 2,013,333 common shares as consideration. The Company also issued 60,394 common shares with a fair value of \$128,035 as an administrative fee.

During the year ended October 31, 2023:

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.

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.

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

**11. SHARE CAPITAL** (continued)

b) Issued and outstanding (continued)

During the year ended October 31, 2023:

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, 2022, 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.

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 period ended April 30, 2024:

	Number of Stock Options	Weighted Average Exercise Price
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
Cancelled	(70,000)	3.49
<b>Balance, April 30, 2024</b>	<b>1,290,500</b>	<b>\$ 3.68</b>

As at April 30, 2024, 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	0.90	6.62	80,000	80,000
July 17, 2026	2.21	3.49	1,203,000	1,203,000
September 27, 2027	3.41	2.50	7,500	7,500
	2.14	3.68	1,290,500	1,290,500

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

**11. SHARE CAPITAL** (continued)

c) Stock options

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:

	Six months ended April 30, 2024	Year ended October 31, 2023
Risk-free interest rate	-	4.33%
Expected option life in years	-	3 years
Expected share price volatility*	-	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 six months ended April 30, 2024, the Company recorded a recovery of \$352,403 (year ended October 31, 2023 – expense of \$3,143,608) in share-based compensation related to the return of common shares to the treasury that were originally issued from the vesting of restricted stock units (“RSUs”) and performance shares issued, offset by the vesting of stock options and RSUs. On April 7, 2024, the Company cancelled 70,000 stock options with an exercise price of \$3.49 and recognized a transfer of fair value of \$155,892 from contributed surplus to deficit further to the cancellation of these stock options.

d) Warrants

The table below summarizes the information on the outstanding warrants of the Company for the period ended April 30, 2024:

	Number of Warrants	Weighted Average Exercise Price
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
<b>Balance, October 31, 2023 and April 30, 2024</b>	<b>1,430,361</b>	<b>\$ 4.47</b>

As at April 30, 2024, 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	1.50	3.20	282,608
June 22, 2026	2.15	4.55	221,536
March 7, 2028	3.85	5.50	238,500
March 17, 2028	3.88	5.50	410,850
September 11, 2028	4.37	3.30	276,867
	3.23	4.47	1,430,361

The weighted average share price on the date warrants were exercised was \$Nil (Year ended October 31, 2023 – \$5.41).

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

**11. SHARE CAPITAL** (continued)

e) Agent Warrants

The table below summarizes the information on the outstanding agent warrant of the Company for the period ended April 30, 2024:

	Number of Warrants	Weighted Average Exercise Price
Balance, October 31, 2022	-	-
Issued	60,612	\$ 3.37
Balance, October 31, 2023	60,612	\$ 3.37
Issued	-	-
<b>Balance, October 31, 2023 and April 30, 2024</b>	<b>60,612</b>	<b>\$ 3.37</b>

The following agent warrants were outstanding and exercisable at April 30, 2024:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price (\$)	Outstanding and Exercisable
June 22, 2025	1.15	3.50	31,015
October 31, 2025	1.50	3.20	19,783
September 11, 2028	4.37	3.30	9,814
	1.78	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 April 30, 2024, 92,220 (October 31, 2023 – 188,441) shares were in escrow.

g) Restricted share units

On March 24, 2023, the Company issued 20,000 RSUs to a consultant of the Company. The RSUs vested 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. On January 8, 2024, the remaining 106,666 RSUs were cancelled pursuant to termination of the consultant. The Company recognized accelerated vesting on the RSUs of \$244,363 and on April 7, 2024, the Company recognized a transfer of fair value of \$378,664 from contributed surplus to deficit further to the cancellation of RSUs.

As at April 30, 2024, the Company had 20,000 RSUs issued and outstanding (October 31, 2023 – 126,666).



**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

**12. 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 periods ended April 30, 2024 and 2023 are as follows:

	For the six months ended April 30,	
	2024	2023
Key Management Compensation		
Professional fees	\$ 60,000	\$ -
Wages and benefits	108,000	120,000
	168,000	120,000
Share based compensation	-	-
	\$ 168,000	\$ 120,000

Accounts payable and accrued liabilities at April 30, 2024 includes \$40,000 (2023 - \$65,000) owing to a Company controlled by the CEO and \$72,088 (2023 - \$40,535) 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. On July 25, 2022, the base salary was amended to \$216,000 on an annual basis. On December 1, 2023, the based salary was amended to \$150,000. 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 of 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 during the year ended October 31, 2023. On December 19, 2023, the 25,000 common shares with a fair value of \$145,750 were returned to treasury.

**13. OPERATING SEGMENTS**

As of April 30, 2024 and 2023, 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 period ended April 30, 2024, the Company had sales of \$602,330 in Canada (October 31, 2023 – \$2,103,609) and sales of \$1,439,659 (October 31, 2023 - \$1,235,453) 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 six months ended April 30, 2024, the following revenue was recorded from major customers comprising 87.6% (2023 – 91%) of gross revenues:

	For the six months ended April 30, 2024	For the year ended October 31, 2023
Customer A	\$ 610,851	\$ 1,059,280
Customer B	\$ 845,236	\$ 1,483,294
Customer C	\$ 269,918	\$ 508,586

**BLENDER BITES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

---

**14. 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. At April 30, 2024, \$1,235,234 of amounts receivable is related to amounts collectible from customers. The remaining amounts receivable balance of \$202,414 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 April 30, 2024, the Company has a working capital of \$328,974.

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 April 30, 2024. Interest rate risk is minimal as promissory notes have a fixed interest rate.

(ii) Price risk

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

**BLENDER BITES LIMITED**

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2024

(Unaudited - Expressed in Canadian Dollars)

---

**15. 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 six months ended April 30, 2024.