Consolidated Financial Statements

PROMINO NUTRITIONAL SCIENCES INC.

(formerly known as Element Nutritional Sciences Inc.)

For the years ended December 31, 2023 and 2022
(expressed in Canadian dollars, unless indicated otherwise)

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SRCO Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants
Park Place Corporate Centre
15 Wertheim Court, Suite 409
Richmond Hill, ON L4B 3H7
Tel: 905 882 9500 & 416 671 7292
Fax: 905 882 9580
Email: info@srco.ca
www.srco.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Promino Nutritional Sciences Inc. (formerly known as Element Nutritional Sciences Inc.)

Opinion

We have audited the consolidated financial statements of Promino Nutritional Sciences Inc. (formerly known as Element Nutritional Sciences Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, the consolidated statements of loss and comprehensive loss, changes in shareholders' deficiency, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits 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 audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 7 to the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and had a working capital deficit and an accumulated deficit at December 31, 2023. As stated in Note 7, these events or conditions, along with other matters as set forth in Note 7, indicate that material uncertainties exist 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 judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. 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. Except for the matter described in the *Emphasis of Matter - Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

(continues)

Independent Auditor's Report to the Shareholders of Promino Nutritional Sciences Inc. (formerly known as Element Nutritional Sciences Inc.) (*continued)*

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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.

(continues)

Independent Auditor’s Report to the Shareholders of Promino Nutritional Sciences Inc. (formerly known as Element Nutritional Sciences Inc.) *(continued)*

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(continued)*

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- 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. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(continues)

Independent Auditor's Report to the Shareholders of Promino Nutritional Sciences Inc. (formerly known as Element Nutritional Sciences Inc.) *(continued)*

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

SRCO Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practice public accounting by the
Chartered Professional Accountants of Ontario

Richmond Hill, Canada
May 7, 2024

PROMINO NUTRITIONAL SCIENCES INC.
(formerly known as Element Nutritional Sciences Inc.)

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(expressed in Canadian dollars, unless indicated otherwise)

	Notes	2023 $	2022 $
Assets			
Current assets			
Cash		539	3,445
Amounts receivable	3	55,567	897,326
Prepaid expenses and advances		63,400	209,253
Inventories	4	14,439	1,448,566
		133,945	2,558,590
Non-current assets			
Property and equipment	5	-	62,337
Right-of-use assets	6	25,776	30,791
Total assets		**159,721**	**2,651,718**
Liabilities and shareholders' deficiency			
Current liabilities			
Bank demand loan	8	500,000	500,000
Accounts payable and accrued liabilities	15	5,827,961	5,851,997
Interest payable on convertible debentures	10	93,117	-
Notes payable	9	257,948	619,546
Current portion of government loans	16	288,741	318,512
Current portion of lease liabilities	6	5,274	5,015
Due to related party	15	-	200,000
		6,973,041	7,495,070
Non-current liabilities			
Lease liabilities	6	18,807	25,776
Government loans	16	40,000	-
Convertible debentures	10	1,596,552	-
Total liabilities		8,628,400	7,520,846
Shareholders' deficiency			
Share capital	11	24,990,394	23,975,583
Contributed surplus	11, 12	5,706,418	4,642,187
Accumulated other comprehensive loss		(254,849)	(383,618)
Deficit		(38,910,642)	(33,103,280)
Total shareholders' deficiency		(8,468,679)	(4,869,128)
Total liabilities and shareholders' deficiency		**159,721**	**2,651,718**

Going concern (note 7)
Commitments and contingencies (note 19)
Subsequent events (note 20)

The accompanying notes are an integral part of the consolidated financial statements

PROMINO NUTRITIONAL SCIENCES INC.

(formerly known as Element Nutritional Sciences Inc.)

Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2023 and 2022
(expressed in Canadian dollars, unless indicated otherwise)

	Notes	2023 $	2022 $
Revenue	13	478,154	4,001,801
Cost of revenue	4	1,871,910	5,084,464
		(1,393,756)	(1,082,663)
Operating expenses			
Salaries and wages	15	1,433,621	2,729,527
Advertising and marketing		763,993	2,611,638
Professional fees		1,618,396	2,382,201
General and administrative		465,363	1,523,321
Depreciation and amortization	5, 6	29,073	34,118
Product development		6,392	19,215
		4,316,838	9,300,020
Operating loss		(5,710,594)	(10,382,683)
Other income (expenses)			
Other expense		(122,410)	(3,677)
Impairment of property and equipment	5	(35,642)	-
Gain on settlement of debt and accounts payable		672,820	-
Finance costs:			
Interest expense		(506,559)	(134,241)
Bank charges		(14,252)	(29,089)
Foreign exchange (loss) gain		(90,725)	202,560
		(96,768)	35,553
Loss before income taxes		(5,807,362)	(10,347,130)
Income tax expense	14	-	-
Net loss		(5,807,362)	(10,347,130)
Other comprehensive loss			
Foreign currency translation		128,769	(318,780)
Net loss and other comprehensive loss		(5,678,593)	(10,665,910)
Basic and diluted loss per common share		(0.15)	(0.28)
Weighted average number of common shares outstanding*		38,350,791	37,487,972

The accompanying notes are an integral part of the consolidated financial statements

* The weighted average number of common shares outstanding has been retroactively adjusted to account for the reverse share split of 1:3 that took place on April 1, 2024.

PROMINO NUTRITIONAL SCIENCES INC.
(formerly known as Element Nutritional Sciences Inc.)

Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended December 31, 2023 and 2022
(expressed in Canadian dollars, unless indicated otherwise)

	Notes	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total shareholders' deficiency
		$	$	$	$	$
Balance, December 31, 2022		23,975,583	4,642,187	(383,618)	(33,103,280)	(4,869,128)
Common shares issued for services	11	30,000	-	-	-	30,000
Stock options	12	-	604,984	-	-	604,984
Equity feature of convertible debentures	11	-	339,525	-	-	339,525
Common shares issued for debt settlement	11	915,644	-	-	-	915,644
Conversion of convertible debentures	10	20,000	(5,328)	-	-	14,672
Common shares and warrants issued for loan extension	11	49,167	125,050	-	-	174,217
Net loss and other comprehensive loss		-	-	128,769	(5,807,362)	(5,678,593)
Balance, December 31, 2023		24,990,394	5,706,418	(254,849)	(38,910,642)	(8,468,679)

	Notes	Share capital	Contributed surplus	Accumulated Other comprehensive loss	Deficit	Total shareholders' deficiency
		$	$	$	$	$
Balance, December 31, 2021		20,452,286	3,672,568	(64,838)	(22,756,150)	1,303,866
Shares issued	11	3,500,000	-	-	-	3,500,000
Stock options	12	-	929,979	-	-	929,979
Exercise of warrants	11	503,688	(173,348)	-	-	330,340
Warrants issued as finder's fees	11	(125,540)	125,540	-	-	-
Warrants issued with loan	9	-	87,448	-	-	87,448
Common shares issued for services	11	60,000	-	-	-	60,000
Share issuance costs	11	(414,851)	-	-	-	(414,851)
Net loss and other comprehensive loss		-	-	(318,780)	(10,347,130)	(10,665,910)
Balance, December 31, 2022		23,975,583	4,642,187	(383,618)	(33,103,280)	(4,869,128)

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

PROMINO NUTRITIONAL SCIENCES INC.
(formerly known as Element Nutritional Sciences Inc.)

Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(expressed in Canadian dollars, unless indicated otherwise)

	Notes	2023 $	2022 $
Operating activities:			
Net loss		(5,807,362)	(10,347,130)
Items not involving cash:			
Depreciation of property and equipment	5	24,058	30,955
Impairment of property and equipment	5	35,642	-
Depreciation of right-of-use asset	6	5,015	3,163
Interest accretion	6, 9, 10	143,781	26,438
Forgivable portion of government loan forfeited	16	10,000	-
Gain on settlement of debt		(672,820)	-
Provision for expected credit losses	3	3,692	33,125
Loss on disposal of property and equipment		621	4,218
Inventory write-downs	4	1,075,038	574,550
Common shares issued for services	11 e)	30,000	-
Common shares and warrants issued for loan extension	11 b)	174,217	-
Share based compensation	12	604,984	989,979
		(4,373,134)	(8,684,702)
Changes in non-cash operating working capital:			
Decrease (increase) in amounts receivable		825,871	(476,337)
Decrease in prepaid expenses		145,811	606,276
Decrease in inventories		354,936	1,356,436
Interest payable on convertible debentures		93,117	-
Increase in accounts payable and accrued liabilities		1,159,756	2,692,341
Cash used in operating activities		**(1,793,643)**	**(4,505,986)**
Investing activities:			
Disposal of property and equipment		-	(23,377)
Proceeds from sales of property and equipment		500	3,000
Cash provided by (used in) investing activities		**500**	**(20,377)**
Financing activities:			
(Repayment of) proceeds from related party	15	(200,000)	200,000
Payment of finder's fees and transaction costs	11	-	(414,851)
Proceeds from issuance of shares	11	-	3,500,000
Proceeds from exercise of warrants	11	-	330,340
Proceeds from notes payable, net of repayment	9	82,833	400,387
Proceeds (repayment of) from bank operating line of credit		-	281,050
Proceeds from issuance of convertible debentures, net of finders fees $59,825	10	1,846,675	-
Principal repayments of lease liabilities	6	(6,710)	(3,163)
Cash provided by financing activities		**1,722,798**	**4,293,763**
Impact of foreign exchange rate changes on cash		67,439	(263,001)
Net decrease in cash		(70,345)	(232,600)
Cash, beginning of year		3,445	492,156
Cash, end of year		**$ 539**	**$ 3,445**

Supplementary information

	2023	2022
Interest paid	58,302	84,290
Income taxes paid	-	-
Common shares issued for debt and accounts payable settlement	915,644	-

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

Promino Nutritional Sciences Inc. (formerly Element Nutritional Sciences Inc. and PJ1 Capital Corp.) (the "Company"), was incorporated under the Business Corporations Act of British Columbia on June 25, 2018, in Canada. Effective August 31, 2020, the Company changed its name from PJ1 Capital Corp. to Element Nutritional Sciences Inc and effective January 24, 2024, the Company changed its name from Element Nutritional Sciences Inc. to Promino Nutritional Sciences Inc.

The Company completed the acquisition of Promino Brands Inc. (formerly Element Nutrition Inc.) ("Promino") through a share exchange agreement ("RTO Transaction") whereby the Company acquired all the issued and outstanding shares of Promino on August 31, 2020, with the former shareholders of Promino obtaining control of the Company. On the same date, the Company completed the acquisitionof Hammock Pharmaceuticals, Inc. ("Hammock") through an agreement and plan of merger. References to PJ1 Capital Corp. prior to the RTO Transaction herein are referred to as "PJ1 Capital".

Promino was incorporated under the laws of the Province of Ontario, Canada on July 11, 2014 and sells nutritional supplements in the form of powders and bars under various brands.

On August 31, 2020, the Company (PJ1 Capital at the time) acquired all of the issued and outstanding shares of Promino by way of the RTO Transaction, pursuant to a share exchange agreement, whereby all of the issued and outstanding shares of Promino (9,623,534) were exchanged for 8,125,000 common shares of PJ1 Capital. Following the RTO Transaction, the Company is controlled by Promino. Since Promino controls the Company after the RTO Transaction, the transaction was accounted for as a reverse acquisition of the Company by Promino for accounting purposes. The historical figures presented in these consolidated financial statements represents those of Promino and its subsidiaries. The number of common shares presented in these consolidated financial statements have been retroactively adjusted to account for the reverse share split of 1:3 that took place on April 1, 2024.

The registered office of the Company is located at 1100 Walkers Line, Suite 401 in Burlington, Ontario.

1. Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on May 7, 2024.

b) Basis of measurement

These consolidated financial statements have been prepared on a going concern basis under the historical cost method. Material accounting policy information is presented in note 2 to these consolidated financial statements and have been consistently applied in each of the years presented.

1. Basis of presentation (continued)

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Promino Nutritional Sciences Inc. and its wholly owned subsidiaries, Jaktrx Inc., which was incorporated in the province of Ontario, Canada on June 17, 2014 and acquired by the Company on March 2, 2018; Promino Brands Ltd. (formerly Element Nutrition Ltd.), which was incorporated on December 3, 2018 in the state of Nevada; Promino Brands Inc. (formerly Element Nutrition Inc.), which was acquired in an RTO on August, 31, 2020; and Hammock Pharmaceuticals, Inc. which was acquired on August 31, 2020 incorporated under the state of Delaware on January 26, 2016. The Company controls an entity when it has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company consolidates subsidiaries from the date control is obtained and ceases to consolidate a subsidiary on the date control is lost.

All intercompany balances and transactions have been eliminated upon consolidation and preparation of these consolidated financial statements.

d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency for the Company, Promino Brands Inc. and Jaktrx Inc. is Canadian dollars and the functional currency for Promino Brands Ltd. and Hammock Pharmaceuticals, Inc. is U.S. dollars. On consolidation, assets and liabilities of operations with a functional currency other than Canadian dollars are translated into Canadian dollars at period-end foreign currency rates. Revenue and expenses of such operations are translated into Canadian dollars at average rates for the period. Foreign currency translation gains and losses are recognized in accumulated other comprehensive loss in the consolidated statements of loss and comprehensive loss.

e) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. The estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made relate to:

i. Note 7 – going concern.

1. Basis of presentation (continued)

e) Use of estimates and judgments (continued)

ii. Determining estimates and assumptions in measuring deferred tax assets and liabilities. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.
iii. Determining estimates and assumptions in measuring the conversion feature included in convertible debentures, including volatility, the fair value of financial instruments and the discount rate used to determine the present value of the debt component of convertible debt.
iv. Notes 10, 11, and 12 – determination of the fair value of warrants and options issued estimated at the date of grant using a Black-Scholes pricing model using key assumptions on the life of the warrants, volatility, and risk-free interest rate.
v. Note 4 – provision for the inventory valuation and determination of net realizable value by taking into consideration the length of time the inventory had not been sold, market conditions and other factors.

2. Material accounting policy information

(a) Revenue recognition

Revenue is recognized by the Company in accordance with IFRS 15, *Revenue from Contracts with Customers*. Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

In order to recognize revenue under IFRS 15, the Company applies the following five steps:
- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract; and
- Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of goods is measured based on the consideration specified in a contract with a customer and the Company recognizes revenue at a point of time when it transfers control over goods or over a period of time as it provides services to a customer. Revenue is recognized when goods are shipped/delivered and the customer takes ownership and assumes risk of loss in accordance with customer contracts, collection of the related receivable is probable, persuasive evidence of an arrangement exists, the associated costs and possible return of goods can be estimated reliably, and the sales price is fixed or determinable.

2. Material accounting policy information (continued)

(b) Convertible debt

The component of convertible debentures that exhibits characteristics of a liability is recognized as a liability in the consolidated statements of financial position, net of transaction costs. On issuance of convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debenture and carried at amortized cost until extinguished. The remainder of the proceeds are allocated to the conversion option that is recognized and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. On initial recognition, transaction costs are apportioned between the liability and equity components of the convertible debentures based on the allocation of proceeds to the liability and equity components.

(c) Inventories

Inventories consist of finished goods, packaging and sub-components and are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs necessary to make the sale. Included in the cost of inventories are costs of purchase, plus other costs, such as transportation and duty, that are directly incurred to bring inventories to their present location and condition. Cost is determined using the weighted average cost method, based on individual products.

(d) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated based on the assets' estimated useful life using either the declining balance or straight-line method at the following years/rates:

Asset	Basis	Years/Rates
Office furniture and equipment	Straight-line	20%
Computer equipment	Declining balance	30%
Dies and plates	Straight-line	2 years
Leasehold improvements	Straight-line	Over the lease term

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if necessary.

(e) Research and development

Expenditures on research activities are expensed as incurred. Development expenditures are capitalized only if the expenditure 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 to use or sell the asset. Otherwise, development expenditures are recognized in the consolidated statement of loss and comprehensive loss as incurred.

2. Material accounting policy information (continued)

(f) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, including property and equipment, and rights-of-use assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated undiscounted future cash flows expected to be generated, discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. If the carrying amount of the asset orcash generating unit exceeds its value in use, an impairment charge is recognized.Impairment losses are recognized in the consolidated statement of loss and comprehensive loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to reduce the carrying value of the other assets in the cash generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. For other non- financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined or amortized if no impairment loss had been initially recognized.

Non-financial assets with a definite life, including property and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The carrying amount of goodwill and an intangible asset whose life is determined to be indefinite is reviewed for impairment at each reporting date whether or not there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. Impairment losses are not subsequently reversed.

2. Material accounting policy information (continued)

(g) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss unless it relates to items recognized in correlation to an underlying transaction in either other comprehensive income or equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry- forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, within their respective expiry periods.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be availableto allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed as at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been substantively enacted as at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(h) Financial instruments

Financial instruments

Amounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

2. Material accounting policy information (continued)

(h) Financial instruments (continued)

A financial asset (unless it is an amount receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An amount receivable without a significant financing component is initially measured at the transaction price.

The Company's financial assets are comprised of cash and amounts receivable. On initial recognition, the Company classifies these financial assets as loans and receivables and measured at amortized cost, when both of the following conditions are met:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, gain or loss on derecognition and impairment are recognized in the consolidated statement of loss and comprehensive loss.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

For amounts receivable, the Company applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities, notes payable, bank demand loan, government loans, due to related party and lease liabilities. Financial liabilities are initially measured at fair value less any transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2. Material accounting policy information (continued)

(h) Financial instruments (continued)

Transaction costs

Transaction costs that are incremental and directly attributable to the acquisition or issue of a financial asset of financial liability are recorded as follows:

- Financial assets or financial liabilities at fair value through profit or loss – expensed to net income as incurred.
- Financial assets or liabilities recorded at amortized cost – included in the carrying value of the financial asset or financial liability and amortized over the expected life of the financial instrument using the effective interest method; and
- Equity instruments recorded at fair value through other comprehensive income - included in the initial cost of the underlying asset.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership are transferred or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(i) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(j) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of loss and comprehensive loss.

2. Material accounting policy information (continued)

(k) Share based compensation

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as share-based compensation in the consolidated statements of loss and comprehensive loss, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Share-based payment arrangements granted to non-employees are valued at the fair value of the goods or service received, measured at the date on which the goods are received, or the services are rendered. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure the value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted, which the Company does using the Black-Scholes option-pricing model.

The increase in equity recognized in connection with a share-based payment transaction is presented in the “Options and warrants" line item on the consolidated statements of financial position, as a separate component in equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(l) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly orimplicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the assets. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

2. Material accounting policy information (continued)

(l) Leases (continued)

For arrangements in which the Company is a lessee:

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined by the estimated lease term. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets: The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Material accounting policy information (continued)

(m) Segmented information

Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer. The operating results are regularly reviewed by the CODM to determine decisions about resources and how they will be allocated to determine performance. At this time, management does not make decisions by revenue stream, but rather as an organization as a whole on a consolidated basis. Therefore, the consolidated financial statements are presented as one operating segment and two geographical areas.

(n) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive; there were none during 2023 and 2022; where potentially dilutive equity instruments are anti-dilutive, basic and diluted earnings per share are the same. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(o) Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all conditions associated with the grant are met. Claims under government grant programs related to income are recorded within the consolidated statements of loss and comprehensive loss as a reduction to the related item that the grant is intended to offset, in the period in which eligible expenses were incurred or when the services have been performed.

(p) New accounting pronouncements

The Company has evaluated all recent accounting pronouncements up to the date of issuance of these consolidated financial statements and conclude that these pronouncements are not expected to have a material impact on the Company's consolidated financial statements. The impact of standards adopted on January 1, 2023 was not material.

(expressed in Canadian dollars, unless indicated otherwise)

3. Amounts receivable

	December 31, 2023 $	December 31, 2022 $
Trade receivables	14,927	147,717
Less: provision for expected credit losses	(3,692)	(33,125)
Net trade receivables	11,235	114,592
Add: HST receivable	44,332	155,203
Add: Other receivables (a)	-	627,531
	55,567	897,326

(a) As at December 31, 2022, other receivable represented the reimbursement due from a supplier on account of a recall of all Rejuvenate drink products. During the year ended December 31, 2023, the settlement amount was fully recovered.

4. Inventories

	December 31, 2023 $	December 31, 2022 $
Finished goods	1,017,976	981,004
Packaging	3,620	110,972
Sub-components	642,431	931,140
Total Inventory	1,664,027	2,023,116
Less: inventory provision	(1,649,588)	(574,550)
Net Inventory	14,439	1,448,566

The amount of inventory included in the cost of revenue was $1,342,437, including the write-off for the year ended December 31, 2023 (2022 - $3,694,272). For the year ended December 31, 2023 the write downs from cost to net realizable value was $1,075,038 (2022 - $574,550) as a result for expiration.

(expressed in Canadian dollars, unless indicated otherwise)

5. Property and equipment

Reconciliation of the net carrying amounts for each class of property and equipment is summarized below:

	Office furniture and equipment	Computer equipment	Dies and plates	Leasehold improvements	Total
Cost					
January 1, 2022	$113,278	$91,313	$24,674	$22,606	$251,871
Additions (net of disposal)	-	23,377	-	(20,006)	3,371
Foreign exchange impact	-	-	730	-	730
December 31, 2022	$113,278	$114,690	$25,404	$2,600	$255,972
Disposal	-	(4,993)	-	-	(4,993)
Foreign exchange impact	-	-	(269)	-	(269)
December 31, 2023	$113,278	$109,697	$25,135	$2,600	$250,710
Accumulated depreciation and impairment					
January 1, 2022	$87,352	$55,563	$17,983	$14,184	$175,082
Depreciation	8,642	18,367	2,742	1,204	30,955
Disposal	-	-	-	(12,788)	(12,788)
Foreign exchange impact	-	-	386	-	386
December 31, 2022	$95,994	$73,930	$21,111	$2,600	$193,635
Depreciation	3,457	18,463	2,138	-	24,058
Disposal	-	(2,372)	-	-	(2,372)
Impairment	13,827	19,676	2,139	-	35,642
Foreign exchange impact	-	-	(253)	-	(253)
December 31, 2023	$113,278	$109,697	$25,135	$2,600	$250,710
Net carrying amounts					
December 31, 2022	$17,284	$40,760	$4,293	-	$62,337
December 31, 2023	$ -	$ -	$ -	-	$ -

During the year ended December 31, 2023, the impairment loss of $35,642 represented the write-down of certain office and computer equipment as the carrying value of these assets were deemed no longer recoverable.

(expressed in Canadian dollars, unless indicated otherwise)

6. Leases

Through the acquisition of Hammock Pharmaceuticals, Inc., the Company acquired leases which ended in October 2022 and November 2022.

The Company leased a Xerox printer on a six-year term commencing May 2022 ending in April 2028 and maintains a quarterly payment of $1,695.

The Company's Xerox lease obligations are calculated using the Company's incremental borrowing rate based on the specific lease commitment and term. The average incremental borrowing rate for 2023 was 6.5%.

(i) Right-of-use assets

Right-of-use assets	**December 31, 2023 $**	**December 31, 2022 $**
Opening balance	30,791	-
Additions: Xerox	-	33,954
Less: depreciation	(5,015)	(3,163)
Ending balance	25,776	30,791

(ii) Lease liabilities

Lease liabilities	**December 31, 2023 $**	**December 31, 2022 $**
Opening balance	30,791	-
Additions: Xerox	-	33,954
Add: interest expense	1,764	1,357
Less: principal repayments	(6,710)	(3,163)
Less: interest payments	(1,764)	(1,357)
Ending balance	24,081	30,791

(iii) Lease liabilities included in the consolidated statements of financial position

	December 31, 2023 $	**December 31, 2022 $**
Current	5,274	5,015
Non-current	18,807	25,776
Balance	24,081	30,791

(expressed in Canadian dollars, unless indicated otherwise)

6. Leases (continued)

(iv) Maturity analysis for leased liabilities – contractual undiscounted cash flows:

	December 31, 2023 $	December 31, 2022 $
Less than one year	6,779	6,779
1 to 5 years	22,598	27,117
Over 5 years	-	2,260
Total undiscounted lease obligations	29,377	36,156

Subsequent to the year ended December 31, 2023, the Xerox lease was terminated and the related Xerox printer was returned.

7. Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has experienced negative cash flows from operations and reoccurring losses during the years ended December 31, 2023 and 2022. The Company is dependent on additional sources of financing to discharge its current liabilities and finance its growth and operations. While the Company has secured additional sources of liquidity as described in notes 9, 10 and 20, and successfully negotiated with its lenders and suppliers to settle its outstanding debt either at a discount or through common shares, the Company's ability to continue as a going concern is dependent upon raising additional capital and sources of liquidity. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. Should the Company be unable to generate sufficient cash flow from operations or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these consolidated financial statements should such events impair the Company's ability to continue as a going concern.

8. Bank demand loan

The Company maintains a demand loan with RBC with an interest rate of prime + 1.61% (8.81%) per annum (2022 – 8.06% per annum) and a limit of $500,000. The amount outstanding as at December 31, 2023 was $500,000 (2022 - $500,000). The demand loan is secured by a general security agreement, securing against all personal property of the Company and guarantee and postponement of claim by the former Chief Executive Officer. Following the resignation of the former Chief Executive Officer, RBC has demanded repayment of the credit facility.

9. Notes payable

As consideration for the acquisition of Jaktrx Inc. by Promino on March 2, 2018, Promino issued unsecured, non-interest-bearing notes payable to the four vendors in the aggregate amount of $500,000 subject to working capital adjustments. After consideration of the working capital adjustments of $163,725, the net amount owing to the four vendors was $336,275. On September 1, 2021, all parties agreed to amend the terms of repayment of the debt, hence, Promino paid 50% ($168,138) of the debt upon signing the agreement. The balance of the debt was payable on or before July 15, 2023 in quarterly installments. The quarterly instalments equaled to 10% of the JAKTRX's quarterly sales. The balance of this loan at December 31, 2023 is $145,151 (2022 - $148,585) and is in default. Accordingly, the balance has been classified as current.

Through the acquisition of Jaktrx Inc., Promino assumed an unsecured, non-interest bearing note payable of $59,997 to a previous shareholder of Jaktrx Inc. who became a shareholder of Promino. The Company made a payment of $30,198 during the year 2021. The balance of this note payable was payable on or before July 15, 2023 in quarterly instalments. The quarterly instalments equaled to 10% of the JAKTRX's quarterly sales. The balance of this loan at December 31, 2023 is $22,797 (2022 - $26,529) and is in default. Accordingly, the balance has been classified as current.

On October 31, 2022, the Company entered into a non-secured bridge loan agreement with L5 Capital Inc. (the "Lender") for the principal sum of up to $1,000,000, of which $250,000 was disbursed on the same date and the remainder of $750,000 was scheduled to be disbursed to the Company on or before December 31, 2022, in such increments and at such times as determined by the Lender, which will accrue interest at a rate of 10 percent (10%) per annum (the "Loan"), accruing daily on each amount of the Loan advanced from the date of the advance and compounding monthly, and be due on the earlier of (1) that is six (6) months from the date of the Loan Agreement, being April 30, 2023; and (2) that the Company or any of its subsidiaries close a financing of any kind or nature resulting in gross proceeds equal to or greater than $1,000,000. The remaining $750,000 was not disbursed as the terms and conditions specified in the agreement were not met as of December 31, 2022.

As additional consideration for the Loan, the Company agreed to issue two series A warrants for every dollar of the loan up to a total of 666,667 series A warrants and two series B warrants for every dollar of the loan up to a total of 666,667 series B warrants. The fair value of warrants was estimated using Black-Scholes valuation model with the following assumptions: (i) expected life of 2.00 to 5.00 years; (ii) risk free rate ranging between 3.35% to 3.88%; (iii) dividend yield of nil; and (iv) volatility of 130%; for an aggregate fair value of $87,448. On October 31, 2022, a total of 1,333,333 warrants were issued, of which 1,000,000 expired on December 31, 2022. The principal amount of the Loan was proportionately allocated to the Loan and the 333,333 warrants issued. The amounts allocated to the equity issuances were recorded as a discount to the Loan and as options and warrants. During the year ended December 31, 2023, the Company amortized the remaining debt discount of $62,439 (2022 - $25,081).

On September 15, 2023 the company entered into a debt settlement agreement with the Lender, pursuant to which the Company agreed to settle $272,587 in outstanding debt and in exchange issued 1,211,500 common shares of the Company to the Lender. The settlement of debt resulted in a gain of $18,172.

9. Notes payable (continued)

On November 23, 2022, Jaktrx Inc. received $250,000 as a bridge loan from JIVE.COM INC. (Jive) bearing interest at a rate of 10% per annum and payable on demand or at such time as the Company sells the inventory in which Jive has a security interest. This promissory note shall be fully open and may, in the Company's sole and absolute discretion and privilege, be paid in whole or in part, at any time or times, without notice, bonus, premium or penalty. On November 16, 2023, the Company has entered into a full and final debt settlement agreement, pursuant to which the Company has agreed to settle the outstanding balance of $271,232 in consideration for the issuance of 1,666,667 common shares of the Company. The settlement of debt resulted in a loss of $28,767.

During the year ended, the Company entered into three unsecured, non-interest bearing loans for $30,000 each. The loans are due on demand.

10. Convertible debentures

During the year ended December 31, 2023, the Company entered into an agreement to issue unsecured, non-transferable or saleable convertible debentures with an aggregate amount of $2,000,000. The debentures bear interest at 10% per annum, payable annually in arrears in cash with an option to convert at $0.30 per unit, expiring in two years from issuance date. Each unit is convertible into one common share and one non-transferable share purchase warrant. Each warrant is exercisable into one share purchase warrant at an exercise price of $0.75 per a period of three years. During the year ended December 31, 2023, the Company closed two tranches and raised gross proceeds of $1,906,500 and incurred $59,825 in finders fees.

The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the unsecured convertible debentures assuming a market interest rate of 22%, which was the estimated rate without the equity component of the conversion feature. The residual of the principal less the present value of the liability component was allocated to the conversion option and the warrants based on their relative fair value, resulting in an allocation of $202,129 to the conversion option and $137,396 to the warrants. The relative fair value of the conversion feature, amounting to $339,525 is recognized in contributed surplus in the consolidated statements of changes in shareholders' equity.

On November 7, 2023, $50,000 of the Company's unsecured convertible debentures were converted into 166,667 common shares at the option of the holder and 166,667 share purchase warrants. The conversion resulted in a gain of $27,906.

During the year ended December 31, 2023, interest accretion on the convertible debentures totaled $79,578. As at December 31, 2023, an amount of $93,117 in interest remains unpaid and included as interest payable on convertible debentures in the consolidated statements of financial position.

(expressed in Canadian dollars, unless indicated otherwise)

11. Share capital

The following table provides a breakdown of the authorized and issued share capital and warrants of the Company at December 31, 2023 and 2022. The number of common shares presented in these consolidated financial statements have been retroactively adjusted to account for the reverse share split of 1:3 that took place on April 1, 2024.

	December 31, 2023 $	December 31, 2022 $
Authorized:		
Unlimited number of common shares voting, no par value		
Unlimited number of special warrants		
Issued and outstanding:		
41,896,227 common shares (2022 – 37,487,972)	24,990,394	23,975,583
1,203,867 special warrants (2022 – 3,221,820)	2,512,388	2,383,761

Share transactions of the Company for the year ended December 31, 2023 are as follows:

a) On May 12, 2023, the Company issued 289,744 shares to Loderock Advisors Inc. at $0.30 per share in settlement of $113,000 payable to Loderock Advisors Inc. The settlement resulted in a gain of $26,077.

b) On July 4, 2023, the Company issued 83,333 common shares at a market price of $0.59 and 333,333 two-year warrants at an exercise price of $0.555 to obtain an extension on the loan from L5 Capital (Note 9). The fair value of $125,050 for the warrants was estimated using Black-Scholes valuation model with the following assumptions: (i) expected life of 2.00 years; (ii) risk free rate of 4.63%; (iii) dividend yield of nil; (iv) expected volatility of 121%; and (v) share price of $0.63 at the time of grant based on the market price.

c) On August 14, 2023, the Company has entered into a debt settlement agreement with an arm's length service provider, pursuant to which the Company has settled $191,798 (US$142,485) in outstanding debt in exchange for the issuance of 365,345 common shares of the Company with a market price of $0.525 per share at the time of issuance.

d) On September 15, 2023, the Company entered into a debt settlement agreement with a lender, pursuant to which the Company has agreed to settle $272,587 in outstanding debt in exchange for the issuance of 1,211,500 common shares of the Company (Note 9) with a market price of $0.21 per share at the time of issuance.

11. Share capital (continued)

e) On October 4, 2023, the Company has entered into a Strategic Business Services Agreement with JAB Advisors Inc., a Florida corporation and Adam Berk (the “Advisor”) for his strategic advisory services. In return the Company has allocated 500,000 common shares which will be issued at a deemed price equal to the closing price of the issuer’s common shares on the CSE on the last trading day prior to each issuance. On October 04, 2023 the Company issued 166,667 common shares to the Advisor at $0.18 at signing of the agreement. The remaining common shares will be issued in three tranches, i) 116,667 shares on December 31, 2023, ii) 116,667 shares on March 31, 2024 and iii) 100,000 shares on June 30, 2024. On October 23, 2023, 166,667 common shares have been issued to the Advisor with a market price of $0.18 per share on the date of grant. Subsequent to the year ended, tranche i) and ii) were issued (Note 20).

f) On November 7, 2023, 166,667 debentures were converted into 166,667 common shares with a market price of $0.12 per share on the date of conversion and 166,667 share purchase warrants (Note 10).

g) On November 16, 2023, the Company has entered into debt settlement agreement with one of its lenders (Note 9), pursuant to which the Company has agreed to settle the outstanding balance of $271,232 in consideration for the issuance of 1,666,667 common shares of the Company, with a market price of $0.18 per share at the time of issuance.

h) On November 16, 2023, the Company settled the amount of $68,750 due to an arm’s-length service provider by issuance of 458,333, with a market price of $0.18 per share at the time of issuance. The settlement resulted in a loss of $13,750.

Share transactions of the Company for the year ended December 31, 2022 are detailed as follows:

a) On January 13, 2022, 333,333 broker warrants were exercised at an exercise price of $0.75 per common share for a total amount of $250,000. The Company issued 333,333 common shares.

b) On May 6, 2022, the Company completed a public offering by way of short prospectus and issued 4,666,667 common shares at a price of $0.75 per common share (the “Short Form Offering”) for gross aggregate proceeds of $3,500,000. The agent for the Short Form Offering received a cash commission of $280,000 equal to 8.0% of the gross proceeds from the sale of common shares pursuant to the Short Form Offering and broker warrants (each, a “Broker Warrant”) equal to 8.0% (373,333 warrants) of the number of common shares sold pursuant to the Short Form Offering. The Company also paid out $134,851 towards legal and other expenses related to this offering. Each Broker Warrant is exercisable to purchase one common share at a price of $0.75 per share for a period of 24 months from the date of closing of the Short Form Offering.

   The fair value of $125,540 for the warrants was estimated using Black-Scholes valuation model with the following assumptions: (i) expected life of 2.00 years; (ii) risk free rate of 2.53%; (iii) dividend yield of nil; (iv) expected volatility of 88%; and (v) fair value of the share price of $0.72 at the time of grant based on the market price, valued at $0.3363 per warrant. These issuance costs were adjusted against share capital in the consolidated statements of changes in shareholders’ equity.

c) On June 09, 2022, 2,800 warrants were exercised at an exercise price of $0.75 per common share for a total amount of $2,100. The Company issued 2,800 common shares.

(expressed in Canadian dollars, unless indicated otherwise)

11. Share capital (continued)

d) On August 10, 2022, 173,867 warrants were exercised at an exercise price of $0.45 per common share for a total amount of $78,240. The Company issued 173,867 common shares.

e) On November 3, 2022, 80,000 common shares were issued for services at $0.60 per common share for a total amount of $48,000.

f) On December 8, 2022, 40,000 common shares were issued for services at $0.30 per common share for a total amount of $12,000.

The issued and outstanding warrants as at December 31, 2023 are as follows:

	#	$
Opening - warrants as at January 1, 2023	3,221,820	2,383,761
Issued during the year	500,000	128,627
Expired during the year	(2,517,953)	-
Exercised during the year	-	-
Closing - warrants as at December 31, 2023	1,203,867	2,512,388

The issued and outstanding warrants as at December 31, 2022 are as follows:

	#	$
Opening - warrants as at January 1, 2022	3,025,153	2,344,121
Issued during the year, net of expiry	706,667	212,988
Exercised during the year	(510,000)	(173,348)
Closing - warrants as at December 31, 2022	3,221,820	2,383,761

(expressed in Canadian dollars, unless indicated otherwise)

12. Stock options

On June 20, 2023, the Company issued a total of 666,667 stock options at an exercise price of $0.60 per option to two directors of the Company with an expiration of June 20, 2026 and vests over a period of 18 months. The value of these options were calculated using the Black-Scholes pricing model with the following assumptions: (i) expected option life of 3.00 years; (ii) risk free rate of 3.99%; (iii) dividend yield of nil; (iv) expected volatility of 120%; and (v) share price of $0.54 at the time of grant based on the market rate.

The Company recorded share-based compensation during the year ended December 31, 2023 of $604,984 (year ended December 31, 2022 of $929,979), in relation to the stock options. The outstanding stock options as at December 31, 2023 are as follows:

Grant date	Exercise price	Number of options	Number of vested options	Weighted average remaining life (Years)
December 22, 2020	$0.75	166,667	166,667	1.98
January 18, 2021	$0.75	433,333	433,333	2.05
March 10, 2021	$0.75	1,133,333	1,127,778	2.19
July 5, 2021	$2.43	566,667	443,056	2.51
August 19, 2021	$2.10	500,000	500,000	2.64
June 20, 2023	$0.60	666,667	333,333	4.47
Total		3,466,667	3,004,167	2.64

	December 31, 2023	December 31, 2022
Opening # of options	2,800,000	2,800,000
Issued during the year	666,667	-
Cancelled/forfeited during the year	-	-
Closing # of options	3,466,667	2,800,000

13. Segmented information

The operations of the Company include activity in Canada and the United States. The Company is organized into one operating segment. For the operating segment, the Company's Chief Operating Decision Maker ("CODM") reviews internal management reports, evaluating the metrics as summarized in the table below.

	December 31, 2023	**December 31, 2022**
	$	**$**
Revenue on sale of goods	478,154	4,001,801
Gross loss	(1,393,756)	(1,082,663)

The following disaggregates revenue by primary geographical markets:

	December 31, 2023	**December 31, 2022**
	$	**$**
Canada	162,707	476,915
United States	315,447	3,524,886
	478,154	4,001,801

(expressed in Canadian dollars, unless indicated otherwise)

14. Income taxes

(i) The Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	December 31, 2023 $	December 31, 2022 $
Net loss before income taxes	(5,807,362)	(10,347,130)
Expected income tax expense at the combined tax rate of 26.5%	(1,538,951)	(2,741,989)
Increase (decrease) in income tax expense resulting from:		
Non-taxable income or non-deductible expense	310,712	398,700
Share issuance costs	-	(109,936)
Adjustments in respect of prior periods and others	-	2,569,981
Deferred tax assets (applied) not recognized	1,118,916	(356,195)
Impact of varying tax rates in subsidiary jurisdictions	109,323	239,439
Income tax expense	-	-

(ii) Unrecognized deferred tax assets:

	December 31, 2023 $	December 31, 2022 $
Deferred tax assets:		
Non-capital loss carryforwards	8,809,515	5,177,753
Deferred share issuance costs	-	274,529
Property, plant and equipment	-	5,738
	8,809,515	5,458,020
Less unrecognized deferred tax assets	(8,809,515)	(5,458,020)
Deferred tax assets	-	-

(iii) At December 31, 2023, net operating loss carryforwards of Canadian entities for income tax purposes are as follows:

- Element Nutritional Sciences Inc.: $4,528,665 (expire between 2039 and 2043)
- Promino Brands Inc.: $9,705,958 (expire between 2034 and 2043)
- Jaktrx Inc.: $1,066,360 (expire between 2038 and 2043)

These losses are available to offset against future years' taxable income. No deferred tax asset has been recognized in respect of these losses.

(iv) At December 31, 2023, net operating loss carryforwards of US entities for income tax purposes are as follows:

- Promino Brands Ltd.: $6,377,273
- Hammock Pharmaceuticals Inc.: $1,465,041

These losses are available to offset against future years' taxable income. The net operating losses of these entities are not expected to expire and can be carried forward indefinitely. No deferred tax asset has been recognized in respect of these losses.

15. Related party transactions

The Company's key management personnel, and persons connected with them, are considered to be related parties for disclosure purposes.

Included in accounts payable and accrued liabilities was a balance of $500,948 (2022 - $179,779) owed to the Company's former Chief Executive Officer, Chief Executive Officer, Chief Financial Officer, Chief Sales Officer and directors.

During the year ended December 31, 2022, included in due to related party was an on demand, unsecured, interest free loan of $200,000 owed to the Company's former Chief Executive Officer. The loan was paid during the year ended December 31, 2023.

Key management personnel:

Key management personnel are defined as those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company and include the Company's former Chief Executive Officer, Chief Executive Officer, Chief Financial Officer and Chief Sales Officer. For the years ended December 31, 2023 and 2022 the Company recorded $630,000 and $582,500, respectively, related to key management personnel as salaries and wages and $386,565 and $396,124, respectively, as share based compensation.

16. Government grants

Canada Emergency Business Account

The Company received the Canada Emergency Business Account ("CEBA") loan amounting to $40,000 during the year ended December 31, 2020. The CEBA program provided the Company with an interest free loan, which if repaid prior to January 18, 2024, will result in forgiveness of 25% of the loan. The Company initially recognized the $10,000 forgivable portion in net income when the loan was granted. Given the Company did not meet the criteria to recognize the forgiveness as at year ended December 31, 2023, the $10,000 was reversed and recognized in other income (expenses) in the consolidated statements of loss and comprehensive loss. Effective January 19, 2024, the loan bears an annual interest of 5% and due by December 31, 2026. As at December 31, 2023, the balance was $40,000 (2022 – $30,000) and presented as non-current.

Paycheck Protection Program

Prior to the acquisition, in May 2020, Hammock applied for and received a loan under the Paycheck Protection Program ("PPP") in the amount of $113,516 (US $78,200). The receipt of the loan and any subsequent forgiveness is based on future adherence to the forgiveness criteria. The final details for forgiveness of the loan are still being developed by the Small Business Administration ("SBA") and the amount of any possible forgiveness cannot be measured. The PPP loan bears interest at 1% per annum and if not forgiven, has a maturity date of May 6, 2022. As at December 31, 2023 the principal and interest owing was $107,905 (2022 - $109,433).

16. Government grants (continued)

Economic Injury Disaster Loans program

Prior to the acquisition, in May 2020, Hammock also applied for and received an Economic Injury Disaster Loans program ("EIDL") loan from the SBA in the amount of $174,485 (US $120,200). The EIDL loan has a term of 30 years and bears interest at a rate of 3.75% per annum. The first instalment, including principal and interest was payable on May 4, 2021, with the balance of principal and interest payable monthly at a rate of US $586 per month. As at December 31, 2023, the principal and interest owing was $180,836 (2022 - $176,079).

The acquisition of Hammock triggered an event of default for both US loans and the loans are considered due on demand. As a result, both loans are recorded as current liabilities at December 31, 2023 and 2022.

17. Fair values of financial instruments

Financial risk factors:

The Company, through its financial assets and liabilities, has exposure to the following risks fromits use of financial instruments: currency risk, liquidity risk and credit risk. Management monitors risk levels and reviews risk management activities as they determine to be necessary.

Accounting classifications and fair values

The Company's financial instruments consist of cash, amounts receivable, bank demand loan, accounts payable and accrued liabilities, notes payable, lease liabilities, due to related party and government loans. The Company believes that the carrying amount of each of these items is a reasonable approximation of fair value due to the short-term and demand nature of the instruments.

(a) Currency risk

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Company purchases inventories and incurs operating expenses denominated in U.S. dollars. The Company does not currently enter into forward contracts to mitigate this risk, however, the Company also has sales in U.S. dollars to reduce the net currency risk.

A 1% change in the exchange rate between the U.S. dollars and the Canadian Dollar would have an immaterial impact on these consolidated financial statements.

(expressed in Canadian dollars, unless indicated otherwise)

17. Fair values of financial instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company, which is in the commercial development stage of a key product, manages its liquidity risk by monitoring its operating requirements. The Company has experienced losses and the ability to meet its obligations and commitments as they come due is dependent upon raising additional capital and sources of liquidity and on the achievement of profitable operations in the future (note 7).

The Company prepares budget and cash forecasts to ensure it has sufficient funds to fulfillits obligations. The Company's financial liabilities are comprised of its bank demand loan, accounts payable and accrued liabilities, notes payable, government loan, due to related party and lease liabilities. The following table sets out the Company's contractual maturities (representing undiscounted contractual cash flows) of financial liabilities and commitments:

	12 months	1 to 2 years	3 to 5 years	Total
	$	$	$	$
Bank demand loan	500,000	-	-	500,000
Accounts payable and accrued liabilities	5,827,961	-	-	5,827,961
Interest payable on convertible debentures	93,117	-	-	93,117
Notes payable	257,948	-	-	257,948
Government loans	288,741	40,000	-	328,741
Lease liabilities	6,779	6,779	15,819	29,377
Convertible debentures	-	1,856,500	-	1,856,500
As at December 31, 2023	6,974,546	1,903,279	15,819	8,893,644

(c) Credit risk and economic dependence

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Company deals with credit worthy counterparties to mitigate the risk of financial loss from defaults. The Company monitors the credit risk of customers through credit rating reviews. The provision for expected credit losses as at December 31, 2023 was $3,692 (2022 - $33,125). The maximum credit risk exposure for all of the Company's current financial assets is the carrying value of those assets.

As at December 31, 2023, 3 customers (2022 – 3 customers) comprised of 95% (2022 – 88%) of trade receivables. Seven customers represented 88% of revenue for the year ended December 31, 2023 (seven customers represented 80% in 2022).

18. Capital management

The Company's objectives when managing capital is to ensure financial stability and sufficient liquidity to increase shareholder value through organic growth, by investing in sales, marketing and production development. The Company's senior management is responsible for managing the capital through regular review of financial information to ensure sufficient resources are available to meet operating requirements and investments to support its growth strategy. The Board of Directors is responsible for overseeing this process. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, repurchase shares, or issue debt. Management reviews the capital structure on a regular basis to ensure that objectives are met. The Company is not subject to external restrictions on its shareholder debt or its share capital.

19. Commitments and contingencies

a) Under the license agreements with its suppliers, the Company is required to purchase certain minimum quarterly servings and make quarterly royalty payments in order to maintain its rights under the agreements.

b) During the year ended December 31, 2021, a claim for alleged wrongful dismissal, unpaid wages and general damages in the aggregate amount of $197,625 was filed against the Company by a former employee of Hammock Pharmaceuticals, Inc. The Company believes the claim is without merit and that the ultimate disposition of the proceedings will not have a material effect on it consolidated results of operations, cash flows, or financial position.

20. Subsequent events

The Company's management has evaluated subsequent events up to May 7, 2024, the date the consolidated financial statements were issued and determined the following events:

a) On January 1, 2024, the Company entered into amending agreements to the unsecured convertible debentures (Note 10) issued during the year ended December 31, 2023, to amend certain terms. The amended terms include accelerating the maturity date to 12 months from the date of issuance, an increased interest rate to 39% per annum and the outstanding principal and unpaid interest on the maturity date will be settled units at the conversion price, in lieu of cash. The holders who accepted the amended terms and entered in the amending agreement were entitled to a one-time bonus equal to 10% of the outstanding principal, converted into common shares of the Company at a price of $0.18 per bonus share. As a result, 216,667 common shares were issued to the holders who accepted the amended terms. In addition, $55,000 unsecured convertible debentures plus accrued interest were converted into 221,327 common shares and share purchase warrants at the option of the holder.

b) On January 31, 2024, the Company has arranged a non-brokered private placement of up to 16,666,667 units at a price of $0.15 per unit. Each unit consists of one common share and one-half purchase warrant to acquire one common share for a period of 24 months from the date of issuance at an exercise price of $0.30 per warrant share. The Company raised gross proceeds of $2,208,075 and issued 14,720,500 units.

c) Subsequent to year end, the Company entered into 13 advisory and marketing agreements. As compensation, the Company agreed to pay the advisors in common shares over the agreed periods of time. As a result, a total of 4,533,331 common shares were issued subsequent to year end.

d) Subsequent to year end, the Company has entered into two debt settlement agreements with creditors to settle a total indebtedness of $50,000 and issued a total of 333,334 of common shares of the Company.

e) Subsequent to year end, the Company issued a total of 519,332 common shares to advisors of the Company, in accordance with agreements entered during the years ended December 31, 2023 and 2022.