



doseology

**Doseology Sciences Inc.**

Condensed Interim Consolidated Financial Statements  
For the three months ended September 30, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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

These unaudited condensed consolidated interim financial statements of Doseology Sciences Inc. for the three months ended September 30, 2023 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not yet been reviewed by the Company's external auditors.

# Doseology Sciences Inc.

## Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	Note	September 30, 2023 \$	June 30, 2023 \$
<b>Assets</b>			
Current assets			
Cash		1,234,050	1,301,478
Accounts receivable	3	26,240	17,100
Prepaid expenses and deposits	4	26,743	15,669
Inventories	5	2,148	8,591
		<b>1,289,181</b>	<b>1,342,838</b>
Property and equipment	6	38,029	56,008
<b>Total assets</b>		<b>1,327,210</b>	<b>1,398,846</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	8	53,146	48,918
Lease liability - current portion	9	41,733	42,684
		<b>94,879</b>	<b>91,602</b>
Lease liability - long term portion	9	-	7,588
<b>Total liabilities</b>		<b>94,879</b>	<b>99,190</b>
<b>Shareholders' Equity</b>			
Share capital	11	6,711,326	6,711,326
Reserves	12	378,145	367,384
Deficit		(5,857,140)	(5,779,054)
<b>Total shareholders' equity</b>		<b>1,232,331</b>	<b>1,299,656</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,327,210</b>	<b>1,398,846</b>

Approved by the Board of Directors on November 29, 2023:

“Shawn Balaghi”

Director

“Scott Reeves”

Director

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

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

		September 30,	
	Notes	2023	2022
		\$	\$
<b>Income</b>			
Product sales	15	46,101	5,163
Cost of sales		(17,285)	(10,476)
		28,816	(5,313)
<b>Expenses</b>			
Marketing and product placement		41,956	51,634
Investor relations		263	1,855
Leasehold operating costs		-	2,825
Consulting fees		1,482	9,750
Management fees		-	33,047
Professional fees		5,589	14,794
Regulatory filings and listing fees		-	7,490
Office		14,084	19,589
Salaries and benefits		21,130	130,348
Share-based compensation	12	10,761	14,362
Depreciation and amortization	6	17,979	28,291
		(113,244)	(313,985)
<b>Other income (expenses)</b>			
Interest and other income		6,342	2,405
Interest accretion		-	(18,734)
Foreign exchange loss		-	(4,447)
<b>Loss and comprehensive loss for the period</b>		<b>(78,086)</b>	<b>(340,074)</b>
<b>Loss per share - basic and diluted</b>		<b>(0.00)</b>	<b>(0.01)</b>
<b>Weighted average number of shares</b>			
<b>outstanding - basic and diluted</b>		<b>41,100,300</b>	<b>41,100,300</b>

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

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	Number of shares	Share capital \$	Reserves \$	Deficit \$	Total shareholders' equity \$
<b>Balance - June 30, 2021</b>	35,057,500	4,526,309	108,448	(2,058,189)	2,576,568
Share issued for cash	5,942,500	2,377,000	-	-	2,377,000
Share issued costs - cash	-	(91,555)	-	-	(91,555)
Share issued costs - warrants	-	(89,606)	89,606	-	-
Share issued costs - broker warrants	-	(10,822)	-	-	(10,822)
Shares issued for finders fee	100,300	-	-	-	-
Share-based compensation	-	-	85,926	-	85,926
Loss for the year	-	-	-	(1,939,321)	(1,939,321)
<b>Balance - June 30, 2022</b>	41,100,300	6,711,326	283,980	(3,997,510)	2,997,796
Share-based compensation	-	-	83,404	-	83,404
Loss for the year	-	-	-	(1,781,544)	(1,781,544)
<b>Balance - June 30, 2023</b>	<b>41,100,300</b>	<b>6,711,326</b>	<b>367,384</b>	<b>(5,779,054)</b>	<b>1,299,656</b>
Share-based compensation	-	-	10,761	-	10,761
Loss for the period	-	-	-	(78,086)	(78,086)
<b>Balance - September 30, 2023</b>	<b>41,100,300</b>	<b>6,711,326</b>	<b>378,145</b>	<b>(5,857,140)</b>	<b>1,232,331</b>

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Cash Flows

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

	For the three months ended	
	September 30, 2023	September 30, 2022
	\$	\$
<b>Operating activities</b>		
Loss for the period	(78,086)	(340,074)
Items not involving cash:		
Depreciation and amortization	17,979	28,291
Share-based compensation	10,761	14,362
Interest accretion	-	18,734
	(49,346)	(278,687)
Changes in non-cash working capital items		
Receivables	(9,139)	(232)
Prepaid expenses and deposits	(11,074)	63,241
Inventories	6,443	1,528
Accounts payable and accrued liabilities	4,227	(30,169)
Cash used in operating activities	(58,889)	(244,319)
<b>Investing activities</b>		
Acquisition of property and equipment	-	-
Acquisition of intangible assets	-	-
Cash used in investing activities	-	-
<b>Financing activities</b>		
Share issued costs	-	-
Payments from related parties	-	-
Repayment of lease liability	(8,539)	(34,638)
Cash provided by (used in) financing activities	(8,539)	(34,638)
<b>Increase (decrease) in cash during the period</b>	<b>(67,428)</b>	<b>(278,957)</b>
<b>Cash - beginning of the period</b>	<b>1,301,478</b>	<b>1,874,416</b>
<b>Cash - end of the period</b>	<b>1,234,050</b>	<b>1,595,459</b>

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

# **Doseology Sciences Inc.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### **1. Nature of operations and going concern**

Doseology Sciences Inc. (the “Company”), formerly known as Pcybin Therapeutic Inc., was incorporated on July 25, 2019 under the Business Corporations Act (British Columbia). The Company’s registered and records office is located at 9-3151 Lakeshore Road, Unit 305, Kelowna, BC, V1W 3S9. The Company’s primary business is to improve overall health with a focus on mental health through research, development and sale of its branded functional mushroom products. The common shares of the Company trade on the Canadian Securities Exchange under the symbol “MOOD”, on the Frankfurt Stock Exchange under the symbol “VU7”, and on the OTCQB Venture Market under the symbol “DOSEF”.

These Condensed Interim Consolidated Financial Statements (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2023, the Company had an accumulated deficit of \$5,857,140 and working capital of \$1,194,302. In the course of developing its business, the Company will continue to incur losses. Management intends to finance its operations with equity financings. There is a risk that additional financing may not be available on a timely basis or on terms acceptable to the Company. These uncertainties may cast significant doubt regarding the Company’s ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

These Condensed Interim Consolidated Financial Statements were approved by the Board of Directors of the Company for issue on November 29, 2023.

### **2. Significant accounting policies**

#### **Basis of presentation and measurement**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Issues Committee (“IFRIC”) for the periods presented.

These Condensed Interim Consolidated Financial Statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these Condensed Interim Consolidated Financial Statements are prepared on an accrual basis, except for cash flow information. The Condensed Interim Consolidated Financial Statements are presented in Canadian dollars, which is also the Company’s functional currency.

#### **Principles of consolidation**

These Condensed Interim Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial operating policies of an entity so as to obtain benefits from its activities.

The Condensed Interim Consolidated Financial Statements include the accounts of Doseology Sciences Inc. and its wholly owned subsidiary, Dose Labs Inc., collectively referred to as the “Company”. The functional currency of the subsidiary is the Canadian dollar. Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing these Condensed Interim Consolidated Financial Statements.

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Basis of presentation and summary of significant accounting policies (continued)

#### Use of estimates and judgements

The preparation of the Condensed Interim Consolidated Financial Statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are as follows:

#### *Going concern*

The Company's ability to execute its strategy by funding future working capital requirements requires judgement. Estimates and assumptions are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

#### *Useful lives of property and equipment*

Property and equipment are depreciated over their useful lives. Useful lives are based on management's estimate and using industry norms which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

#### *Impairment*

Long-lived assets, including equipment and intangibles, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). Judgements and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

#### Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs on its trade receivables at an amount equal to lifetime ECLs.



# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Basis of presentation and summary of significant accounting policies (continued)

#### *Share-based payments*

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value requires determining the most appropriate inputs to the valuation model including the expected life of the instrument, volatility, risk-free interest rate and dividend yield.

#### *Income taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized where it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

#### **Cash**

Cash comprises of cash on deposit with financial institutions.

#### **Inventories**

Inventories of finished goods, work-in-process, raw materials and supplies and consumables are valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value.

#### **Property and equipment**

Property and equipment are stated at historical cost net of accumulated depreciation and any impairment losses. Depreciation is recorded over the useful lives of the assets on a straight-line basis at the following annual rates:

Leasehold improvement	10 years
Furniture and equipment	10 years
Farm equipment	5 years
Computer equipment	3 years

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Basis of presentation and summary of significant accounting policies (continued)

#### Intangible assets

Intangible assets are stated at historical cost, net of accumulated amortization and impairment losses. Amortization is recorded on a straight-line basis over the useful lives of the assets on a straight-line basis at the following annual rate:

Trademarks	10 years
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The Company conducts an annual assessment of the residual balances and useful lives for impairment purposes and any changes arising from the assessment are applied by the Company prospectively.

#### Revenue recognition

The Company's revenue consists of medicinal mushroom and tincture product sales. The Company sells products directly to customers and through certain ecommerce platforms and distributors. The Company recognizes revenue when performance obligations have been satisfied which includes that the products have been shipped to customers and/or distributors. Revenue is measured based on the price specified, net of trade discounts, if any, and estimated returns at the time of sale. Historical experience is used to estimate allowances for returns. Trade receivables include amounts due from distributors and ecommerce platforms and are recorded upon the sale of the products. Credit terms are extended in the normal course of business.

#### Share-based compensation

The fair value of stock options granted is measured at the grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share-based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share-based compensation reserve is credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

#### Government assistance

Government assistance is recorded when the Company has complied with eligible requirements to receive the assistance. Government assistance related to eligible scientific research and experimental development expenditures are included in profit or loss. Government assistance related to the acquisition of property and equipment are deducted from the cost of the related assets, with any amortization calculated on the net amount, when received or when the Company has reasonable assurance that the assistance will be realized.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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#### 2. Basis of presentation and summary of significant accounting policies (continued)

##### Research and development costs

Expenditures related to research activities are recognized as an expense in the period in which they are incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the Company can demonstrate all of the following:

- i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. its intention to complete the intangible asset and use or sell it;
- iii. its ability to use or sell the intangible asset;
- iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are capitalized as soon as the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

The Company is eligible to receive tax credits from its eligible research and development expenditures. The Company records the anticipated tax credits as a reduction in the costs to which they apply, at such time that the amount of the tax credits are estimable, and their receipt is reasonably assured.

##### Financial instruments

###### *Recognition, classification and measurement*

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 *Financial Instruments* contains three primary measurement categories for financial instruments: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Basis of presentation and summary of significant accounting policies (continued)

The Company has classified its receivables and due from related parties as financial assets and accounts payable and accrued liabilities as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The effective interest method recognizes interest revenue or interest expense in profit and loss over the relevant period.

Financial instruments carried at FVTPL are recognized at their fair value at acquisition with any directly attributable transaction costs expensed as they are incurred. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in profit and loss as they arise. Instruments classified as FVTPL during the period ended September 30, 2023 and 2022 include cash.

Financial instruments carried at FVTOCI are recognized at their fair value at acquisition inclusive of any directly attributable transactions costs. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in other comprehensive income or loss. The Company has no instruments classified as FVTOCI during the three months ended September 30, 2023 and 2022.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### *Basis of fair value*

Financial instruments that are measured after initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2023, the carrying values of the Company's financial instruments approximate their fair values due to their short-term maturities.

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at September 30, 2023 and June 30, 2023:

		Level 1	Level 2	Level 3
Cash	September 30, 2023	\$1,234,050	\$ -	\$ -
Cash	June 30, 2023	\$1,301,478	\$ -	\$ -

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Basis of presentation and summary of significant accounting policies (continued)

The Company recognizes expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

#### *Impairment of financial assets*

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Derecognition*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

#### Right of Use Assets and lease liabilities

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

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Basis of presentation and summary of significant accounting policies (continued)

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option, in which case a right-of-use asset is depreciated over the asset's useful life.

#### Warrants

The warrants are fair valued on the issuance date using the Black-Scholes option pricing model. If and when the warrants are exercised, the applicable fair value of the share-based payment reserve is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital.

#### Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share is the same, as the inclusion of stock options and share purchase warrants is anti-dilutive.

#### Income taxes

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where there are uncertain tax positions.

##### *Deferred income tax*

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 2. Basis of presentation and summary of significant accounting policies (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

#### Accounting standards issued but not yet effective

The Company has reviewed the following new accounting pronouncements that have been issued but are not yet effective.

##### *IAS 1 Classification of Liabilities as Current or Non-Current*

In January 2021, the International Accounting Standards Board (“IASB”) issued a narrow scope amendment to IAS 1 – Classification of Liabilities as Current or Non-Current, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

##### *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

In February 2021, the IASB issued an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 3. Accounts receivable

	September 30, 2023 \$	June 30, 2023 \$
Goods and services tax credits	-	14,580
Trade receivables	26,240	2,520
	26,240	17,100

#### 4. Prepaid expenses and deposits

	September 30, 2023 \$	June 30, 2023 \$
Insurance	24,199	13,125
Retainers and others	2,544	2,544
	26,743	15,669

#### 5. Inventories

	September 30, 2023 \$	June 30, 2023 \$
Finished products – Medicinal mushroom and tinctures	\$2,148	\$8,591

During three months ended September 30, 2023, the Company sold inventory with a value of \$6,443 (September 30, 2022 - \$1,528).



## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 6. Property and equipment

	Leasehold improvement \$	Furniture & improvement \$	Farm equipment \$	Computer equipment \$	ROU Assets \$	Total \$
<b>Cost</b>						
Balance – June 30, 2022	268,320	30,169	19,546	3,354	782,331	1,103,720
Additions	-	-	-	-	-	-
Disposals	(268,320)	(30,169)	(9,195)	-	(512,453)	(820,137)
Remeasurement	-	-	-	-	(166,793)	(166,792)
Balance – June 30, 2023	-	-	10,351	3,354	103,085	116,790
Additions	-	-	-	-	-	-
Balance – September 30, 2023	-	-	10,351	3,354	103,085	116,790
<b>Accumulated depreciation</b>						
Balance – June 30, 2022	(46,029)	(5,312)	(3,948)	(1,118)	(164,485)	(220,892)
Depreciation	(20,505)	(543)	(2,781)	(1,118)	-	(24,946)
Disposals	66,534	5,855	2,589	-	110,078	185,056
Balance – June 30, 2023	-	-	(4,140)	(2,236)	(54,406)	(60,782)
Additions	-	-	(518)	(280)	(17,181)	(17,979)
Balance – September 30, 2023	-	-	5,693	838	31,498	38,029
<b>Carrying amounts</b>						
Balance – June 30, 2023	-	-	6,210	1,118	48,679	56,008
Balance – September 30, 2023	-	-	5,693	838	31,498	38,029

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 7. Intangible assets

	Cannabis \$	Trademark \$	Total \$
<b>Cost</b>			
Balance – June 30, 2022	59,000	26,277	85,277
Additions	-	-	-
Disposals	(59,000)	(26,277)	(85,277)
Balance – June 30, 2023	-	-	-
Additions	-	-	-
Balance – September 30, 2023	-	-	-
<b>Accumulated depreciation</b>			
Balance – June 30, 2022	(59,000)	(12,313)	(71,313)
Depreciation	-	(1,512)	(1,512)
Disposals	59,000	13,825	59,000
Balance – June 30, 2023	-	-	-
Additions	-	-	-
Balance – September 30, 2023	-	-	-
<b>Carrying amounts</b>			
Balance – June 30, 2023	-	-	-
Balance – September 30, 2023	-	-	-

#### 8. Accounts payable and accrued liabilities

	September 30, 2023 \$	June 30, 2023 \$
Accounts payable	15,307	20,918
Accrued liabilities	37,839	28,000
	53,146	48,918

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 9. Lease Liabilities

The Company has previously entered into two lease agreements;

- 1.) Farm Lease: The Company entered into a 5-year lease term on July 1, 2020, with an option to renew for an additional 5 years. The lease liability had originally been calculated using an incremental borrowing rate of 10% per annum and assumes that the Company will exercise its renewal option.
- 2.) Commercial Office: The Company entered into a 3-year lease term on September 1, 2021, with an option to renew for an additional 5 years. The lease liability has been calculated using an incremental borrowing rate of 10% per annum.

	September 30, 2023	June 30, 2023
	\$	\$
<b>Lease liabilities</b>		
Balance, beginning	746,099	746,099
Addition	-	-
Less: lease payments	(100,423)	(91,884)
Interest accretion	36,136	36,136
Remeasurement of lease liability*	(166,793)	(166,793)
Termination of lease liability**	(473,286)	(473,286)
Balance, ending	41,733	50,272
Less: Lease liabilities, current portion	-	(42,684)
Lease liabilities, long-term portion	-	7,588

\* On July 1, 2022, the lease terms for the farm property were modified so that the lease payments continued on at \$8,000 per month rather than increasing to \$10,000 a month as of July 1, 2022. The lease liability was adjusted to reflect the remeasured liability based on the updated lease payment schedule and the Company's current incremental borrowing rate of 12% per annum. There was no change in management's assumption that it will exercise the renewal option in the lease. The effect of the remeasurement was a reduction in right of use leased assets net book value of \$166,793 and a reduction of lease liability of \$166,793.

\*\* On January 1, 2023, the Company obtained a lease agreement release from the landlord of the Company's farm property located in Vernon, BC. See note 10 for more details. By obtaining the lease agreement release, the Company is no longer liable for required monthly lease payments up to June 2025.

In addition and as a result of the lease agreement release obtained, on January 1, 2023, the Company derecognized leasehold improvements with a net book value of \$230,382 related to the leased farm property and recognized a gain on lease termination of \$120,221.

The following maturity analysis shows the minimum lease payments the Company is committed to as of September 30, 2023.

	September 30, 2023	June 30, 2023
	\$	\$
<b>Maturity analysis</b>		
Less than one year	42,257	45,803
One year to five years	-	7,683
Total undiscounted lease liability	42,257	53,486

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 10. Transactions with related parties

Key management personnel include directors and officers who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the period ended September 30, 2023 and September 30, 2022 is shown below:

	September 30, 2023 \$	September 30, 2022 \$
Management fees	-	33,047
Professional fees	819	-
Share-based compensation	1,498	11,113
	2,317	44,160

##### *Management fees*

During the three months ended September 30, 2023, the Company incurred \$nil (September 30, 2022: \$19,578) in management fees to Ralph Olson, a former director and the CEO of the Company. In addition, during the three months ended September 30, 2023, the Company incurred \$nil (September 30, 2022: \$13,469) in management fees to a consulting firm where Peter Geh, the Company's former CFO, is the owner. Included in accounts payable as at September 30, 2023 is \$nil (September 30, 2022: \$6,579 and \$6,267 owing to Mr. Olson and Mr. Geh)

##### *Professional fees and regulatory filings and listing expenses*

During the three months ended September 30, 2023, the Company incurred \$819 (September 30, 2022: \$nil) in professional fees to a law firm where Scott Reeves, a director of the Company, is a partner.

#### 11. Share capital

As at September 30, 2023, the Company has 4,272,762 common shares in escrow.

##### **Authorized**

Unlimited number of voting common shares without par value.

##### **Shares issued for the period ended September 30, 2023**

There were no shares issued for the period ended September 30, 2023.

##### **Shares issued for the year ended June 30, 2023**

There were no shares issued for the year ended June 30, 2023.

##### **Shares issued for the year ended June 30, 2022**

On October 29, 2021, the Company obtained a receipt for its final non-offering, long form prospectus from the British Columbia Securities Commission. Concurrent with its prospectus filing, the Company also received approval from the Canadian Securities Exchange (the "CSE") to list the Company's common shares on the CSE. The approval resulted in the Company's previously issued 11,885,000 subscription receipts (aggregate gross proceeds of \$2,377,000) to be automatically converted, without further payment, into 5,942,500 units.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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#### 11. Share capital (continued)

Each of the converted units consisted of one common share and one warrant exercisable into a common share at \$0.80 per share until March 26, 2023. The warrants were fair-valued at \$89,606 calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.10; expected life, 2 years; expected volatility, 110%; risk free rate, 0.2%; and expected dividends, 0%. The residual amount of \$2,287,394 was attributed to share capital. As part of the above noted Subscription Receipts conversion, share issuance costs of \$91,555 in cash were incurred and the Company issued 100,300 common shares valued at \$10,300 as finders' fees and 203,800 broker warrants valued at \$10,822.

#### 12. Reserves

Reserves includes the accumulated fair values of stock options recognized as share-based compensation and the fair value of warrants. Reserves is increased by the fair values of these items on vesting.

	Warrant reserve \$	Stock option reserve \$	Total \$
<b>Balance - June 30, 2022</b>	178,224	105,756	283,980
Fair value of stock options	-	83,404	83,404
<b>Balance - June 30, 2023</b>	<b>178,224</b>	<b>189,160</b>	<b>367,384</b>
Fair value of stock options	-	10,761	10,761
<b>Balance - September 30, 2023</b>	<b>178,224</b>	<b>199,921</b>	<b>378,145</b>

#### Stock options

The Company has adopted a stock option plan (the "Option Plan") to grant options to directors, officers, employees and consultants. Pursuant to the Option Plan, the Company may grant options that may not exceed 10% of the total number of issued common shares of the Company (calculated on a non-diluted basis) at the time an option is granted.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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#### 12. Reserves (continued)

In October 2021, the Company cancelled 100,000 stock options to a former officer and then subsequently re-issued 400,000 stock options to the same officer with an exercise price of \$0.40 per share. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.10, expected life of 3.5 years, expected volatility of 110%, dividend yield of 0%, risk-free interest rate of 0.61%. The Company estimated the volatility based on historical share prices of comparable companies.

In January 2022, 450,000 and 50,000 stock options were forfeited by a former director and officer and a former consultant of the Company respectively. In addition, the Company granted 200,000 stock options with an exercise price of \$0.40 per share to the Company's CEO. On February 28, 2022, the 200,000 options issued were forfeited as a result of the CEO's departure from the Company.

On May 4, 2022, a total of 600,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of May 4, 2027. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.07, expected life of 3.5 years, expected volatility of 127%, dividend yield of 0% and risk-free interest rate of 2.90%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

During the year ended June 30, 2022, the Company recognized net share-based compensation of \$85,926 (June 30, 2021 - \$19,830). The net share-based compensation is offset against \$12,721 in reversed share-based compensation expense as a result of the above noted cancellations and forfeitures.

On January 20, 2023, a total of 400,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of January 20, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.04, expected life of 5 years, expected volatility of 166%, dividend yield of 0% and risk-free interest rate of 2.92%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

On March 15, 2023, a total of 150,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of March 15, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.06, expected life of 5 years, expected volatility of 167%, dividend yield of 0% and risk-free interest rate of 2.85%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

On March 30, 2023, a total of 2,300,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of March 30, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.06, expected life of 5 years, expected volatility of 167%, dividend yield of 0% and risk-free interest rate of 3.06%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

On April 13, 2023, a total of 200,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of April 13, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.06, expected life of 5 years, expected volatility of 167%, dividend yield of 0% and risk-free interest rate of 3.11%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

The Company provides stock-based compensation to its directors, officers, employees, and consultants through grants of stock options.

During the three months ended September 30, 2023, the Company recognized net share-based compensation of \$10,761 (September 30, 2022 - \$14,362). The net share-based compensation is offset against \$nil (September 30, 2022 - \$2,366) in reversed share-based compensation expense as a result of the above noted cancellations and forfeitures.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 12. Reserves (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price (\$)
Balance - June 30, 2022	3,050,000	0.34
Forfeited	(3,350,000)	0.34
Issued	3,050,000	0.10
<b>Balance - June 30, 2023</b>	<b>2,750,000</b>	<b>0.10</b>
Forfeited	(600,000)	0.10
Issued	-	0.10
<b>Balance - September 30, 2023</b>	<b>2,150,000</b>	<b>0.10</b>

As at September 30, 2023, the Company's outstanding stock options were as follows:

Number of options	Exercise price (\$ per share)	Expiry date	Weighted average remaining life (years)
1,950,000	0.10	March 30, 2028	4.50
200,000	0.10	April 13, 2028	4.54
<b>2,150,000</b>			<b>4.52</b>

#### Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance - June 30, 2021	10,390,220	0.49
Issued	5,942,500	0.80
Balance - June 30, 2022	16,332,720	0.60
Expired	(5,390,220)	0.80
<b>Balance - June 30, 2023</b>	<b>10,942,500</b>	<b>0.60</b>

As at September 30, 2023, the Company's outstanding warrants were as follows:

Number of warrants	Exercise price (\$ per share)	Expiry date	Weighted average remaining life (years)
5,000,000	0.16	November 2, 2023	0.09
5,942,500	0.80	November 2, 2023	0.09
<b>10,942,500</b>			<b>0.09</b>

Subsequent to the period ended September 30, 2023, 10,942,500 share purchase warrants expired on November 2, 2023.

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 13. Financial instruments

#### Fair value

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value. The following table summarizes the carrying and fair value of the Company's financial instruments. The fair values of these financial instruments approximate their carrying values mostly because of their current nature.

	September 30, 2023	June 30, 2023
	\$	\$
Cash *	1,234,050	1,301,478
Accounts receivable	26,240	17,100
Accounts payable and accrued liabilities	53,146	48,918
Lease liability	41,733	50,272

\* Cash is classified as fair value through profit and loss, all other financial instruments are classified as amortized cost. Interest income, interest expense, and gains and losses from financial assets and financial liabilities classified at amortized cost are recognized in the statement of loss and comprehensive loss.

#### Risks arising from financial instruments and risk management

a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

b) Foreign exchange risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not subject to significant foreign exchange rate risk as predominately all its transactions occur in Canadian dollars.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates.



## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

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#### 13. Financial instruments (continued)

##### d) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2023, the Company had a cash balance of \$1,234,050 to settle current liabilities of \$94,879 which are due on demand or within 1 year.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

#### 14. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders (Note 1). The capital structure of the Company consists of equity comprising issued share capital, reserves, and deficit.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other financing activities as deemed appropriate under specific circumstances.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged as of September 30, 2023.

#### 15. Revenue

##### Revenue

<b>During the three months ended September 30,</b>	<b>2023</b>	<b>2022</b>
Canada	\$ 43,795	\$ 5,163
United States	2,306	-
	<b>\$ 46,101</b>	<b>\$ 5,163</b>

During the three months ended September 30, 2023, one customer individually accounted for 95% (2022 – 90%) of the Company's total revenue and is located in Canada.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

#### 16. Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities at the Company's year end, are as follows:

	June 30, 2023 \$	June 30, 2022 \$
Loss for the year	1,781,544	1,939,321
Canadian statutory income tax rate	27%	27%
Expected income tax recovery at statutory rate	(481,000)	(523,600)
Adjusted by tax effect of:		
Non-deductible items	26,000	23,400
True ups and other	(498,000)	(1,700)
Changes in unrecognized deferred tax assets	953,000	501,900
Income tax provision	-	-

The significant components of deferred income taxes are as follows:

	June 30, 2023 \$	June 30, 2022 \$
Unrecognized deductible temporary differences:		
Non-capital losses carried forward	1,360,000	451,200
Other liabilities	4,000	(14,000)
Capital and intangible assets	3,000	11,900
Share issuance costs	88,000	52,600
	1,455,000	501,700
Less: Unrecognized deferred income tax assets	(1,455,000)	(501,700)
Net deferred income tax assets	-	-

As at June 30, 2023, the Company has cumulative non-capital losses carried forward of \$5,037,000 (June 30, 2022 - \$3,766,000) which are available to offset future years' taxable income and will start to expire in 2040. No deferred tax asset has been recognized in relation to these losses.