

**Pangea Natural Foods Inc.**

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended July 31, 2023 and 2022

(Unaudited – Expressed in Canadian dollars)

**NOTE TO READER**

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these condensed interim financial statements.

**Pangea Natural Foods Inc.**

Condensed Interim Statements of Financial Position

As at July 31, 2023 and October 31, 2022

(Expressed in Canadian dollars)

	Notes	July 31, 2023 (Unaudited)	October 31, 2022 (Audited)
<b>ASSETS</b>			
Current assets			
Cash		\$ 183,508	\$ 75,951
Accounts receivable and other receivables	4	241,256	248,750
Prepaid expenses		21,401	176,580
Inventory	5,12	99,691	88,355
		545,856	589,636
Equipment and right-of-use asset	6,12	16,249	22,503
Intangible assets	7,12	8,200	8,200
Total assets		\$ 570,305	\$ 620,339
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	8,12	\$ 422,275	\$ 408,574
		422,275	408,574
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	1,727,184	801,197
Share-based payments reserve	10	935,374	718,571
Deficit		(2,514,528)	(1,308,003)
Total shareholders' equity		148,030	211,765
Total liabilities and shareholders' equity		\$ 570,305	\$ 620,339

Approved and authorized for issue by the Board of Directors on September 26, 2023:

“Pratapvir Sandhu” Director                      “Mohammad Fazil” Director

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

**Pangea Natural Foods Inc.**

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

		Three months ended July 31		Nine months ended July 31	
	Note	2023	2022	2023	2022
Revenue	11,12	\$ 18,303	\$ 99,849	\$ 282,984	\$ 308,441
Cost of sales	5	(16,966)	(94,557)	(273,826)	(278,732)
<b>Gross profit</b>		<b>1,337</b>	<b>5,292</b>	<b>9,158</b>	<b>29,709</b>
<b>Expenses</b>					
Advertising and promotion		33,264	16,136	321,250	20,394
Depreciation	6	207	207	3,950	620
Office and administration		9,219	7,808	45,882	13,814
Professional fees	12	98,670	113,152	424,440	295,603
Rent	12	10,500	19,800	30,625	54,420
Salaries and wages	12	39,853	43,440	105,694	129,187
Share-based payments	10,12	54,851	-	279,412	76,448
Total operating expenses		246,564	200,543	1,211,253	590,486
<b>Net loss before other items</b>		<b>(245,227)</b>	<b>(195,251)</b>	<b>(1,202,095)</b>	<b>(560,777)</b>
<b>Other items</b>					
Foreign exchange loss		(551)	-	(4,430)	-
Listing fees		-	(142,826)	-	(142,826)
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (245,778)</b>	<b>\$ (338,077)</b>	<b>\$ (1,206,525)</b>	<b>\$ (703,603)</b>
Weighted average number of shares - Basic and diluted					
		36,504,131	27,350,762	33,202,400	(27,330,972)
Loss per share – Basic and diluted					
		\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)

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

**Pangea Natural Foods Inc.**

Condensed Interim Statements of Changes in Equity  
For the nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

	<u>Share capital</u>		Share-based	Deficit	Total
	Number of	Share	payments		shareholders'
	common	capital	reserve		equity
	shares				
Balance, October 31, 2021	27,185,001	\$ 747,070	\$ 651,250	\$ (173,193)	\$ 1,225,127
Units issued from private placement	150,000	7,500	7,500	-	15,000
Shares issued for exercised warrants	50,000	8,000	(3,000)	-	5,000
Shares issued for exercised options	50,000	6,627	(1,627)	-	5,000
Share-based payments	-	-	76,448	-	76,448
Net loss and comprehensive loss for the period	-	-	-	(703,603)	(703,603)
<b>Balance, July 31, 2022</b>	<b>27,435,001</b>	<b>769,197</b>	<b>730,571</b>	<b>(876,796)</b>	<b>622,972</b>
Balance, October 31, 2022	27,635,001	\$ 801,197	\$ 718,571	\$ (1,308,003)	\$ 211,765
Units issued from private placement	7,650,000	765,000	-	-	765,000
Share issuance cost	-	(40,013)	12,391	-	(27,622)
Shares issued for exercised warrants	1,230,000	201,000	(75,000)	-	126,000
Share-based payments	-	-	279,412	-	279,412
Net loss and comprehensive loss for the period	-	-	-	(1,206,525)	(1,206,525)
<b>Balance, July 31, 2023</b>	<b>36,515,001</b>	<b>\$ 1,727,184</b>	<b>\$ 935,374</b>	<b>\$ (2,514,528)</b>	<b>\$ 148,030</b>

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

**Pangea Natural Foods Inc.**

Condensed Interim Statements of Cash Flows  
For the nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

	<b>Nine months ended July 31, 2023</b>	Nine months ended July 31, 2022
<b>Operating activities</b>		
Net loss for the period	\$ (1,206,525)	\$ (703,603)
Items not affecting cash:		
Depreciation	6,254	620
Inventory write-off	5,769	-
Share-based payments	279,412	76,448
Non-cash working capital items:		
Accounts receivable and other receivables	7,494	(41,787)
Prepaid expenses	155,179	(30,950)
Inventory	(17,105)	(195,420)
Accounts payable and accrued liabilities	13,701	172,635
<b>Net cash used in operating activities</b>	<b>(755,821)</b>	<b>(722,057)</b>
<b>Investing activity</b>		
Purchase of intangible asset	-	(7,200)
<b>Net cash used in investing activity</b>	<b>-</b>	<b>(7,200)</b>
<b>Financing activities</b>		
Proceeds from private placement	765,000	15,000
Share issuance cost	(27,622)	-
Proceeds from exercised warrants	126,000	5,000
Proceeds from exercised stock options	-	5,000
<b>Net cash provided by financing activities</b>	<b>863,378</b>	<b>25,000</b>
Change in cash	107,557	(704,257)
Cash, beginning of period	75,951	807,574
<b>Cash, end of period</b>	<b>\$ 183,508</b>	<b>\$ 103,317</b>
<b>Supplemental cash flow information:</b>		
Finder's warrants issued	\$ 12,391	\$ -
Interest income	\$ 1,060	\$ -
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

## **Pangea Natural Foods Inc.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Pangea Natural Foods Inc. (“Pangea” or the “Company”) was incorporated on April 10, 2021 under the laws of the British Columbia Business Corporations Act. The registered records office of Pangea is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver B.C. V6C 2T5. On July 4, 2022, the Company listed its common shares on the Canadian Securities Exchange under the trading symbol “PNGA”.

The Company manufactures and distributes high quality food products that are nutritious and free of GMO ingredients, fillers, antibiotics, hormones, and bioengineered ingredients.

The financial statements have been prepared on the basis on 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’s ability to continue as a going concern and to realize assets at their carrying values is dependent upon its ability to obtain financing and generate profits and positive cash flows from operations in order to cover its operating costs.

The Company incurred a loss of \$1,206,525 for the nine months ended July 31, 2023 (July 31, 2022 – \$703,603), and as of that date the Company’s accumulated deficit was \$2,514,528 (October 31, 2022 – \$1,308,003). The Company will periodically need to raise funds to continue its operations and although it has been successful in doing so in the past, there is no assurance that it will be able to continue to do so in the future. These events and conditions indicate a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. These condensed interim financial statements do not give effect to any adjustments 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.

### **2. BASIS OF PRESENTATION**

#### **a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 - *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”).

They have been prepared in accordance with the same accounting policies and methods of application as the audited financial statements for the year ended October 31, 2022, except that they do not include all the disclosures required for the annual audited financial statements. These condensed interim financial statements should be read in conjunction with the audited financial statements for the Company for the year ended October 31, 2022.

#### **b) Basis of measurement**

These condensed interim financial statements have been prepared on a historical cost basis, except for any financial assets and liabilities measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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### 2. BASIS OF PRESENTATION (continued)

#### c) Significant accounting policies

These condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2022. The significant accounting policies applied in the preparation of these condensed interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the year ended October 31, 2022.

### 3. MANAGEMENT'S USE OF JUDGEMENTS AND ESTIMATES

The preparation of these condensed interim financial statements in accordance with IFRS requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the condensed interim financial statements and the reported amount of income and expenses during the period. Actual results could differ from these estimates.

In preparing these condensed interim financial statements, the significant estimates and critical judgements were the same as those applied to the audited financial statements as at and for the year ended October 31, 2022.

### 4. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	July 31, 2023		October 31, 2022	
Trade receivables (Note 12)	\$	228,748	\$	209,828
Sales tax recoverable		12,508		38,922
	\$	241,256	\$	248,750

### 5. INVENTORY

	July 31, 2023		October 31, 2022	
Raw materials	\$	8,844	\$	4,188
Finished goods		2,739		-
Packaging materials		88,108		84,167
	\$	99,691	\$	88,355

During the three and nine months ended July 31, 2023, the Company expensed \$16,205 and \$268,057 respectively (July 31, 2022 – \$94,557 and \$278,618) of inventory in cost of sales and recorded \$761 and \$5,769 respectively (July 31, 2022 - \$nil and \$114) of inventory wastage as cost of sales within profit or loss.



## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

### 6. EQUIPMENT AND RIGHT-OF-USE ASSET

	Computer equipment	Production equipment	Right-of-use asset	Total
<b>Cost</b>				
Balance, October 31, 2021	\$ 2,481	\$ 21,500	\$ -	\$ 23,981
Additions	-	-	43,394	43,394
Balance, October 31, 2022	2,481	21,500	43,394	67,375
Additions	-	-	-	-
<b>Balance, July 31, 2023</b>	<b>\$ 2,481</b>	<b>\$ 21,500</b>	<b>\$ 43,394</b>	<b>\$ 67,375</b>
<b>Accumulated depreciation</b>				
Balance, October 31, 2021	\$ 397	\$ 512	\$ -	\$ 909
Depreciation	826	3,073	40,064	43,963
Balance, October 31, 2022	1,223	3,585	40,064	44,872
Depreciation	620	2,304	3,330	6,254
<b>Balance, July 31, 2023</b>	<b>\$ 1,843</b>	<b>\$ 5,889</b>	<b>\$ 43,394</b>	<b>\$ 51,126</b>
<b>Carrying amounts</b>				
At October 31, 2022	\$ 1,258	\$ 17,915	\$ 3,330	\$ 22,503
<b>At July 31, 2023</b>	<b>\$ 638</b>	<b>\$ 15,611</b>	<b>\$ -</b>	<b>\$ 16,249</b>

During the three and nine months ended July 31, 2023, \$768 and \$2,304 respectively (July 31, 2022 - \$768 and \$2,304) of depreciation was allocated to inventory as overhead.

### 7. INTANGIBLE ASSETS

During the year ended October 31, 2022, the Company acquired the formula which forms the basis for their plant-based nuggets.

	Patty formula	Nugget formula	Total
<b>Cost</b>			
Balance, October 31, 2021	\$ 37,000	\$ -	\$ 37,000
Additions	-	7,200	7,200
Impairment	(36,000)	-	(36,000)
<b>Balance, July 31, 2023 and October 31, 2022</b>	<b>\$ 1,000</b>	<b>\$ 7,200</b>	<b>\$ 8,200</b>
<b>Carrying amounts</b>			
At October 31, 2022	\$ 1,000	\$ 7,200	\$ 8,200
<b>At July 31, 2023</b>	<b>\$ 1,000</b>	<b>\$ 7,200</b>	<b>\$ 8,200</b>

As at October 31, 2022, the Company completed its annual impairment testing of the patty formula and nugget formula. As a result of the impairment tests, the Company determined that the carrying value of the patty formula was higher than its recoverable amount and recognized an impairment loss of \$36,000 during the year ended October 31, 2022.

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2023	October 31, 2022
Trade payables (Note 12)	\$ 378,013	\$ 253,484
Accrued liabilities (Note 12)	31,588	145,228
Payroll payable	12,674	9,862
	\$ 422,275	\$ 408,574

### 9. LEASE LIABILITY

The Company had a lease for premises for an office space. The lease expired on November 30, 2022, and was not renewed. The following table presents the lease liability of the Company.

Lease Liability	Total
Balance, October 31, 2021	\$ -
Additions	43,394
Interest expense	2,926
Lease payments	(49,320)
<b>Balance, July 31, 2023 and October 31, 2022</b>	<b>\$ -</b>

### 10. SHARE CAPITAL

#### *Authorized capital*

The Company is authorized to issue an unlimited number of commons shares without par value.

#### *Issued and outstanding capital*

As at July 31, 2023, there were 36,515,001 common shares issued and outstanding.

*For the nine months ended July 31, 2023*

On November 21, 2022, the Company issued 700,000 common shares pursuant to the exercise of warrants at a price of \$0.10 per common share for gross proceeds of \$70,000. In connection with the issuance, \$42,000 was transferred from share-based payments reserve to share capital.

On February 13, 2023, the Company completed a private placement, issuing 7,650,000 units at a price of \$0.10 per unit for gross proceeds of \$765,000. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.20 for a period of 24 months commencing on the date of issuance. In connection with the private placement, the Company issued 128,000 finder's warrants, paid a cash finder's fee of \$12,800 and legal fees of \$14,822. The finder's warrants have the same terms as those in the private placement unit.

On February 17, 2023, the Company issued 30,000 common shares pursuant to the exercise of warrants at a price of \$0.20 per common share for gross proceeds of \$6,000. In connection with the issuance, \$3,000 was transferred from share-based payments reserve to share capital.

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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### 10. SHARE CAPITAL (continued)

#### *Issued and outstanding capital (continued)*

One May 3, 2023, the Company issued 500,000 common shares pursuant to the exercise of warrants at a price of \$0.10 per common share for gross proceeds of \$50,000. In connection with the issuance, \$30,000 was transferred from share-based payments reserve to share capital.

*For the nine months ended July 31, 2022*

On November 17, 2021, the Company completed a second tranche of the private placement, issuing 150,000 units at a price of \$0.10 per unit for gross proceeds of \$15,000. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.20 for a period of 24 months commencing on the date of issuance. A value of \$7,500 has been allocated to the common share purchase warrants using the residual value method.

On July 13, 2022, the Company issued 50,000 common shares pursuant to the exercise of options for gross proceeds of \$5,000. In connection with the issuance, \$1,627 was transferred from share-based payments reserve to share capital.

On July 20, 2022, the Company issued 50,000 common shares pursuant to the exercise of warrants for gross proceeds of \$5,000. In connection with the issuance, \$3,000 was transferred from share-based payments reserve to share capital.

#### *Escrowed common shares*

As at July 31, 2023, the Company had 13,860,001 common shares held in escrow (October 31, 2022 – 20,440,001). The common shares are being released from escrow 10% on the listing date of July 4, 2022 and 15% every six months after the listing date. All securities will be release from escrow by thirty-six months after the listing date.

#### *Warrants*

Continuity of the Company's warrants is as follows:

	<b>Numbers of warrants</b>	<b>Weighted average exercise price</b>
Outstanding, October 31, 2021	8,592,500	\$ 0.14
Granted	75,000	0.20
Exercised*	(250,000)	0.10
Outstanding, October 31, 2022	8,417,500	0.14
Granted	3,953,000	0.20
Exercised**	(1,230,000)	0.10
<b>Outstanding, July 31, 2023</b>	<b>11,140,500</b>	<b>\$ 0.17</b>

\*The weighted average market price of the Company's common shares on the dates of exercise was \$0.15.

\*\*The weighted average market price of the Company's common shares on the date of exercise was \$0.15.

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

### 10. SHARE CAPITAL (continued)

#### *Warrants (continued)*

As at July 31, 2023, the following warrants were outstanding:

Grant date	Warrants outstanding	Exercise price	Expiry date	Remaining contractual life (years)
September 28, 2021	3,750,000	\$0.10	September 28, 2023	0.16
October 27, 2021	3,362,500	\$0.20	October 27, 2023	0.24
November 17, 2021	75,000	\$0.20	November 17, 2023	0.30
February 13, 2023	3,825,000	\$0.20	February 13, 2025	1.54
February 13, 2023*	128,000	\$0.20	February 13, 2025	1.54
	11,140,500	\$0.17		0.68

\*Finder's warrants

The Company uses the Black-Scholes option pricing model to estimate the fair value of the finder's warrants granted. The following assumptions were used:

	2023
Stock Price	\$0.18
Exercise price	\$0.20
Dividend yield	Nil
Forfeiture rate	Nil
Annualized volatility	105%
Risk-free interest rate	4.07%
Expected life	2 years

Annualized volatility was derived from a sample of similar publicly traded companies.

#### *Options*

On February 13, 2023, the Company's Board of Directors approved the adoption of a new rolling 15% omnibus share incentive plan (the "Plan") to supersede the Company's existing rolling 10% incentive stock option plan. The Plan provides for the award of additional share-based payments in addition to incentive stock options, including restricted share units, performance share units and deferred share units to directors, officers, employees and consultants of the Company.

The aggregate number of shares reserved for issuance pursuant to awards granted under this Plan shall not exceed 15% of the Company's total issued and outstanding common shares. If any outstanding award expires or otherwise terminates for any reason without having been exercised or settled in cash, the number of shares in respect of such expired or terminated award shall again be available for issuance under the Plan.

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

### 10. SHARE CAPITAL (continued)

#### Options (continued)

The grant date and the expiry date of an option shall be the dates fixed by the Board at the time the options are granted, with the expiry date not exceeding ten years from the grant date and shall be set out in the option certificate issued in respect of such option. The exercise price shall also be determined by the Board and set out in the certificate issued in respect of the option and shall not be less than the greater of the closing market price prevailing on the date prior to the date of grant and the date of grant of such option.

During the three and nine months ended July 31, 2023, share-based payments in the amount of \$Nil and \$133,026 (July 31, 2022 – \$Nil and \$76,448) respectively, were recognized on the issuance and vesting of stock options.

Continuity of the Company's options is as follows:

	Number of options	Weighted average exercise price
Outstanding, October 31, 2021	-	\$ -
Granted	2,350,000	0.10
Exercised*	(50,000)	0.10
Outstanding, October 31, 2022	2,300,000	0.10
Granted	1,047,750	0.18
Forfeited	(850,000)	0.12
Outstanding, July 31, 2023	2,497,750	\$ 0.13

\*The closing market price of the Company's common shares on July 13, 2022, the date of exercise, was \$0.25.

As at July 31, 2023, the following options were outstanding:

Options outstanding	Options exercisable	Exercise price	Expiry date	Remaining contractual life (years)
1,650,000	1,650,000	\$0.10	February 14, 2027	3.55
847,750	847,750	\$0.18	February 13, 2026	2.54
2,497,750	2,497,750	\$0.13		3.20

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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### 10. SHARE CAPITAL (continued)

#### *Options (continued)*

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted. The following assumptions were used:

	2023	2022
Stock Price	\$0.18	\$0.05
Exercise price	\$0.18	\$0.10
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Annualized volatility	117%	100%
Risk-free interest rate	3.75%	1.78%
Expected life	3 years	5 years

Annualized volatility was derived from a sample of similar publicly traded companies.

#### *Restricted Share Units (“RSUs”)*

On February 13, 2023, pursuant to the Company’s Plan, the Company granted 2,050,000 RSUs to consultants of the Company. 1,850,000 of the RSUs will vest over 18 months from the date of grant, with a third vesting every six months. The remaining 200,000 RSUs will vest on April 16, 2024.

The fair value of the RSUs is determined by the quoted market price of the Company’s common shares at date of grant. Share-based payment is recognized in profit or loss over the vesting period.

At the discretion of the Board of Directors, RSUs may be settled in equity, cash or a combination of both. The fair value of RSUs, which are settled in equity, is recognized as a share-based payment with a corresponding increase in share-based payments reserve, over the vesting period. The fair value of RSUs, when settled in cash, is recognized as a share-based payment with a corresponding increase in liabilities, over the vesting period.

During the three and nine months ended July 31, 2023, the Company recognized share-based payments of \$54,851 and \$146,386 (July 31, 2022 – \$Nil) relating to the vesting of the RSUs.

As at July 31, 2023, the Company had 1,500,000 RSUs outstanding (October 31, 2022 – Nil) of which Nil were vested.

Continuity of the Company’s RSUs is as follows:

	Number of Restricted Share Units
Balance, October 31, 2022	-
Granted	2,050,000
Forfeited	(550,000)
Balance, July 31, 2023	1,500,000

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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### 11. REVENUE

The Company generates revenue primarily from the sale of its plant-based patties and Old-Fashioned Ghee. The Company also generates revenue from the sale of other food products as well as the sale of raw food products.

During the three and nine months ended July 31, 2023, the Company completed sales of raw materials to a company owned by a director of the Company in the amount of \$Nil and \$127,252 respectively (July 31, 2022 – \$22,630 and \$83,335) (Note 12).

Revenue is currently generated in one geographical market, being Canada, and is recognized upon delivery of purchase orders to customers.

### 12. RELATED PARTY TRANSACTIONS

Related parties consist of the directors, officers and companies owned or controlled in whole or in part by them. Related parties and related party transactions impacting the financial statements not disclosed elsewhere in these financial statements are summarized below.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Remuneration attributed to key management personnel is summarized as follows:

	Three Months ended		Nine months ended	
	July 31, 2023	July 31, 2022	July 31, 2023	July 31, 2022
Advertising and promotion	\$ -	\$ -	\$ 10,000	\$ -
Professional fees	26,696	40,017	110,067	81,928
Share-based payments	-	-	12,411	42,291
Salaries and wages	34,061	32,308	96,728	92,308
	\$ 60,757	\$ 72,325	\$ 229,206	\$ 216,527

As at July 31, 2023, included in accounts payable and accrued liabilities was \$34,110 (October 31, 2022 – \$20,049) owed to the CEO of the Company, \$64,552 (October 31, 2022 - \$20,190) owed to a management entity for the provision of CFO services, \$11,609 (October 31, 2022 – \$7,844) owed to a company owned by a director of the Company, and \$59,963 (October 31, 2022 - \$50,702) owed to a company that the CEO of the Company has significant influence over.

As at July 31, 2023, \$94,703 (October 31, 2022 – \$94,703) included in accounts receivable and other receivables was owed by a company owned by a director of the Company.

## **Pangea Natural Foods Inc.**

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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### **12. RELATED PARTY TRANSACTIONS (continued)**

#### *Other transactions*

During the three and nine months ended July 31, 2023, the Company incurred \$2,748 and \$11,502 respectively (July 31, 2022 - \$Nil and \$Nil) for purchases of inventory and completed sales of raw materials to a company owned by a director of the Company in the amount of \$Nil and \$127,252 respectively (July 31, 2022 – \$22,630 and \$83,335).

During the three and nine months ended July 31, 2023, the Company incurred \$7,175 and \$51,701 respectively (July 31, 2022 - \$12,179 and \$80,370) for purchases of inventory, \$Nil and \$1,620 respectively (July 31, 2022 - \$11,195 and \$36,018) for labour included in inventory, \$Nil and \$Nil respectively in intangible assets (July 31, 2022 - \$7,200 and \$7,200) and \$10,500 and \$31,500 respectively (July 31, 2022 - \$10,500 and \$29,500) for rent of which \$Nil and \$875 respectively (July 31, 2022 - \$2,500 and \$7,000) is included in inventory, and \$Nil and \$Nil respectively (July 31, 2022 - \$Nil and \$1,950) in sales to a company that the CEO of the Company has significant influence over.

### **13. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to support its business plan, as well as to ensure that the Company is able to meet its financial obligations as they become due. The Company considers its capital for this purpose to be shareholders' equity.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital. There have been no changes in the way in which the Company manages capital in the year. As at July 31, 2023, the Company expects its capital resources and projected future cash flows from operations to support its normal operating requirements on an ongoing basis. As at July 31, 2023, there were no externally imposed restrictions on the capital, or management thereof, of the Company.

### **14. FINANCIAL RISK MANAGEMENT**

#### *Fair values*

The Company's financial instruments consist of cash, trade receivables, and accounts payable and accrued liabilities. Cash is carried at fair value through profit or loss, while accounts receivable and other receivables, and accounts payable and accrued liabilities are carried at amortized cost. The fair values of accounts receivable and other receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity.

The Company classifies its financial assets at FVTPL according to the fair value hierarchy as follows:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;



## **Pangea Natural Foods Inc.**

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

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### **14. FINANCIAL RISK MANAGEMENT (continued)**

#### *Fair values (continued)*

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 July 31, 2023 and October 31, 2022, cash was measured at FVTPL in accordance with Level 1 of the fair value hierarchy. The Company had no transfers between levels of the fair value hierarchy during the six months ended July 31, 2023.

#### *Financial risks*

The Company is exposed in varying degrees to a variety of financial instrument-related risks. Significant risks that are relevant to the Company, as well as methods to manage the various types of risk to which it is exposed, are discussed below:

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of risk: foreign currency risk, interest rate risk and other price risk.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar and financings and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is not considered to be material. The Company has not had a material change in or management of this risk during the nine months ended July 31, 2023.

#### *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. Interest earned on cash is insignificant and the Company does not rely on interest income to fund its operations. As a result, the Company's exposure to interest rate risk is not considered to be material. The Company has not had a material change in or management of this risk during the nine months ended July 31, 2023.

#### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company does not hold equity investments in other entities and therefore is not exposed other price risk. The Company's exposure to and management of this risk has not changed materially during the nine months ended July 31, 2023.

## Pangea Natural Foods Inc.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended July 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

### 14. FINANCIAL RISK MANAGEMENT (continued)

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and trade receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with either major financial institutions or reputable institutions with a sufficiently long operating history to be considered reliable for credit worthiness purposes. The Company mitigates credit risk by monitoring its exposure for credit losses with customers. 72% of the trade receivables balance at July 31, 2023 relates to two customers (October 31, 2022 – 70% related to two customers). The Company has determined that no provision for expected credit losses is required as all amounts outstanding are considered collectible. Management does not believe that there is significant credit risk arising from the current customer base. The maximum exposure to loss arising from trade receivables and cash is equal to their total carrying amounts.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through the management of its capital structure. The Company addresses its liquidity by raising capital through the issuance of equity to supplement revenues from operations. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

The tables below summarize the maturity profile of the Company's financial liabilities based on the remaining period to the contractual maturity date as at July 31, 2023 and October 31, 2022.

	On- demand	Less than 1 year	1-3 years	Total
<b>July 31, 2023</b>				
Accounts payable and accrued liabilities	\$422,275	\$ -	\$ -	\$422,275
	On- demand	Less than 1 year	1-3 years	Total
<b>October 31, 2022</b>				
Accounts payable and accrued liabilities	\$408,574	\$ -	\$ -	\$408,574

### 15. ECONOMIC DEPENDENCE

During the nine months ended July 31, 2023, three key customers (July 31, 2022 – three) contributed more than 10% to the Company's revenue for a total of \$242,829 or 86% (July 31, 2022 – \$149,418 or 48%).

	<b>Nine months ended July 31, 2023</b>	Nine months ended July 31, 2022
Customer A	\$ 61,441	\$ 29,680
Customer B	55,316	-
Customer C	126,072	60,705
Customer D	-	59,033
	<b>\$ 242,829</b>	<b>\$ 149,418</b>

## **Pangea Natural Foods Inc.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended July 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### **16. SEGMENTED INFORMATION**

The Company currently has one reportable operating segment, being the manufacturing and distribution of food products in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts. All long-term assets of the Company are located in Canada.

### **17. PROPOSED TRANSACTION**

On April 21, 2023, the Company entered into a share exchange agreement with Glory Organic Juice Company Inc., Glory Juice Co. Vancouver Ltd. (collectively, "Glory Juice") and the shareholders of Glory Juice ("Vendors"). Pursuant to the agreement, the Company will acquire all the issued and outstanding shares of Glory Juice and upon completion of the acquisition, each of the Glory Juice entities will become wholly-owned subsidiaries of the Company. In consideration for the purchased shares:

- The Company will issue an aggregate of 6,000,000 common shares of the Company to the Vendors. The shares will be subject to contractual resale restrictions, pursuant to which 10% of the shares will be released on the closing date of the acquisition and 15% of the shares will be released every 6 months thereafter.
- The Company will cause Glory Juice to repay outstanding loans owing to certain shareholders of Glory Juice in the aggregate amount of approximately \$1,800,000, through the issuance of secured promissory notes by Glory Juice. The promissory notes will be repayable in equal quarterly instalments over a 56-month period, with first instalment payable on the closing date. The promissory notes will rank senior, secured by all the assets and property of Glory Juice, subject to certain specific permitted encumbrances, pursuant to a general security agreement and guaranteed by the Company.

The acquisition is subject to customary closing conditions as set out in the agreement, including obtaining the applicable third party, corporate and regulatory approvals.

### **18. SUBSEQUENT EVENTS**

- i) In August and September 2023, the Company received \$95,500 in share subscriptions.
- ii) On September 5, 2023, the Company issued 433,333 common shares upon the exercise of RSUs.
- iii) On September 22, 2023, the Company granted 264,000 RSUs to a consultant of the Company. Each RSU entitles the holder to acquire one common share of the Company on vesting. The RSUs will vest over 6 months from the date of grant, with a sixth vesting every month.