

CULT Food Science Corp.

Consolidated Financial Statements

Expressed in Canadian dollars

For the years ended December 31, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cult Food Science Corp.

Opinion

We have audited the consolidated financial statements of Cult Food Science Corp. and its subsidiary (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders’ equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our audit report.

Valuation of unlisted investments

The valuation of unlisted investments requires significant judgment and estimates by management and is therefore considered a key audit matter due to the subjective nature of certain assumptions inherent in each valuation. The investment portfolio at the year-end was comprised of unlisted investments valued at \$3,301,846. Unreasonable basis used in the valuation judgments, as discussed in Note 4, could result in a material difference in the value presented.

We responded to this matter by performing audit procedures in relation to the valuation of unlisted investments and the accuracy of the net change in unrealized loss on investments. These procedures include, among others:

- Obtained financial data of investee company, if available.
- Obtained evidence of recent financing raised by the investee during the year, if available.
- Analysed changes in significant assumptions compared with assumptions used in prior years, and compared to independent evidence, where available, including available industry data.
- Compared the business models to other similar entities in the industry.
- Sent confirmations to management of unlisted investments to corroborate valuation assumptions made by the Company’s management, including third party financing raised during the year.

Accounting for the acquisition of Further Foods, Inc.

During the year, the Company was deemed to have acquired 90% interest in Further Foods, Inc.

In relation to the acquisition, management determined that the acquisition met the definition and criteria to be classified as a business combination. Accordingly, under IFRS 3, the Company measured the assets acquired and liabilities assumed at their estimated fair values. The difference between the fair value of consideration and the fair value attributed to the identifiable net liabilities assumed resulted in a loss on acquisition of \$447,623 and non-controlling interest of \$49,736.

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We considered this a key audit matter due to the judgment applied by management in evaluating whether the acquisition constituted a business combination or an asset acquisition. Management also applied judgment in assessing the completeness of identifiable assets and liabilities acquired and assumed including the unidentifiable goods and services. We also considered this a key audit matter due to the estimates applied by management in determining fair value of the identifiable assets acquired and liabilities assumed, including the use of significant assumptions. These considerations led to a high degree of subjectivity and audit effort in performing procedures to evaluate the judgments and test the significant assumptions.

Evaluating the judgments and estimates made by management in accounting for the acquisition of Further Foods, Inc., which included the following procedures:

- Reviewed the underlying facts and circumstances to obtain an understanding of the structure and substance of the transaction.
- Assessed management's evaluation of whether the acquisition constituted a business combination or an asset acquisition.
- Recalculated the fair value of the deemed consideration, identifiable assets acquired, liabilities assumed, including non-controlling interest and resulting loss on acquisition.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

SHIM & Associates LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

May 22, 2025

CULT Food Science Corp.Consolidated Statements of Financial Position
Expressed in Canadian dollars

		December 31, 2024	December 31, 2023
	Note	\$	\$
Assets			
Current assets			
Cash		134,033	170
Accounts receivable		14,154	-
Inventories		12,124	-
Prepaid expenses		53,168	48,445
		213,479	48,615
Non-current assets			
Investments	4	3,301,846	4,333,003
Equipment	3	3,619	5,169
Total assets		3,518,944	4,386,787
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	10	315,072	355,809
Loan payable	5	-	43,488
Convertible debenture	6	311,211	-
Current portion of note payable	7	129,501	-
		755,784	399,297
Non-current liabilities			
Note payable	7	368,112	-
Total liabilities		1,123,896	399,297
Shareholders' equity			
Share capital	8	22,501,532	19,767,781
Reserves	8	4,372,412	3,524,905
Accumulated other comprehensive loss		(680)	-
Deficit		(24,424,421)	(19,305,196)
Attributable to parent		2,448,843	3,987,490
Non-controlling interest	2	(53,795)	-
Total shareholders' equity		2,395,048	3,987,490
Total liabilities and shareholders' equity		3,518,944	4,386,787

Corporate Information and Going Concern (Note 1)

Contingency (Note 12)

Subsequent Events (Note 13)

Approved on behalf of the Board of Directors by:

"Dorian Banks"

Director

"Kirill Kompaniyets"

Director

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

CULT Food Science Corp.Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian dollars

	Note	Years ended December 31,	
		2024	2023
		\$	\$
Revenue		154	-
Expenses			
Consulting fees	10	1,014,653	534,230
Depreciation	3	1,550	2,207
Marketing		605,436	327,187
Office and administration		180,265	290,215
Professional fees		113,516	186,892
Share-based compensation	8, 10	854,929	579,563
Transfer agent and filing fees		33,577	54,758
Total expenses		2,803,926	1,975,052
Loss from operating activities		(2,803,772)	(1,975,052)
Other items			
Interest and other income		-	200
Accretion and interest expense	5, 6, 7	(6,869)	(488)
Loss on consolidation of Further Foods, Inc.	2	(447,623)	-
Unrealized loss on fair value of investments	4	(1,829,740)	(681,904)
Gain (loss) on extinguishment of accounts payable	8	(40,066)	9,117
Gain on extinguishment of loan payable	5	4,786	-
Net loss for the year		(5,123,284)	(2,648,127)
Other comprehensive income			
Exchange differences on translating into presentation currency		(680)	-
Total comprehensive loss for the year		(5,123,964)	(2,648,127)
Loss per share, basic and diluted		(0.08)	(0.05)
Basic and diluted weighted average number of common shares outstanding		67,617,505	49,441,465

December 31, 2024:

Net loss attributable to:	Shareholders of parent	Non-controlling interest	Total
Net loss for the year	\$ (5,119,225)	\$ (4,059)	\$ (5,123,284)
Total comprehensive loss for the year	\$ (5,119,905)	\$ (4,059)	\$ (5,123,964)

December 31, 2023:

Net loss attributable to:	Shareholders of parent	Non-controlling interest	Total
Net loss for the year	\$ (2,648,127)	\$ -	\$ (2,648,127)
Total comprehensive loss for the year	\$ (2,648,127)	\$ -	\$ (2,648,127)

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

CULT Food Science Corp.
Consolidated Statements of Cash Flows
Expressed in Canadian dollars

	Years ended December 31,	
	2024	2023
	\$	\$
Cash flows from operating activities		
Net loss for the year	(5,123,284)	(2,648,127)
Adjustments for:		
Depreciation	1,550	2,207
Accretion and interest expense	6,869	488
Loan facilitation fee	-	10,000
Share-based compensation	854,929	579,563
Loss on consolidation of Further Foods, Inc.	447,623	-
Unrealized loss on fair value of investments	1,829,740	681,904
Loss on extinguishment of accounts payable	40,066	(9,117)
Gain on extinguishment of loan payable	(4,786)	-
Net change in non-cash working capital:		
Accounts receivable	(14,154)	-
Prepaid expense	(4,723)	4,108
Purchase of investments	(798,583)	(383,398)
Accounts payable and accrued liabilities	298,209	276,133
Total cash flows used in operating activities	(2,466,544)	(1,486,239)
Cash flows from investing activities		
Cash acquired on consolidation of Further Foods, Inc.	98,536	-
Cash flows from financing activities		
Proceeds from loans payable	-	33,000
Repayment of note payable	(38,060)	-
Proceeds from issuance of shares, net of share issue cost	2,131,770	1,349,320
Proceeds from issuance of convertible debenture, net of issue cost	317,050	-
Proceeds from exercise of warrants	91,000	15,000
Proceeds from exercise of options	-	31,250
Total cash flows provided by financing activities	2,501,760	1,428,570
Effect of unrealized foreign exchange on cash	111	-
Increase (decrease) in cash during the year	133,863	(57,669)
Cash at beginning of year	170	57,839
Cash at end of year	134,033	170
Other supplemental information		
Interest paid	-	-
Income taxes paid	-	-
Issuance of shares for investments	-	163,328
Fair value of shares issued for debt	493,978	30,000

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

CULT Food Science Corp.

Consolidated Statements of Changes in Shareholders' Equity

Expressed in Canadian dollars

	Share Capital		Warrant Reserve	Share-based Payment Reserve	Other Comprehensive Loss	Deficit	Non-Controlling Interest	Total Shareholders' Equity
	Number of Shares*	Amount						
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	44,289,287	17,796,420	-	3,327,805	-	(16,657,069)	-	4,467,156
Warrant exercises (Note 8)	75,000	15,000	-	-	-	-	-	15,000
Option exercises (Note 8)	156,250	61,170	-	(29,920)	-	-	-	31,250
Conversion of RSUs (Note 8)	2,125,000	487,500	-	(487,500)	-	-	-	-
Private placement (Note 8)	3,373,925	1,214,363	134,957	-	-	-	-	1,349,320
Share exchange agreement (Notes 4, 8)	480,375	163,328	-	-	-	-	-	163,328
Debt settlement (Note 8)	83,333	30,000	-	-	-	-	-	30,000
Share-based compensation	-	-	-	579,563	-	-	-	579,563
Net loss for the year	-	-	-	-	-	(2,648,127)	-	(2,648,127)
Balance, December 31, 2023	50,583,170	19,767,781	134,957	3,389,948	-	(19,305,196)	-	3,987,490
Warrant exercises (Note 8)	525,000	91,000	-	-	-	-	-	91,000
Conversion of RSUs (Note 8)	1,610,000	86,200	-	(86,200)	-	-	-	-
Private placements (Note 8)	21,506,000	2,062,573	-	69,197	-	-	-	2,131,770
Debt settlements (Note 8)	4,388,800	493,978	-	-	-	-	-	493,978
Convertible debenture (Note 6)	-	-	9,581	-	-	-	-	9,581
Consolidation of Further Foods, Inc. previously carried at fair value (Note 2)	-	-	-	-	-	-	(49,736)	(49,736)
Share-based compensation	-	-	-	854,929	-	-	-	854,929
Exchange differences on translating to presentation currency	-	-	-	-	(680)	-	-	(680)
Net loss for the year	-	-	-	-	-	(5,119,225)	(4,059)	(5,123,284)
Balance, December 31, 2024	78,612,970	22,501,532	144,538	4,227,874	(680)	(24,424,421)	(53,795)	2,395,048

*On August 23, 2023, the Company completed its share consolidation to consolidate all of the Company's issued and outstanding common shares on the basis of every four (4) old common shares being consolidated into one (1) new common share. All share disclosures in these consolidated financial statements are presented on a post-consolidation basis, unless otherwise noted.

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

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
Expressed in Canadian dollars

1. Corporate Information and Going Concern

CULT Food Science Corp. (the “Company”) was incorporated on November 16, 1983 under the British Columbia Companies Act and is an investment issuer focused on early-stage investments in cultivated meat and cultured dairy companies around the world. Effective July 28, 2021, the Company changed its name to Cult Food Science Corp.

The Company’s head office address is 409 – 22 Leader Lane, Toronto, Ontario, Canada M5E 0B2.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business and that management neither intends to liquidate the entity nor does it have no realistic alternative to do so. The Company incurred a net loss of \$5,123,284 (2023 - \$2,648,127) during the year ended December 31, 2024 and as of the date of the consolidated financial statements the Company’s accumulated deficit is \$24,424,421 (2023 - \$19,305,196). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue its operations is dependent upon its ability to restructure its debt and raise financing. Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future and that such funds will be available on terms acceptable by the Company. Management’s plan is to actively secure sources of funds, including possible equity and debt financing options, to finance operating costs over the next twelve months. These 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 consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on May 22, 2025.

2. Basis of Presentation and Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

I) Basis of preparation and Measurement

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and which were in effect as of December 31, 2024.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 2(II). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates and exercise judgement in applying the Company’s policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 2(II)(i).

II) Material Accounting Policies

a) Basis of Consolidation

The Company has determined that effective December 19, 2024, it no longer meets the definition of an investment entity in accordance with IFRS 10, Consolidated Financial Statements (“IFRS 10”), and accordingly, these consolidated financial statements include the accounts of the Company and the accounts of the following companies which the Company has control from December 19, 2024 to December 31, 2024:

Company	Country of Incorporation	Percentage Held 2024	Percentage Held 2023	Principal Activity
Further Foods, Inc.	USA	90%	-	Sale of pet food products

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All inter-company transactions and balances have been eliminated.

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
Expressed in Canadian dollars

2. Basis of Presentation and Summary of Material Accounting Policies (continued)

II) Material Accounting Policies (continued)

a) Basis of Consolidation (continued)

Pursuant to IFRS 10, the Company applied IFRS 3, Business Combinations to Further Foods, Inc. on December 19, 2024. The deemed consideration transferred was \$Nil, being the fair value of the investment in Further Foods, Inc. on December 19, 2024. The details of net assets acquired and the resulting loss on consolidation are as follows:

	\$
Deemed consideration	Nil
Cash	98,536
Inventories	12,124
Accounts payable and accrued liabilities	(73,697)
Note payable	(534,322)
Net liabilities acquired	(497,359)
Non-controlling interest	(49,736)
Loss on consolidation	(447,623)

b) Cash

Cash is comprised of cash on hand that is subject to an insignificant risk of change in value.

c) Inventories

Inventories consist of pet food ingredients, packaging and finished products. Inventories are recorded at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition.

An assessment is made of the net realizable value of inventory at each reporting period. Net realizable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale. When circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of any write down previously recorded is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. Raw materials are not written down unless the goods in which they are incorporated are expected to be sold for less than cost, in which case, they are written down on the same basis as the finished goods.

d) Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a declining balance method over their estimated useful lives. The Company's equipment, which consists of furniture and fixtures are amortized at 30%.

e) Financial Instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income or through profit or loss), and
- those to be measured at amortized cost.

Classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
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2. Basis of Presentation and Summary of Material Accounting Policies (continued)

II) Material Accounting Policies (continued)

e) Financial Instruments (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of loss and comprehensive loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from deficit to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and comprehensive loss.
- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of loss and comprehensive loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
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Expressed in Canadian dollars

2. Basis of Presentation and Summary of Material Accounting Policies (continued)

II) Material Accounting Policies (continued)

e) Financial Instruments (continued)

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

f) Convertible Debentures

The liability, equity and other (when applicable) components of convertible debentures are presented separately on the consolidated statement of financial position, starting from initial recognition. The Company determines the carrying amount of the financial liability by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows. The liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible notes at maturity which is recorded in the consolidated statement of loss and comprehensive loss as accretion expense.

The carrying amount of other components (when applicable), such as warrants, is determined using the Black-Scholes option pricing model. The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability and the carrying amounts of any other components (when applicable) from the amount of the convertible notes, and is presented in equity as an equity component of convertible notes. The equity component is not remeasured subsequent to initial recognition, except on conversion or expiry.

The transaction costs are distributed between liability, equity and other (when applicable) components, on a pro-rata basis according to their carrying amounts.

g) Income Taxes

Income tax expense is comprised of current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with respect of previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

h) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares or share options are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Share capital is reduced by the average per-common-share carrying amount, with the difference between this amount and the consideration paid, added to or deducted from the share-based payment reserve.

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

CULT Food Science Corp.

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For the years ended December 31, 2024 and 2023
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2. Basis of Presentation and Summary of Material Accounting Policies (continued)

II) Material Accounting Policies (continued)

h) Share Capital (continued)

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves.

i) (Loss) Earnings Per Share

Basic (loss) earnings per share is computed by dividing the net (loss) earnings by the weighted average number of common shares outstanding during the period, which excludes shares held in escrow.

Diluted (loss) earnings per share is computed by dividing the loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. In periods that the Company reports a net loss, stock options are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive. For the years presented, this calculation proved to be anti-dilutive.

j) Share-based Payments

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured. The fair value of options is determined using a Black-Scholes pricing model which incorporates all market vesting conditions. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that have vested.

Where stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

k) Foreign Currency Translation

The Company's functional and presentation currency is the Canadian dollars as it is the currency in which the majority of the funding is obtained to continue operations. The functional currency of Further Foods, Inc. is US dollars as it is the currency in which the majority of their sales and expenses are incurred.

Monetary assets and liabilities of a company that are denominated in a currency other than the functional currency are translated at the exchange rate in effect at the period end. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Revenue and expense items are translated at the average rates of exchange prevailing during the year. Gains or losses from translation are recognized in profit or loss in the period in which they occur.

The financial results and position of operations whose functional currency is different from the Company's presentation currency is translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation to the presentation currency are transferred directly to the Company's currency translation reserve in accumulated other comprehensive income.

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
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2. Basis of Presentation and Summary of Material Accounting Policies (continued)

II) Material Accounting Policies (continued)

I) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation. Such reclassification is for presentation purpose only and has no effect on previously reported results.

m) Material Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses and certain disclosures reported in these consolidated financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognized in the period in which the estimates are revised and in future periods affected.

Areas where critical accounting estimates and assumptions have the most significant effect on the amounts recognized in these consolidated financial statements include the following:

Fair value of investments in securities not quoted in an active market

Where the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value. Refer to Note 4 for further details.

Determination of investment entity

During the year ended December 31, 2021, the Company transitioned to become an investment issuer. Management applied judgement in determining whether the Company met the criteria required under IFRS 10, in order to be classified as an investment entity. Management applied the following typical characteristics of an investment entity: a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment related services to external parties. In determining its status as an investment entity, the Company determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

The Company has determined that effective December 19, 2024, it no longer meets the definition of an investment entity in accordance with IFRS 10. The Company considered whether it was investing funds solely for returns from capital appreciation, investment income, or both, in the context of its subsidiary, Further Foods, Inc., providing an unlimited guarantee related to the convertible debenture (Note 6) and concluded it no longer met the definition of an investment entity.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its deferred tax assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Functional currency

The analysis of the functional currency for the Company and Further Foods, Inc. is a significant judgment. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of Further Foods, Inc., management considered the currency that mainly influences the costs of providing goods and services in each jurisdiction in which the entities operate.

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
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2. Basis of Presentation and Summary of Material Accounting Policies (continued)

II) Material Accounting Policies (continued)

n) Recent Accounting Pronouncements

As at the date of authorization of these consolidated financial statements, the IASB and the IFRS Interpretations Committee had issued certain pronouncements that are mandatory for the Company's accounting periods commencing on or after January 1, 2023. The adoption of these pronouncements did not result in any impact to the Company's financial statements.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

3. Equipment

	Office Furniture and Equipment
Cost	\$
Balance, December 31, 2023 and December 31, 2024	39,231
Accumulated Amortization	
Balance, December 31, 2022	31,855
Depreciation	2,207
Balance, December 31, 2023	34,062
Depreciation	1,550
Balance, December 31, 2024	35,612
Carrying value	
As at December 31, 2023	5,169
As at December 31, 2024	3,619

4. Investments

i) Simple Agreement for Future Equity ("SAFE") Agreements

Pursuant to the terms of the SAFE Agreements, if there is an equity financing before the instrument expires or is terminated, the investee will automatically issue to the investors either: 1) the greater of: the number of Standard Preferred Shares equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Shares, or the number of Safe Preferred Shares equal to the Purchase Amount divided by the SAFE Price or 2) in case the agreement specifies a discount rate, a number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Conversion Price. The Conversion Price means either the SAFE Price or the Discount Price, whichever calculation results in a greater number of shares of Safe Preferred Stock. The SAFE Price means the price per share equal to the Valuation Cap or Post-Money Valuation Cap divided by the Company Capitalization. The Discount Price means the price per share of the Standard Preferred Stock sold in the equity financing multiplied by the Discount Rate.

If there is a liquidation event before the expiration or termination of the SAFE Agreement, the investor will automatically receive a portion of Proceeds, due and payable to the investor, equal to the greater of the Purchase Amount or the amount payable on the number of shares of Common Stock equal to the Purchase Amount divided by the liquidity price. Thereafter the SAFE Agreement will terminate. In connection with a cash payment through a liquidity event, if there are not enough funds to pay the investors and holders of the SAFE Agreements in full, funds will be distributed pro-rata and based on the purchase price. In a dissolution event, SAFE Agreement holders will be paid out of remaining assets prior to holders of the investee's capital stock.

In accordance with IFRS 9, the Company initially recorded these SAFE investments at cost, which approximates fair value.

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
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4. Investments (continued)

ii) A breakdown of the Company's investments as at December 31, 2024 and 2023 is as follows:

Investee Company	Type of Investment	Location	Cost \$	Fair Value 31-Dec-23 \$	Fair Value 31-Dec-24 \$	% Ownership
Opalia Inc. (formerly BetterMilk Inc.)	SAFE	QC, Canada	317,693	429,845	467,642	2.5%
Biftek Inc.	SAFE	Turkey	160,999	396,779	-	1%
De Novo Foods Inc.	SAFE	South Africa	63,390	66,130	71,945	<1%
Eat Just Inc.	Equity	CA, USA	347,200	40,560	-	<1%
Fiction Foods Inc.	SAFE	CA, USA	317,815	330,649	359,725	2.5%
Jellatech Inc.	Equity	NC, USA	95,138	99,195	287,780	<1%
MeliBio Inc.	SAFE	CA, USA	255,308	639,257	767,413	1.7%
WildBio Co. (formerly Mogale Meat Co.)	SAFE	South Africa	572,594	680,194	-	6.4%
Novel Farms Inc.	SAFE	CA, USA	190,896	198,390	215,835	<1%
Umami Bioworks Pte. Ltd.	Equity	Singapore	189,407	345,026	706,676	<1%
California Cultured Inc.	Equity	CA, USA	63,955	66,130	151,213	<1%
Change Foods Inc.	Equity	CA, USA	54,301	146,796	145,315	<1%
Change Foods Inc.	Convertible note	CA, USA	9,582	9,582	14,389	<1%
Unicorn Biotechnologies Limited	Convertible note	United Kingdom	63,929	104,706	113,913	<1%
Vevolution Education Limited	Equity	United Kingdom	46,042	46,042	-	1.4%
Compound Foods Inc.	SAFE	CA, USA	31,661	37,033	-	<1%
Cella Food Systems Inc.	Equity	ON, Canada	150,558	150,558	-	3%
Peqish Group Food & Hospitality Inc.	Equity	BC, Canada	163,328	163,328	-	2%
Alcheme Bio Inc.	SAFE	CA, USA	20,168	19,839	-	<1%
Further Foods Inc.	Equity	CA, USA	1,161,546	362,964	-	90%
			4,275,510	4,333,003	3,301,846	

iii) Financial instrument hierarchy:

The fair value measurements use a fair value hierarchy that reflects the significant of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- (1) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- (2) Level 2 – Inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- (3) Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table presents the Company's financial instruments, measured at fair value and categorized into levels of the fair value hierarchy on the consolidated statements of financial position as at December 31, 2024 and 2023:

CULT Food Science Corp.

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4. Investments (continued)

	Level 1	Level 2	Level 3
Investments at fair value	\$	\$	\$
December 31, 2024	-	-	3,301,846
December 31, 2023	-	-	4,333,003

There were no transfers between Levels 1, 2 or 3 during the years ended December 31, 2024 and 2023.

The following table presents the changes in fair value measurements of financial instruments classified as Level 3 for the years ended December 31, 2024 and 2023. These financial instruments are measured at fair value utilizing non-observable market inputs based on specific company information and general market conditions. Unrealized gains and losses on Level 3 investments are included in "Unrealized loss on fair value of investments" in the consolidated statements of loss and comprehensive loss.

	\$
Balance as at December 31, 2022	4,468,181
Additions – paid by cash	383,398
Additions – paid by shares (Note 7)	163,328
Unrealized loss, including foreign exchange	(681,904)
Balance as at December 31, 2023	4,333,003
Additions – paid by cash	798,583
Unrealized loss, including foreign exchange	(1,829,740)
Balance as at December 31, 2024	3,301,846

The following table presents a breakdown of Level 3 investments as at December 31, 2024 and 2023:

Description	Fair value at December 31, 2024 \$	% of investments
SAFE Agreements	1,882,561	57%
Equity – private	1,290,983	39%
Debentures	128,302	4%
	3,301,846	100%

Description	Fair value at December 31, 2023 \$	% of investments
SAFE Agreements	3,308,467	77%
Equity – private	968,106	22%
Debentures	56,430	1%
	4,333,003	100%

The Company uses various valuation techniques to determine the fair value of its Level 3 investments, including:

Instrument Type	Valuation Technique	Significant Inputs	Input Range / Assumptions
SAFE Agreements	Recent transaction pricing	Valuation cap, discount rate	Valuation cap: \$5M–\$120M, discount: 80%
Equity – Private	Recent transaction pricing	Price per share, valuation	Valuation: \$24M–\$120M
Debentures	Recent transaction pricing	Valuation cap, discount rate	Valuation cap: \$19M–\$120M, discount: 75%

Within Level 3, the Company includes private company investments and other investment instruments such as loans to investees and convertible debentures which are not quoted on an exchange. All privately-held investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting period, the fair value of an investment may (depending upon the circumstances) be adjusted using one or more of the valuation indicators described below.

CULT Food Science Corp.

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4. Investments (continued)

The determinations of fair value of the Company's privately-held investments at other than initial cost are subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the performance of comparable publicly-traded companies. The absence of the occurrence of any of these events, any significant change in trends in general market conditions, or any significant change in performance of comparable publicly-traded companies generally indicates that the fair value of the investment has not materially changed. The fair value of a privately-held investment may be adjusted if:

- there has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company.
- there have been significant corporate or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- the investee company is placed into receivership or bankruptcy;
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- release by the investee company of positive/negative results; or
- important positive/negative management changes by the investee company that the Company's management believes will have a very positive/negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Given the use of unobservable inputs, Level 3 valuations are inherently uncertain. A 10% change in the estimated fair value (i.e. recent transaction price) of Level 3 investments would result in a change of approximately \$330,000 (2023 - \$430,000) in the total fair value of the investments.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the investments.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Adjustments to the fair value of a privately-held investment are based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that could be realized if a ready market existed. In addition, the amounts at which the Company's privately-held investments could be disposed of currently may differ from the carrying value assigned.

5. Loan Payable

During the year ended December 31, 2023, the Company entered into a demand promissory note and received \$33,000 from a private company. The note is unsecured, bears interest at 10% per annum and due on demand. The Company also agreed to pay a \$10,000 loan facilitation fee. For the year ended December 31, 2024, the Company recorded interest expense of \$873 (2023 - \$488). On April 4, 2024, the Company entered into a debt settlement agreement pursuant to which the lender received 860,000 common shares at a deemed price of \$0.05 in settlement of the demand promissory note and loan facilitation fee. The Company recorded a gain on extinguishment of \$4,786.

6. Convertible Debenture

During the year ended December 31, 2024, the Company closed a non-brokered private placement of 375 convertible debenture units of the Company, raising gross proceeds of \$375,000 (the "Offering"). Each convertible debenture unit is comprised of \$1,000 principal amount of senior secured convertible debentures of the Company (the "Convertible Debentures") and 20,000 common share purchase warrants of the Company (the "Warrants").

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
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6. Convertible Debenture (continued)

The principal amount of each Convertible Debenture is convertible into common shares of the Company (the “Common Shares”), for no additional consideration, at the option of the holder at a conversion price of \$0.05 per Common Share (the “Conversion Price”). In the event the Company issues additional shares or other securities convertible into shares at a price lower than the Conversion Price, the Conversion Price will be adjusted down to that same price.

The Convertible Debentures bear interest at a rate of 12.0% per annum, paid monthly in cash on the last business day of each calendar month. Any accrued but unpaid interest is convertible into Common Shares at the option of the holder at the Conversion Price at any time. The Convertible Debentures mature on June 19, 2025. On the maturity date, all principal amount outstanding together with any unpaid interest on the Convertible Debentures will be repaid by the Company in cash. The Company has the right to prepay or redeem a part or the entire principal amount of the Convertible Debentures at par plus accrued and unpaid interest at any time by providing a minimum of 10 days of redemption notice prior to the redemption date.

Under the Offering, the Company issued an aggregate of 7,500,000 Warrants. Each Warrant entitles the holder to acquire one common share of the Company (a “Warrant Share”) until December 19, 2026, at an exercise price of \$0.06 per Warrant Share. In the event the Company issues additional warrants having an exercise price lower than the Exercise Price, the Exercise Price will be adjusted down to that same exercise price.

All of the indebtedness, liabilities and obligations of the Company under the Convertible Debentures (collectively, the “Obligations”) is secured by a general security agreement creating a security interest in all of the Company’s present and after-acquired personal property, investments and an unlimited corporate guarantee from Further Foods, Inc. (the “Guarantor”), the Company’s subsidiary, creating a security interest in all of the Guarantor’s present and after-acquired personal property, ranking in first position, and pledges of shares of the Guarantor held by the Company. The Company may not issue any securities that rank senior or pari passu to the Convertible Debentures.

The Company paid a closing fee of \$15,000 plus HST and incurred legal fees of \$41,000 in connection with the Offering. On initial recognition, the Company bifurcated \$9,581 to warrant reserve and \$307,469 to the carrying value of the convertible debenture, which will be accreted to \$375,000 over the term of the convertible debenture. During the year ended December 31, 2024, the Company recognized accretion and interest expense of \$5,344. The effective interest rate of the convertible debenture is 53.9%.

7. Note Payable

As at December 31, 2024, Further Foods, Inc. has an outstanding promissory note payable to an arm’s length party with a principal balance of \$497,613 (USD\$345,829). The promissory note was issued on April 28, 2023, and bears interest at a fixed rate of 4.35% per annum. The note requires monthly repayments of principal of USD\$7,500 plus accrued interest and will be fully repaid once all scheduled principal and interest payments have been made. The promissory note is unsecured.

The promissory note is classified as a financial liability and is measured at amortized cost.

As at December 31, 2024, the current portion of the promissory note payable, representing principal repayments due within the next 12 months, is \$129,501 (USD\$90,000). The non-current portion is \$368,112 (USD\$255,829).

Future contractual principal repayments are as follows (in USD):

Year ending December 31	\$
2025	90,000
2026	90,000
2027	90,000
2028	75,829
Total	345,829

Interest expense recognized on the promissory note during the period from consolidation to December 31, 2024 was \$652 (USD\$453).

8. Share Capital

Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value.

CULT Food Science Corp.

Notes to the Consolidated Financial Statements
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8. Share Capital (continued)

Issued share capital

As at December 31, 2024, the Company had 78,612,970 (December 31, 2023 – 50,583,170) shares outstanding.

On August 23, 2023, the Company completed its share consolidation to consolidate all of the Company's issued and outstanding common shares on the basis of every four (4) old common shares being consolidated into one (1) new common share. All share and per-share disclosures in these financial statements are presented on a post-consolidation basis, unless otherwise noted.

During the year ended December 31, 2024, the Company issued 525,000 common shares upon exercise of warrants for total proceeds of \$91,000.

During the year ended December 31, 2024, the Company issued 1,610,000 common shares upon conversion of 1,610,000 RSUs and the Company transferred \$86,200 from share-based payment reserve to share capital.

On July 5, 2024, the Company issued 5,506,000 units at a price of \$0.25 per unit for gross proceeds of \$1,376,500 pursuant to a non-brokered private placement. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.35 for a period of two years from the date of issuance. In connection with the private placement, the Company paid aggregate cash finder's fees of \$7,980 and issued 21,000 finder's warrants, each finder's warrant being exercisable into one unit at a price of \$0.35 for a period of two years from the date of issuance.

On July 5, 2024, the Company settled debt in an aggregate amount of \$316,397 by issuing an aggregate of 1,118,800 units at a price of \$0.31 per unit. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant is exercisable for one common share at a price of \$0.35 per share until July 5, 2026 pursuant to applicable securities laws.

On May 3, 2024, the Company issued 16,000,000 units at a price of \$0.05 per unit for gross proceeds of \$800,000 pursuant to a non-brokered private placement. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.06 for a period of two years from the date of issuance. In connection with the private placement, the Company paid aggregate cash finder's fees of \$36,750 and issued 735,000 finder's warrants, each finder's warrant being exercisable into one unit at a price of \$0.05 for a period of two years from the date of issuance.

On April 4, 2024, the Company issued 3,270,000 common shares at a fair value of \$147,150 pursuant to debt settlement agreements.

On May 18, 2023, the Company issued 480,375 common shares at a fair value of \$163,328 of the Company pursuant to a Share Exchange Agreement with Peqish Group, Food & Hospitality Inc. (Note 4).

On April 14, 2023, the Company issued 83,333 common shares at a fair value of \$30,000 pursuant to a debt settlement agreement.

On March 21, 2023, the Company issued 3,373,925 units at a price of \$0.40 per unit for gross proceeds of \$1,349,570 pursuant to a non-brokered private placement. Each unit are comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.80 for a period of two years from the date of issuance. The Company allocated \$134,957 to the warrants under the residual value method. The Company paid cash and have issuance cost of \$250.

During the year ended December 31, 2023, the Company issued 75,000 common shares upon exercise of warrants for total proceeds of \$15,000.

During the year ended December 31, 2023, the Company issued 156,250 common shares upon exercise of stock options for total proceeds of \$31,250. The Company reclassified \$29,920 from share-based payment reserve to share capital.

During the year ended December 31, 2023, the Company issued 2,125,000 common shares upon conversion of 2,125,000 RSUs and the Company transferred \$487,500 from share-based payment reserve to share capital.

Stock Option Plan Details

The Company's Board of Directors, at its discretion may grant non-transferable options for the purchase of common shares to its directors, officers, employees, consultants, or service providers of the Company provided that the maximum number of options that may be reserved for issuance or issued is limited to 20% of the issued and outstanding securities under the plan adopted on March 12, 2021. The Company's stock option plan allows for options to be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

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8. Share Capital (continued)

Stock Options

On October 23, 2024, the Company granted 800,000 stock options to consultants of the Company with an exercise price of \$0.05, expiring October 23, 2026. 300,000 of the options vest completely on issuance and 500,000 of the options vest in three equal tranches two months, four months, and six months after the date of the grant. The fair value of the stock options was estimated to be \$28,872 for the full vesting period of the options, with a current period charge of \$22,566. The Black-Scholes option pricing model was used with the following assumptions: term – 2 years, expected volatility – 151%, risk free rate – 3.02% and expected dividends – \$Nil.

On June 3, 2024, the Company granted 250,000 stock options to a consultant of the Company, vesting 100% on the grant date with an exercise price of \$0.27 and an expiry date of June 3, 2026. The fair value of the stock options was estimated to be \$43,905 for the full vesting period of the options, with a current period charge of \$43,905. The Black-Scholes option pricing model was used with the following assumptions: term – 2 years, expected volatility – 137%, risk free rate – 4.02% and expected dividends – \$Nil.

On May 27, 2024, the Company granted 200,000 stock options to a consultant of the Company, vesting 100% on June 27, 2024 with an exercise price of \$0.22 and an expiry date of May 27, 2026. The fair value of the stock options was estimated to be \$27,325 for the full vesting period of the options, with a current period charge of \$27,325. The Black-Scholes option pricing model was used with the following assumptions: term – 2 years, expected volatility – 138%, risk free rate – 4.18% and expected dividends – \$Nil.

On May 21, 2024, the Company granted 500,000 stock options to a consultant of the Company, vesting 100% on the grant date with an exercise price of \$0.155 and an expiry date of May 21, 2026. The fair value of the stock options was estimated to be \$54,158 for the full vesting period of the options, with a current period charge of \$54,158. The Black-Scholes option pricing model was used with the following assumptions: term – 2 years, expected volatility – 142%, risk free rate – 4.09% and expected dividends – \$Nil.

On May 9, 2024, the Company granted 2,500,000 stock options to consultants of the Company, vesting 100% on the grant date with an exercise price of \$0.11. 500,000 of the stock options expire on May 9, 2026 and the remainder expire May 9, 2029. The fair value of the stock options was estimated to be \$281,898 for the full vesting period of the options, with a current period charge of \$281,898. The Black-Scholes option pricing model was used with the following assumptions: term – 2 to 5 years, expected volatility – 159%, risk free rate – 3.59% to 4.14% and expected dividends – \$Nil.

On June 21, 2023, the Company granted 12,500 stock options with an exercise price of \$0.26, expiring on June 21, 2028. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$2,981 for the full vesting period of the options, with a current period charge of \$577. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 151%, risk free rate – 3.57% and expected dividends – \$Nil.

On April 27, 2023, the Company granted 1,250,000 stock options with an exercise price of \$0.40, expiring on April 27, 2028. One-quarter of the stock options vest every three months for a year after the date of grant. The fair value of the stock options was estimated to be \$430,911 for the full vesting period of the options, with a current period charge of \$45,784. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 148%, risk free rate – 2.99% and expected dividends – \$Nil.

On January 10, 2023, the Company granted 250,000 stock options with an exercise price of \$0.20 per share expiring on January 10, 2028, vesting fully on April 9, 2023. The fair value of the stock options was estimated to be \$26,386 for the full vesting period of the options, with a current period charge of \$Nil. The Black-Scholes option pricing model was used with the following assumptions: term – 5 years, expected volatility – 147%, risk free rate – 3.11% and expected dividends – \$Nil.

A summary of stock option activity for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year	3,362,500	\$0.40	4,068,750	\$0.41
Options granted	4,250,000	\$0.12	1,512,500	\$0.37
Options exercised	-	-	(156,250)	(\$0.20)
Options cancelled	(3,875,000)	(\$0.25)	(2,062,500)	(\$0.42)
Options outstanding, end of year	3,737,500	\$0.24	3,362,500	\$0.40
Options exercisable, end of year	3,737,500	\$0.24	2,731,250	\$0.40

CULT Food Science Corp.

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8. Share Capital (continued)

Stock Options (continued)

At December 31, 2024, the weighted average remaining contractual life of the outstanding options is 3.00 years (December 31, 2023 – 3.44 years). The weighted average quoted market price for the options exercised in 2023 was \$0.33.

As at December 31, 2024, the Company had the following outstanding stock options outstanding:

Number of Stock Options Outstanding	Number of stock options exercisable	Exercise Price \$	Expiry Date	Remaining Contractual Life (Years)
25,000	25,000	0.40	August 30, 2026	1.66
25,000	25,000	1.00	October 8, 2026	1.77
375,000	375,000	0.20	August 29, 2027	2.66
1,250,000	1,250,000	0.40	April 27, 2028	3.32
12,500	12,500	0.26	June 21, 2028	3.47
1,000,000	1,000,000	0.11	May 9, 2029	4.36
500,000	500,000	0.16	May 21, 2026	1.39
250,000	250,000	0.27	June 3, 2026	1.42
300,000	300,000	0.05	October 23, 2026	1.81
3,737,500	3,737,500	\$0.24		3.00

Warrants

The Company has issued warrants entitling the holders to acquire common shares of the Company. The following table is a reconciliation of outstanding and exercisable warrants as at December 31, 2024 and 2023:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of year	26,928,925	\$0.41	29,090,232	\$0.84
Warrants issued	30,124,800	\$0.08	3,373,925	\$0.80
Warrants exercised	(525,000)	\$(0.17)	(75,000)	\$(0.20)
Warrants expired	-	-	(5,460,232)	\$(2.90)
Warrants outstanding, end of year	56,528,725	\$0.23	26,928,925	\$0.41

At December 31, 2024, the weighted average remaining contractual life of the outstanding warrants is 1.49 years (December 31, 2023 – 2.45 years). The weighted average quoted market price for the warrants exercised is \$0.17.

On October 3, 2024, the Company amended the exercise price of a total of 6,624,800 common share purchase warrants which were originally issued on July 5, 2024 and were previously exercisable at a price of \$0.35. The Company reduced the exercise price of the warrants to \$0.13 per share and in accordance with the policies of the Canadian Securities Exchange (“CSE”), the expiration of the warrants will be accelerated to thirty days if, for any ten consecutive trading days, the closing price of the common shares of the Company on the CSE exceeds \$0.17. All other terms of the warrants will remain unchanged.

As at December 31, 2024, the Company had the following outstanding warrants:

Number of Warrants Outstanding	Exercise Price \$	Expiry Date	Remaining Contractual Life (Years)
3,373,925	0.80	March 21, 2025	0.22
975,000	0.20	May 29, 2026	1.41
3,725,000	0.20	August 3, 2026	1.59
18,430,000	0.40	August 23, 2026	1.64
15,900,000	0.06	May 3, 2026	1.34
6,624,800	0.13	July 5, 2026	1.51
7,500,000	0.06	December 19, 2026	1.97
56,528,725	\$0.23		1.49

CULT Food Science Corp.

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8. Share Capital (continued)

Finders' Warrants

On July 5, 2024, the Company issued 21,000 finders' warrants, exercisable into 21,000 common shares in the capital of the Company at a price of \$0.35 per finders' warrant, expiring on July 5, 2026 in connection with the completed private placement. The fair value of the finder's warrants was estimated to be \$4,817 using the Black-Scholes option pricing model with the following assumptions: term - 2 years; expected volatility - 161%; risk-free rate - 3.81%; and expected dividends - \$Nil.

On May 3, 2024, the Company issued 735,000 finders' warrants, exercisable into 735,000 units at a price of \$0.05 expiring on May 3, 2026 in connection with the completed private placement. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.06 for a period of two years from the date of issuance. The fair value of the finder's warrants was estimated to be \$64,380 using the Black-Scholes option pricing model with the following assumptions: term - 2 years; expected volatility - 159%; risk-free rate - 4.11%; and expected dividends - \$Nil.

The following table is a reconciliation of outstanding finders' warrants as at December 31, 2024 and December 31, 2023:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Finders' warrants outstanding, beginning of year	-	-	-	-
Finders' warrants issued	756,000	\$0.06	-	-
Finders' warrants outstanding, end of year	756,000	\$0.06	-	-

As at December 31, 2024, the Company had the following outstanding warrants:

Number of Warrants Outstanding	Exercise Price \$	Expiry Date	Remaining Contractual Life (Years)
735,000	0.05	May 3, 2026	1.34
21,000	0.35	July 5, 2026	1.51
756,000	\$0.06		1.34

Restricted Share Units

The Company adopted a Restricted Share Unit Plan in March 2021. The Board may, in its discretion, at any time, and from time to time, issue Restricted Share Units ("RSU") as it determines appropriate. The aggregate number of shares that may be reserved for issuance, at any time, under this plan and under any other share compensation agreement adopted by the Company, including the Company's Stock Option Plan, shall not exceed up to a maximum of 20% of the issued and outstanding shares at the time of grant.

On October 23, 2024, the Company granted 500,000 restricted share units to an officer of the Company and 5,250,000 restricted share units to consultants of the Company. The RSUs vest in three equal tranches two months, four months and six months after the grant date and each RSU entitles the consultant to acquire one common share of the Company for a period of two years from issuance. The RSUs had a fair value of \$287,500, based on the closing price of the Company's common shares on the date of grant. During the year ended December 31, 2024, the Company recognized \$187,030 as share based compensation.

On May 21, 2024, the Company granted 1,000,000 RSUs of the Company to a consultant of the Company. The RSUs vest in three equal tranches four month, eight months and twelve months after the grant date and each RSU entitles the consultant to acquire one common share of the Company for a period of two years from issuance. The RSUs had a fair value of \$155,000, based on the closing price of the Company's common shares on the date of grant. During the year ended December 31, 2024, the Company recognized \$130,486 as share based compensation.

On April 8, 2024, the Company granted 1,360,000 RSUs of the Company to the Company's directors and officers. The RSUs vest immediately. Each RSU entitles the holder to acquire one common share of the Company for a period of five years from issuance. The RSUs had a fair value of \$61,200, based on the closing price of the Company's common shares on the date of grant.

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8. Share Capital (continued)

Restricted Share Units (continued)

On November 1, 2023, the Company granted 250,000 RSUs to the Company's newly appointed CEO, Mitchell Scott. 50% of the RSUs vested immediately with the remaining 50% vesting on December 1, 2023. The RSUs entitle the CEO to acquire one common share in the capital of the Company for a period of five years from issuance. The RSUs had a fair value of \$25,000, based on the closing price of the Company's common shares on the date of grant.

On June 5, 2023, the Company has granted 250,000 RSUs to a consultant of the Company. The RSUs vested immediately. Each RSU entitle the eligible parties the ability to acquire one common share in the capital of the Company for a period of five years from issuance. The RSUs had a fair value of \$75,000, based on the closing price of the Company's common shares on the date of grant.

During the year ended December 31, 2024, the Company issued 1,610,000 (2023 – 2,125,000) common shares upon conversion of 1,610,000 (2023 – 2,125,000) RSUs and transferred \$86,200 (2023 - \$487,500) from share-based payment reserve to share capital.

9. Financial Instruments, Capital Management and Risk Management

I. Financial Instruments

The Company's financial instruments include cash, accounts receivable, investments, accounts payable and accrued liabilities, loan payable, convertible debenture and note payable.

Determination of Fair Value

The carrying value of cash, accounts receivable, investments, accounts payable and accrued liabilities, loan payable, convertible debenture and note payable approximate their fair value because of the short-term nature of these instruments. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Fair Value Measurement Hierarchy	Financial assets at FVTPL	Financial liabilities at amortized cost
As at December 31, 2024:			
Cash and cash equivalents	Not applicable	\$ 134,033	\$ -
Accounts receivable	Not applicable	-	14,154
Investments	Level 3	3,301,846	-
Accounts payable and accrued liabilities	Not applicable	-	315,072
Convertible debenture	Not applicable	-	311,211
Note payable	Not applicable	-	497,613
As at December 31, 2023:			
Cash and cash equivalents	Not applicable	\$ 170	\$ -
Investments	Level 3	4,333,003	-
Accounts payable and accrued liabilities	Not applicable	-	355,809
Loan payable	Not applicable	-	43,488

II. Capital Management

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to seek new investment opportunities for the benefit of its shareholders. The Company includes shareholders' equity in the definition of capital.

The Company sets the amount of capital required in proportion to its operating requirements and perceived risk of loss. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company has historically relied on the equity markets to fund its activities and is open to new sources of financing to manage its expenditures in the interest of sustaining long-term viability. The Company's capital management objectives, policies and processes have not changed over the years presented.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

CULT Food Science Corp.

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9. Financial Instruments, Capital Management and Risk Management (continued)

III. Risk Management

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's. The Company's credit exposure is limited to the carrying amount of its financial assets.

The Company's cash is held with a high-credit-rated financial institution and, as such, the Company does not believe there to be a significant credit risk in respect to cash.

b) Market Risk

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

(i) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operations and financial results. The functional currency of the Company is the Canadian dollar.

The Company holds investments in US dollar, as such, it is subject to fluctuations in the exchange rates for the Canadian dollar and US dollar. Based upon the Company's financial instruments at December 31, 2024, a 2% increase or decrease in the US dollar would result in an increase/decrease to profit or loss of approximately \$66,000.

The majority of the operations of the Company's 90% owned subsidiary, Further Foods Inc., are carried out in the United States of America. As at December 31, 2024, the Company had USD cash of USD\$3,282, inventories of USD\$8,437, accounts payable and accrued liabilities of USD\$40,213 and note payable of USD\$345,829. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the ultimate profitability of the Company. A 10% change in the exchange rate would change other comprehensive income by approximately \$54,000 (2023 - \$Nil).

The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to a financial liability with fluctuating interest rates. The Company considers the risk to be immaterial.

(iii) Commodity price risk

Commodity risk is the exposure to fluctuations in the market price of commodities. The Company does not have any commodity exposure.

(iv) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company holds investments in securities that will fluctuate in value as a result of fluctuations in estimated fair values of those securities. Furthermore, as the Company's investments are early stage cultivated meat and cultured dairy companies, market values will fluctuate subject to the price of meat and dairy prices, economic cycles and political events. See Note 4 for details.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The key success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's policy is to ensure that it will have sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

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9. Financial Instruments, Capital Management and Risk Management (continued)

III. Risk Management

	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years	Total
Accounts payable and other liabilities:	\$	\$	\$	\$	\$
December 31, 2024	347,447	472,126	129,501	238,611	1,187,685
December 31, 2023	399,297	-	-	-	399,297

10. Related Party Transactions

The Company considers its related parties to comprise directors, officers, companies controlled by directors and officers and companies with common directors. The key management compensation for the years ended December 31, 2024 and 2023 is as follows:

	Year ended	
	December 31, 2024	December 31, 2023
Consulting fees	\$ 259,971	\$ 236,625
Share-based compensation	77,486	82,071
	337,457	318,696

On July 5, 2024, the Company settled debt with a related party in an aggregate amount of \$67,200 by issuing an aggregate of 268,800 units at a price of \$0.31 per unit. Each unit is comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant is exercisable for one common share at a price of \$0.13 per share until July 5, 2026 pursuant to applicable securities laws. The Company recorded a loss on extinguishment of \$16,128.

On April 15, 2024, the Company settled debt with a related party in an aggregate amount of \$8,000 by issuing an aggregate of 160,000 shares at a price of \$0.045 per share. The Company recorded a loss on extinguishment of \$800.

As at December 31, 2024, the balance due to related parties was \$27,150 (December 31, 2023 - \$156,804) which is included in accounts payable and accrued liabilities.

On December 10, 2024, the Company entered into a letter of intent with a company controlled by the CEO of the Company (the "Target Company") whereby the Company will acquire 100% of the issued and outstanding shares of the Target Company in consideration for 40,000,000 common shares of the Company at a deemed price of \$0.05 per share. The Company will issue up to 10,000,000 additional common shares upon the Target Company meeting certain performance milestones. The Company will also complete a financing of at least \$1,500,000 and contribute at least \$600,000 as additional funding to the Target Company.

11. Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	2024	2023
	\$	\$
Net loss before income taxes	(5,123,284)	(2,648,127)
Expected income tax recovery	(1,383,000)	(715,000)
Non deductible permanent differences	846,000	336,000
Change in prior year estimates	111,000	24,000
Reconciliation of tax rate differences	(8,000)	-
Change in unrecognized deductible temporary differences	434,000	355,000
Deferred income tax recovery	-	-

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11. Income Taxes (continued)

Significant components of the Company's deferred tax assets are as follows:

	2024	2023
	\$	\$
Allowable capital losses	14,000	110,000
Non-capital losses	2,666,000	2,140,000
Share issue costs	23,000	16,000
Capital assets	6,000	9,000
Net unrecorded deferred tax assets	2,709,000	2,275,000

The significant components of the Company's deductible and taxable temporary differences and unused tax losses that have not been included on the statements of financial position are as follows:

	December 31, 2024	Expiry Dates	December 31, 2023	Expiry Dates
	\$		\$	
Capital losses	100,000	Not applicable	407,000	Not applicable
Non-capital losses	9,873,000	2029 to 2044	7,927,000	2029 to 2043
Share issue costs	84,000	2025 to 2028	57,000	2024 to 2025
Capital assets	21,000	Not applicable	32,000	Not applicable

13. Contingency

During the year ended December 31, 2023, a claim was commenced against the Company by Cell AG Tech Inc. ("Cell AG"). The claim was brought against the Company seeking specific performance of a share purchase agreement Cell AG alleges it entered into with the Company, including seeking an order that the Company pay Cell AG the purchase price and additional consideration as defined in the share purchase agreement, as well as the consulting fees, professional fees and grant funding as contemplated in the share purchase agreement and letter of intent. The Company believes the claim is meritless and intends to defend itself. The matter was initially set for hearing on April 4, 2025 but it was adjourned and a new hearing date of February 17, 2026 was set.

14. Subsequent Events

On January 6, 2025, the Company issued 1,916,665 common shares upon conversion of 1,916,665 RSUs.

On January 29, 2025, the Company granted 500,000 stock options to a consultant of the Company, vesting 100% on the grant date, with an exercise price of \$0.05 and an expiry date of January 29, 2027.

On February 25, 2025, the Company granted 1,500,000 restricted share units to officers of the Company and 3,500,000 restricted share units to consultants of the Company. The RSUs vest immediately and each RSU entitles the holder to acquire one common share of the Company for a period of two years from issuance.

On February 25, 2025, the Company issued 6,916,665 common shares upon conversion of 6,916,665 RSUs.

On March 6, 2025, the Company settled debt in an aggregate amount of \$149,850 by issuing an aggregate of 2,997,000 common shares at a price of \$0.05 per common share. 1,017,000 of the common shares issued are subject to a four month and one day hold period, pursuant to National Instrument 45-105 – Prospectus Exemptions. 1,980,000 of the common shares issued are not subject to a hold period, pursuant to Ontario Securities Commission Rule 72-503 – Distributions Outside Canada.

On March 19, 2025, the Company settled debt in an aggregate amount of \$26,346 by issuing an aggregate of 573,984 common shares at a price of \$0.0459 per common share. The common shares issued are not subject to a hold period, pursuant to section 2.24 of National Instrument 45-105 – Prospectus Exemptions.

On April 21, 2025, the Company settled debt in an aggregate amount of \$23,035 by issuing an aggregate of 650,706 common shares at a price of \$0.0354 per common share. The common shares issued are not subject to a hold period, pursuant to section 2.24 of National Instrument 45-105 – Prospectus Exemptions.

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14. Subsequent Events (continued)

On April 23, 2025, the Company issued 1,916,670 common shares upon conversion of 1,916,670 RSUs.