

FTI Foodtech International Inc.

Financial Statements

(Expressed in Canadian dollars)

For the Years Ended March 31, 2024 and 2023

FTI FOODTECH INTERNATIONAL INC.

FINANCIAL STATEMENTS

**For the years ended March 31, 2024 and 2023
(Expressed in Canadian dollars)**

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
FTI Foodtech International Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **FTI Foodtech International Inc.**, (the “Company”), which comprise of the statements of financial position as at **March 31, 2024** and **March 31, 2023**, and the statements of operation and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 that there are no key audit matters to communicate in our report.

Material Uncertainty Related to Going Concern

Without qualifying our audit opinion, we draw attention to Note 2 in the financial statements, which describes matters and conditions that indicate the existence of material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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.

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

NVS Professional Corporation

NVS Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

Markham, Ontario
July 29, 2024

FTI Foodtech International Inc.

Statements of Financial Position

(Expressed in Canadian dollars)

As at March 31, 2024 and 2023

	March 31 2024	March 31 2023
	\$	\$
Assets		
Current		
Cash	1,105	7,975
Accounts receivable (Note 4)	2,255	-
Barter credits (Note 5)	134,440	242,266
Inventories	9,735	11,199
	147,535	261,440
Non-current barter credits (Note 5)	289,006	144,771
Total Assets	436,541	406,211
Liabilities		
Current		
Accounts payable and accrued liabilities	34,871	49,374
	34,871	49,374
Advances from related parties (Note 7)	329,044	264,381
Total Liabilities	363,915	313,755
Shareholders' equity		
Share capital (Note 6)	5,388,883	5,388,883
Share option reserve (Note 6)	-	361,247
Warrants	-	17,355
Accumulated deficit - Retained Earnings	(5,316,257)	(5,675,029)
	72,626	92,456
Total Liabilities & Equity	436,541	406,211

Approved by the Board

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements

FTI Foodtech International Inc.

Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

Years Ended March 31, 2024 and 2023

	March 31	March 31
	2024	2023
	\$	\$
Revenue		
Product sales and other	118,995	205,441
Cost of product sales	46,997	137,314
	71,998	68,127
Expenses		
General and administrative (Note 7)	84,122	60,570
Barter credits (recovery) write-down	13,296	19,964
	97,418	80,534
Gain (loss) before undernoted items and income taxes	(25,420)	(12,407)
Gain on settlement of related party balances	5,590	5,654
(Loss) income before income taxes	(19,830)	(6,753)
Net income (loss)	(19,830)	(6,753)
Net loss per share (Note 8)		
Basic and diluted	-	-
Weighted average number of shares outstanding - basic (Note 8)	14,968,863	14,968,863

The accompanying notes are an integral part of these financial statements

FTI Foodtech International Inc.

Statements of Changes in Equity

(Expressed in Canadian dollars)

Years Ended March 31, 2024 and 2023

	Share capital Number of shares	Share capital Amount	Share option reserve	Warrants	Accumulated deficit	Total
		\$	\$	\$	\$	\$
Balance at March 31, 2022	14,968,863	5,388,883	383,647	17,355	(5,690,676)	99,209
Issued during the period						
Expired during period			(22,400)		22,400	-
Net loss and comprehensive loss					(6,753)	(6,753)
Balance at March 31, 2023	14,968,863	5,388,883	361,247	17,355	(5,675,029)	92,456
Issued during the period						
Expired during period			(56,000)	(17,355)	73,355	-
Adjustment to retaining earnings			(305,247)		305,247	-
Net loss and comprehensive loss					(19,830)	(19,830)
Balance at March 31, 2024	14,968,863	5,388,883	-	-	(5,316,257)	72,626

The accompanying notes are an integral part of these financial statements

FTI Foodtech International Inc.

Statements of Cash Flows

(Expressed in Canadian dollars)

Years Ended March 31, 2024 and 2023

	March 31	March 31
	2024	2023
	\$	\$
Operating activities		
Net income (loss) for the period	(19,830)	(6,753)
Barter credits (recovery) write-down	13,296	19,964
Gain on settlement of related party balances	(5,590)	(5,654)
	(12,124)	7,557
Changes in non-cash operating items		
Accounts receivable	(2,255)	1,609
Accounts receivable - Barter	(49,705)	(121,352)
Inventories	1,464	(1,621)
Accounts payable and accrued liabilities	(14,503)	13,592
	(64,999)	(107,772)
Increase (Decrease) in cash	(77,123)	(100,215)
Financing Activities		
Advances from related company	15,328	12,443
Advances from shareholder	54,925	71,172
	70,253	83,615
Increase (Decrease) in cash	(6,870)	(16,600)
Cash, beginning of period	7,975	24,575
Cash, end of period	1,105	7,975
Supplemental disclosure		
Advances from related party settled with barter credit	27,168	32,944

The accompanying notes are an integral part of these financial statements

FTI Foodtech International Inc.

Notes to Financial Statements for the year ended March 31, 2024

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND BASIS OF PREPARATION

FTI Foodtech International Inc. ("FTI" or "the Company") was incorporated on April 3, 1979 under the Canada Business Company Act, is listed on the TSX Venture Exchange ("TSXV") under the symbol FTI. The primary business of the Company is the resale of liquidation merchandise. The Company exchanges goods on Barter Exchanges for which transactions are tendered using Barter Exchange Dollars ("Barter Credits"). The Company's registered address and principal place of business is 156 Abbeywood Trail, Toronto, Ontario, M3B 3B7.

FTI continues its work in the liquidation and barter businesses.

The financial statements have been prepared under the assumption that the Company is a going concern and will continue to be in operation for the foreseeable future. There is significant uncertainty as to whether we can continue as a going concern if we cannot secure additional funding.

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"). Significant accounting estimates, judgments, and assumptions used or exercised by management in the preparation of these financial statements are presented below.

The Board of Directors approved these financial statements for issue on July 29, 2024.

The Company's functional and presentation currency is the Canadian dollar.

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

For the year ended March 31, 2024, the Company reported a net loss of \$19,830 (2023 - net loss of \$6,753) and has an accumulated deficit of \$5,316,257 (2023 - \$5,675,029) and a working capital of \$112,664 (2023 - \$212,066).

The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and to obtain additional financing, the Company has successfully obtained financing in the form of advance from a related party in order to meet its working capital needs. However, there is no assurance that this initiative will be successful and, as a result, there is material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was inappropriate, and these adjustments could be material.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Barter Credits

A large portion of the Company's main business is conducted through the use of Barter Exchanges. Sales and purchases made through the Barter Exchanges result in the receipt and use of barter credits. The values of the barter credits are recorded at its recoverable value, which is assessed by management as a factor of the likelihood that the Company will redeem these credits and their ability to redeem these credits. Barter credits are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the value that would be received in exchange for the barter credits between market participants at the measurement date.

FTI Foodtech International Inc.

Notes to Financial Statements for the year ended March 31, 2024

(Expressed in Canadian dollars)

Barter Credits (cont'd)

Costs of disposal are incremental costs directly attributable to utilization of the barter credits. Value in use is equal to the present value of future inflows expected to be derived from the barter credits. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses may be reversed in a subsequent period where the impairment no longer exists or has decreased. The carrying amount after a reversal must not exceed the carrying amount that would have been determined had no impairment loss been recognized. A reversal of impairment loss is recognized in profit or loss.

Inventories

Inventories comprising finished goods relate to liquidation merchandise, which are purchased for resale and are stated at the lower of cost and net realizable value. Cost is determined using the first in, first out method. The cost of goods held comprises the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Impairment

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

Revenue Recognition

Revenue from the resale of liquidation merchandise is recognized at the time of shipment and transfer of title to the customer has occurred (primarily to wholesalers and retailers) and collectability is reasonably assured. Sale of liquidation merchandise through the Barter Exchanges results in the earning of barter credits which are measured at the fair value of the barter credits received or receivable. In the case of returns, the Company's policy is to offer exchanges of merchandise of similar value for goods returned in a timely manner by the customers.

Share-based Payments

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to the statement of operations over the applicable vesting period, with an offsetting credit to share option reserve. Options granted to non-employees are measured at fair value of goods and services received unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted. Such expense is also charged to the statement of operations at the date the options are fully vested, with an offsetting credit to share option reserve. The cumulative expense is recognized for equity settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in share option reserve, is credited to share capital. Cash received on the exercise of stock options is recorded in share capital and the related compensation included in share option reserve is transferred to share capital to recognize the total consideration for the shares issued.

Income Taxes

The Company accounts for income taxes in accordance with the liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to tax losses carried forward and differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the date of enactment or substantive enactment.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

FTI Foodtech International Inc.

Notes to Financial Statements for the year ended March 31, 2024

(Expressed in Canadian dollars)

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on income per share. For the year ended March 31, 2024, no potential stock options are included in the computation as they are anti-dilutive.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Units Issuance

From time to time, the Company may issue Units as a means of raising capital. Ordinarily, each Unit contains one common share of the Company and a whole, or fraction of, a share purchase warrant. The Company allocates the proceeds from each unit to the common share and warrant components based on their residual value of the units to shares using the Black Scholes pricing model.

Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities. Critical estimates used in the preparation of these financial statements include, among others, the provision for doubtful accounts receivable, the recoverable value of barter credits, determination of the net realizable value of inventory, and the inputs used in the valuations of stock options and warrants issued.

Significant accounting judgments made by management include their assessment of whether the Company can continue to operate as a going concern, management's assessment of the presentation of the barter credits between current and non-current and management's assessment of whether the Company would generate future taxable profit to utilize their non-capital losses

FTI Foodtech International Inc.

Notes to Financial Statements for the year ended March 31, 2024

(Expressed in Canadian dollars)

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial instruments classified as amortized costs or FVTOCI are included with the carrying amount of such instruments. Transaction costs that are directly attributable to the acquisition or issue of the financial instruments classified as fair value through profit and loss (FVTPL) are recognized immediately in the profit or loss within the statements of comprehensive income.

(a) Financial assets

The Company classifies its financial assets in the following measurement categories: those to be measured at amortized cost and those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)). The classification depends on the entity's business model for managing the financial assets and the contractual terms of cash flows.

Financial Assets at Amortized Cost

Financial assets that meet the following conditions are measured at amortized cost less impairment losses: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash-flows; the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and the financial asset was not acquired principally for the purpose of selling in the near term or for short-term profit making (held-for-trading).

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

All other financial assets, except equity and debt instruments as described below, are remeasured at fair value and classified as fair value through profit or loss. The gains or losses, if any, arising on remeasurement of FVTPL are recognized in profit or loss within the statements of comprehensive income.

The method of measurement of instruments in debt instruments will depend on the business model in which the instrument is held. For instruments in equity instruments, it will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVTOCI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(b) Financial Liabilities

Financial liabilities are classified as FVTPL when the financial liability is either held-for-trading or is designated at FVTPL. Financial liabilities at FVTPL are remeasured in subsequent reporting periods at fair value. Any gains or losses arising on remeasurement of held for trading financial liabilities are recognized in profit or loss within the statements of comprehensive income. Such gains or losses recognized in profit or loss includes any interest paid on the financial liabilities. Financial liabilities that are not held for trading and are not designated as FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are measured at amortized cost are determined based on the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial liability (or financial asset) and of allocating interest expense (or income) over the expected life of the financial liability (or financial asset). All financial assets and financial liabilities held by the Company are measured at amortized cost.

FTI Foodtech International Inc.

Notes to Financial Statements for the year ended March 31, 2024

(Expressed in Canadian dollars)

Financial Instruments (Cont'd)

The Company has implemented the following classifications:

Cash, account receivable and barter credits is classified as financial assets and subsequently measured at amortized cost.

Accounts payable and accrued liabilities and advances from related parties are classified as financial liabilities and subsequently measured at amortized cost.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Change in Accounting Policies

The following new and amended IFRS standards have been adopted as at January 1, 2023. The adoption of these standards did not have a retrospective impact on any financial statement balances as at that date.

Amendments to International Accounting Standard 1, Presentation of Financial Statements ("IAS 1")

In February 2021, the IASB issued amendments to IAS 1, and IFRS Practice Statement 2, Making Materiality Judgments ("IFRS Practice Statement 2"). The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The adoption of these amendments did not have a material impact on the Company's financial statements.

Recent Accounting Pronouncements

The Company has reviewed recent accounting pronouncements which are not yet effective and has not identified any that are expected to have a material impact on the Company's financial statements.

5. BARTER CREDITS

Barter credits are available through the Barter Exchanges in the amount of \$423,446 (2023 - \$387,037) which are reflected net of a impairment. The impairment was recognized as the recoverable value of the barter credits was above/(below) the carrying amount of the barter credits. Barter credits that have been classified as current are based upon the expected use of barter credits within one year using historical information.

The barter credits can only be realized through the purchase of goods and services through these Barter Exchanges. Management is satisfied that a sufficient value of transactions will be completed through the Barter Exchanges to realize the value of this balance in the future.

FTI Foodtech International Inc.

Notes to Financial Statements for the year ended March 31, 2024

(Expressed in Canadian dollars)

6. SHARE CAPITAL

(a) Authorized: Unlimited number of common shares without par value and preferred shares without par value

(b) Stock options

The Company's Incentive Stock Option Plan, as amended by the Company's Board of Directors and approved by the TSX Venture Exchange in August 2008, is intended to attract, retain and motivate officers, salaried employees and directors who will make important contributions to the success of the Company. The right to exercise an award of options typically vests at the grant date unless otherwise determined by the Board of Directors at the time of grant. Options must be exercised during a period established by the option agreement. The aggregate number of common shares that may be reserved for issuance pursuant to options shall not exceed 10% of the outstanding common shares at the time of the granting of an option, less the aggregate number of common shares then reserved for issuance pursuant to any other share compensation arrangement.

On February 17, 2021, the Company granted four Directors a total of 700,000 options exercisable at \$0.15 per option, with an expiry date of February 17, 2024. These options were not exercised and were expired at year end.

On October 27, 2022 the Company forfeited options granted to one Directors a total of 200,000 options due to cease of employment with the company.

The following table presents information concerning stock options granted by the Company:

	Number of Options	Weighted Average Exercise Price
Balance outstanding – March 31, 2022	700,000	\$0.15
Expired during the period	200,000	\$0.15
Balance outstanding – March 31, 2023	500,000	\$0.15
Expired during the period	500,000	\$0.15
Balance outstanding – March 31, 2024	Nil	

No stock options were granted during the year ended March 31, 2024.

The following table presents information concerning warrants granted by the Company:

Outstanding Warrants at March 31, 2024 are as follows:

Outstanding at Beginning of Period	1,000,000
Issued During Period	-
<u>Expired During Period</u>	<u>1,000,000</u>
Outstanding as on March 31, 2024	-

On November 30, 2021, the Company closed a non-brokered offering of 1,000,000 units of the Issuer, (the "Unit"), at a price of \$0.10 per Unit. Each Unit is comprised of one Common Share and one common share purchase warrant (a "Warrant"), each Warrant being exercisable to acquire one Common Share at a price of \$0.40 per Common Share for a period of one (1) year following the closing date of the private placement. The Board of Directors and the Toronto Stock Exchange - Venture has approved the extension of the expiration date of the 1,000,000 warrants until November 30, 2023. The Company allocates the proceeds to common share and warrant components based on their residual value of the units to shares using the Black Scholes pricing model.

The Company has not issued or retracted any shares, options or warrants between March 31, 2024 and the date of this financial statement.

FTI Foodtech International Inc.

Notes to Financial Statements for the year ended March 31, 2024

(Expressed in Canadian dollars)

6. SHARE CAPITAL (Cont'd)

(c) Share based payment

There were no share-based payments made during the period.

(d) Share Issuance

There were no shares issued during this period.

7. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations. The Company's related party transactions are as follows:

- (a) Advances from a related Company are amounts due to a Company with common control. These amounts are unsecured, non-interest bearing and due on demand. At March 31, 2024, the Company owed this Company \$214,190 (2023 - \$198,861).
- (b) As of March 31, 2024, the Company owes to a shareholder of \$114,854 (2023 - \$65,520). These amounts are unsecured, non-interest bearing and due on demand. During the year, a total of \$27,168 (2023 - \$32,480) in barter credits was used as payment toward this advance.
- (c) Key management personnel are those individuals having responsibility for planning, directing, and controlling the activities of the Company. FTI considers its President and Vice President to be the member of key management. They are also a significant shareholder and directors of the Company.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to financial risks arising from its financial instruments. The financial risks include market risk relating to interest rates and foreign exchange rates, credit risk and liquidity risk.

Fair Value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and advances from a related Company approximate their carrying values due to the short-term maturity of these instruments.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. At March 31, 2024 and 2023, the Company did not have any interest bearing financial assets or liabilities.

Currency Risk

The Company's functional currency is the Canadian dollar. All of the Company's cash is denominated in Canadian dollars. All of the Company's purchases are transacted in Canadian dollars. There were no trade accounts receivable or accounts payable denominated in a foreign currency at period end. The Company is therefore not subject to any significant currency risks from operations.

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(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Credit Risk

Credit risk is the risk of financial loss to the Company if a partner or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable (other than barter credits).

The Company has deposited the cash with reputable financial institutions, from which management believes the risk of loss to be remote. The Company is exposed to credit risk with respect to its accounts receivable. As at March 31, 2024, the Company has net accounts receivable (other than barter credits) of \$2,255 (2023 \$nil) and barter credit of \$507,969 (2023: 471,980) that are over 90 days old with \$84,523 (2023: 84,943) allowance for doubtful accounts. The carrying value of these instruments represents the Company's maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, seeking to obtain financing in the form of advance from a related party and opportunities to issue additional Company shares to continue as going concern. As a result, management has judged liquidity risk to be high.

9. CAPITAL MANAGEMENT

The Company's capital structure is comprised of shareholders' deficiency including working capital. The Company's objectives when managing its capital is to maintain a conservative capital structure which will allow the Company to ensure that it has sufficient cash resources to fund ongoing operations and provide financial flexibility to execute on strategic opportunities. The Company manages its capital structure and obtain financing from related party to maintain flexibility while achieving the objectives stated above.

To manage the capital structure, the Company may adjust capital spending, issue new shares or issue new advance from related party. There were no changes to the Company's approach to capital management during the year.