

**Cizzle Brands Corporation**

**Condensed Consolidated Interim Financial Statements**

For the three and six months period ended January 31, 2025

(UNAUDITED)

# Cizzle Brands Corporation

## Condensed Consolidated Interim Statements of Financial Position (Unaudited)

As at January 31, 2025

(expressed in Canadian Dollars)

	Notes	As at January, 31, 2025	As at July 31, 2024
<b>ASSETS</b>			
Current Assets			
Cash		\$ 2,626,915	\$ 1,519,516
Trade Receivables	6	2,389,078	1,303,433
Prepays	7	2,191,617	2,911,877
Inventory	8	3,122,031	1,376,990
Other Current Assets		17,700	108,939
<b>Total Current Assets</b>		<b>10,347,341</b>	<b>7,220,755</b>
Non Current Assets			
Property and Equipment		273,224	159,335
Right of Use Assets	9	917,493	154,194
Intangible Asset		4,523,786	4,750,000
<b>TOTAL ASSETS</b>		<b>\$ 16,061,844</b>	<b>\$ 12,284,284</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Accrued Liabilities		\$ 4,193,844	\$ 1,409,619
Other Current Liabilities		18,566	-
Current Portion of Lease Liabilities	9	167,214	63,158
<b>Total Current Liabilities</b>		<b>4,379,624</b>	<b>1,472,777</b>
Non-Current Liabilities			
Lease Liabilities	9	807,033	88,298
<b>Total Liabilities</b>		<b>5,186,657</b>	<b>1,561,075</b>
Shareholders' Equity			
Common Shares	11	18,216,288	12,888,852
Warrant Reserve	11, 12	1,727,536	1,598,790
Contributed Surplus	13	1,618,908	793,058
Accumulated Deficit		(10,687,545)	(4,557,491)
<b>Total Shareholders' Equity</b>		<b>10,875,187</b>	<b>10,723,209</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>\$ 16,061,844</b>	<b>\$ 12,284,284</b>

*Going concern (Note 2A)*

Approved by the Board of Directors

/s/ \_\_\_\_\_  
Name  
Director

/s/ \_\_\_\_\_  
Name  
Director

# Cizzle Brands Ltd.

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss For the three and six months ended January 31, 2025 (expressed in Canadian Dollars) (Unaudited)

	Notes	For the three months ended January 31, 2025	For the six months ended January 31, 2025
Net Sales		\$ 2,856,072	\$ 5,647,006
Cost of Sales		(1,216,689)	(2,257,342)
<b>Gross Profit</b>		<b>1,639,383</b>	<b>3,389,664</b>
<b>Expenses</b>			
Marketing		976,396	2,342,443
Selling, General and Administrative	14	2,887,742	5,572,544
Share Based Compensation	13	455,462	825,850
Foreign Exchange Loss		15,876	16,758
Depreciation and Amortization		195,060	393,245
<b>Total Expenses</b>		<b>(4,530,536)</b>	<b>(9,150,840)</b>
Other Income		124,348	131,122
Listing Expense	3	(500,000)	(500,000)
<b>Loss before taxes</b>		<b>(3,266,805)</b>	<b>(6,130,054)</b>
Provision for taxes		-	-
<b>Loss and Comprehensive Loss</b>		<b>(3,266,805)</b>	<b>(6,130,054)</b>
<b>LOSS PER SHARE</b>			
Loss per share, basic and diluted		\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding (basic and diluted)		196,932,409	196,932,409

# Cizzle Brands Corporation

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity For the six months ended January 31, 2025 (expressed in Canadian Dollars) (Unaudited)

	Notes	Common Shares		Warrants	Contributed	Accumulated	Total Equity
		Number	Dollar	Reserve	Surplus	Deficit	(Deficiency)
<b>Balance as at January 10, 2024</b>		-	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Capital Raise	11	176,942,770	13,450,254	-	-	-	13,450,254
Warrants	12	-	-	1,680,344	-	-	1,680,344
Share Issuance Costs	11, 12	-	(561,402)	(81,554)	-	-	(642,956)
Share Based Compensation	13	-	-	-	793,058	-	793,058
Loss before income taxes		-	-	-	-	(4,557,491)	(4,557,491)
Foreign Currency Translation Adjustment - Loss		-	-	-	-	-	-
<b>Balance as of July 31, 2024</b>		<b>176,942,770</b>	<b>\$ 12,888,852</b>	<b>\$ 1,598,790</b>	<b>\$ 793,058</b>	<b>\$ (4,557,491)</b>	<b>\$ 10,723,209</b>

  

	Notes	Common Shares		Warrants	Contributed	Accumulated	Total Equity
		Number	Dollar	Reserve	Surplus	Deficit	(Deficiency)
<b>Balance as at July 31, 2024</b>		176,942,770	\$ 12,888,852	\$ 1,598,790	\$ 793,058	\$ (4,557,491)	\$ 10,723,209
Proceeds from Capital Raise	3, 11	19,989,639	5,542,202	-	-	-	5,542,202
Warrants	11, 12	-	-	128,746	-	-	128,746
Share Issuance Costs	11, 12	-	(214,766)	-	-	-	(214,766)
Share Based Compensation	13	-	-	-	825,850	-	825,850
Net Loss and Comprehensive Loss		-	-	-	-	(6,130,054)	(6,130,054)
<b>Balance as at January, 31, 2025</b>		<b>196,932,409</b>	<b>\$ 18,216,288</b>	<b>\$ 1,727,536</b>	<b>\$ 1,618,908</b>	<b>\$ (10,687,545)</b>	<b>\$ 10,875,187</b>

**Cizzle Brands Corporation**  
**Condensed Consolidated Interim Statement of Cashflows**  
**For the six months ended January 31, 2025**  
**(expressed in Canadian Dollars)**  
**(Unaudited)**

		For the six months ended	January 10, 2024 (the date of incorporation of Cizzle Brands Ltd) to
	Notes	January, 31, 2025	July 31, 2024
<b>Cashflow from Operating Activities</b>			
Net Loss		\$ (6,130,054)	\$ (4,557,491)
Depreciation of property and equipment		23,457	8,312
Amortization of right of use assets	9	118,825	28,167
Amortization of intangible asset		250,964	250,000
Interest on lease liabilities		88,920	-
Share based compensation	13	825,850	793,058
Changes In non-cash working capital items			
Trade receivables	6	(1,085,645)	(1,303,433)
Prepays		720,260	(3,020,816)
Other current assets		91,239	-
Inventory	8	(1,745,041)	(1,376,990)
Accounts payable and accrued liabilities		2,802,791	1,409,619
Listing Expense	3	500,000	-
<b>Net cash flows used in by operating activities</b>		<b>(3,538,434)</b>	<b>(7,769,574)</b>
<b>Cashflow from Financing Activities</b>			
Issuance of shares, units, and warrants net of issuance costs	3,11, 12	4,956,182	14,487,642
Right of use additions	9	(882,124)	(182,361)
Lease additions	9	890,729	197,718
Lease payments	9	(156,858)	(46,262)
<b>Net cash flows provided by financing activities</b>		<b>4,807,929</b>	<b>14,456,737</b>
<b>Cashflow from Investing Activities</b>			
Purchase of property and equipment		(137,346)	(167,647)
Purchase of intangibles		(24,750)	(5,000,000)
<b>Net Cash Flows used in by Investing Activities</b>		<b>(162,096)</b>	<b>(5,167,647)</b>
Net increase in cash		1,107,399	1,519,516
Cash, beginning of period		1,519,516	-
<b>Cash, end of period</b>		<b>\$ 2,626,915</b>	<b>\$ 1,519,516</b>

# **Cizzle Brands Corporation**

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

**For the three and six months ended January 31, 2025**

**(expressed in Canadian Dollars)**

**(Unaudited)**

### **1. NATURE OF OPERATIONS**

Cizzle Brands ("Cizzle Brands" or the "Company"), incorporated on January 10, 2024 in the Province of Ontario, is committed to health and wellness through innovative beverage and nutrition products. In May 2024, the Company launched CWENCH Hydration, a sports drink designed with natural ingredients and aimed at enhancing athletic performance. CWENCH Hydration contains no sugar, less than 10 calories per serving, and features a mix of 6+ electrolytes, promoting effective hydration. CWENCH Hydration is currently available in five flavors, including Blue Raspberry, Cherry Lime, Rainbow Swirl, Berry Crush, and Tropical Flow. In January 2025, the Company launched SPOKEN Nutrition, a premium brand of athlete-grade nutraceuticals that carry the prestigious NSF Certified for Sport® qualification, making SPOKEN products eligible for use by athletes in several major-league and minor-league organizations, as well as the NCAA.

The address of the Company's corporate office is 35 McCleary Court, Unit 21, Concord, ON, L4K 3Y9.

On December 30, 2024, the Company completed the reverse take over of Cizzle Brands Corporation and commenced trading of its common shares on the Cboe Stock Exchange ("CBOE") under the symbol "CZZL".

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

#### **a. Going concern**

These consolidated financial statements (the "financial statements") have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the three and six months ended January 31, 2025, the Company incurred a comprehensive loss of \$3,266,805 and \$6,130,054 respectively and negative cash flows from operations of \$3,538,434. The Company has an accumulated deficit of \$10,687,545.

There remains uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include adjustments to the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

# **Cizzle Brands Corporation**

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

**For the three and six months ended January 31, 2025**

**(expressed in Canadian Dollars)**

**(Unaudited)**

The Company's ability to continue as a going concern will depend on the Company's ability to obtain the ongoing support of its creditors, lenders and investors, obtain profitable operations, generate significant sales and/or raise additional capital.

### **b. Statement of Compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Cizzle Brands Limited for the period from January 10, 2024 (date of incorporation) to July 31, 2024.

The financial statements were authorized for the issuance by the Board of Directors on March 13, 2025.

### **c. Basis of Measurement**

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the functional and presentation currency of the Company and its subsidiaries.

### **d. Basis of Consolidation**

The condensed consolidated interim financial statements of the Company and its wholly owned subsidiaries have been prepared using the same basis of presentation, accounting policies and methods of computation as those of the audited consolidated financial statements for the period of January 10, 2024 (date of incorporation) to July 31, 2024. The chart below summarizes the entities included in the condensed consolidated interim financial statements as at January 31, 2025. As the Company was incorporated on January 10, 2024, there is no prior year comparable financial information.

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

Entity Name	Place of Incorporation	Ownership	Functional Currency
Cizzle Brands Ltd.	Ontario, Canada	Wholly owned subsidiary of Cizzle Brands Corporation.	Canadian Dollars
Cizzle Brands Inc.	Ontario, Canada	Wholly owned subsidiary of Cizzle Brands Ltd.	Canadian Dollars
Cizzle Brands USA Inc.	Delaware, USA	Wholly owned subsidiary of Cizzle Brands Ltd.	United States Dollars
Cizzle Brands Corporation	British Columbia, Canada	Parent	Canadian Dollars

### e. Functional currency and foreign currency translation

These consolidated financial statements are presented in Canadian dollars. Transactions in foreign currencies are translated into the functional currency of the relevant parent/subsidiary company using the exchange rate in effect on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and the remeasurement of monetary items at the reporting date exchange rate are recognized in a net loss. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. The functional currency of the subsidiary remains unchanged during the reporting period. As of January 31, 2025, there have been no transaction in Cizzle Brands USA Inc.

### 3. REVERSE TAKEOVER TRANSACTION

On December 19, 2024, Cizzle Brands Corporation (“CBC”) completed its Qualifying Acquisition by acquiring all of the issued and outstanding equity interests of Cizzle Brands Ltd (“CBL”). In exchange for acquiring 100% of the equity interests of CLB, CBC issued consideration consisting of 1,666,666 common shares, at a price of \$0.30 per share, valued at \$500,000.



# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

In accordance with IFRS 3 – Business Combinations, the substance of the acquisition is a reverse takeover (“RTO”). The Company concluded that for accounting purposes CBC was the accounting acquirer and CBL was the accounting acquiree. Control over the relevant activities of the Company is determined based on voting rights.

As CBL was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed consolidated interim financial statements at their historical carrying values. CBC results of operations have been concluded as of December 19, 2024. Transactions undertaken by CBL are referred to as being undertaken by the Company in these condensed consolidated interim financial statements. CBL incurred \$380,920 of professional costs related to the RTO for the three and six months ended January 31, 2025, included in general and administrative expense on the condensed consolidated interim statements of loss and comprehensive loss.

In connection with the Qualifying Acquisition, CBL completed a private placement of common shares. Gross proceeds of \$1,037,682 were receivable upon the issuance of 3,458,940 common shares at a price per share of \$0.30.

As the acquisition of CBL did not constitute a business combination, the RTO was accounted for in accordance with IFRS 2 – Share-based Payments, whereby equity instruments issued were recognized at fair value. The consideration paid to acquire CBC consisted of the deemed value of the shares exchanged with CBL, valued at \$500,000, based on 1,666,666 common shares of CBC outstanding prior to the issuance of Common Shares to CBC valued at \$0.30 per common share. The deemed value of shares exchanged with CBC by CBL is expensed as listing expense on completion of the RTO. Total listing expense is as follows:

**Equity Consideration of Cizzle Brands Ltd:**

Total common shares outstanding of CBC at merger (excluding shares issued to Strong Global)	1,666,666
Per share value at merger date as established by simultaneous Private Placement	\$ 0.30
	<hr/>
	\$ 500,000

<b>Fair Value of net assets (liabilities) assumes</b>	<hr/>
	\$ -

Listing Expense	\$ 500,000
Total Expense	<hr/>
	\$ 500,000

#### 4. MATERIAL ACCOUNT POLICIES

There are no material changes in accounting policies during the three and six months period ended January 31, 2025.

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

### 5. ESTIMATES AND JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 future periods if the revision affects both current and future periods.

The critical accounting judgements and key sources of estimation uncertainty applicable to these condensed consolidated interim financial statements are the same as those described in the Company's audited consolidated financial statements for the period from January 10, 2024 (date of incorporation) to July 31, 2024. Estimates used with respect to the agreement signed on August 1, 2024 for the sponsorship, marketing and exclusivity as referenced in Note 7 includes the allocation between the naming rights lease and marketing sponsorship and expenditures.

### 6. TRADE RECEIVABLES

	As at January 31, 2025	As at July 31, 2024
Trade receivables	\$ 2,463,318	\$ 1,361,118
Allowance for doubtful accounts	(74,240)	(57,685)
<b>Trade receivables</b>	<b>\$ 2,389,078</b>	<b>\$ 1,303,433</b>

	As at January 31, 2025	As at July 31, 2024
Current	\$ 2,004,181	\$ 1,214,761
31-60 Days	359,159	146,357
61-90 Days	9,659	-
Over 90 days	90,319	-
<b>Total aged trade receivables</b>	<b>\$ 2,463,318</b>	<b>\$ 1,361,118</b>

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

### 7. PREPAIDS

Prepaid expenses are payments made in advance for goods or services that will be received or consumed in future periods. The balance of prepaid expenses as at January 31, 2025, is composed of the following:

	As at January 31, 2025	As at July 31, 2024
Deposit on inventory	\$ 799,435	\$ 2,276,627
Marketing and promotion	975,485	225,000
Other	416,697	410,250
<b>Total prepaid</b>	<b>\$ 2,191,617</b>	<b>\$ 2,911,877</b>

Deposits on inventory represent advance payments made to suppliers for goods to be delivered in future periods. These amounts will be reclassified to inventory upon receipt of the goods.

Marketing and promotion expenses include payments for advertising campaigns and promotional activities that are expected to occur in subsequent periods. These costs will be expensed as incurred in line with the service periods outlined in the respective agreements.

Other includes prepayments for insurance, transportation and other deposits.

The Company evaluated a sponsorship agreement and determined that the contract includes both a lease component, accounted for as a right-of-use asset and lease liability, and a prepaid sponsorship and marketing expense. Management applied judgment in allocating the total contract consideration between the lease and non-lease components. The allocation was based on the estimated standalone selling prices of the naming rights (lease component) (Note 9) and the sponsorship, and marketing, and exclusivity rights (non-lease components included in prepaids). The resulting values were used to determine the initial recognition and subsequent measurement of the lease liability and the prepaid marketing expense.

### 8. INVENTORY

Inventories consist of the following items:

	As at January 31, 2025	As at July 31, 2024
Finished Goods	\$ 2,812,538	\$ 1,183,908
Raw Materials	309,493	193,082
<b>Total Inventory</b>	<b>\$ 3,122,031</b>	<b>\$ 1,376,990</b>

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

As of January 31, 2025, there is no obsolete inventory and no provisions to inventory have been recorded. The total amount of inventory reflected in the cost of sales was \$1,079,970 for the three months and \$2,048,705 for the six months ended January 31, 2025.

### 9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets and lease liabilities consisted of the following at January 31, 2025:

Right of use assets		Lease		Naming Rights		Total
Right of use assets, as at July 31, 2024	\$	182,361	\$	-	\$	182,361
Additions		-		890,729		890,729
Adjustments		(8,605)		-		(8,605)
<b>Right of use assets as at January 31, 2025</b>	<b>\$</b>	<b>173,756</b>	<b>\$</b>	<b>890,729</b>	<b>\$</b>	<b>1,064,485</b>
<b>Accumulated Amortization</b>						
Accumulated amortization as at July 31, 2024	\$	28,167	\$	-	\$	28,167
Amortization Expense		29,752		89,073		118,825
<b>Accumulated amortization as at January 31, 2025</b>	<b>\$</b>	<b>57,919</b>	<b>\$</b>	<b>89,073</b>	<b>\$</b>	<b>146,992</b>
<b>Net Book Value</b>						
As at July 31, 2024	\$	154,194	\$	-	\$	154,194
<b>As at January 31, 2025</b>	<b>\$</b>	<b>115,837</b>	<b>\$</b>	<b>801,656</b>	<b>\$</b>	<b>917,493</b>

The Lease liabilities are:

		Lease		Naming Rights		Total
<b>Total lease liabilities as at July 31, 2024</b>	<b>\$</b>	<b>151,456</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>151,456</b>
Additions		-		890,729		890,729
Interest Expense		12,430		76,490		88,920
Lease Payments		(36,858)		(120,000)		(156,858)
<b>Lease liabilities as at January 31, 2025</b>	<b>\$</b>	<b>127,028</b>	<b>\$</b>	<b>847,219</b>	<b>\$</b>	<b>974,247</b>
<b>Total lease liabilities as at January 31, 2025</b>						
Current	\$	59,309	\$	107,905	\$	167,214
Long term		67,719		739,314		807,033
<b>Total</b>	<b>\$</b>	<b>127,028</b>	<b>\$</b>	<b>847,219</b>	<b>\$</b>	<b>974,247</b>

There have been no changes to the Company's lease liabilities structure since during the three and six months ended January 31, 2025. For full details, refer to the latest audited financial statements for the period ended July 31 2024.

The following table provides a maturity analysis of the Company's lease liabilities. The amounts disclosed in the maturity analysis are the contractual undiscounted cashflow before deducting interest or finance charges.

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

Income statement	Lease	Naming Rights	Total
<i>Interest expense</i>	\$ 12,430	\$ 76,490	\$ 88,920
<i>Depreciation expense</i>	29,752	89,073	118,825
<b>Balance sheet</b>			
<i>Lease liabilities</i>	127,028	847,219	974,247
<i>Right of use assets</i>	115,837	801,656	917,493
<b>Contractual lease obligation</b>			
<i>Within 1 year</i>	76,643	247,500	324,143
<i>2 to 3 years</i>	72,979	543,750	616,729
<i>4 to 5 years</i>	-	442,500	442,500
	149,622	1,233,750	1,383,372
<i>Effect of discounting</i>	(22,594)	(386,531)	(409,125)
	127,028	847,219	974,247
<i>Less: Current portion</i>	59,309	107,905	167,214
<i>Non-current portion</i>	67,719	739,314	807,033

## 10. RELATED PARTY TRANSACTIONS

Compensation for key management personnel, including the Company's CEO and directors, was as follows for the three and six months ended January 31, 2025:

	For the three months ended January 31, 2025	For the six months ended January 31, 2025	For the period from January 10, 2024 (date of incorporation) to July 31, 2024
Salaries and other short-term benefits	\$ 266,373	\$ 451,481	\$ 774,345
Share-based payments	\$ 9,796	\$ 9,796	\$ -
<b>Total</b>	<b>\$ 276,169</b>	<b>\$ 461,277</b>	<b>\$ 774,345</b>

As at January 31, 2025, the Company has an outstanding balance of \$20,528 due to related parties which is included in accounts payable and accrued liabilities as at January 31, 2025.

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

### 11. SHARE CAPITAL

Authorized:

An unlimited number of common shares, no par value. There are no rights, preferences, or restrictions attached to that class.

	# of Shares	\$ Shares	\$ Warrants	\$ Total
<b>As at July 31, 2024</b>	<b>176,942,770</b>	<b>\$ 12,888,852</b>	<b>\$ 1,598,790</b>	<b>\$ 14,487,642</b>
Private placement of common shares and warrants (unit) <sup>(1)</sup>	3,750,000	\$ 665,754	\$ 84,246	750,000
Private Placement of common shares <sup>(2)</sup>	10,518,388	\$ 3,155,516	\$ -	3,155,516
Subscription receipts <sup>(3)</sup>	3,458,940	\$ 1,037,682	\$ 44,500	1,082,182
Shares issued in connection with the RTO transaction <sup>(4)</sup>	1,666,666	\$ 500,000	\$ -	500,000
Shares for service <sup>(5)</sup>	595,645	\$ 183,250	\$ -	183,250
Issuance costs <sup>(6)</sup>	-	(214,766)		(214,766)
<b>As at January, 31, 2025</b>	<b>196,932,409</b>	<b>\$ 18,216,288</b>	<b>\$ 1,727,536</b>	<b>\$ 19,943,824</b>

- (1) In August 2024, the Company issued 3,750,000 units at a price of \$0.20/unit. Each unit consisted of 1 common share and one-half warrant, with an exercise price of \$0.40 and an expiry of 4 years from the date of issue. The total value of the private placement includes warrants valued at \$84,246.
- (2) In October and November 2024, the Company issued 10,518,388 common shares its at a price of \$0.30/share.
- (3) In conjunction with the go public offering, in November 2024, the Company issued 3,458,940 subscription receipts for common shares at a price of \$0.30. Broker warrants valued at \$44,500 were issued in conjunction to the subscription receipt.
- (4) The Company issued 1,666,666.66 common shares at a value of \$0.30 to the shareholders of Cizzle Brands Corporation as part of the reverse takeover transaction (Note 3).
- (5) In the quarter ending January 31, 2025, the Company issued an additional 455,645 common shares in exchange for services at a price of \$0.31, and 140,000 common shares at a price of \$0.30.
- (6) The company incurred issuance costs of \$214,766 in relation to these issuances.

### 12. WARRANT RESERVE

The warrants issued were valued using the Black-Scholes Model. The following table presents information regarding warrants issued by the Company:

	# of warrants	Weighted Avg Exercise Price	Expiry Date
<b>As at July 31, 2024</b>	<b>37,371,385</b>	<b>\$ 0.40</b>	<b>February 7, 2028 to July 31, 2028</b>
Issuance of warrants <sup>(1)</sup>	1,875,000	\$ 0.40	August 1, 2028
Issuance of Broker warrants <sup>(2)</sup>	239,781	\$ 0.30	November 12, 2026
<b>As at January, 31, 2025</b>	<b>39,486,166</b>	<b>\$ -</b>	

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

- (1) During the three months ended October 31, 2024, the Company issued 1,875,000 warrants associated with the with issuance of the equity units. The warrants have an estimated fair value of \$84,246 (\$0.04 per warrant) in connection with the private placement of Units (Note 11). Each warrant entitles the holder thereof to acquire one half common share of the Company for a price of \$0.20 for a period of two years from the date of issuance.
- (2) In November 2024, the Company issued 239,781 broker warrants associated with the with issuance of the common shares. The warrants have an estimated fair value of \$44,500 (\$0.18 per warrant) in connection with the private placement of common shares (Note 11). Each warrant entitles the holder thereof to acquire one common share of the Company for a price of \$0.30 for a period of two years from the date of issuance.

The below inputs and assumptions were used in the fair value determination of the warrants:

	January 10 - July 31, 2024	August 1 - October 31, 2024	November 1, 2024 - January 31, 2025
Estimated fair value per common share	\$ 0.20	\$ 0.20	\$ 0.30
Exercise price of warrants	\$ 0.40	\$ 0.40	\$ 0.30
Expected life, in years	4.00	4.00	2.00
Volatility	98%	98%	113%
Risk free interest rate	3.95%	3.35%	3.17%

There were no forfeitures for warrants recorded during three and six months ended January 31, 2025.

### 13. SHARE BASED COMPENSATION

The stock option plan is applicable to employees and directors of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board. Under the terms of the plan, the options generally vest proportionately over a three-year period and expire ten years from the date of the grant. There were 6,665,000 options issued, and 152,375 forfeited during the three months and 6,950,000 options granted, and \$157,375 forfeited during the six months ended January 31, 2025. The Company may issue up to 15% of common shares outstanding as options under its stock- option plan. The fair value of the compensation expense related to the options issued to employees and contractors for the three- and six-months ending January 31, 2025 is \$455,462 and \$825,850 respectively.

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited)

	# of Options	Weighted Average Exercise Price per Share	Option	Expiry Date	Weighted Avg Remaining Contractual life (year)
As at July 31, 2024	19,120,000	\$	0.20	February 2034 to July 2034	9.12
Granted (August 1, 2024 to October 31, 2024)	285,000	\$	0.20	August 2034 to September 2034	9.57
Granted (November 1, 2024 to January 31, 2025)	6,665,000	\$	0.31	November 2034 to January 2035	9.83
Forfeited	(157,375)	\$	0.20	February 2034 to July 2034	9.42
As at January, 31, 2025	25,912,625	\$	0.23		9.31

The Company uses the Black-Scholes method to calculate option values, the below assumptions were used for all options issues:

	January 10 - July 31, 2024	August 1 - October 31, 2024	November 1, 2024 - January 31, 2025
Estimated fair value per common share	\$ 0.20	\$ 0.20	\$ 0.30
Weighted average exercise price per share option	\$ 0.20	\$ 0.20	\$ 0.30
Expected life, in years	3.0	3.0	3.0
Risk free interest rate	3.95%	2.88% - 3.17%	2.78% - 3.16%

The maximum term of the options is 10 years. The share price is the fair value of the shares based on the private placement share price on the day of the grant. The volatility is based on comparable public companies within comparable industries. The weighted average remaining life of the share-based options is 9.31 years.

### 14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

The breakdown of Selling, General and Administrative Costs by nature are as follows:

	For the three months ended January 31, 2025	For the six months ended January 31, 2025
Payroll and accrued bonus	\$ 602,329	\$ 1,605,832
Transportation	296,086	589,776
Professional fees	1,126,433	1,787,882
Other selling, general and administrative expense	862,894	1,589,054
<b>Total Selling, general and administrative expense</b>	<b>\$ 2,887,742</b>	<b>\$ 5,572,544</b>



# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

### 15. FINANCIAL INSTRUMENTS, RISKS AND CAPITAL MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk, and market risk associated with its financial assets and liabilities. The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal controls, and sound business practices.

The Company's financial instruments and the nature of the risks to which they may be subject to are set out in the following table.

	Risks			
	Credit	Liquidity	Market	
			Foreign Exchange	Interest Rate
Cash	Yes	-	Yes	-
Trade receivables	Yes	-	Yes	-
Accounts payable and accrued liabilities	-	Yes	-	-

The carrying values of cash, trade receivables, accounts payable and accrued liabilities, approximate their fair values due to their relatively short periods to maturity.

#### *Credit risk*

Credit risk arises from cash held with banks and trade receivables and these financial assets are subject to the expected credit loss model. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions and minimizes the credit risk of trade receivables by monitoring the counterparty's creditworthiness and setting exposure limits.

To optimize cash flow and reduce the balance of prepaid expenses, the Company is actively negotiating improved credit terms with its suppliers. By securing longer payment periods and more favorable terms, the Company aims to reduce the need for large upfront payments, thereby enhancing liquidity and working capital management. These efforts are expected to strengthen the Company's financial position and support its long-term growth and sustainability.

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

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(Unaudited)

Trade receivables with specific customers, each with 10% or more of total Company trade receivables are summarized as follows:

	As at January 31, 2025	As at July 31, 2024
Customer 1	\$ 487,892	\$ 203,183
Customer 2	-	130,754
<b>Total Major Trade Receivables</b>	<b>\$ 487,892</b>	<b>\$ 333,937</b>

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

### *Market risk*

The market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the fair value of a financial instrument or its future cash flows.

The Company operates internationally with a sales coming from United States and other countries. The Company is, therefore, subject to foreign currency risk. The Company reports its financial results in Canadian dollars. The Company incurs expenses in both Canadian and U.S. dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

As of January 31, 2025, the Canadian entities US-dollar net monetary liabilities totaled approximately US\$91,153.9. A 10% strengthening in the Canadian dollar against the United States dollar as at January 31, 2025, would have increased comprehensive income (loss) and decreased shareholder's equity by \$9,115. A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

### *Capital management*

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as equity comprised of issued common shares, warrants, contributed surplus, and accumulated deficit. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital, and overall capital expenditures.

# Cizzle Brands Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2025

(expressed in Canadian Dollars)

(Unaudited)

### 16. SEGMENTED INFORMATION

For management purposes, the Company is organized into operating segments based on its location, and distribution methods. Two operating, and three location segments have been identified. These segments: the B2B segment, which distributes product to different businesses which are subsequently sold on to end consumers; and the B2C segment in which the Company sells its products directly to the consumer. The Company sells its product in Canada, the United States and Internationally.

For the three months ended January 31, 2025				
	Retail/Wholesale	Consumer	Total	
Canada	\$ 1,816,928	\$ 157,200	\$	1,974,128
United States	524,771	133,402		658,173
Other	223,771	-		223,771
<b>Total Segmented Revenues</b>	<b>\$ 2,565,470</b>	<b>\$ 290,602</b>	<b>\$</b>	<b>2,856,072</b>

For the six months ended January 31, 2025				
	Retail/Wholesale	Consumer	Total	
Canada	\$ 3,745,280	\$ 233,006	\$	3,978,286
United States	900,466	173,336		1,073,802
Other	594,918	-		594,918
<b>Total Segmented Revenues</b>	<b>\$ 5,240,664</b>	<b>\$ 406,342</b>	<b>\$</b>	<b>5,647,006</b>

Operating segments are reported in a manner consistent with the internal reporting used for the consolidated financial statements.