



Condensed Consolidated Interim Financial Statements  
(Unaudited - Prepared by Management)  
(Expressed in Canadian Dollars)

As at and for three and six months ended June 30, 2023, and 2022.

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

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**NeutriSci International Inc.**

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

As at	June 30, 2023	December 31, 2022
<b>Assets</b>		
Current Assets		
Cash	\$ 2,229	\$ 175,276
Accounts receivable (Note 12)	817	730
Tax credits receivable	4,610	8,085
Inventory (Note 4)	13,629	15,000
Total current assets	21,285	199,091
Equipment (Note 5)	116,935	132,336
<b>Total Assets</b>	<b>\$ 138,220</b>	<b>\$ 331,427</b>
<b>Liabilities and Shareholders' Deficiency</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 714,772	\$ 733,523
Deferred revenue	36,242	36,242
Loans payable (Notes 7 and 8)	93,760	118,635
Total current liabilities	844,774	888,400
Loans payable - non-current (Note 8)	110,973	60,000
Total liabilities	955,747	948,400
Shareholders' Deficiency		
Share capital (Note 9)	31,071,301	31,034,382
Warrants (Note 9)	49,194	62,866
Contributed surplus (Note 9)	4,530,795	4,517,123
Deficit	(36,708,329)	(36,470,856)
Accumulated other comprehensive income	239,512	239,512
Total Liabilities and Shareholders' Deficiency	(817,527)	(616,973)
<b>Total Liabilities and Shareholders' Deficiency</b>	<b>\$ 138,220</b>	<b>\$ 331,427</b>

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on August 18, 2023:

"Glen Rehman"

Glen Rehman – CEO

"Robert Chisholm"

Robert Chisholm – CFO

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

**NeutriSci International Inc.**

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
<b>Sales Revenue</b>	\$ 2,989	\$ 228,094	\$ 6,082	\$ 401,425
<b>Cost of Sales</b>	(673)	(234,372)	(1,749)	(410,357)
	2,316	(6,278)	4,333	(8,932)
<b>Expenses</b>				
Operating expenses (Note 10)	45,201	146,779	96,409	304,760
General and administrative costs (Note 10)	95,897	62,876	158,952	118,793
Foreign exchange	(1,660)	13,086	(2,309)	15,698
Bad debt expense	-	-	86	-
Finance expense (Note 8)	973	-	973	-
Gain on settlement of accounts payable (Note 9)	-	-	(12,305)	-
	(140,411)	(222,741)	(241,806)	(439,251)
<b>Loss and comprehensive loss for the period</b>	\$ (138,095)	\$ (229,019)	\$ (237,473)	\$ (448,183)
<b>Weighted average number of shares outstanding – basic and diluted</b>	178,424,267	166,124,267	178,274,686	166,124,267
<b>Basic and diluted loss per share</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

**NeutriSci International Inc.**

Condensed Consolidated Interim Statement of Changes in Shareholders' Deficiency

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital Amount	Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Deficiency
<b>Balance, December 31, 2021</b>	166,124,267	\$ 30,886,802	\$ 13,672	\$ 4,512,576	\$ (35,700,162)	\$ 239,512	\$ (47,600)
Share based payment	-	-	-	4,547	-	-	4,547
Loss and comprehensive loss for the period	-	-	-	-	(448,183)	-	(448,183)
<b>Balance, June 30, 2022</b>	166,124,267	30,886,802	13,672	4,517,123	(36,148,345)	239,512	(491,236)
Private placement	9,838,720	147,580	49,194	-	-	-	196,774
Loss and comprehensive loss for the period	-	-	-	-	(322,511)	-	(322,511)
<b>Balance, December 31, 2022</b>	175,962,987	31,034,382	62,866	4,517,123	(36,470,856)	239,512	(616,973)
Shares issued to settle debt	2,461,280	36,919	-	-	-	-	36,919
Expiry of warrants	-	-	(13,672)	13,672	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	(237,473)	-	(237,473)
<b>Balance, June 30, 2023</b>	178,424,267	\$ 31,071,301	\$ 49,194	\$ 4,530,795	\$ (36,708,329)	\$ 239,512	\$ (817,527)

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

**NeutriSci International Inc.**

## Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

For the six months ended June 30,	2023	2022
<b>Cash provided by / (used in):</b>		
<b>Operating Activities:</b>		
Loss for the period	\$ (237,473)	\$ (448,183)
Items not affecting cash:		
Depreciation	15,401	18,631
Share-based payments	-	4,547
Interest on loan payable	973	-
Gain on settlement of accounts payable	(12,305)	-
Allowance for bad debts	86	-
Net change in non-cash working capital items:		
Accounts receivable	(173)	-
Tax credits receivable	3,475	3,161
Inventory	1,371	376,765
Prepaid expenses	-	55,822
Deferred revenue	-	(151,161)
Accounts payable and accrued liabilities	30,473	89,086
	(198,172)	(51,332)
<b>Investing Activities</b>		
Purchase of equipment	-	(4,755)
	-	(4,755)
<b>Financing Activities:</b>		
Repayment of loans payable	(27,459)	-
Loans received	52,584	67,383
	25,125	67,383
<b>Change in cash for the period</b>	(173,047)	11,296
Cash, beginning of the period	175,276	30,712
<b>Cash, end of the period</b>	\$ 2,229	\$ 42,008

Significant non-cash activities (Note 6)

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

## **NeutriSci International Inc.**

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

**For the three and six months ended June 30, 2023 and 2022**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian dollars)**

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

NeutriSci International Inc. (the "Company" or "NeutriSci") was incorporated under the laws of the Province of Alberta on September 9, 2009. The Company's shares are listed on Tier 2 of the TSX Venture Exchange (the "Exchange") under the symbol "NU". The Company's head office is at 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3 and the Company's registered and records office is 2200 – 885 West Georgia Street, Vancouver BC, Canada, V6C 3E8.

NeutriSci is focused on the market development for its nutraceutical products.

##### **Going concern**

The Company has a history of losses and anticipates further losses in the development of its business. As at June 30, 2023, the Company has an accumulated deficit of \$36,708,329 (December 31, 2022 - \$36,470,856). Continuing business as a going concern is dependent upon the success of the neuenergy® products in the retail storefront and online markets, and the ability of the Company to obtain additional debt or equity financing all of which are uncertain. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

#### **2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

##### **(a) Critical Accounting Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

- Income taxes – Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

## **NeutriSci International Inc.**

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

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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## **2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

### **(a) Critical Accounting Estimates (continued)**

- Fair value of stock options and warrants – Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' deficiency.
- Inventories – Inventories are valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between book value and net realizable value.
- Estimated product returns – Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.

### **(b) Critical accounting judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are, but are not limited to, the following:

- Deferred income taxes – judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.
- Going concern – As disclosed in Note 1 to the financial statements.

## **3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

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

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements are prepared using accounting policies consistent with the Company's annual audited consolidated financial statements issued under International Financial Reporting Standards ("IFRS") for the year ended December 31, 2022.



## NeutriSci International Inc.

### Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

#### (b) Basis of presentation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### (c) Functional and Presentation Currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. To date, the functional currency of the Company, NeutriSci International Corp. (“NeutriSci International”), and Ambarii Trade Corporation has been determined to be the Canadian dollar (“Cdn\$”). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

These condensed consolidated interim financial statements are presented in Canadian dollars. All financial information is expressed in Canadian dollars unless otherwise stated.

#### *Currency translation*

#### Translation of foreign transactions and balances into the functional currency

Foreign currency transactions are translated into the functional currency of the Company at rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, all monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency of the Company at the rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

### 4. INVENTORY

<b>Finished goods</b>		<b>Total</b>
<b>Balance, December 31, 2021</b>	\$	494,836
Cost of goods sold		(419,598)
Promotional		(697)
Impairment of inventory		(59,541)
<b>Balance, December 31, 2022</b>	\$	15,000
Cost of goods sold		(1,371)
<b>Balance, June 30, 2023</b>	\$	13,629

The inventory as at June 30, 2023 consists of neuenergy® product and packaging.

During the six months period ended June 30, 2023, the Company recorded cost of sales of \$1,749 (2022 - \$410,357) comprising \$1,371 (2022 - \$393,159) of inventory with the remainder primarily attributable to shipping and packaging costs.

**NeutriSci International Inc.**

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

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**5. EQUIPMENT**

	Furniture and Equipment	Computer Equipment	Total
<b>Cost:</b>			
Balance, December 31, 2021, and 2022, and June 30, 2023	\$ 353,277	\$ 14,519	\$ 367,796
<b>Accumulated Depreciation:</b>			
Balance, December 31, 2021	184,218	13,979	198,197
Depreciation	37,101	162	37,263
Balance, December 31, 2022	221,319	14,141	235,460
Depreciation	15,344	57	15,401
Balance, June 30, 2023	236,663	14,198	250,861
<b>Net Book Value:</b>			
December 31, 2022	\$ 131,958	\$ 378	\$ 132,336
June 30, 2023	\$ 116,614	\$ 321	\$ 116,935

**6. SIGNIFICANT NON-CASH ACTIVITIES**

The significant non-cash financing or investing activities for the period ended June 30, 2023, included the following:

- a) \$36,919 was recognized in additions to share capital on the settlement of \$49,224 of accounts payable; and
- b) \$13,672 was reclassified from warrants to contributed surplus on the expiration of warrants.

There were no significant non-cash financing or investing activities for the period ended June 30, 2022.

**7. RELATED PARTY TRANSACTIONS**

The Company had transactions with the following related parties:

Related party	Relationship
Emprise Capital Corp.	Directors and Officers in common with the Company
Cassels Brock & Blackwell LP	Director of the Company is a partner of the law firm

**NeutriSci International Inc.**

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

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**7. RELATED PARTY TRANSACTIONS** (continued)

The Company incurred the following expenses with companies controlled by directors and officers of the Company.

Name of the related party	Nature of the Services	June 30, 2023	June 30, 2022
Emprise Capital Corp.	Management	\$ 90,000	\$ 90,000
Cassels Brock & Blackwell LLP	Legal fees	6,014	1,864
		\$ 96,014	\$ 91,864

The following table comprises amounts due to related parties included within accounts payable and accrued liabilities:

	June 30, 2023	December 31, 2022
Cassels Brock & Blackwell LLP	\$ 21,285	\$ 18,301
Emprise Capital Corp.	226,800	132,300
Glen Rehman	1,921	106,378
Due to Directors	28,984	28,984
Total	\$ 278,990	\$ 285,963

During the period ended June 30, 2023, the Company received loans from Emprise Capital Corp. in the amount of \$2,584 (December 31, 2022 - \$118,635). The loans are non-interest bearing and repayable on demand. During the period ended June 30, 2023, the Company made repayments of \$27,459 on the loans. As at June 30, 2023, \$93,760 (December 31, 2022 - \$118,635) remained payable on the loans (Note 8).

During the period ended June 30, 2023, the Company settled \$29,224 in accounts payable to an Officer and Director of the Company by issuing 1,461,280 common shares with a value of \$21,919. The Company recognized a gain of \$7,305 on the settlement.

**Key management personnel compensation:**

Key management personnel include those persons having the authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consist of the Company's executive and non-executive directors, and officers.

	June 30, 2023	June 30, 2022
Salaries and benefits	\$ -	\$ 78,000
Consulting fees	75,000	-
Share-based payments	-	2,891
	\$ 75,000	\$ 80,891

**NeutriSci International Inc.**

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

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**8. LOANS PAYABLE***CEBA*

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the Canada Emergency Business Account (the "CEBA"). The CEBA provides companies with a \$60,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended December 31, 2021, the Company applied for the CEBA and received the \$60,000 loan. The CEBA remains interest free until December 31, 2023, and has no fixed repayment schedule. If \$40,000 is repaid on or before December 31, 2023, the remaining \$20,000 will be forgiven. If at December 31, 2023, any amount remains unpaid, the Company will enter into an extension agreement whereby it will accrue interest at a rate of 5% per annum, with a repayment schedule to be determined at that time.

*Secured Promissory Note*

During the period ended June 30, 2023, the Company issued a \$50,000 secured promissory to an arm's-length party. The note bears interest at 10% per annum and matures on December 31, 2024. Subsequent to maturity, any unpaid amounts bear interest at 12%. The promissory note is secured by way of a general security agreement over all of the Company's present and after acquired property. During the period ended June 30, 2023, the Company recognized \$973 (2022 - \$nil) in interest on the loan.

A continuity of the Company's loans payable for the period ended June 30, 2023, and the year ended December 31, 2022 are as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Opening balance	\$ 178,635	\$ 60,000
Additions	52,584	118,635
Interest accrued	973	-
Repayments	(27,459)	-
	204,733	178,635
Current portion of loans payable	(93,760)	(118,635)
Loans payable	\$ 110,973	\$ 60,000

**9. SHARE CAPITAL****(a) Authorized**

Unlimited number of common shares without par value.

Unlimited number of preferred shares without par value.

**NeutriSci International Inc.**

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**9. SHARE CAPITAL** (continued)**(b) Common Share Issuances****For the six months ended June 30, 2023:**

- (i) On January 11, 2023, the Company settled \$29,224 in accounts payable to related party by issuing 1,461,280 common shares with a fair value of \$21,919. The Company recognized a gain on the settlement of \$7,305; and
- (ii) On January 11, 2023, the Company settled \$20,000 in accounts payable to an arm's length party by issuing 1,000,000 common share units with a fair value of \$15,000. Each unit is comprised of one common share and one common share purchase warrant, entitling the holder to purchase one additional common share at a price of \$0.05 per common share for a period of two years. The Company recognized a gain on the settlement of \$5,000.

**For the year ended December 31, 2022:**

- (i) On December 30, 2022, the Company closed a non-brokered private placement by issuing 9,838,720 units at a price of \$0.02 per unit for gross proceeds of \$196,774. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one additional share at a price of \$0.05 for a period of two years. Using the residual value method, \$147,580 of the proceeds was allocated to share capital with the remaining \$49,194 allocated to warrants.

**(c) Stock options**

The Company has a stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Subject to a minimum exercise price of \$0.10 per share, the exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The stock options can be granted for a maximum term of 10 years, and vest as determined by the Board of Directors.

A summary of the Company's stock option activity is as follows:

	<b>Number of Options</b>		<b>Weighted Average Exercise Price</b>
<b>Balance, December 31, 2021</b>	<b>12,225,000</b>	<b>\$</b>	<b>0.16</b>
Cancelled / Expired	(2,800,000)		0.15
<b>Balance, December 31, 2022, and June 30, 2023</b>	<b>9,425,000</b>	<b>\$</b>	<b>0.16</b>

**NeutriSci International Inc.**

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

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**9. SHARE CAPITAL** (continued)**(c) Stock options** (continued)

A summary of the Company's stock options as at June 30, 2023 are as follows:

<b>Grant Date</b>	<b>Number of Options outstanding</b>	<b>Number of Options exercisable</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry date</b>	<b>Weighted Average Remaining life (years)</b>
October 17, 2018	3,225,000	3,225,000	0.175	October 17, 2023	0.30
July 30, 2020	4,800,000	4,800,000	0.160	July 30, 2025	2.08
January 18, 2021	1,400,000	1,400,000	0.150	January 18, 2026	2.56
<b>Total</b>	<b>9,425,000</b>	<b>9,425,000</b>	<b>\$ 0.16</b>		<b>1.54</b>

The Company did not grant any stock options during the period ended June 30, 2023, or the year ended December 31, 2023. During the period ended June 30, 2023, the Company recorded share-based payments of \$nil (2022 - \$4,547) as a result of stock options granted and vested during the period. The fair value of stock options was estimated at the grant date based on the Black-Scholes option pricing model, using the following weighted average assumptions:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Risk-free interest rate	N/A	N/A
Expected dividend yield	N/A	N/A
Expected forfeiture	N/A	N/A
Expected life	N/A	N/A
Expected volatility	N/A	N/A
Fair value per option granted	N/A	N/A

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions may have a material effect on the fair value of the Company's stock options and profit or loss.

A summary of the Company's warrant activity is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2021</b>	<b>3,033,000</b>	<b>\$ 0.23</b>
Granted	9,838,720	0.05
Expired	(1,589,167)	0.18
<b>Balance, December 31, 2022</b>	<b>11,282,553</b>	<b>\$ 0.08</b>
Granted	1,000,000	0.05
Expired	(1,443,833)	0.28
<b>Balance, June 30, 2023</b>	<b>10,838,720</b>	<b>\$ 0.05</b>

**NeutriSci International Inc.**

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

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**9. SHARE CAPITAL** (continued)**(d) Warrants**

A summary of warrants outstanding as at June 30, 2023, are as follows:

Number of Warrants outstanding	Weighted Average Exercise Price	Expiry date	Weighted Average Remaining contractual life (years)
9,838,720	\$0.05	December 30, 2024	1.50
1,000,000	\$0.05	January 11, 2025	1.54
<b>10,838,720</b>	<b>\$0.05</b>		<b>1.51</b>

**10. EXPENSES BY NATURE**

	For the three months ending June 30,		For the six months ending June 30,	
	2023	2022	2023	2022
<b>Operating expenses:</b>				
Advertising and promotion	\$ -	\$ 20,013	\$ -	\$ 35,443
Depreciation (Note 5)	7,701	9,315	15,401	18,631
Consulting fees (Note 7)	37,500	56,250	75,000	120,441
Rent	-	2,416	855	4,543
Salaries and benefits (Note 7)	-	56,235	4,745	115,387
Share-based payments (Note 7,9(c))	-	-	-	4,547
Storage and handling costs	-	155	77	363
Telephone and utilities	-	741	331	1,134
Travel and automobile expenses	-	1,654	-	4,271
	\$ 45,201	\$ 146,779	\$ 96,409	\$ 304,760

	For the three months ending June 30,		For the six months ending June 30,	
	2023	2022	2023	2022
<b>General and administrative costs:</b>				
Management fees (Note 7)	\$ 45,000	\$ 45,000	\$ 90,000	\$ 90,000
Meals and entertainment	-	145	-	336
Office and miscellaneous	3,155	4,634	8,793	7,936
Professional fees (Note 7)	44,484	7,614	49,098	7,614
Transfer agent and filing fees	3,258	5,483	11,061	12,907
	\$ 95,897	\$ 62,876	\$ 158,952	\$ 118,793

## **NeutriSci International Inc.**

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

**For the three and six months ended June 30, 2023 and 2022**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian dollars)**

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#### **11. CAPITAL MANAGEMENT**

The Company defines capital as consisting of shareholder's deficiency. The Company's objectives when managing capital are to support the further advancement of the Company's business objectives and existing product lines, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at June 30, 2023, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the period ended June 30, 2023.

#### **12. FINANCIAL INSTRUMENTS**

##### **(a) Fair Value**

As at June 30, 2023, the Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and loans payable and are all classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

##### **(b) Financial Instrument risk**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

###### **i. Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company places its cash with institutions of high-credit worthiness. Management has assessed there to be a low level of credit risk associated with its cash balances and tax credits receivable. As at June 30, 2023, accounts receivable of \$817 (December 31, 2022 - \$730) are from customers of the Company's neuenergy® products. The customers represent a well-diversified group of individuals and pay at the time of ordering by credit card or through Paypal. There is low risk of these customers' failure to pay.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables are assessed primarily based on days past due.



**NeutriSci International Inc.**

## Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**12. FINANCIAL INSTRUMENTS** (continued)**(b) Financial Instrument risk** (continued)**i. Credit risk** (continued)

The loss allowance provision as at June 30, 2023 is determined as follows:

	0 to 90 days past due		91 and more days past due		Total
Expected loss rate		2%		50%	
Gross carrying amount	\$	-	\$	1,633	\$ 1,633
Loss allowance provision	\$	-	\$	816	\$ 816

For the period ended June 30, 2023, no significant changes were noted for the expected loss rates. The loss allowance provision for trade receivables as at June 30, 2023, reconciles to the opening loss allowance provision as follows:

	June 30, 2023
<b>Loss allowance provision</b>	
<b>December 31, 2022</b>	\$ 730
Applied during the period	86
<b>June 30, 2023</b>	\$ 816

**ii. Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at June 30, 2023, certain of the Company's accounts payable and accrued liabilities are denominated in US\$. The balance is subject to foreign exchange fluctuation. A 1% change in the foreign exchange rate would not have a material impact on profit or loss.

**iii. Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates is considered insignificant.

**iv. Price risk**

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**NeutriSci International Inc.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2023 and 2022

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**12. FINANCIAL INSTRUMENTS** (continued)

**(b) Financial Instrument risk** (continued)

**v. Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

As at June 30, 2023, the Company had a cash balance of \$2,229 (December 31, 2022 - \$175,276) to settle current liabilities of \$844,774 (December 31, 2022 - \$888,400). The Company is currently subject to significant liquidity risks and remains dependant on the financial support of its debtors and shareholders. Refer to Note 1 for additional details.

**13. SEGMENT INFORMATION AND MAJOR CUSTOMERS**

As at and for the period ended June 30, 2023, and the year ended December 31, 2022, all of the Company's non-current assets were located in Canada.

For the period ended June 30, 2023, 100% (2022 – 2%) of the Company's sales were generated in Canada and 0% (2022 – 83%) in Japan. No (2022 – Two) customer generated more than 10% of the Company's revenues at a value of \$nil (2022 – \$399,099).