

**TAAT GLOBAL ALTERNATIVES INC.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED JULY 31, 2024 AND 2023**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

## **NOTICE OF NO AUDITOR REVIEW**

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

The accompanying unaudited condensed interim consolidated 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 consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of these condensed interim consolidated financial statements by an entity's auditor.

**TAAT Global Alternatives Inc.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars - Unaudited)

As at,	July 31, 2024	October 31, 2023 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	294,225	535,647
Receivables (Note 5)	5,048,685	4,555,239
Prepays (Note 10)	251,432	312,313
Inventory (Note 9)	4,103,010	4,204,792
Loans receivable (Note 6)	32,638	42,345
	9,729,990	9,650,336
<b>Non-current assets</b>		
Property and equipment (Note 7)	796,238	3,660,731
Loans receivable (Note 6)	88,023	70,504
Deposits (Note 10)	8,423	41,019
<b>Total assets</b>	10,622,674	13,422,590
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 12)	4,785,624	4,894,655
Notes payable (Note 13)	5,265,815	4,906,738
Lease liabilities (Note 11)	95,169	1,066,358
	10,146,608	10,867,751
<b>Non-current liabilities</b>		
Notes payable (Note 13)	239,417	201,016
Lease liabilities (Note 11)	60,995	2,464,931
<b>Total liabilities</b>	10,447,020	13,533,698
<b>Shareholders' equity (deficit)</b>		
Share capital (Note 14)	95,928,646	95,837,609
Reserves (Note 14)	28,468,920	28,260,453
Accumulated other comprehensive loss	(692,832)	(782,829)
Deficit	(123,529,080)	(123,426,341)
	175,654	(111,108)
<b>Total liabilities and shareholders' equity</b>	10,622,674	13,422,590

Nature of operations (Note 1)

Intangible assets (Note 8)

Goodwill (Note 8)

Subsequent events (Note 20)

Approved and authorized by the Board on October 1, 2024:

*"John Cumming"* Director
*"Joel Dumaresq"* Director

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

TAAT Global Alternatives Inc.

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars - Unaudited)

For the	Three-months ended July 31, 2024 \$	Three-months ended July 31, 2023 \$	Nine-months ended July 31, 2024 \$	Nine-months ended July 31, 2023 \$
<b>REVENUE</b>				
Sales	24,142,522	24,716,620	66,812,264	70,232,603
Cost of goods sold	(22,918,090)	(25,135,587)	(63,258,235)	(68,247,080)
Gross profit (loss)	1,224,432	(418,967)	3,554,029	1,985,523
<b>OPERATING EXPENSES</b>				
Accounting and legal	18,237	66,619	216,896	456,442
Accretion and interest expense (Notes 11 and 13)	164,639	169,199	473,681	509,739
Depreciation and amortization (Notes 7 and 8)	72,500	437,730	495,309	1,393,756
Bad debt expense	281	5,711	47,048	39,683
Filing and regulatory	22,449	14,269	34,063	76,013
Foreign exchange loss	(109,043)	493,528	58,665	645,167
Management and consulting (Notes 14 and 15)	201,237	2,456,413	782,360	2,924,751
Office, rent and administrative (Note 15)	94,379	287,415	209,898	1,062,516
Other operating costs for sales including sales fees, utilities, repair and maintenance, and automobile costs	117,920	119,900	320,765	601,096
Investor relations and shareholder communication	1,225	9,713	2,113	76,296
Product marketing	36,836	13,552	141,232	179,983
Research and development	-	9,445	-	44,503
Share-based payments (Notes 14 and 15)	25,864	131,365	139,938	566,674
Share-based payments – RSU (Notes 14 and 15)	7,394	131,644	68,529	410,469
Travel	25	2,440	1,198	92,735
Loss (gain) on disposal of property, plant and equipment (Note 7)	(72)	-	8,295	-
Salaries and wages	641,317	522,673	1,995,554	2,445,108
<b>Total operating expenses</b>	<b>(1,295,188)</b>	<b>(4,871,616)</b>	<b>(4,995,544)</b>	<b>(11,524,931)</b>
<b>Loss for the period</b>	<b>(70,756)</b>	<b>(5,290,583)</b>	<b>(1,441,515)</b>	<b>(9,539,408)</b>
<b>Other income</b>				
License income (Note 19)	-	-	-	999,733
Gain on termination of lease (Note 11)	4,731	-	1,286,865	-
Gain (loss) on debt settlement (Note 14)	-	15,270	(10,621)	15,270
Other income (expenses) (Note 5)	33,764	(256,980)	106,878	(141,897)
<b>Total other income (expense), net</b>	<b>38,495</b>	<b>(241,710)</b>	<b>1,383,122</b>	<b>873,106</b>
<b>Loss before income taxes</b>	<b>(32,261)</b>	<b>(5,532,293)</b>	<b>(58,393)</b>	<b>(8,666,302)</b>
<b>Income tax recovery (expense)</b>	<b>(162)</b>	<b>337</b>	<b>(44,346)</b>	<b>(76,918)</b>
<b>Net income (loss) for the period</b>	<b>(32,423)</b>	<b>(5,531,956)</b>	<b>(102,739)</b>	<b>(8,743,220)</b>
<b>OTHER COMPREHENSIVE LOSS</b>				
Foreign exchange gain (loss) on translating foreign operations	(72,637)	373,650	89,997	466,902
<b>Comprehensive income (loss) for the period</b>	<b>(105,060)</b>	<b>(5,158,306)</b>	<b>(12,742)</b>	<b>(8,276,318)</b>
<b>Basic and diluted income (loss) per common share</b>	<b>(0.01)</b>	<b>(0.46)</b>	<b>(0.00)</b>	<b>(0.75)</b>
<b>Weighted average number of common shares outstanding</b>	<b>11,859,681</b>	<b>11,211,327</b>	<b>11,662,545</b>	<b>10,984,647</b>

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

**TAAT Global Alternatives Inc.**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars - Unaudited)

For the nine-months ended,	<b>July 31, 2024</b>	July 31, 2023
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(102,739)	(8,743,220)
Non-cash items:		
Foreign exchange	274,578	1,067,057
Depreciation and amortization	495,309	1,393,756
Accretion and interest expense	473,681	509,739
Shares issued for salaries and wages	-	105,000
Shares issued for consulting fees	-	97,730
Shares issued for debt settlement	-	1,187,500
Loss on debt settlement	10,621	15,270
Share-based compensation	139,938	566,674
Share-based compensation – RSU	68,529	410,469
Gain on termination of lease	(1,286,865)	-
Loss on disposal of property, plant and equipment	8,295	-
Changes in non-cash working capital items:		
Receivables	(501,550)	(301,161)
Deposits and prepaid expenses	93,477	(185,741)
Inventory	101,782	269,114
Accounts payable and accrued liabilities	(35,426)	2,715,168
<b>Net cash used in operating activities</b>	<b>(260,370)</b>	<b>(892,645)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(123,805)	(92,643)
<b>Net cash used in investing activities</b>	<b>(123,805)</b>	<b>(92,643)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(77,378)	(884,080)
Proceeds from notes payable	1,464,834	1,853,437
Repayments of notes payable	(724,464)	(76,799)
Proceeds from line of credit	10,350,501	14,943,836
Repayments of line of credit	(10,744,824)	(14,872,640)
<b>Net cash provided by financing activities</b>	<b>268,669</b>	<b>963,754</b>
<b>Change in cash during the period</b>	<b>(115,506)</b>	<b>(21,534)</b>
Effect of change in foreign currency	(125,916)	(118,262)
<b>Cash, beginning of the period</b>	<b>535,647</b>	<b>676,813</b>
<b>Cash, end of the period</b>	<b>294,225</b>	<b>537,017</b>

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

**TAAT Global Alternatives Inc.**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars - Unaudited)

---

---

<b>Supplemental Cash Flow Disclosure</b>		
Cash paid for interest	<b>307,993</b>	270,101
Cash paid for taxes	-	-
<b>Non-cash Investing and Financing Activities</b>		
Shares issued for debt settlement	<b>91,037</b>	-
Conversion of RSU	-	5,960,000

---

---

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

## TAAT Global Alternatives Inc.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian Dollars - Unaudited)

<b>Share capital</b>						
	<b>Number</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, October 31, 2023	11,556,225	95,837,609	28,260,453	(123,426,341)	(782,829)	(111,108)
Restricted share units vested	-	-	68,529	-	-	68,529
Share-based compensation	-	-	139,938	-	-	139,938
Shares issued for debt settlement	303,456	91,037	-	-	-	91,037
Net and comprehensive gain (loss)	-	-	-	(102,739)	89,997	(12,742)
<b>Balance, July 31, 2024</b>	<b>11,859,681</b>	<b>95,928,646</b>	<b>28,468,920</b>	<b>(123,529,080)</b>	<b>(692,832)</b>	<b>175,654</b>
Balance, October 31, 2022	10,652,644	88,487,379	33,073,179	(112,309,400)	(454,607)	8,796,551
Shares issued for salaries and wages expense	17,500	105,000	-	-	-	105,000
Shares issued for consulting fees	61,081	97,730	-	-	-	97,730
Shares issued for debt settlement	625,000	1,187,500	-	-	-	1,187,500
Conversion of restricted share units	200,000	5,960,000	(5,960,000)	-	-	-
Restricted share units vested	-	-	410,469	-	-	410,469
Share-based compensation	-	-	566,674	-	-	566,674
Net and comprehensive gain (loss)	-	-	-	(8,743,220)	466,902	(8,276,318)
<b>Balance, July 31, 2023</b>	<b>11,556,225</b>	<b>95,837,609</b>	<b>28,090,322</b>	<b>(121,052,620)</b>	<b>12,295</b>	<b>2,887,606</b>

On October 3, 2023, the Company consolidated its shares on a ten (10) pre-consolidated to one (1) post-consolidation share basis. These condensed interim consolidated financial statements reflect the post-consolidated shares.

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

# TAAT Global Alternatives Inc.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

TAAT Global Alternatives Inc. (“TAAT” or the “Company”) was incorporated on June 5, 2006 in British Columbia under the Business Corporations Act. The Company develops, manufactures, and distributes alternative product categories such as tobacco, hemp and other emerging consumer packaged goods (“CPG”) segments. The Company is listed on the Canadian Stock Exchange (“CSE”) under the symbol “TAAT” as well as OTCQB, under the symbol “TOBAF” and on the Frankfurt Stock Exchange under the symbol “2TP2”. As at the date of these consolidated financial statements, the Company has elected to suspend its application to be listed on the Nasdaq Capital Market on the basis that it is not possible for the application to move forward despite the Company’s management concluding that all requirements were sufficiently met in prior years.

On April 28, 2021, the Company changed its name to TAAT Global Alternatives Inc. from TAAT Lifestyle & Wellness Ltd.

The Company’s registered address is Suite 1890 – 1075 West Georgia Street, Vancouver, BC V6E 3C9.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company is in the development phase of its business focus. The Company has incurred losses since inception and to date has not generated significant revenues and positive cash flows from operations. During the period ended July 31, 2024, the Company incurred a net loss of \$102,739 (July 31, 2023 - \$8,743,220) and, as of that date, the Company’s deficit is \$123,529,080 (October 31, 2023 - \$123,426,341). These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. The continuance of the Company’s operations is dependent on its ability to increase demand for its products and generate positive cash inflows. Should the Company not be considered a going concern certain assets and liabilities may require restatement on a liquidation basis. No adjustments have been made to the carrying value of assets and liabilities in these consolidated financial statements. These adjustments could be material.

### 2. BASIS OF PREPARATION

#### Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34 – Interim Financial Reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed, and therefore the condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited consolidated financial statements for the years ended October 31, 2023 and 2022, including the accompanying notes thereto.

The Board of Directors approved these condensed interim consolidated financial statements on October 1, 2024.

#### Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

#### Foreign currency transactions

The Company’s presentation currency is the Canadian dollar which is the functional currency of the Company and TT Enterprises Inc. The functional currency of TAAT International LLC, TAAT Holdings LLC, Beyond Alternatives LLC, Jayvee’s Brands LLC and ADCO Distributors Inc. is the US dollar. Functional currency is the principal currency of the economic environment in which each entity operates.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their functional currency equivalent using foreign exchange rates prevailing at the statement of financial position date. Non-monetary assets and liabilities are translated at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities. Revenue and expense items, at the rate of exchange prevailing at the transaction date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss for the period.



## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 2. BASIS OF PREPARATION (cont'd)

##### Foreign currency transactions (cont'd)

For presentation purposes, all amounts for TAAT International LLC and ADCO Distributors Inc. are translated from the US dollar functional currency to the Canadian dollar presentation currency for each period. Statement of financial position accounts, with the exception of equity, are translated using the exchange rate at the end of each reporting period, transactions on the statement of comprehensive loss are recorded at the average rate of exchange during the period, and equity accounts are translated using historical actual exchange rates. Exchange gains and losses arising from translation to the Company's presentation currency are recorded as cumulative translation adjustment, which is included in accumulated other comprehensive loss.

##### Significant Estimates, Judgments and Assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of net assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgments are consistent with those presented in Note 2 to the Company's annual consolidated financial statements.

##### Basis of Consolidation

A subsidiary is an entity the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. These consolidated financial statements include the accounts of the Company and its subsidiaries:

	Ownership Interest	Jurisdiction
TT Enterprises Inc.	100%	Canada
TAAT International LLC	100%	United States
Beyond Alternatives LLC	100%	United States
TAAT Holdings LC	100%	United States
ADCO Distributors Inc. ("ADCO")	100%	United States
ADS Inc. (Wholly Owned Subsidiary of ADCO)	100%	United States
Puffs Inc. (Wholly Owned Subsidiary of ADCO)	100%	United States
Jayvee's Brands LLC	100%	United States

Subsidiaries are fully consolidated in the Company's consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

#### 3. MATERIAL ACCOUNTING POLICIES

The material accounting policies as described in Note 3 to the annual consolidated financial statements have been consistently applied in the presentation of these condensed interim consolidated financial statements.

##### New Accounting Standards

The Company continues to review changes to IFRS standards, there are no other pending IFRSs that are expected to be relevant to the Company's consolidated financial statements.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 4. BUSINESS COMBINATION

##### Boksburg Ventures Inc.

On December 14, 2022 and amended on March 1, 2023, the Company entered into an asset purchase agreement with Boksburg Ventures Inc. (“Boksburg”), where the Company will acquire assets related to the Boksburg’s Break Free™ mobile application and \$3,600,000 working capital (the “Boksburg Acquisition”) from Boksburg (the “Boksburg Transaction”) and as consideration for the Boksburg Acquisition, the Company will issue an aggregate of 17,000,000 common shares (the “Boksburg Consideration Shares”) with a portion of which is allocated to the \$3,600,000 working capital purchased. The Company did not proceed with the Boksburg Acquisition, and did not pay any cash or issue any shares for the Boksburg Acquisition, the agreement was terminated on March 31, 2023.

#### 5. RECEIVABLES

	July 31, 2024	October 31, 2023
	\$	\$
Trade receivables, net of allowance	4,999,535	4,517,373
Sales tax receivable	49,150	37,866
Total	5,048,685	4,555,239

During the period ended July 31, 2024, the Company received other income of approximately \$106,878 (July 31, 2023 – income of \$180,047 relating to finance charges or other charges for late paying customers and \$321,944 losses on sale of assets for total other expenses of \$141,897) relating to finance charges or other charges for late paying customers.

#### 6. LOANS RECEIVABLE

	\$
<b>Balance, October 31, 2022</b>	318,545
Additions	101,618
Interest accrued	12,897
Principal payments received	(157,271)
Foreign exchange	5,283
Allowance for doubtful accounts	(168,223)
<b>Balance, October 31, 2023</b>	<b>112,849</b>
Interest accrued	13,734
Foreign exchange	(292)
Allowance for doubtful accounts	(5,630)
<b>Balance, July 31, 2024</b>	<b>120,661</b>
Current portion	32,638
<b>Non-current portion</b>	<b>88,023</b>

During the year ended October 31, 2021, the Company lent \$12,384 (US\$10,000) to a third party. The loan is non-interest bearing and payable on demand. During the year ended October 31, 2023, the loan was written off as the Company deemed the loan uncollectible and recorded an allowance of \$12,384 (US\$10,000) on the loans receivable. The balance of the loan was \$Nil as at October 31, 2023.

During the year ended October 31, 2022, the Company acquired loans receivable as a result of the acquisition of ADCO on May 18, 2022 and the balance of the loan receivable was \$250,563 with a foreign exchange gain of \$12,593. The loans receivable accrues interest at 6% per annum. During the year ended October 31, 2023, the Company accrued interest of \$12,727 (US\$9,437) and received principal repayments of \$13,487 (US\$10,000) for the loans receivable. As at October 31, 2023, the balance of the loans receivable is \$112,849 (US\$81,356). During the period ended July 31, 2024, the Company accrued interest of \$13,734 (US\$10,100) for the loans receivable. As at July 31, 2024, the balance of the loans receivable is \$120,661 (US\$87,379).

During the year ended October 31, 2022, the Company lent \$42,972 (US\$31,484) to a third party with weekly payments beginning on October 20, 2022 of US\$750 per week. The loans receivable accrues interest at 1% per annum and the remaining balance of the loan is due on June 1, 2023. As at October 31, 2022, the balance of the loan was \$23,005. During the year ended October 31, 2023, the Company accrued interest of \$170 (US\$116) and received principal payments of \$42,632 (US\$31,610) for the loans receivable and recorded an allowance of \$155,839 (US\$112,349) on the loans receivable. As at October 31, 2023 and July 31, 2024, the balance of the loans receivable is \$Nil.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 7. PROPERTY AND EQUIPMENT

	Furniture & equipment \$	Computers \$	Vehicles & machinery \$	Building & land \$	Right of use asset \$	Total \$
<b>Cost:</b>						
October 31, 2022	332,979	150,775	447,034	113,376	4,892,170	5,936,334
Additions	-	49,212	524,091	-	-	573,303
Disposals <sup>1</sup>	(332,979)	(136,154)	(549,738)	-	-	(1,018,871)
October 31, 2023	-	63,833	421,387	113,376	4,892,170	5,490,766
Additions	-	-	123,805	-	-	123,805
Termination of Leases <sup>3</sup>	-	-	-	-	(5,083,340)	(5,083,340)
Disposals <sup>2</sup>	-	-	(15,921)	-	-	(15,921)
July 31, 2024	-	63,833	529,271	113,376	(191,170)	515,310
<b>Depreciation and amortization:</b>						
October 31, 2022	(80,765)	(116,383)	(222,466)	5,268	(839,084)	(1,253,430)
Charge for the year	(25,273)	(43,649)	(85,784)	(3,636)	(1,088,597)	(1,246,939)
Disposals <sup>1</sup>	280,468	40,354	316,008	-	-	636,830
Cumulative translation adjustment	(174,430)	84,666	117,825	881	4,562	33,504
October 31, 2023	-	(35,012)	125,583	2,513	(1,923,119)	(1,830,035)
Charge for the period	-	(11,584)	(138,011)	(2,680)	(343,034)	(495,309)
Disposals <sup>2</sup>	-	-	16,790	-	-	16,790
Termination of Leases <sup>3</sup>	-	-	-	-	2,633,064	2,633,064
Cumulative translation adjustment	-	(483)	(10,190)	(518)	(32,391)	(43,583)
July 31, 2024	-	(47,079)	(5,828)	(685)	334,520	280,927
<b>Net book value:</b>						
October 31, 2023	-	28,821	546,970	115,889	2,969,051	3,660,731
July 31, 2024	-	16,754	523,443	112,691	143,350	796,238

<sup>1</sup>: During the year ended October 31, 2023, the total disposed cost of \$1,018,871 and accumulated depreciation and amortization of \$636,830 resulted in a loss of \$382,041.

<sup>2</sup>: During the period ended July 31, 2024, the total disposed cost of \$15,921 and accumulated depreciation and amortization of \$7,626 resulted in a loss of \$8,295 (US\$6,198).

<sup>3</sup>: During the period ended July 31, 2024, the Company terminated two leases and derecognized the Right of use assets associated with the two leases (Note 11).

The right of use assets relates to rental property leases entered into by the Company, with associated lease liabilities (Note 11).

During the year ended October 31, 2023, the Company recorded a loss of \$322,638 (US\$239,221) on disposal of property, plant and equipment for TAAT International and \$59,403 (US\$42,803) for ADCO for a total loss on disposal of property, plant and equipment of \$382,041.

#### 8. INTANGIBLE ASSETS AND GOODWILL

During the year ended October 31, 2023 and period ended July 31, 2024, the Company's intangible assets and goodwill are as follows:

	Goodwill \$	Intangibles – Customer Relationships \$	Total \$
<b>Balance, October 31, 2022</b>	<b>493,778</b>	<b>1,982,000</b>	<b>2,475,778</b>
Amortization	-	(652,152)	(652,152)
Impairment	(493,778)	(1,329,848)	(1,823,626)
<b>Balance, October 31, 2023 and July 31, 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

On May 18, 2022, the Company acquired ADCO and recognized intangible assets of \$2,299,000 and goodwill of \$519,778 on the date of acquisition. The estimated useful life of the intangible assets is 3.5 years. During the year ended October 31, 2023, the Company recognized \$652,152 (year ended October 31, 2022 -\$302,885) as amortization of the intangible asset.

As at October 31, 2022, the Company performed a recoverable value calculation for ADCO and impaired the goodwill to \$493,778 and the intangible assets to \$1,982,000. As at October 31, 2023, the Company performed a recoverable value calculation for ADCO and found that the recoverable value of intangible assets and goodwill was estimated to be lower than the carrying value: therefore, the goodwill was impaired to \$Nil with an impairment expense of \$493,778 recorded and the intangible assets were impaired to \$Nil with an impairment expense of \$1,329,848 recorded. The total impairment expense for the year ended October 31, 2023 was \$1,823,626.

#### 9. INVENTORY

As at July 31, 2024 and October 31, 2023 inventory consists of the following:

	July 31, 2024	October 31, 2023
	\$	\$
Smokable products and finished goods	2,654,928	2,889,577
Hemp	610,755	613,497
Promotional products	99,231	99,677
Sundry, candy and grocery items	738,096	602,041
<b>Total</b>	<b>4,103,010</b>	<b>4,204,792</b>

During the period ended July 31, 2024 the Company recognized \$62,504,929 (July 31, 2023 - \$68,212,429) of sold inventory in cost of goods sold.

#### 10. PREPAIDS AND DEPOSITS

As at July 31, 2024 and October 31, 2023, prepaids consist of the following:

	July 31, 2024	October 31, 2023
	\$	\$
Marketing	2,383	8,076
Consulting	16,667	16,667
Legal	13,419	13,419
General and administrative	218,963	274,151
<b>Total</b>	<b>251,432</b>	<b>312,313</b>

As at July 31, 2024, the Company has long-term security deposits in place related to rental property leases and furniture purchases of \$8,423 (October 31, 2023 - \$41,019).

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 11. LEASE LIABILITIES

##### Summary of Leases

	Hughes Airport Center \$	Hughes Parkway \$	East Flamingo Road \$	Ohio Lease \$	Total \$
<b>Balance, October 31, 2022</b>	1,125,955	2,985,497	8,155	285,637	4,405,244
Lease payments in cash	(198,656)	(358,244)	(8,092)	(99,376)	(664,368)
Lease payments accrued	(155,863)	(445,202)	-	-	(601,065)
Interest expense on lease liabilities	95,198	226,969	34	28,547	350,748
Foreign exchange	8,871	28,051	(97)	3,905	40,730
<b>Balance, October 31, 2023</b>	875,505	2,437,071	-	218,713	3,531,289
Lease payments in cash	-	-	-	(77,378)	(77,378)
Lease payments accrued and settled on termination <sup>1</sup>	(105,758)	(244,239)	-	-	(349,997)
Interest expense on lease liabilities	26,274	56,332	-	15,579	98,185
Foreign exchange	(9,006)	(24,601)	-	(750)	(34,357)
<b>Balance, prior to derecognition of leases<sup>1</sup></b>	<b>787,015</b>	<b>2,224,563</b>	<b>-</b>	<b>156,164</b>	<b>3,167,742</b>
Derecognition of Right of use asset on termination of lease (Note 7)	(1,434,077)	(3,649,263)	-	-	(5,083,340)
Derecognition of Right of use asset accumulated depreciation on termination of lease (Note 7)	775,995	1,857,069	-	-	2,633,064
Accrued lease liabilities settled on termination of lease	232,270	507,203	-	-	739,473
Foreign exchange	(3,863)	(10,047)	-	-	(13,910)
Gain on termination of lease for the period ended July 31, 2024	(357,340)	(929,525)	-	-	(1,286,865)
<b>Balance, July 31, 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,164</b>	<b>156,164</b>
Current portion	-	-	-	95,169	95,169
<b>Non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,995</b>	<b>60,995</b>

<sup>1</sup>: During the period ended July 31, 2024, the Hughes Airport Center and Hughes Parkway leases were terminated on February 14 and 16, 2024, respectively, and a gain on lease termination of \$1,286,865 (US\$946,294) was recognized on the termination of the leases.

##### Summary of Undiscounted Lease Amounts Due

Fiscal Year	Ohio Lease \$	Total \$
2024	26,928	26,928
2025	107,710	107,710
2026	35,903	35,903
Imputed interest	(14,377)	(14,377)
<b>Total</b>	<b>156,164</b>	<b>156,164</b>

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 11. LEASE LIABILITIES (cont'd)

##### Hughes Airport Center Lease

During the year ended October 31, 2021, the Company recognized right of use asset of \$1,291,983 (US\$1,043,268) and lease liability of \$1,267,201 (US\$1,016,852). On February 14, 2024, the Company terminated the Hughes Airport Center Lease and paid a settlement fee of US\$24,649. The lease liability is \$Nil as at July 31, 2024.

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 10%, which is the Company's approximate incremental borrowing rate.

The following is a continuity schedule of the lease liabilities for the periods ended July 31, 2024 and October 31, 2023:

	\$
<b>Balance, October 31, 2022</b>	1,125,955
Lease payments in cash	(198,656)
Lease payments accrued	(155,863)
Interest expense on lease liabilities	95,198
Foreign exchange	8,871
<b>Balance, October 31, 2023</b>	875,505
Lease payments accrued and settled on termination of lease	(105,758)
Interest expense on lease liabilities	26,274
Foreign exchange	(9,006)
<b>Balance, February 14, 2024 prior to termination of lease</b>	<b>787,015</b>
Derecognition of Right of use asset on termination of lease (Note 7)	(1,434,077)
Derecognition of Right of use asset accumulated depreciation on termination of lease (Note 7)	775,995
Accrued lease liabilities settled on termination of lease	232,270
Foreign exchange	(3,863)
Gain on termination of lease for period ended July 31, 2024	(357,340)
<b>Balance, July 31, 2024</b>	<b>-</b>

##### Hughes Parkway Lease

During the year ended October 31, 2021, the Company recognized right of use asset of \$3,287,682 (\$2,654,782 USD) and lease liability of \$3,228,443 (\$2,606,947 USD). On February 16, 2024, the Company terminated the Hughes Parkway Lease for total settlement fees of US\$75,000. During the period ended July 31, 2024, US\$25,000 of the settlement fees were paid and US\$50,000 remains in accrued liabilities as at July 31, 2024. The lease liability is \$Nil as at July 31, 2024.

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 8.5%, which is the rate determined per the lease agreement.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 11. LEASE LIABILITIES (cont'd)

##### Hughes Parkway Lease (cont'd)

The following is a continuity schedule of the lease liabilities for the periods ended July 31, 2024 and October 31, 2023:

	\$
<b>Balance, October 31, 2022</b>	2,985,497
Lease payments in cash	(358,244)
Lease payments accrued	(445,202)
Interest expense on lease liabilities	226,969
Foreign exchange	28,051
<b>Balance, October 31, 2023</b>	<b>2,437,071</b>
Lease payments accrued and settled on termination of lease	(244,239)
Interest expense on lease liabilities	56,332
Foreign exchange	(24,601)
<b>Balance, February 16, 2024, prior to termination of lease</b>	<b>2,224,563</b>
Derecognition of Right of use asset on termination of lease (Note 7)	(3,649,263)
Derecognition of Right of use asset accumulated depreciation on termination of lease (Note 7)	1,857,069
Accrued lease liabilities settled on termination of lease	507,203
Foreign exchange	(10,047)
Gain on termination of lease for period ended July 31, 2024	(929,525)
<b>Balance, July 31, 2024</b>	<b>-</b>

##### East Flamingo Road Lease

During the year ended October 31, 2022, the Company recognized right of use asset of \$30,969 (\$24,016 USD) and lease liability of \$27,672 (\$21,460 USD).

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 5%, which is the interest rate per the lease agreement.

As at July 31, 2024 and October 31, 2023, the lease term has ended and the Company has not renewed the lease.

The following is a continuity schedule of the lease liabilities for the year ended October 31, 2023:

	\$
<b>Balance, October 31, 2022</b>	<b>8,155</b>
Lease payments	(8,092)
Interest expense on lease liabilities	34
Foreign exchange	(97)
<b>Balance, October 31, 2023</b>	<b>-</b>

##### Ohio Lease

During the year ended October 31, 2022, the Company recognized right of use asset of \$281,535 (\$223,355 USD) and lease liability of \$281,535 (\$223,355 USD).

At the commencement date of the lease, the lease liability was measured as the present value of the future lease payments that were not paid at that date. These lease payments are discounted using a discount rate of 12%, which is the interest rate per the lease agreement.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 11. LEASE LIABILITIES (cont'd)

##### Ohio Lease (cont'd)

The following is a continuity schedule of the lease liability for the periods ended July 31, 2024 and year ended October 31, 2023:

	\$
<b>Balance, October 31, 2022</b>	<b>285,637</b>
Lease payments	(99,376)
Interest expense on lease liabilities	28,547
Foreign exchange	3,905
<b>Balance, October 31, 2023</b>	<b>218,713</b>
Lease payments	(77,378)
Interest expense on lease liabilities	15,579
Foreign exchange	(750)
<b>Balance, July 31, 2024</b>	<b>156,164</b>
Current portion	95,169
<b>Non-current portion</b>	<b>60,995</b>

As at July 31, 2024, the Company has an undiscounted cash flow obligation of \$26,928, \$107,710, \$35,903, and \$Nil related to the Ohio Lease due in fiscal 2024, 2025, and 2026 respectively.

#### 12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	July 31, 2024	October 31, 2023
	\$	\$
Accounts payable	3,641,722	3,157,994
Sales tax payable	2,960	3,287
Accruals	1,140,942	1,733,374
Total	4,785,624	4,894,655

Included in accounts payable and accruals are amounts totaling \$1,360,056 (October 31, 2023 - \$889,848) due to related parties (Note 15).

#### 13. NOTES PAYABLE

##### Notes Payable – Line of Credit

	\$
<b>Balance, October 31, 2022</b>	<b>2,719,705</b>
Additions – line of credit	21,114,959
Principal payments	(20,592,079)
Interest	333,402
Foreign exchange	44,236
<b>Balance, October 31, 2023</b>	<b>3,620,223</b>
Additions	10,350,501
Principal payments and interest	(11,036,061)
Interest	291,237
Foreign exchange	(16,181)
<b>Balance, July 31, 2024</b>	<b>3,209,719</b>
Current portion	3,209,719
<b>Non-current portion</b>	<b>-</b>

As at July 31, 2024, US notes payable due the bank was \$3,209,719 (US\$2,324,367) (October 31, 2023 – \$3,620,223 (US\$2,609,922)) including principal and accrued interest. The bank line of credit is due on demand, and interest accrues at the Wall Street Prime Daily rate with a margin of 1.50%.



## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 13. NOTES PAYABLE (cont'd)

##### Notes Payable – Third Party Loans

	\$
<b>Balance, October 31, 2022</b>	<b>185,110</b>
Additions	2,461,329
Principal payments	(1,493,102)
Interest	46,173
Foreign exchange	(46,483)
<b>Balance, October 31, 2023</b>	<b>1,153,027</b>
Additions	1,464,834
Principal payments	(724,464)
Interest	58,205
Foreign exchange	(17,798)
<b>Balance, July 31, 2024</b>	<b>1,933,804</b>
Current portion	1,694,387
<b>Non-current portion</b>	<b>239,417</b>

*Additions – Year ended October 31, 2022*

##### US Notes Payable

During the year ended October 31, 2022, the Company acquired US notes payables third parties with interest rates ranging from 2.90% to 6.84% per annum with maturity dates up to October 17, 2029. As at July 31, 2024, the balance of these notes payables was \$70,423 (US\$53,487) (October 31, 2023 – \$90,517 (US\$64,005)) including principal and accrued interest.

During the year ended October 31, 2022, the Company received a \$45,760 (US\$34,762) US notes payable from a third party with an interest rate of 8.29% per annum with a maturity date of September 27, 2026. As at July 31, 2024, the balance of the notes payable was \$28,049 (US\$23,465) (October 31, 2023 – \$37,740 (US\$27,208)) including principal and accrued interest.

During the period ended July 31, 2024, the total interest paid or accrued on US notes payables was \$5,401 (US\$3,971).

*Additions – Year ended October 31, 2023*

During the year ended October 31, 2023, the Company entered into notes payables with third parties totaling \$2,461,329.

##### US Bank Notes Payable

\$1,387,100 (US\$1,000,000) of the additions during the year ended October 31, 2023 was received from the bank. The notes payable was repaid in full during the year ended October 31, 2023 and the balance of the notes payable was \$Nil as at October 31, 2023 and July 31, 2024.

##### US Notes Payable

\$112,527 (US\$83,001) of the additions during the year ended October 31, 2023 was received from third parties for US notes payables. These third party notes payable had interest rates ranging from 9.09% to 10.84% and had maturities ranging from April 8, 2028 to September 20, 2029. As at July 31, 2024 the balance of these US notes payables was \$125,174 (US\$90,856) (October 31, 2023 – \$129,073 (US\$93,723)) including principal and interest.

During the year ended October 31, 2023, the total interest paid or accrued on US notes payables was \$12,178 (US\$9,029).

During the period ended July 31, 2024, the total interest paid or accrued on US notes payables was \$9,310 (US\$6,846).

##### Third Party Notes Payable – 5% Interest Rate

\$650,000 of the additions during the year ended October 31, 2023 was received from one lender, matures in one year and accrues interest at 5% per annum. During the year ended October 31, 2023, the Company accrued interest of \$24,158 on the notes payable and the balance is \$674,158 as at October 31, 2023. During the period ended July 31, 2024, the Company accrued interest of \$24,397 on the notes payable and the balance is \$698,555 as at July 31, 2024.

\$41,202 (US\$30,000) during the year ended October 31, 2023 was received from one lender, matures in one year and accrues interest at 5% per annum. During the year ended October 31, 2023, the Company accrued interest of \$1,281 (US\$950) on the notes payable and the balance is \$42,483 as at October 31, 2023. During the period ended July 31, 2024, the Company accrued interest of \$2,185 (US\$1,606) on the notes payable with a foreign exchange difference of \$(298) and the balance is \$44,370 as at July 31, 2024.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 13. NOTES PAYABLE (cont'd)

##### Notes Payable – Third Party Loans (cont'd)

###### Third Party Notes Payable – 10% Interest Rate

\$140,500 of the additions was received from one lender, of which \$100,000 was repaid during the year ended October 31, 2023 and accrues interest at 10% per annum. During the year ended October 31, 2023, the Company accrued interest of \$2,458 on the notes payable and the balance is \$42,958 as at October 31, 2023. During the period ended July 31, 2024, the Company accrued interest of \$3,335 on the notes payable and the balance is \$46,293 as at July 31, 2024.

\$130,000 of the additions was received from one lender and accrues interest at 10% per annum. During the year ended October 31, 2023, the Company accrued interest of \$6,098 on the notes payable and the balance is \$136,098 as at October 31, 2023. During the period ended July 31, 2024, the Company accrued interest of \$10,564 on the notes payable and the balance is \$146,662 as at July 31, 2024.

###### *Additions – Period ended July 31, 2024*

###### US Notes Payable

During the period ended July 31, 2024, the Company received notes payables of \$1,464,834 (US\$1,070,431) from third parties with interest rates ranging from 9.59% to 10.64% and maturity dates from February 13, 2029 to December 4, 2029. During the period ended July 31, 2024, the Company repaid \$679,950 (US\$500,000) of the principal of one of the loans. During the period ended July 31, 2024, the Company accrued interest of \$3,013 (US\$2,641) on the notes payables and the balance of the notes payables is \$783,404 as at July 31, 2024.

During the period ended July 31, 2024, the total interest paid or accrued on US notes payables was \$3,013 (US\$2,641).

As at July 31, 2024, total notes payable due to third parties was \$1,933,804 (October 31, 2023 – \$1,153,027) including principal, accrued interest and a foreign exchange of \$9,126. The bank notes payable had interest rates from 5.4% to 5.5%. The third party notes payable had interest rates ranging from 2.9% to 10.84% as at October 31, 2023 and interest rates ranging from 5.3% to 10.84% as at July 31, 2024. The notes payable had maturities ranging from May 13, 2023 to October 17, 2029 as at October 31, 2023 and October 12, 2024 to December 4, 2029 as at July 31, 2024.

##### Notes Payable – Related Parties

	\$
<b>Balance, October 31, 2022</b>	-
Additions (Note 15)	322,800
Interest	12,413
Foreign exchange	(709)
<b>Balance, October 31, 2023</b>	<b>334,504</b>
Interest	26,054
Foreign exchange	1,151
<b>Balance, July 31, 2024</b>	<b>361,709</b>
Current portion	361,709
<b>Non-current portion</b>	<b>-</b>

During the year ended October 31, 2023, the Company received notes payables of \$322,800 with related parties (Note 15). During the year ended October 31, 2023, the notes payable with related parties are unsecured and due on demand, and accrued interest of approximately \$12,413 at 10% per annum and had a foreign exchange gain of \$709, the balance of the notes payable was \$334,504 as at October 31, 2023. During the period ended July 31, 2024, the notes payable with related parties are unsecured and due on demand, and accrued interest of approximately \$26,054 at 10% per annum and had a foreign exchange gain of \$1,151. As at July 31, 2024, the balance of the notes payables was \$361,709 (October 31, 2023 - \$334,504).

#### 14. SHARE CAPITAL AND RESERVES

##### Share consolidation

On October 3, 2023, the Company consolidated its shares on a ten (10) pre-consolidated to one (1) post-consolidation share basis. The share consolidation is retroactively applied throughout these consolidated financial statements to prior year numbers.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 14. SHARE CAPITAL AND RESERVES (cont'd)

##### Authorized share capital

Unlimited number of common and preferred shares without par value.

##### Issued share capital

*Shares issued during the period ended July 31, 2024*

On April 26, 2024, the Company issued 303,456 common shares with a fair value of \$91,037 to settle debt with a creditor of \$80,416 and recorded a loss on issuance of shares of \$10,621.

*Shares issued during the period ended July 31, 2023*

On November 4, 2022, the Company issued 17,500 common shares with a fair value of \$105,000 and paid cash of \$75,000 to settle debt with a former related party of \$180,000.

On January 11, 2023, 200,000 RSUs with a fair value of \$5,960,000 were converted into 200,000 common shares of the Company. On conversion of the RSUs, \$5,960,000 was transferred from reserves.

On June 15, 2023, the Company issued 625,000 common shares with a fair value of \$1,187,500 to settle debt owed to a former consultant of the Company of \$1,187,500.

On June 29, 2023, the Company issued 61,081 common shares with a fair value of \$97,730 pursuant to a consulting agreement with a consultant of the Company for consulting fees of \$113,000. The Company recognized a gain on settlement of debt of \$15,270 on issuance of shares.

As at July 31, 2024, Nil shares (October 31, 2023 – Nil shares) remained in escrow.

##### Stock options and warrants

The Board of Directors of the Company adopted a stock option plan on April 25, 2013 (the “2013 Plan”), and confirmed the plan on July 26, 2018 at the Company’s Annual General Meeting (the “Stock Option Plan”). The Stock Option Plan stipulates that the maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the outstanding shares at the time Plan Shares are reserved for issuance. The Stock Option Plan was approved by Disinterested Shareholders (defined in the 2013 Plan) of the Company on July 26, 2018.

Shareholders approved the adoption of a 20% rolling stock option plan (the “2020 Plan”) at the Company’s annual general and special meeting on August 14, 2020. The number of common shares proposed to be granted under the 2020 Plan is a maximum of 20% of the issued and outstanding common shares of the Company at the time of grant.

	Options		Warrants	
	Number of Options	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Balance, October 31, 2022	1,650,612	10.34	83,333	35.00
Granted	25,000	5.70	-	-
Cancelled	(23,446)	6.98	-	-
Expired	(100,000)	29.80	(83,333)	35.00
Balance, October 31, 2023 and July 31, 2024	1,552,166	9.06	-	-

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 14. SHARE CAPITAL AND RESERVES (cont'd)

##### Stock options and warrants (cont'd)

As at July 31, 2024, stock options outstanding are as follows:

Expiry date	Number #	Exercise price \$
August 14, 2024	75,000	10.00
June 16, 2025	445,416	2.50
September 17, 2025	198,500	11.90
December 2, 2024	40,000	29.30
December 30, 2025	22,500	23.60
April 15, 2026	77,500	29.80
June 20, 2027	668,250	8.50
November 18, 2027	25,000	5.70
	1,552,166	9.06

The weighted average price of options outstanding was \$9.06 (October 31, 2023 - \$9.06) and the weighted average life was 1.81 years (October 31, 2023 - 2.74 years). As of July 31, 2024, 1,552,166 options (October 31, 2023 - 1,470,916 options) were exercisable with weighted average exercise price \$9.11 (October 31, 2023 - \$9.14) and weighted average life of 1.78 years (October 31, 2023 - 2.73 years).

On April 15, 2021, the Company granted 100,000 stock options to a consultant with an exercise price of \$29.80 per option expiring April 15, 2023. The options vest over several periods: 25,000 of the options vest on the earlier of the first distribution agreement made with a minimum of 100,000 Euros signed by the Company or six months from the grant date, 25,000 stock options vest six months from the initial vesting date, 25,000 options vest twelve months from the initial vesting date and 25,000 vest eighteen months from the initial vesting date. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$1,967,520 assuming an expected life of 1.52 years, a risk-free interest rate of 0.24%, an expected dividend rate of 0.00%, and an expected annual volatility of 168%. The share-based payment expense related to the fair value of the options granted was \$118,594 during the period ended July 31, 2023. During the year ended October 31, 2023, all 100,000 options expired without being exercised.

On June 20, 2022, the Company granted 685,750 stock options to consultants, directors and officers. The options have an exercise price of \$8.50 per option expiring June 20, 2027. 535,750 of the options vested immediately, and the remaining 150,000 options vest quarterly over a period of two years from issuance, starting on the 91<sup>st</sup> day of grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$5,441,514 assuming an expected life of 5 years, a risk-free interest rate of 3.35%, an expected dividend rate of 0.00%, and an expected annual volatility of 143%. The share-based payment expense related to the fair value of the options granted was \$416,871 during the period ended July 31, 2023 and \$92,691 during the period ended July 31, 2024.

On November 18, 2022, the Company granted 25,000 stock options to a consultant of the Company with an exercise price of \$5.70 per option expiring November 18, 2027. The options vest 100% two years from the date of grant. These options have a fair value, calculated using the Black-Scholes Option Pricing Model, of \$127,771 assuming an expected life of 5 years, a risk-free interest rate of 3.35%, an expected dividend rate of 0.00%, and an expected annual volatility of 142%. The share-based payment expense related to the fair value of the options granted was \$31,209 during the period ended July 31, 2023 and \$47,247 during the period ended July 31, 2024.

As at October 31, 2023 and July 31, 2024, the Company had Nil warrants outstanding.

##### Reserves

Reserve record items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

##### Restricted Share Units

The Board of Directors of the Company adopted a Restricted Share Unit plan on July 27, 2020 and confirmed the plan on December 16, 2020 (the "Restricted Share Units Plan"). The Restricted Share Units Plan stipulates that the maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 20% of the outstanding shares at the time Plan Shares are reserved for issuance.

#### 14. SHARE CAPITAL AND RESERVES (cont'd)

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### Restricted Share Units (cont'd)

On December 13, 2021, the Company granted 200,000 RSUs to a former Officer of the Company. 100,000 RSUs vested immediately 2021 and 100,000 RSUs vest on July 19, 2022. The RSUs expire five years from the grant date. The Company recognized \$5,960,000 share-based payments during the year ended October 31, 2022. The RSUs are fully vested as at October 31, 2022. During the year ended October 31, 2023, 200,000 RSUs were converted into common shares of the Company. On conversion of the RSUs, \$5,690,000 was transferred from reserves.

On June 20, 2022, the Company granted 100,000 RSUs to an Officer of the Company, which will vest quarterly over a period of two years from issuance, starting on the 91<sup>st</sup> day of grant and shall entitle the Officer the ability to acquire one share of the Company per RSU. The RSUs were priced at \$8.80 based on the closing price of the shares on grant date and expire five years from the vesting date. The Company recognized \$364,219 share-based payments during the period ended July 31, 2023 and \$68,529 during the period ended July 31, 2024.

On June 8, 2023, the Company granted 25,000 RSUs to a consultant of the Company which vested immediately on the grant date. The RSUs were priced at \$1.85 based on the closing price of the shares on the grant date and expire five years from the grant date. The Company recognized \$46,250 share-based payments during the year ended October 31, 2023.

The fair value of the RSUs granted were determined using the market price of the Company's common shares on the date of grant.

	Number of Restricted Share Units
Balance, October 31, 2022	300,000
Issued	25,000
Converted	(200,000)
Balance, October 31, 2023 and July 31, 2024	125,000

As at July 31, 2024, Restricted Share Units are outstanding are as follows:

Expiry date	Number Issued #	Issued and exercisable #
June 20, 2027	100,000	75,000
June 8, 2028	25,000	25,000
	125,000	100,000

#### 15. RELATED PARTY TRANSACTIONS

##### Transactions during the period

Key management personnel comprise of the Chief Executive Officer ("CEO"), Chief Revenue Officer ("CRO"), Chief Financial Officer ("CFO"), and Directors of the Company. The remuneration of key management personnel is as follows:

	July 31, 2024 \$	July 31, 2023 \$
Directors fees	2,500	10,000
Consulting fees paid to a Director	-	1,000
Salaries – CEO	-	883,319
Share-based payments to the CEO	161,221	781,090
	163,721	1,675,409

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 15. RELATED PARTY TRANSACTIONS (cont'd)

The Company incurred the following transactions with companies that are controlled by key management personnel of the Company:

	July 31, 2024	July 31, 2023
	\$	\$
Consulting fees to a company controlled by the CEO	397,846	321,596
Consulting fees to a company controlled by the COO	81,657	-
Consulting fees to a companies controlled by the CFO	67,500	67,500
	547,003	389,096

#### Outstanding Balances

As at July 31, 2024, \$1,360,056 (October 31, 2023 - \$889,848) is due to related parties. All balances are unsecured, non-interest bearing and are due on demand.

During the year ended October 31, 2023, the Company received notes payable of \$322,800 from the CFO. The notes payable is unsecured, and accrues interest at 10% per annum. During the year ended October 31, 2023, the notes payable accrued interest of \$12,413 with a foreign exchange gain of \$709, the balance of the notes payable was \$334,504 as at October 31, 2023. During the period ended July 31, 2024, the notes payable with relates parties are unsecured and due on demand, and accrued interest of approximately \$26,054 at 10% per annum and had a foreign exchange gain of \$1,151. As at July 31, 2024, the balance of the notes payables was \$361,709 (October 31, 2023 - \$334,504) (Note 13).

#### 16. FINANCIAL INSTRUMENTS

##### Financial Instruments

The Company's financial instruments are exposed to certain risks including liquidity risk, interest rate risk, liquidity risk and other market risk.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

As at July 31, 2024, the Company had a cash balance of \$294,225 (October 31, 2023 - \$535,647) to settle current liabilities of \$10,146,608 (October 31, 2023 - \$10,867,751) which are due within 12 months of July 31, 2024. The Company may need additional capital in the future to support its business model. The Company's future revenues, if any, are expected to be from the sale of tobacco and non-tobacco products.

As at July 31, 2024, the Company has an undiscounted cash flow obligation of \$26,928, \$107,710, \$35,903, and \$Nil related to lease liabilities due in fiscal 2024, 2025, and 2026 respectively (Note 11).

##### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist mainly of amounts due from customers and loans receivable. The Company has recorded allowances for doubtful receivables on some of its amounts due from customers and loans receivables during the year as management has assessed that some amounts were uncollectible. As at July 31, 2024 and October 31, 2023, trade receivables were due from many different customers. During the year ended October 31, 2023 and period ended July 31, 2024, no significant percentage of sales were made to a single customer.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

---

#### 16. FINANCIAL INSTRUMENTS (Cont'd)

##### Financial Instruments (cont'd)

###### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at July 31, 2024, the Company does not have any cash in short-term deposits.

b) Foreign currency risk

The majority of the Company's business is conducted in United States dollars. As such, the Company is exposed to foreign currency risk in fluctuations among the Canadian dollar and the US dollar. Fluctuations in the exchange rate among the Canadian dollar and the US dollar may have a material adverse effect on the Company's business and financial condition. Fluctuations do not have a significant impact on operating results.

#### 17. CONTINGENCY

During the year ended October 31, 2022, the Company's wholly owned subsidiary, TAAT International LLC, initiated arbitration with a former marketing partner. TAAT International LLC claims a breach of sponsorship agreement by the former marketing partner, and is seeking declaratory relief of the breach of covenant to rescission and or refund of the fund provided to the former marketing partner under the sponsorship agreement. During the period ended July 31, 2024, a settlement agreement was reached with the former marketing partner and the Company accrued the settlement fees of US\$100,000 and the Company is released from all liabilities with the former marketing partner. During the period ended July 31, 2024, the Company repaid US\$30,000 and approximately \$96,663 (US\$70,000) is recorded in accrued liabilities.

On February 18, 2023, the Company's wholly owned subsidiary TAAT International filed a voluntary petition for non-individuals filing for bankruptcy with the District of Nevada under the Chapter 11 Bankruptcy Code. On February 14, 2024, the District of Nevada approved TAAT International's filing for bankruptcy under the Chapter 11 Bankruptcy Code. As a result of the approval of the bankruptcy, the Company agreed to pay \$165,000 legal fees to be used to pay for administrative and priority claims.

#### 18. SEGMENTED INFORMATION

The Company has two reportable segments, being the sale of non-tobacco and tobacco products. The Company determined its reportable segments based on the relevant financial information provided to and reviewed by the Company's chief operating decision maker. Only revenues and expenses, and inventories related to the sale non-tobacco and tobacco products are reviewed by the chief operating decision maker to make decisions about the allocation of resources to, or the assessment of performance of the operating segments. Thus, only revenues, cost of sales and inventories are considered integral to decisions made for the business of the Company.

## TAAT Global Alternatives Inc.

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

#### 18. SEGMENTED INFORMATION (Cont'd)

Selected segmented financial information is as follows:

Period ended July 31, 2024	Non-tobacco products	Tobacco products	Total
<b>Revenues</b>	5,618,889	61,193,375	66,812,264
<b>Cost of sales</b>	(3,721,720)	(59,536,515)	(63,258,235)
<b>Gross profits (loss)</b>	1,897,169	1,656,860	3,554,029
<b>Inventory</b>	1,448,082	2,654,928	4,103,010

  

Period ended July 31, 2023	Non-tobacco products	Tobacco products	Total
<b>Revenues</b>	5,743,837	64,488,766	70,232,603
<b>Cost of sales</b>	(3,308,681)	(64,938,399)	(68,247,080)
<b>Gross profits</b>	2,435,156	(499,633)	1,985,523
<b>Inventory</b>	2,194,746	2,636,232	4,830,978

#### 19. LICENSE AND DISTRIBUTION INCOME

On November 1, 2022, the Company entered into a Trademark License and Distribution Agreement (the "Trademark Agreement") with an arm's length entity where the entity was granted a license to use the Company's Licensed Marks in connection with the Company's Licensed Products in several jurisdictions where the Company has trademarks. Pursuant to the Trademark Agreement, the Company received total fees of \$999,733 (US\$730,000) during the year ended October 31, 2023. During the period ended July 31, 2024, the Company received total fees of \$Nil.