

Composite Alliance Group Inc.

MANAGEMENT DISCUSSION & ANALYSIS FORM 51-102F1 For the Quarter Ended September 30, 2023

This Management Discussion and Analysis ("MD&A") is dated November 29, 2023.

This MD&A of the financial condition of Composite Alliance Group Inc. ("CAG" or the "Company") and results of operations for the quarter ended September 30, 2023, should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2022, and the unaudited condensed consolidated interim financial statements for the quarter ended September 30, 2023. Additional information can be found on CAG on the SEDAR+ website (www.sedarplus.ca).

FORWARD LOOKING STATEMENTS

This MD&A may contain forward-looking statements. Forward looking statements include, but are not limited to, words such as "believes" "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", "plans" or similar words thereof. These forward statements reflect the Company's future financial position, future growth, business strategy, budgets, internal projects and objectives of management based on information currently available to the Company.

The Company believes that the expectations represented in such forward-looking statements are reasonable. However, the Company cannot confirm that the plans, intentions or expectations upon which these forward-looking statements are based will prove to be correct as they are subject to risks, uncertainties and assumptions.

Any such forward-looking statements are expressly qualified in their entirety by this cautionary statement. Moreover, the Company does not assume responsibility for the accuracy or completeness of such forward-looking statements. The forward-looking statements included in this MD&A are made as of the date of this MD&A. The Company undertakes no obligation to publicly update or revise forward-looking statements, other than as required by applicable law. The reader should not place undue reliance on forward-looking statements.

CORPORATE STRUCTURE

The Company was incorporated on September 26, 2008, under the *Business Corporation Act* (Alberta). The Company's head office is located at Suite 800, 333 – 7 Avenue S.W., Calgary, Alberta, T2P 2Z1, Canada.

The Company owns 100% of Techni-Modul Engineering S.A. ("TME"), an S.A.S company registered in France, through a reverse takeover in February 2019.

The Company conducts its sales activities in North America through its Dallas based subsidiary, Composite Alliance Corp. ("CAC"). CAC was 90% owned by CAG until CAG purchased the remaining 10% equity shares of CAC from one non-controlling shareholder on December 16, 2021. As of the date of this MD&A, CAC is 100% owned by CAG.

In September 2019, the Company established Composite Alliance Asia Limited in Hong Kong ("CAA") with the intention of positioning it as its sales and after-sales hub for Asian customers in the future. However, as of the date of this MD&A, CAA has not engaged in any business activities, and as a result, the Company has scheduled a market study for 2023 to assess the feasibility of either expanding operations beyond China using CAA or discontinuing it altogether.

BUSINESS FOCUS

The Company's subsidiary in France, TME, specializes in industrial turn-key solutions by designing and manufacturing the machines and processes that it sells to customers who use those machines and processes to fabricate composite materials for the aerospace and automotive industries and is in Coudes, France.

The Company's subsidiary in the USA, CAC, serves as the sales office for TME and other strategic partners in Europe and is in Dallas, Texas.

Starting from the fourth quarter of 2019, the Company entered a new business of distributing dispensing equipment of Magnus Venus Products ("MVP") in the People's Republic of China (the "Territory") through sub-distributors.

OVERALL PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2023

In the third quarter, the Company experienced a strong and sustained recovery in activity. Although this remains to be confirmed in the coming months, the Company's activity on the North American continent is still not picking up. The company is planning to put more resources in the next following months to increase the sales for this region. To sustain this effort, CAC was present at the CAMX exhibition in Atlanta last month and seems there are some potential new clients that want to know about the company's activities.

With the positive momentum regained by the aeronautic sector, the financial performance of the Company is showing signs of recovery. The Company was able to increase its revenue significantly compared to the same period of 2022, and as a result, the Company posted an operating profit for the quarter.

To mitigate this business risk, the Company, through TME, continued to develop R&D projects and started to initiate AI (Artificial Intelligence) projects under the Smart brand which will be products with high margins. TME has created an AI lab under the leadership of Dr Charles-Antoine Noury, PhD in Computer Vision from "Institut Pascal" of Clermont Ferrand with a focus on metrology using different sensor modalities (camera, laser etc.). We will provide more details in future on how AI will be leveraged in TME business strategy. This will be a different revenue segment with estimated low costs and high margins and will allow the company to participate in the momentum created by AI space.

SENIOR MANAGEMENT STRUCTURE

TME promoted Stephane Besson, Sales Director, to CEO. Stephane comes with 24 years of experience at TME including ever increase roles of responsibility. He holds a degree in engineering and spent most of his career in the aeronautical industry. He holds a degree in engineering.

INTERIM MD&A – QUARTERLY HIGHLIGHTS

Quarterly	3 months ended							
	Sep 30,2023(unaudited)	June 30,2023(unaudited)	Mar 31,2023(unaudited)	Dec 31,2022(unaudited)	Sep 30,2022(unaudited)	June 30,2022(unaudited)	Mar 31,2022(unaudited)	Dec 31,2021(unaudited)
Total Revenue	\$3,267,881	\$2,785,650	\$3,473,623	\$4,186,978	\$1,108,066	\$594,695	\$978,291	\$1,860,457
Total Operating Expenses	\$2,660,045	\$3,561,253	\$3,508,005	\$3,396,681	\$1,106,582	\$1,668,239	\$1,656,124	\$1,643,777
Other expenses(income)	-\$17,575	\$105,539	\$179,556	-\$592,489	\$103,377	-\$64,535	\$16,672	-\$60,132
Net income(loss)	\$625,411	-\$881,142	-\$213,938	\$1,382,786	-\$101,893	-\$1,009,009	-\$694,505	\$276,812
Comprehensive Income(Loss)	\$528,236	-\$910,498	-\$160,093	\$1,355,186	-\$50,428	-\$1,110,675	-\$706,817	\$227,985
Earnings per share:								
Basic	0.01	-0.02	0.00	0.00	0.00	-0.02	-0.01	0.00
Diluted	0.01	-0.02	0.00	0.00	0.00	-0.02	-0.01	0.00

In summary, the Company's revenue for the third quarter of 2023 totaled \$3,267,881 compared to revenue of \$1,108,066 for the same period in 2022, (195% increase) due to an increase in sales.

On a year to date (YTD) as of September 30, 2023, CAG made a revenue of \$9,527,154 compared to \$2,681,052 same time last year. This resulted in operating losses of \$202,149 compared to a much bigger loss of \$1,749,883 and net loss of \$469,669 compared to \$1,805,507 in the prior period and a comprehensive loss of \$542,355 compared to \$1,867,920.

We can confirm that the YTD financials are showing a marked improvement in profitability but still a lot have to be done to improve and sustain growth, profitability and sustainability. Hence the deployment of the Opex Plan F24 by the TME team in early January 2024.

SUMMARY OF ANNUAL FINANCIAL RESULTS

Subsequent to the reverse takeover by the acquirer TME effected on February 12, 2019, the annual financial information presented ended December 31, 2020, 2021 and 2022 and the quarterly financial information presented ended September 30, 2023, are comprised of the consolidated financial information of the Company and its subsidiaries TME and CAC. All the financial information below is reported in Canadian Dollars ("CAD"). Figures are reported in accordance with International Financial Reporting Standards ("IFRS").

ANNUAL	December 31, 2022 Audited	December 31, 2021 Audited	December 31, 2020 Audited
Total revenue	\$ 6,868,030	\$ 5,886,876	\$ 6,779,139
Total expenses	7,827,626	7,205,426	9,179,980
Other expenses (income)	(536,875)	(1,282,224)	979,734
Net income (loss)	(422,721)	(36,326)	(3,380,575)
Basic earnings (loss) per share	(0.00)	(0.00)	(0.03)
Diluted earnings (loss) per share	0.00	0.00	(0.03)
Comprehensive income (loss)	(512,734)	(27,752)	(3,470,876)
Current Assets	9,111,077	8,314,999	9,491,277
Non-current Assets	2,932,769	1,900,911	2,476,457
Total Assets	12,043,846	10,215,910	11,967,734
Current Liabilities	6,505,765	3,814,492	5,938,999
Non-current Liabilities	8,171,635	8,225,296	7,690,475
Total Liabilities	14,677,400	12,039,788	13,629,474

Quarterly Results:

Revenue

Total revenue increased by 195% in the third quarter of 2023 to \$3,267,881 from \$1,108,066 in the same period of 2022, due to an increase in sales during the period. On a YTD basis, the revenue increase is 255% to \$9,527,154 from \$2,681,052.

Expenses

For the period ended September 30, 2023, purchases of raw materials and subcontractors' costs represented 51% of revenue, while for the same period of 2022 they represented 32%. However, year over year, the increase was 63% in 2023 from 37% in 2022.

Although the increase in sales has automatically resulted in an increase in Total Purchases, two factors contributed to the significant increase in Total Purchases % in 2023:

- There was a significant increase in the prices of INVAR (a nickel-iron alloy) which was used in a major contract for a project in China. The market price of nickel increased by 70% over the course of 2022, excluding the period at the beginning of the Russian invasion of Ukraine (March-May 2022) where the price of nickel reached a peak of 250%.
- Additionally, there is a general increase in the cost of subcontracting of 10 to 20% depending on

the suppliers, who themselves passed on the increases in the cost of energy and raw materials.

- With difficulty to recruit engineers and technicians due to a market shortage, we have called on subcontractors, mainly for mechanical design and automation tasks.

Hence, payroll expenses and social security contributions decreased by 21% to revenue for the period ended September 30, 2023, compared to the same period in 2022. Year over year, the decrease is the same at 52% of revenue for period ending September 30, 2023. However, there was a substantial increase in subcontractors' costs year over year: YTD September 22: \$572,663 to YTD September 23: \$2,256,432.

Selling, general and administrative expenses increased by \$172,753 in the third quarter of 2023 compared to that of 2022. This expense has also shown a decrease from 45% to 19% of revenue, year over year, with even an increase in absolute figures of \$636,484.

Depreciation and amortization increased by 6% in the third quarter of 2023 compared to the third quarter of 2022. Year over year, the increase was \$108,379 due mostly to the new R&D projects capitalized in 2022 which were amortized as certain projects were finalized.

Number of Paid Employees

Company	As of Sep 30, 2023,	As of Sep 30, 2022,	Growth
CAG	1	2	-1
TME	40	39	+1
CAC	1	2	-1
Total	42	43	-1

Breakdown of Operating Expense (\$000)

Expenses	3rd Q 23		3rd Q 22	
Purchased raw material and goods	996,057	30%	-62,283	-6%
Payroll expenses and social security contributions	308,867	9%	337,763	30%
Subcontractor	679,699	21%	413,158	37%
Selling, general and administrative	476,853	15%	304,100	27%
Property and apprenticeship taxes	24,394	1%	15,497	1%
Depreciation and amortization	199,022	6%	127,122	11%
Provision variations	-24,847	-1%	-28,775	-3%
	2,660,045		1,106,582	

Other Expenses (Income)

During the third quarter of 2023, the Company recorded a foreign exchange gain of \$29,808 due to stronger exchange rates in Euro.

Other expenses increased due to miscellaneous expenses incurred during the second quarter of 2023. Other income recorded by the Company for the same period in 2022 was mainly subsidies received by TME.

Breakdown of Other Expense (Income) (\$000)

Other expenses (income)	3rd Q 23	3rd Q 22
Foreign exchange loss (gain)	-29,808	-238,878
Finance costs (Note 9)	18,582	122,181
Other expense (income)	-6,349	220,174
	-17,575	103,477

CAPITAL RESOURCES MANAGEMENT

During the third quarter of 2023, the Company generated positive cash flows of \$3,698,658 from operating activities, compared to a positive cash flow of \$434,466 during the same period of 2022. This increase in cash results mainly from the increase in change in trade and other payables in the third quarter of 2023.

During the third quarter of 2023, the Company had negative cash flows of \$1,252,419 from its investing activities mainly from the acquisition of intangible assets, compared to negative cash flows of \$830,805 during the first nine months of 2022, as no significant investments were planned and made during the third quarter of 2022.

Also, the Company posted negative cash flows of \$688,323 from its financing activities, compared to negative financing cash flows of \$207,635 during the same period of 2022.

This increase of cash outflow is a result of higher debt repayment and repayment of lease obligations, in the third quarter of 2023.

GOING CONCERN

This Management Discussion and Analysis and the related consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of operations. There are material uncertainties that may cast significant doubt on the validity of this assumption. The Company has generated net loss of \$469,669 (September 30, 2022 - \$1,805,507) for the nine months ended September 30, 2023, and as of that date, has an accumulated deficit of \$9,354,739 (December 31, 2022 - \$8,885,070). The Company's ability to continue as a going concern is dependent on continued support from related parties, generating a profit from operations, and obtaining additional financing as required. For this quarter, the company has turnaround a net income and management is optimistic that this trend will be sustained in the following months

The Company is taking proactive steps to improve its profitability, including exploring new revenue streams and developing new products. The Company has confirmed \$20.3 million worth of orders from its customers for this fiscal year, which gives confidence in its ability to generate sufficient revenues to meet its obligations on a timely fashion. Furthermore, the Company does not foresee any significant risk in collecting its accounts receivable, which provides further comfort in its ability to materialize cash inflows.

While there is no guarantee that the Company will continue to receive significant orders or be successful in all of its growth initiatives, management believes that its current actions will help to improve its long-term viability. The Company remains committed to monitoring its financial position and taking necessary actions to address any future financial challenges. If it is unable to generate sufficient revenue or obtain additional financing, the Company may be forced to curtail or cease its operations, which could have a material adverse effect on its financial condition and results of operations. This Management Discussion and Analysis and the related condensed consolidated interim financial statements do not reflect

adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to interest, credit and liquidity risks in the normal course of the Company's operations. These risks are mitigated by the Company's financial management policies and practices described below.

Interest Rate Risk

The Company is susceptible to interest rate cash flow risk and fair value risk on its fixed and floating rate financial liabilities.

Business Risks

Business risks increasing the susceptibility to risks of material misstatement may arise from concentration risk, intellectual property risk in China, risk of delays in project completion and risk of non-payment due to customer insolvency.

- **Concentration Risk for Projects in France, Europe and US**

The Company used to face a risk due to the large size of its projects in relation to its annual revenue. The production chain includes many integrated means, which has harmful consequences for the Company. Nevertheless, this risk of project size versus revenue decreases from this year onwards, as revenue is on the rise.

- **Intellectual Property Risk in China**

TME has been doing business in China for 18 years and so far has not faced any significant intellectual property infringement by Chinese companies. Nevertheless, TME is exposed to a potential risk of unfair competition in Asia, which could result in the replication of its proprietary knowledge, resulting in lower selling prices and longer decision-making processes. In response, TME has decided not to market Smart Control and Smart Pilot software for years to come.

- **Risk of Delays in Project Completion**

TME is confronted with the possibility of project delays stemming from the protracted Studies/Implementation cycle that typically takes eight to ten months to finalize. This situation may impede TME from achieving its goal of generating revenue from orders exceeding 70% of the previous year's target. Moreover, TME is now facing a new challenge of potential delivery delays due to difficulties in sourcing specific machine components from 2022. To tackle these obstacles, TME has been striving to sell equipment with shorter implementation cycles of four to six months since 2020. Additionally, TME is taking measures to enhance the volume of offers and promote the commercialization of products with shorter implementation cycles. These actions are supported by TME's Lean initiative, aimed at optimizing TME's processes and enhancing efficiency. The objective is to minimize the impact of project and delivery delays on TME's business performance and maintain TME's competitiveness in the market. ABL Consultants are going to help implement a change management process to help in lean strategy implementation to address continuous flow of production and also waste removal and increase in productivity to ensure On-time delivery at 90% for 2024 and 100% in 2025 and onwards. Also, projects to prepare for AI will bring higher margins sales opportunities to support innovative sales strategies.

- **Risk of Non-Payment Due to Customer Insolvency**

TME is exposed to the potential risk of customers becoming insolvent, which could result in financial difficulties and even the cessation of its operations. To reduce this risk, TME takes several precautions. For instance, when dealing with Chinese clients with whom TME signs sizable contracts, TME requires the establishment of a documentary credit. Additionally, for new clients, TME conducts a solvency analysis before agreeing to the contract. Furthermore, TME performs regular financial analysis of clients, which enables it to identify potential issues early on and take appropriate measures to mitigate the impact of non-payment. Through the implementation of these safeguards and the monitoring of its clients' financial stability, TME can reduce the risk of non-payment and maintain its financial well-being.

- **Credit Risk**

The Company is exposed to credit risk associated with cash and cash equivalent, accounts receivable, and other receivables. The risk is mitigated as the cash and cash equivalents are maintained with major financial institutions. The credit risk on accounts receivable is mitigated with a diverse customer base and close monitoring of the collection of the accounts receivable by the Company.

- **Liquidity Risk**

As of September 30, 2023, the Company is still facing a significant liquidity risk, which is one of its main challenges. The Company's debt has increased significantly in recent years, mainly to finance its business expansion. The Company provides the following analysis of its liquidity:

1. **Cash Flow:** The Company expects to increase its revenue in 2023 and these contracts are expected to provide additional stability to the Company's cash flow position; however, the Company needs to ensure that it has sufficient cash reserves to manage unexpected events or delays in receiving payments from customers. The Company is taking measures to conserve cash, including managing its expenses and implementing payment terms that reduce its exposure to payment delays. Additionally, the Company is currently in discussions with its bankers to secure credit facilities of up to \$6 million to further bolster its liquidity position.
2. **Financial Obligations:** The Company has significant financial obligations related to its long-term contracts for equipment, including maintenance costs and lease payments. The Company has financing facilities for working capital up to \$2.7 million prior to the delivery of goods to its foreign customers. The Company is also exploring financing options to manage its long-term obligations, including debt financing. The Company is in discussions with its lenders, who are mainly shareholders, to obtain waivers or amendments of its loan covenants. The Company is confident that it can meet its upcoming debt maturities of \$0.7 million in the next 12 months.
3. **Contingencies:** Although the Company does not have reserves to manage potential contingencies related to disputes with customers, it has never faced product recalls. While disputes with customers related to the performance of the equipment may arise, the Company has a team of experts who specialize in managing complex contracts and work to resolve any potential disputes in a timely and efficient manner. This may involve providing credit notes or reducing the final invoice to reach a mutually beneficial resolution. The Company recognizes the importance of maintaining positive relationships with its customers and is committed to providing high-quality products and services.
4. **Other Factors:** The Company operates in a competitive industry and needs to stay up-to-date with technological advancements and changing customer needs. The Company invests in research and development to maintain its competitive edge and is constantly evaluating new products and services to offer its customers.

In summary, the Company is facing significant liquidity risk. The Company is in a good trend to increase its revenue as per Q3 2023 due to new contracts totaling more than \$20.3 million, which will provide additional stability to its cash flow position. The Company is taking measures to manage its cash carefully and explore financing options to manage its financial obligations related to its long-term contracts for equipment. Although the Company does not have reserves to manage potential contingencies related to disputes with customers, it has never faced product recalls and works to resolve any potential disputes in a timely and efficient manner. Finally, the Company operates in a competitive industry and is investing in research and development to stay ahead of its competition.

ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are expressed in Canadian dollars unless otherwise stated.

Functional and Presentation Currency

The consolidated financial statements are presented in CAD, which is the Company's presentation currency and is consistent with the functional currency of the Company. The functional currency of TME and CAC is Euro.

Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

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

Judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. The discount rate used to determine the liability component of the convertible debentures is also subject to estimate. Measurement inputs used in determining the fair value of stock options are also subject to estimate by management. The incremental borrowing rates used to determine the carrying value of the right-of-use assets and lease obligations are also subject to management estimate.

Off-Balance Sheet Arrangements and Financing Facilities

The balance of \$nil (December 31, 2022 – \$730,232) was a bank overdraft outstanding as at September 30, 2023. The following facilities are available to the Company as at September 30, 2023 and December 31, 2022:

- i) Credit facility for an aggregated amount of €1,345,596 (CAD \$1,924,741 unsecured, due on the maturity of invoices issued to its customers and bears weighted average interest at 1-month Euribor rate plus 1.80% per annum. (December 31, 2022 – €1,345,596 at 1-month

Euribor rate plus 1.80% per annum). This facility will be used to finance its working capital prior to the delivery of goods to its foreign customers. As at September 30, 2023, CAD \$nil (€nil) was outstanding on this facility (December 31, 2022 – CAD \$nil (€nil)).

- ii) An aggregate bank guarantees up to a maximum of €1,200,000 (CAD \$1,716,480) for advanced payment refunds for its foreign customers that are due on demand, bear weighted average interest at 1.76% per annum (December 31, 2022 – €1,200,000 at 1.76% per annum). These facilities will be used when the Company must produce letters of guarantees of restitution of deposit, good execution of contract or retention of guarantee for its foreign customers. As at September 30, 2023, there were \$1,821,471 (€1,076,800 and USD \$208,000) guarantees outstanding (December 31, 2022 - \$443,442 (€111,860 and USD \$208,000)).
- iii) An aggregate foreign exchange cover line up to a maximum of €3,500,000 (CAD \$5,006,400) (December 31, 2022 – €3,500,000). As at September 30, 2023, CAD \$nil was outstanding on this facility (December 31, 2022– CAD \$2,588,461 (€1,500,000 and USD \$309,924)).

Transactions Between Related Parties

For the period ending September 30, 2023, the Company has the following related party transactions:

	Sep 30, 2023	Sep 30, 2022
Director fees to non-executive directors	\$ 7,000	\$ 5,250
Salaries	557,439	613,978

The following is a summary of the Company's other related party transactions during the period:

	Sep 30, 2023	Sep 30, 2022
Real property leases paid to a company controlled by an 2SL-IMMO - controlled by Serge LUQUAIN (current CEO and President)	\$ 84,170	\$ 94,531
Finance cost paid or accrued (net recovery) to Malchemy Corp - major shareholder (on €1.5m convertible debenture and €950k loan)	39,108	47,089
Finance cost paid or accrued to two companies controlled by two of the directors of the Company (\$660k debenture at CAG)	9,873	9,873
Professional fees paid to a partnership controlled by a director of the Company- Dale Burstall	44,295	14,252
General administrative fee paid to a company controlled Safer Transitions Inc. (owned by Roger, new CFO in 2022, resigned May 2023)	40,602	7,857
Commission expense paid (recovery) or accrued to two companies controlled by two directors of the Company (Sino Composites and K Plus Management) (TME)	301,277	25,163
General administrative fee paid to an officer of the Company, V Mootooveeren, CFO	36,225	-

The following is a summary of financial instruments held by related parties during the period:

	Sep 30, 2023	December 31, 2022
Receivable from SPV Finances - controlled by Serge Luquain, CEO and President of the company director of the Company	\$ 292,717	\$ 288,234
Convertible debentures issued to Malchemy Corp - major shareholder, 8% market rate and 0% (amended to 3% at one point then to 2%) actual rate (TME)	2,043,602	1,895,966
Long-term borrowing advanced Malchemy Corp - major shareholder, 5.72% on 950€ (became 1.7% Jan 1, 2021) (TME), non-interest bearing USD73,000 (CAC)	1,381,692	1,351,599
Long-term borrowing advanced Team Alpha Limited - owned by Jim Hsieh (former CEO and director), 2% (used to be 5%) on \$400k (CAG), \$351(CAG), \$600K CAG	1,438,848	1,369,831
Long-term borrowing advanced from companies controlled two directors (Malchemy and K Plus Capital LLC, formerly convertible debenture on \$660k loan) (CAG)	498,656	515,490
Trade receivable from Sky Composite - Mr. Zhang is the CEO and President of the company.	286,080	289,160
Trade receivable - Ya-King - owned by Jim's son. Jim is the former CEO and director of CAG	144,450	144,580

Changes in Accounting Policies

The unaudited condensed consolidated interim financial statements follow the same accounting policies as outlined in the audited financial statements for the year ended December 31, 2022, except for the adoption of the following accounting standards effective January 1, 2023:

The amendments to IAS 1, Presentation of Financial Statements, clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. The amendments also require an entity to disclose its material accounting policies rather than its significant policies. The adoption of this amendment did not have a material measurement or disclosure impact on the Company's condensed consolidated interim financial statements.

Disclosure of Share Information

Shares outstanding:

110,233,610 commons share outstanding as at the date hereof.

Stock options outstanding:

None.

APPROVAL

The Board of Directors has reviewed and approved this document pursuant to its mandate and charter.