

Interim Condensed Consolidated Financial Statements of

THS MAPLE HOLDINGS Ltd.



Three months ended September 30, 2024 and August 31, 2023

THS MAPLE HOLDINGS Ltd.

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Condensed Consolidated Financial Statements:

Condensed Consolidated Statements of Financial Position	2
Condensed Consolidated Statements of Comprehensive Income (Loss)	3
Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)	4
Condensed Consolidated Statements of Cash Flows	5
Notes to the Condensed Consolidated Financial Statements	6

These interim condensed consolidated financial statements have not been reviewed by our external auditors.

THS Maple Holdings Ltd.
Condensed Consolidated Statements of Financial Position
(In Canadian dollars)
As at

	September 30, 2024	June 30, 2024
	\$	\$
ASSETS		
Current		
Cash	243,020	16,300
Trade and other receivables	2,049,411	1,632,610
Inventories	4,446,805	4,934,771
Prepaid expenses	160,468	171,826
	<u>6,899,704</u>	<u>6,755,507</u>
Non-current		
Property and equipment	641,233	646,075
Intangible assets	266,646	304,901
Right-of-use assets	921,428	964,620
	<u>8,729,011</u>	<u>8,671,103</u>
LIABILITIES		
Current		
Bank indebtedness (Note 4)	2,592,137	2,326,177
Bank demand loans (Note 5)	956,455	965,163
Loans from companies controlled by two directors (Note 5)	620,000	620,000
Trade and other payables	1,918,019	2,065,675
Deferred revenues	141,246	158,107
Current portion of balance of purchase price (Note 5)	66,667	96,667
Current portion of lease liabilities	264,147	282,668
	<u>6,558,671</u>	<u>6,514,457</u>
Non-current		
Lease liabilities	816,086	830,429
Loan from a company controlled by a director (Note 5)	1,200,000	1,200,000
Non-current portion of balance of purchase price (Note 5)	112,821	128,205
	<u>8,687,578</u>	<u>8,673,091</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 6)	8,232,020	8,232,020
Contributed surplus	400,000	400,000
Deficit	(8,590,587)	(8,634,008)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	<u>41,433</u>	<u>(1,988)</u>
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY) AND LIABILITIES	<u>8,729,011</u>	<u>8,671,103</u>

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

THS Maple Holdings Ltd.**Condensed Consolidated Statements of Comprehensive Income (Loss)**

(In Canadian dollars, except per share amounts)

Three months ended September 30, 2024 and August 31, 2023

	September 30, 2024	August 31, 2023
	\$	\$
Sales	4,666,560	3,192,539
Cost of sales	3,512,310	2,621,233
Gross profit	1,154,250	571,306
Operating expenses		
Selling expenses (Note 7)	419,470	304,288
Administrative expenses (Note 7)	553,346	480,321
	972,816	784,609
Operating income (loss)	181,434	(213,303)
Finance costs (Note 7)	145,064	223,272
Other expense (income)	(7,187)	16,873
	137,877	240,145
Income (loss) before income taxes	43,557	(453,448)
Income tax expense (recovery)	136	(38,792)
Net income (loss) and comprehensive income (loss) for the period	43,421	(414,656)
Net income (loss) per share		
Basic and diluted	0.001	(0.018)

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

THS Maple Holdings Ltd.**Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**

(In Canadian dollars, except for share amounts)

Three months ended September 30, 2024 and August 31, 2023

	Share capital				Shareholders' Equity (Deficiency)
	Number	Amount	Contributed Surplus	Deficit	
		\$	\$	\$	
Balance as at May 31, 2023	11,500,000	653,202	260,000	(2,968,107)	(2,054,905)
Net loss and comprehensive loss	-	-	-	(414,656)	(414,656)
Conversion of convertible debentures into equity (Note 6)	-	1,249,479	-	-	1,249,479
Exercise of broker warrants (Note 6)	200,000	-	-	-	-
Balance as at August 31, 2023	<u>11,700,000</u>	<u>1,902,681</u>	<u>260,000</u>	<u>(3,382,763)</u>	<u>(1,220,082)</u>
Balance as at June 30, 2024	60,339,100	8,232,020	400,000	(8,634,008)	(1,988)
Net income and comprehensive income	-	-	-	43,421	43,421
Balance as at September 30, 2024	<u>60,339,100</u>	<u>8,232,020</u>	<u>400,000</u>	<u>(8,590,587)</u>	<u>41,433</u>

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

THS Maple Holdings Ltd.**Condensed Consolidated Statements of Cash Flows**

(In Canadian dollars)

Three months ended September 30, 2024 and August 31, 2023

	September 30, 2024	August 31, 2023
	\$	\$
OPERATING ACTIVITIES		
Net income (loss)	43,421	(414,656)
Non-cash items		
Accrual of interest on convertible debentures	-	10,069
Depreciation of property and equipment	29,867	29,346
Depreciation of intangible assets	39,047	6,079
Depreciation of right-of-use assets	43,192	41,716
Write-off of property and equipment	-	34,038
Changes in non-cash working capital items		
Trade and other receivables	(416,801)	(27,261)
Inventories	487,966	207,349
Prepaid expenses	11,358	(19,905)
Trade and other payables	(147,656)	(592,249)
Deferred revenues	(16,861)	-
	<u>(81,994)</u>	<u>(432,066)</u>
Cash flows from operating activities	<u>73,533</u>	<u>(725,474)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(25,817)	(15,057)
Proceeds from disposition of property and equipment	-	7,500
Restricted cash	-	78,932
Cash flows from investing activities	<u>(25,817)</u>	<u>71,375</u>
FINANCING ACTIVITIES		
Net change in bank indebtedness	265,960	438,818
Bank demand loan repayments	(8,708)	(64,542)
Loans from companies controlled by directors	-	300,000
Repayment of balance of purchase price	(45,384)	-
Repayment of lease liabilities	(32,864)	(27,666)
Cash flows from financing activities	<u>179,004</u>	<u>646,610</u>
Net increase (decrease) in cash	226,720	(7,489)
Cash, beginning of period	<u>16,300</u>	<u>54,762</u>
Cash, end of period	<u>243,020</u>	<u>47,273</u>

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

THS Maple Holdings Ltd.

Notes to the Condensed Consolidated Financial Statements

Three months ended September 30, 2024 and August 31, 2023

1 – GOVERNING STATUTES AND NATURE OF OPERATIONS

THS Maple Holdings Ltd. (“THS”) was incorporated on April 14, 2021 under the provisions of the Business Corporations Act (British Columbia) and was continued under the Business Corporations Act (Ontario) since the completion of the Qualifying Transaction. Prior to April 26, 2024, THS was listed on the TSX Venture Exchange (the “Exchange”) as a capital pool company (“CPC”) as defined in the provisions of Policy 2.4 of the Exchange.

On April 26, 2024, THS completed its qualifying transaction (the “Qualifying Transaction”) pursuant to the rules and policies of the Exchange as such term is defined in Policy 2.4 of the Exchange.

THS and its subsidiaries’ (collectively referred to as the “Company”) principal business is to bottle, package, sell and distribute high quality maple syrup and maple flavored products to retail partners and direct to consumers in Canada and over 20 other countries. In its facility in Granby, Quebec, the Company purchases, stores and bottles maple syrup in over 100 different formats under its proprietary brands Turkey Hill, Echo Mountain and Herman’s 76. Working with its manufacturing partners, THS also sells products such as cookies, candies, chocolates and beverages, all with maple flavoring, under the same brands.

These unaudited interim condensed consolidated financial statements (“consolidated financial statements”) are as at September 30, 2024 and June 30, 2024 and for the three months ended September 30, 2024 and August 31, 2023. These consolidated financial statements include the assets, liabilities and operations of THS LP, the accounting acquirer, since its inception and at their carrying values, while the assets and operations of THS are consolidated since the date of the Qualifying Transaction. The legal share capital continues to be that of THS, the legal parent company. All of the comparative financial information prior to April 26, 2024 is that of THS LP.

The Company’s common shares are listed on the Exchange under the symbol YAY and the Company’s head office and principal place of business is in Granby, Quebec, Canada.

2 – BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). Certain information and footnote disclosures normally included in annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards, as issued by IASB (“IFRS Accounting Standards”), have been omitted or condensed and, therefore, these consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements for the seven months ended June 30, 2024. The results from operations for the interim period do not necessarily reflect the result expected for the full fiscal year. The Company’s sales have historically experienced some fluctuations from quarter to quarter and the Company expects to continue to experience seasonal variations in its sales in the foreseeable future. As a result, it is difficult to predict if any historical trends will be reproduced in the future.

The consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present a fair statement of the results for these interim periods. These adjustments are of a normal recurring nature.

THS Maple Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements**Three months ended September 30, 2024 and August 31, 2023

2 – BASIS OF PREPARATION (Continued)

The issuance of these consolidated financial statements was approved by the Board of Directors on November 25, 2024.

Change in fiscal year-end

The Company has transitioned to a new fiscal year-end from November 30 to June 30, effective December 1, 2023. As a result, fiscal 2025 has started on July 1, 2024 and will end on June 30, 2025. Selection of the comparative periods has been chosen in accordance with NI 51-102, section 4.8 in order to be as close as possible to the calendar months in the interim periods in the new financial year.

Basis of presentation

The unaudited condensed interim consolidated financial statements are prepared on a going concern basis under the historical cost convention.

Going concern

The consolidated net income and comprehensive income for the three months ended September 30, 2024 was \$43,421 (net loss and comprehensive loss of \$414,656 for the three months ended August 31, 2023). Additionally, the Company reported consolidated cash flows from operations (before changes in non-cash working capital) of \$155,527 for the three months ended September 30, 2024 (negative cash flows used in operations of \$293,408 for the three months ended August 31, 2023). As at September 30, 2024, the Company had a consolidated accumulated deficit of \$8,590,587 (June 30, 2024 - \$8,634,008) and a consolidated working capital of \$341,033 (June 30, 2024, a consolidated working capital of \$241,050).

The operations and consolidated net income for the three months ended September 30, 2024 resulted in the Company still being in breach of its bank covenants under the terms of its credit agreement (see Note 4). A tolerance letter has been requested by the Company from the bank. These material uncertainties may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company is undertaking a number of programs (US warehouse, planned second production shift at its Granby facilities) to enhance its sales and future cash flows, to meet its obligations and to fund its ongoing business operations.

The Company's ability to meet the covenant measurements under the terms of its credit agreement with its lender is still dependent upon continued improvement in profitable commercial operations, continued funding support from its lender and shareholders, and new equity and debt placements. However, there can be no assurance that management will be successful in this regard. These consolidated financial statements do not include any adjustments to the carrying value of assets or liabilities, to the recoverable amounts or the reported expenses and consolidated statement of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

Functional currency

These consolidated financial statements are presented in Canadian dollars, which is THS' functional currency as well as all of its subsidiaries.

3 – MATERIAL ACCOUNTING POLICIES

Overall considerations

The Company applied the same accounting policies in the preparation of these condensed interim consolidated financial statements as those disclosed in Note 3 of its most recent annual consolidated financial statements for the seven months ended June 30, 2024.

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The Company applied the same judgements, estimates and assumptions in the consolidated financial statements, including the key sources of estimation uncertainty, as those disclosed in Note 2, of its most recent annual consolidated financial statements for the seven months ended June 30, 2024.

New standards, amendments and interpretations not yet adopted by the Company

IFRS 18- Presentation and Disclosure in Financial Statements (“IFRS 18”)

In April 2024 the IASB issued IFRS 18 which will replace *IAS 1, Presentation of Financial Statements* and aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in *IAS 7 Statement of Cash Flows*. This new standard is effective for periods beginning on or after January 1, 2027. The Company has not yet determined the impact to the consolidated financial statements from the adoption of this standard.

Other

At the date of authorization of these condensed consolidated financial statements, new standards, amendments and interpretations of existing standards have been published by the IASB, but are not yet applicable, and have not been early adopted by the Company.

Management of the Company anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company’s condensed consolidated financial statements.

4 – BANK INDEBTEDNESS

The bank indebtedness consists of a revolving line of credit, for a maximum authorized amount of \$3,000,000, bears interest at the prime rate and has been renewed until March 2025.

Under the provisions of the bank overdraft, the Company is required to respect certain covenants. As at September 30, 2024, the Company is not in compliance with all of the covenants. The bank is currently tolerating the breach. A tolerance letter has been requested by the Company from the bank.

THS Maple Holdings Ltd.

Notes to the Condensed Consolidated Financial Statements

Three months ended September 30, 2024 and August 31, 2023

5 – BANK DEMAND LOANS, LOANS FROM COMPANIES CONTROLLED BY DIRECTORS AND BALANCE OF PURCHASE PRICE

	September 30, 2024	June 30 2024
Bank demand loans	\$	\$
Bank overdraft facility for an authorized amount of \$750,000, prime rate plus 1% (7.95%; 7.95% as at June 30, 2024), out of which an amount of \$600,000 is guaranteed by the Export Development Canada (“EDC”) maturing in October 2025	754,563	754,933
Bank demand loan, 4%, guaranteed by EDC, payable in monthly capital instalments of \$2,315, maturing in June 2031	187,500	194,444
Bank demand loan, prime rate (6.95%; 6.95% as at June 30, 2024), payable in monthly capital instalments of \$464, maturing in April 2027	14,392	15,786
	956,455	965,163
	September 30, 2024	June 30 2024
Loans from companies controlled by directors	\$	\$
Loans from companies controlled by two directors, 10% interest per year, without repayment terms, payable on demand.	620,000	620,000
Loan from company controlled by a director shareholder, 10% interest per year, repayable before November 30, 2025, repayable at any time.	1,200,000	1,200,000
	1,820,000	1,820,000
Current portion	620,000	620,000
Long-term portion	1,200,000	1,200,000
	September 30, 2024	June 30 2024
Balance of purchase price	\$	\$
Balance of purchase from transfer agreement, non-interest bearing, with \$30,000 payable on or before August 1, 2024 and the balance payable in bi-weekly equal instalments of \$2,564 starting June 1 2024, for a period of 36 months	179,487	224,872
Current portion	66,667	96,667
Long-term portion	112,820	128,205

THS Maple Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements**

Three months ended September 30, 2024 and August 31, 2023

6 – SHARE CAPITAL**Share capital***Authorized:*

The authorized capital of the Company consists of an unlimited number of common shares. The Company has 60,339,100 issued and outstanding common shares.

In June 2023, 200,000 common shares were issued following the exercise of broker warrants.

In 2023, convertible debentures amounting to \$1,200,000 were issued and subsequently converted into equity along with accrued interest for a total of \$1,249,479.

7 – ADDITIONAL INFORMATION ON COMPREHENSIVE INCOME (LOSS)

The following summarizes selling, administrative expenses and finance costs:

	September 30, 2024	August 31, 2023
	\$	\$
Selling expenses		
Shipping expenses	210,865	173,714
Commissions and consulting fees	115,835	78,532
Advertising and sales promotions	31,265	3,915
Travelling and insurance	56,944	43,912
Other selling expenses	4,561	4,215
	<u>419,470</u>	<u>304,288</u>
Administrative expenses		
Salaries and benefits	290,540	238,645
Professional fees	119,627	113,314
Supplies and office expenses	19,630	12,895
Bank and credit payment charges	27,964	21,528
Regulatory and certification	12,099	16,222
Depreciation – right-of-use assets	43,192	46,216
Other administrative expenses	40,294	31,501
	<u>553,346</u>	<u>480,321</u>
Finance costs		
Interest on promissory note and loans from companies controlled by directors	47,884	19,686
Interest on bank loans	60,749	45,345
Interest on lease liabilities	36,431	40,009
Class B unit costs	-	118,232
	<u>145,064</u>	<u>223,272</u>

THS Maple Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements**

Three months ended September 30, 2024 and August 31, 2023

8 – FINANCIAL INSTRUMENTS**Credit risk**

Credit risk is the risk that the Company will incur a financial loss if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. It arises primarily from the Company's trade accounts receivables.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the financial assets that are not impaired or past due for each of the reporting dates presented are of good credit quality. The Company has never experienced any significant credit losses. Consequently, credit risk is not considered material.

Liquidity risk

The Company's liquidity risk represents the risk that the Company could encounter difficulty in meeting obligations associated with its financial liabilities. The Company is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the balance sheet.

The Company manages liquidity risk by monitoring forecasted and actual cash flows, minimizing reliance on any single source of credit, and maintaining committed credit facilities.

The following table presents the contractual maturities of the Company's financial liabilities:

	September 30 2024		
	Due within 1 year	Due 1 to 5 years	Total
Financial liabilities	\$	\$	\$
Bank indebtedness	2,592,137	-	2,592,137
Bank demand loans	956,455	-*	956,455
Loans from companies controlled by directors	620,000	1,200,000	1,820,000
Interest on financial liabilities	105,838	20,000	125,838
Trade and other payables (1)	1,793,032	-	1,793,032
Balance of purchase price	66,667	112,821	179,488
	6,134,129	1,332,821	7,466,950

(1) Excluding salaries and employee benefits

THS Maple Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements**

Three months ended September 30, 2024 and August 31, 2023

8 – FINANCIAL INSTRUMENTS (Continued)**Liquidity risk (continued)**

	June 30, 2024		
	Due within 1 year	Due 1 to 5 years	Total
Financial liabilities	\$	\$	\$
Bank indebtedness	2,326,177	-	2,326,177
Bank demand loans	965,163	-	965,163
Promissory note and loans from companies controlled by directors	620,000	1,200,000	1,820,000
Interest on financial liabilities	367,086	50,000	417,086
Trade and other payables	2,015,884	-	2,015,884
Balance of purchase price	96,667	128,205	224,872
	6,390,977	1,378,205	7,769,182

Market risks*Foreign currency risk*

The majority of the Company's transactions are in Canadian dollars. Currency risk results from the Company's sales and purchases denominated in foreign currency which are primarily in U.S. dollars. As at September 30, 2024, the Company is exposed to currency risk due to cash, trade accounts receivable denominated in U.S. dollars totaling CAD 596,276 (CAD 272,205 as at June 30, 2024).

Interest rate risk

The Company is exposed to interest rate risk with respect to financial liabilities bearing fixed and variable interest rates.

One of the bank demand loans and the notes payable to the shareholder bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The bank indebtedness and other bank demand loans bear interest at a variable rate and the Company is, therefore, exposed to the cash flow risk resulting from interest rate fluctuations.

Management has determined that the sensitivity on possible changes in interest rates is minimal for the three months ended September 30, 2024 and year ended June 30, 2024.

Other Price Risk

The Company is exposed to increases in the prices of commodities in operating its distribution networks, as well as to the indirect effect of changing commodity prices on the price of its products. Rising commodity prices could adversely affect the financial performance of the Company.

THS Maple Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements**Three months ended September 30, 2024 and August 31, 2023

8 – FINANCIAL INSTRUMENTS (Continued)**Fair value measurement**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

Cash, trade and other receivables (except indirect taxes receivable), bank indebtedness, bank demand loans and trade and other payables are measured based on level 1 and their carrying values are considered to be a reasonable approximation of their fair value because of their short-term maturity. The loan from a company controlled by a director and the balance of purchase price are measure based on Level 2 and their carrying values are considered to be a reasonable approximation of their fair value because there were no significant changes during the period in the assumptions used for the fair value determined at inception.

The Company has no non-financial assets measured at fair value.

9 – REVENUES

The following is a summary of the Company's total revenues by geography:

	September 30, 2024	August 31, 2023
	\$	\$
Canada	4,023,407	2,814,871
Asia	83,417	61,736
France	328	6,580
Malta	7,540	7,207
Netherlands	3,072	5,207
Saudi Arabia	14,803	-
Switzerland	26,081	102,366
United Arab Emirates	5,766	-
United Kingdom	19,824	-
United States of America	482,322	194,572
	4,666,560	3,192,539

THS Maple Holdings Ltd.**Notes to the Condensed Consolidated Financial Statements**

Three months ended September 30, 2024 and August 31, 2023

10 – NET INCOME (LOSS) PER SHARE

	September 30, 2024	August 31, 2023
	<u>\$</u>	<u>\$</u>
Net income (loss)	43,421	(414,656)
Basic weighted average number of common shares outstanding	60,339,100	23,460,759
Effect of stock options	382,420	
Diluted weighted average number of common shares outstanding	60,721,520	20,037,933
Basic income (loss) per share	0.001	(0.018)
Diluted income (loss) per share	0.001	(0.018)

The effect of outstanding options have not been included in the calculation of diluted loss per share as at August 31, 2023 as the outstanding options would be anti-dilutive.